

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 8, 2023**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: July 28, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2218(1))
Application for Deferred Accounting for Costs and Revenues Associated
with the Transportation Electrification Charge.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) application to defer costs and revenues associated with the Monthly Meter Charge (MMC) required by House Bill (HB) 2165 beginning January 1, 2023, through December 31, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application to defer costs and revenues associated with the MMC required by HB 2165.

Applicable Rule or Law

PGE makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and HB 2165. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer identifiable utility expenses or revenues for later recovery in rates to minimize the frequency of rate changes or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-027-0300(3) sets forth the requirements for application to defer, which include:

- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

HB 2165(2)(2)¹ states:

An electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state shall collect, through monthly meter charges, an amount from each retail electricity consumer served through the distribution system owned and operated by the electric company. The total amounts collected under this section must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

HB 2165(2)(3)² states:

Funds collected under subsection (2) of this section must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Public Utility Commission for use of funds collected under this section. Expenditures made by an electric company pursuant to this subsection must be made on elements contained within the electric company's transportation plan accepted by the commission pursuant to ORS 757.357.

ORS 757.357(3)(a) requires utilities to develop a plan that integrates the Company's TE actions and submit such plan to the Commission for acceptance.

¹ Oregon Laws 2021, chapter 95, section 2, *compiled as a note after* ORS 757.357 (2021).

² Oregon Laws 2021, chapter 95, section 3, *compiled as a note after* ORS 757.357 (2021).

Analysis

Background

On May 26, 2021, the Governor of Oregon signed into law House Bill (HB) 2165 requiring electric companies with more than 25,000 electricity consumers to collect an amount to support transportation electrification. The law went into effect on January 1, 2022. The total amounts collected under this law must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

Funds collected must be expended by the electric company to support and integrate transportation electrification, consistent with a budget approved by the Commission. The Commission approved PGE's application for the deferral of costs and revenues associated with the MMC for the period of January 1, 2022, through December 31, 2022, in Order No. 22-200.

PGE is not including any forecast or estimate of the MMC in customer prices through a general rate case or any other proceeding in order to clearly show the collection and use of the funds collected under the MMC. The Commission approved PGE's 2022 MMC budget on October 20, 2022 in Order No. 22-381³ and PGE's 2023 MMC budget on April 21, 2023, in Order No. 23-147.⁴

To continue to meet HB 2165 requirements, PGE requests reauthorization to continue to defer incremental costs and revenues associated with the MMC.

Reason for Deferral

PGE seeks to reauthorize deferred accounting treatment for costs and revenues associated with the MMC because it will minimize the frequency of rate changes and match appropriately the costs borne and benefits received by customers.

Proposed Accounting

PGE proposes the following MMC accounting treatment: the balancing account will be recorded in FERC Account 242 (Current Regulatory Liability). MMC payments (i.e., payments to support and integrate transportation electrification) will be debited to FERC Account 242 and credited to FERC Account 407.4 (Regulatory Credit). MMC amortization (i.e., revenues collected from PGE's customers via Schedule 150) will be

³ *In the Matter of Portland General Electric Company, Approval of 2022 Monthly Meter Charge Budget for Transportation Electrification*, Docket No. 2033, Order No. 22-381 (October 20, 2022).

⁴ *In the Matter of Portland General Electric Company, Approval of 2023 Monthly Meter Charge Budget for Transportation Electrification*, Docket No. 2033, Order No. 23-147 (April 21, 2023).

credited to FERC Account 242 and debited to FERC Account 407.4. Interest will accrue on the balance at the approved modified blended treasury rate.

Estimate of Amounts to Be Recorded for the Next 12 Months

PGE forecasts collection of approximately \$5.9 million of MMC revenues in 2023. This is consistent with PGE’s approved 2023 MMC budget in Order No. 23-147.⁵

For the amount collected in 2022, PGE incurred costs of approximately \$158,000 in 2022, per the Budget approved by the OPUC in Order No. 22-381. As the time of this filing, PGE expects to incur O&M costs of approximately \$5,042,000 in 2023, as shown on the next page.

Monthly Meter Charge Budget and Expected Costs (in \$ ‘000s)

Activity	Approved Budget¹	2022 Actual	2023 Forecast
Business EV Charging Rebates	1,950	-	1,950
Residential Panel Upgrade Rebates	608	-	608
Trade Ally Network	130	-	130
Affordable Housing EV-Ready Funding	1,000	-	1,000
Municipal Charging Collaborations Pilot	500	-	500
Education and Outreach	555	106	449
TE Plan Enablement	457	52	405
Total	5,200	158	5,042

Information Related to Future Amortization

- Earnings review – While an earnings review is required, Staff does not recommend an earnings test be applied given the purposes of these expenditures.
- Prudence Review A prudence review will be performed when updating the amounts for amortization as part of the AAC.
- Sharing No sharing mechanism applies to the MMC costs or revenues.
- Rate Spread/Rate Design Applicable costs will be allocated to each schedule using the applicable schedule’s forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis, with direct access customers priced at cost of service.

⁵ *In the Matter of Portland General Electric Company, Approval of 2023 Monthly Meter Charge Budget for Transportation Electrification, Docket No. 2033, Order No. 23-147, Appendix A at 5 (April 21, 2023).*

- Three Percent Test The amortization of the MMC deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

Conclusion

Approval of this deferral is consistent with HB 2165 and past Commission activities regarding transportation electrification. Staff recommends that the Commission approve PGE's application to defer costs and revenues associated with the MMC required by HB 2165.

The Company has reviewed a draft of this memo and agrees with Staff's recommendation to approve the application.

PROPOSED COMMISSION MOTION:

Approve PGE's application to defer costs and revenues associated with the Monthly Meter Charge required by HB 2165 beginning January 1, 2023, through December 31, 2023.