

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 27, 2022**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2023

DATE: December 13, 2022

TO: Public Utility Commission

FROM: John Fox

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1462/Advice No. 22-40)
Schedule 105 Miscellaneous Regulatory Adjustments.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) proposed Schedule 105 tariff, as described in the Advice filing 22-40, effective with service rendered on and after January 1, 2023, with Less than Statutory Notice (LSN).

DISCUSSION:

Issue

Whether the Commission should approve revised Schedule 105, which updates the Company's Regulatory Adjustments Tariff.

Applicable Rule or Law

Under ORS 757.259(2), upon application of a utility and after public notice, opportunity for comment and a hearing if any party requests a hearing, the Commission by order may authorize deferral of certain amounts for later incorporation in rates. Those amounts include, under ORS 757.259(2)(e), identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit the following information: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

The purpose of Schedule 105, Regulatory Adjustments, is to reflect the effects of regulatory adjustments such as net gains from nonrecurring property transactions, increases in the Commission regulatory fee, and other miscellaneous regulatory adjustments on customer rates. Under the terms of Schedule 105, it is updated annually.

Supplemental Filing

PGE's initial filing proposed overall amortizations totaling \$5.7 million. A supplemental filing occurred on December 8, 2022, reducing this overall amount to \$3.6 million. PGE states that it was discovered that the estimated OPUC Fee collection amount had inadvertently been included in the deferral column for 2023. Staff concurs with this reduction as a deferral for 2023 has yet to be filed or approved.¹

In its supplemental filing, PGE states that Schedule 105, Regulatory Adjustments is composed of parts A and B, as explained below.

Part A results in a net charge total of \$2.750 million and includes:

- Amortization of property sales, resulting in a credit to customers of approximately \$552 thousand,
- The 2021 Commission fee increase, consistent with Order No. 20-411 in Docket No. UM 2046, resulting in a customer charge of approximately \$2.124 million,
- And intervenor funding resulting in a customer charge of approximately \$1.178 million.

Part B includes:

¹ Docket No. UM 2046 as of December 9, 2022.

- A charge to customers of approximately \$832,000 related to the 2022 deferred Large Nonresidential (LNR) Load True-up consistent with the provisions of Schedule 128. This amount is spread to applicable LNR customers on an equal cents per kWh basis.

Review - Rate Impact of Advice No. 21-44

To satisfy the requirements of OAR 860-022-0025(2) and 860-22-0030(1), PGE provided the following response:^{2,3}

The 2023 revenues resulting from the proposed Schedule 105 prices are a charge to customers of approximately \$3.5 million. This represents an increase of approximately \$4.7 million relative to current Schedule 105 prices. A typical Schedule 7 Residential Customer consuming 780 kWh monthly will see a bill increase of \$0.20 or 0.17%.

To satisfy the requirements of ORS 757.259(6), PGE provided the following response:

PGE's 2022 annual cycle revenues were approximately \$2,125 million. The sum of PGE's current and proposed 2023 amortization of deferrals including the proposed applicable amortizations in Schedules 105 is approximately \$31.2 million, or 1.5% of 2022 revenues. A list of the applicable current and proposed amortizations is provided in the work papers.

Staff reviewed the initial and revised work papers and detailed bill comparisons combining the impact of all PGE's filings for price changes. Staff verified PGE's work paper data, and found the calculations are sufficient and supportive of the Company's filing, and are consistent with past Commission Orders. Furthermore, Staff has not become aware of any information that would indicate that any portion of the deferred amounts has been imprudently incurred.

Property Sales

The property sales balancing account originated in Order No. 01-777 in PGE's 2000 rate case, Docket No. UE 115. Amounts proposed for amortization in this application result from the sale of Company property in Gresham, Oregon, authorized for deferral in Order No. 22-257.⁴

² The 2022 net credit provided to customers via Schedule 105 was approximately \$1.1 million.

³ Staff notes that OAR 860-022-0025(2)(b) requires a statement of the number of customers affected. In several contemporaneous advice filings, PGE provides a figure of 931,000 and in Advice No. 22-34 states that number of customers affected by Schedule 128 cannot be estimated. Schedule 128 underlies the Part B adjustment in this tariff which Staff assumes applies here also.

⁴ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Approval of Property Sale in Gresham, Oregon*, Docket No. UP 418, Order No. 22-257 at 4.

OPUC Fees

Amounts proposed for amortization in this application result from an increase in the PUC fee rate from 0.375 percent to 0.43 percent which were deferred pursuant to authority granted in Order No. 22-145.⁵

Intervenor Funding

Amounts proposed for amortization in this application result from amounts deferred pursuant to Order No. 22-451.⁶

Large Nonresidential (LNR) Load True-up

Amounts proposed for collection in this application are pursuant to the provisions of the Schedule 128, which specifies that the Company will maintain a balancing account for monies to be recovered or refunded.

The Company has reviewed a draft of this memo and has not noted any concerns.

ORS 757.259(5)

Prior to authorizing amortization of any deferred amounts under ORS 757.259(5), the Commission must review the prudence of the deferred amounts and if the amortization is not subject to an automatic adjustment clause, must conduct an earnings review. The particulars of the earnings review are discretionary and determined by the Commission at the time of amortization.

Amortization of the Large Nonresidential (LNR) Load True-Up is subject to an automatic adjustment clause so an earnings review is not mandatory. Staff does not recommend the Commission subject amortization of this deferral to an earnings review.

Amortization of the other deferred amounts discussed above are not subject to an AAC. Accordingly, the Commission must review the utility's earnings prior to authorizing amortization. However, Staff recommends that the Commission not condition the amortization of the amounts at issue the level of PGE's earnings for 2022.⁷ Public Utilities have historically been allowed to pass the costs of intervenor funding and regulatory fees to customers without sharing or disallowance, and Staff recommends that this treatment continue. Staff also recommends that the Commission require PGE

⁵ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Application for Authorization to Defer Costs Associated with an Increase in the Annual Regulatory Fee*, Docket No. UM 2046, Order No. 22-145 at 3.

⁶ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Application for Deferral of Costs Related to Intervenor Funding*, Docket No. UM 1103, Order No. 22-451 at 4.

⁷ Regulated results for 2022 are not yet available. PGE's 3rd quarter SEC Form 10-Q reports year to date earnings similar to 2021.

to pass the gain from the property sale to customers without sharing or an earnings-based disallowance.

Conclusion

For the reasons stated above, Staff finds that the amounts underlying the proposed tariff changes are fair, just, and reasonable given the complexities of the various programs and ongoing efforts to improve them. Staff recommends the Commission approve the tariff as filed.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed Schedule 105 tariff, as described in the Advice filing 22-40, effective with service rendered on and after January 1, 2023, with Less than Statutory Notice.