

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Public Utility Commission

FROM: Charles Lockwood

THROUGH: Caroline Moore **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1564/Advice No. 23-32)
Updates Schedule 153, Community Benefits and Impact Advisory Group
Cost Recovery Mechanism.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) proposed updates to Schedule 153, Community Benefits and Impact Advisory Group (CBIAG) Cost Recovery Mechanism, as described in Advice No. 23-32, effective for service rendered on and after January 1, 2024.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PGE's Advice No. 23-32, which updates its Schedule 153, CBIAG Cost Recovery Mechanism, effective for service rendered on and after January 1, 2024.

Applicable Rule or Law

Energy utilities must file tariffs for services provided to retail customers pursuant to ORS 757.205 and 757.210. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015.

OAR 860-022-0025 sets forth filing requirements for filing tariffs or schedules changing rates. OAR 860-022-0030 provides requirements for filing tariffs or schedules naming increased rates. Schedule 50 does not alter other existing rates.

ORS 757.210 defines an automatic adjustment clause as a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred, taxes paid to units of government or revenues earned by a utility and that is subject to review by the commission at least once every two years.

The 2021 House Bill 2021 (HB 2021), codified at ORS 469A.425, requires an electric company that files a clean energy plan under ORS 469A.415 to convene a Community Benefits and Impacts Advisory Group. The members of the electric company's Community Benefits and Impacts Advisory Group will be determined by the electric company with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory. The authorized activities of the Group are set out in ORS 469A.425(2). Under ORS 469A.425(3):

The commission shall establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group.

Analysis

Background

In July 2021, Governor Brown approved HB 2021 with an effective date of September 25, 2021. Section 4 of this law requires electric companies to file a clean energy plan (CEP) to the Commission and the Oregon Department of Environmental Quality. Section 6(1) states that all electric companies which file a CEP must convene a CBIAG. The CBIAG will be an enduring body, that will consult with the company on the development of a biennial report that describes the companies' impact on an array of customer relations, environmental justice, social justice, and equity issues.¹ The group

¹ See ORS 469A.425(2)(a).

may also consult the company on how to implement its clean energy plan more equitably.²

ORS 469A.425(3) calls for the contemporaneous recovery of costs associated with the development of the biennial reports and the with compensation or reimbursement for time and travel for members of the CBIAG.³ PGE's Advice No. 22-36, PGE's proposal for the Automatic Adjustment Clause (AAC) cost recovery mechanism, was approved in Docket No. ADV 1453 at the March 7, 2023, Public Meeting.

PGE proposed using a balancing account to track cost over and under-runs from year to year. The balancing account would accrue interest at the Commission's authorized rate of return. PGE now files a yearly deferral request associated with CBIAG costs. This deferral is now amortized over a year through Schedule 153. A prudence review will be performed when updating the amounts for amortization. In this review, Staff will verify that the funds recovered through Schedule 153 are being used to effectively facilitate group meetings and develop the biennial report. This prudence review may involve discussions with the Company and stakeholders to better understand the effectiveness of the program.

Filing and Proposed Changes

This advice filing seeks to recover the forecasted incremental costs associated with the implementation and administration of the respective programs over a 12-month period, and amortization of the deferred variance between forecasted costs and actual revenues collected from the adjustment rate during the previous 12-month period. Accordingly, the rates in this filing take into account an updated forecast of costs for 2024, as well as amortizing the deferred variance between forecasted costs and actual revenues for the previous 12-month period.

PGE states the 2024 expenses include incremental employee to support the CBIAG, member stipends, costs associated with CBIAG meetings, facilitation services, costs associated with creating the CBIAG report, and costs associated with a webpage that will provide ongoing information about the CBIAG to both the members of the CBIAG and the general public.

On August 16, 2023, PGE filed a deferral application in Docket No. UM 2249 to track the costs associated with the current development of the CBIAG. The deferral application is concurrently pending approval on the agenda for the December 28, 2023, Public Meeting. PGE's forecasted 2023 full year expensive is approximately \$400,000. As of the date of filing, PGE has deferred \$50,365, collected \$172,372, and therefore

² See ORS 469A.425(2)(b).

³ See ORS 469A.425(3)

has a net balance of (\$125,639) including interest. Currently, the deferral is accruing interest at the approved modified blended treasury rate.

The Schedule 153 updates are two-fold. First, the update revises the adjustment rate for all schedules under Schedule 153 to .001 ¢ per kWh to reflect the 2024 expenses described above. Second, the update makes a non-substantive technical change to the tariff formatting of Schedule 153 to now group similarly situated schedules together. For example, Schedules 85, 485, and 585, now appear on the same line in the schedule. This does not impact the rate at which these customers will be paying but is intended to increase the readability of Schedule 153 overall.

Customer Rate Impacts

The revised amortization and recovery of the CBIAG expenses through Schedule 153 prices result in an approximate \$0.3 million or 0.01 percent overall average rate decrease for the 940,000 (2024 forecasted average) applicable cost-of-service customers. If approved, a typical Schedule 7 Residential Customer consuming an average of 795 kWh monthly will see a \$0.01 or 0.01 percent decrease in their monthly bill.

Staff Review

Staff reviewed PGE's filing and accompanying workpapers and finds no issues or concerns with the updates as proposed. The proposed rates appear reasonable and accurately reflect PGE's forecasted CBIAG and associated programming costs for 2024. As such, Staff supports the proposed tariff revisions described in Advice No. 23-32.

Staff notes the biennial report is among the cost drivers for Schedule 153. However, the biennial report is still a future deliverable. Therefore, in the interest of prudence, and to the extent it can, Staff will continue to observe and engage in the process, endeavoring to monitor the Company's efforts for alignment with the intent and objectives of HB 2021. Further, as described in the Docket No. ADV 1453 Staff report, Staff will also continue to engage with the Company and key stakeholders on a semi-quarterly basis quarterly basis to discuss ongoing CBIAG activity, particularly as it relates to Schedule 153. This venue allows Staff the opportunity to review the costs and variances from the forecast in advance of annual tariff updates and resolve any process concerns that may arise in the interim.

Conclusion

Staff has reviewed Advice No. 23-32 in detail and finds no issue at this time. Staff finds that all listed expenses, actual and forecasted, fall within the intended inclusions of

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HB 2021 and appear just and reasonable. As such, Staff supports the approval of PGE's requested updates to Schedule 153, CBIAG Cost Recover Mechanism.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed updates to Schedule 153, CBIAG Cost Recovery Mechanism, as described in Advice No. 23-32, effective for service rendered on and after January 1, 2024.

PGE ADV 1564 Schedule 153 Updates CA12