



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

March 1, 2016

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street, S.E.  
P.O. Box 1088  
Salem, OR 97308-1088

**RE: Advice No. 16-02, Schedule 123 Decoupling Adjustment**

Portland General Electric (PGE) submits this filing pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rules 860-022-0025 and 860-022-0030, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **January 1, 2017**:

Eighth Revision of Sheet No.123-1  
Seventh Revision of Sheet No. 123-2  
Eleventh Revision of Sheet No. 123-3

Also included in this filing is Direct Testimony and Exhibits of:

- Jay Tinker and Marc Cody (PGE / 100-102)

The purpose of this filing is to request the renewal of PGE's Schedule 123 Decoupling Mechanism for three years with a minor modification, effective January 1, 2017.

To satisfy the requirements Oregon Administrative Rules (OAR) 860-022-0025(2) and OAR 860-022-0030(1), PGE responds as follows:

PGE estimates that approximately 863,000 customers will be impacted by the renewal and modification of Schedule 123. PGE cannot provide an estimate of the change in revenues because this is contingent on activities that will occur in 2017.

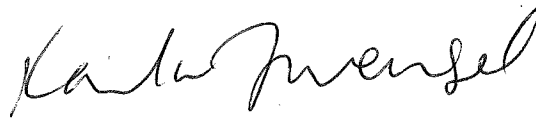
Work papers supporting Schedule 123 Decoupling Adjustment are attached.

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Should you have any questions or comments regarding this filing, please contact Marc Cody at (503) 464-7434.

Please direct all formal correspondence and requests to the following email address [pge.opuc.filings@pqn.com](mailto:pge.opuc.filings@pqn.com)

Sincerely,

A handwritten signature in black ink, appearing to read "Karla Wenzel". The signature is written in a cursive, flowing style.

Karla Wenzel  
Manager, Pricing and Tariffs

Enclosures

**SCHEDULE 123  
DECOUPLING ADJUSTMENT**

**PURPOSE**

This Schedule establishes balancing accounts and rate adjustment mechanisms to track and mitigate a portion of the transmission, distribution and fixed generation revenue variations caused by variations in applicable Customer Energy usage.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all Residential and Nonresidential Customers located within the Company's service territory except those Nonresidential Customers whose load exceeded one aMW at a Point of Delivery during the prior calendar year or those Nonresidential Customers qualifying as a Self-Directing Customer. Customers so exempted will not be charged the prices contained in this schedule.

**DEFINITIONS**

For the purposes of this tariff, the following definition will apply:

**Energy Efficiency Measures (EEMs)** – Actions that enable customers to reduce energy use. EEMs can be behavioral or equipment-related.

**Self-Directing Customer (SDC)** - Pursuant to OAR 860-038-0480, to qualify to be a SDC, the Large Nonresidential Customer must have a load that exceeds one aMW at a Site as defined in Rule B and receive certification from the Oregon Department of Energy as an SDC.

**SALES NORMALIZATION ADJUSTMENT (SNA)**

The SNA reconciles on a monthly basis, for Customers served under Schedules 7, 32, 532, 83, and 583, differences between a) the monthly revenues resulting from applying distribution, transmission and fixed generation charges (Fixed Charge Energy Rate) of 7.230 cents/kWh for Schedule 7, 6.529 cents/kWh for Schedules 32 and 532, and 3.634 cents/kWh for Schedules 83 and 583 to weather-normalized kWh Energy sales, and b) the Fixed Charge Revenues that would be collected by applying the Monthly Fixed Charge per Customer of \$61.14 per month for Schedule 7, \$95.89 per month for Schedules 32 and 532, and \$772.18 for Schedules 83 and 583 to the numbers of active Schedule 7, Schedule 32 and 532, and Schedule 83 and 583 Customers, respectively, for each month. For Schedule 7, a Secondary Fixed Charge equal to 70% of the Monthly Fixed Charge will be used to calculate Fixed Charge Revenues for actual customer counts that exceed the projected customer counts used to establish base rates in a general rate review. The Schedule 7 Secondary Fixed Charge is \$42.80.

**SCHEDULE 123 (Continued)**

**SALES NORMALIZATION ADJUSTMENT (SNA) (Continued)**

The SNA will calculate monthly as the Fixed Charge Revenue less actual weather-adjusted revenues and will accrue to the SNA Balancing Account. The monthly amount accrued may be positive (an under-collection) or negative (an over-collection). The SNA is divided into sub-accounts so that net accruals for Schedule 7 will track separately from the net accruals for Schedules 32 and 532, and 83 and 583.

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**NONRESIDENTIAL LOST REVENUE RECOVERY ADJUSTMENT (LRR)**

For EEMs installed prior to 2017, the Nonresidential Lost Revenue Recovery Adjustment is applicable to all customers except those served under Schedules 7, 32 and 532 or as otherwise exempted above. Nonresidential Lost Revenue Recovery amounts will be equal to the reduction in distribution, transmission, and fixed generation revenues due to the reduction in kWh sales as reported to the Company by the Energy Trust of Oregon, resulting from EEMs implemented during prior calendar years attributable to EEM funding incremental to Schedule 108, adjusted for EEM program kWh savings incorporated into the test year load forecast used to determine base rates. Also included are differences in actual energy savings from a test year forecast associated with the conversion to LED streetlighting in Schedule 95 reported by the Company. When base rates are adjusted in the future as a result of a general rate review, the test year load forecast used to determine new base rates will reflect all energy efficiency kWh savings that have been previously achieved. The cumulative kWh savings are eligible for Lost Revenue Recovery until new base rates are established as a result of a general rate review; the kWh base is then reset to equal the amount of kWh savings that accrue from EEMs following an adjustment in base rates.

(C)

The Lost Revenue Recovery Adjustment may be positive or negative. A negative Lost Revenue Recovery Adjustment for a given test year will occur if kWh savings reported by the Energy Trust of Oregon, plus the energy savings associated with the conversion to LED streetlighting in Schedule 95, are less than those estimated in setting base rates. A positive Lost Revenue Recovery Adjustment for a given test year will occur if kWh savings reported by the Energy Trust of Oregon, plus the energy savings associated with the conversion to LED streetlighting in Schedule 95, are greater than those estimated for the test year in setting base rates. The LRR for each year subsequent to the test year will incorporate incremental kWh savings reported by the Energy Trust of Oregon for that year.

For the purposes of this Schedule, the Lost Revenue Recovery Adjustment is the product of: (1) the reduction in kWh sales resulting from ETO-reported EEMs plus the energy savings associated with the conversion to LED streetlighting in Schedule 95, and (2) the weighted average of applicable retail base rates (the Lost Revenue Rate). Applicable base rates for Nonresidential Customers are defined as the schedule-weighted average of transmission, distribution, and fixed generation charges; including those contained in Schedule 122 and other applicable schedules. System usage or distribution charges will be adjusted to include only the recovery of Trojan Decommissioning expenses and the Customer Impact Offset. Franchise fee recovery is not included in the Lost Revenue Rate. The applicable Lost Revenue Rate is 4.995 cents per kWh.

**SCHEDULE 123 (Continued)**

**SNA and LRRRA BALANCING ACCOUNTS**

The Company will maintain a separate balancing account for the SNA, applicable to Schedules 7, 32 and 532, and 83 and 583 and for the Nonresidential LRRRA for the remaining applicable nonresidential Schedules. Each balancing account will record over- and under-collections resulting from differences as determined, respectively, by the SNA and LRRRA mechanisms. The accounts will accrue interest at the Commission-authorized Modified Blended Treasury Rate established for deferred accounts.

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**DECOUPLING ADJUSTMENT**

The Adjustment Rates, applicable for service on and after the effective date of this schedule will be:

<u>Schedule</u>	<u>Adjustment Rate</u>
7	(0.052) ¢ per kWh
15	(0.009) ¢ per kWh
32	(0.083) ¢ per kWh
38	(0.009) ¢ per kWh
47	(0.009) ¢ per kWh
49	(0.009) ¢ per kWh
75	
Secondary	(0.009) ¢ per kWh
Primary	(0.009) ¢ per kWh
Subtransmission	(0.009) ¢ per kWh
83	(0.009) ¢ per kWh
85	
Secondary	(0.009) ¢ per kWh
Primary	(0.009) ¢ per kWh
89	
Secondary	(0.009) ¢ per kWh
Primary	(0.009) ¢ per kWh
Subtransmission	(0.009) ¢ per kWh