

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 21, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE October 1, 2021

DATE: September 13, 2021

TO: Public Utility Commission

FROM: Scott Gibbens and Ryan Bain

THROUGH: Bryan Conway and Caroline Moore **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1310/Advice No. 21-020)
Requests authorization to modify Schedule 98 Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act.

STAFF RECOMMENDATION:

The Oregon Public Utility Commission (OPUC or Commission) should suspend Pacific Power (dba PacifiCorp or PAC) Advice No. 21-020 for further investigation under ORS 757.215.

DISCUSSION:

Issue

Whether the Commission should suspend PAC's updates to Schedule 98 related to the Residential Exchange Program (REP) for further investigation.

Applicable Law

ORS 757.205(1) provides that "[e]very public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it."

ORS 757.215 authorizes the Commission to suspend tariffs filed by utilities for further investigation. The filed tariffs are not effective during suspension.

Analysis

Background

Schedule 98 provides residential and other qualifying customers with a direct pass-through of monetary benefits received from the Bonneville Power Administration (BPA) under the REP in accordance with a Residential Exchange Program Settlement Implementation Agreement (REPSIA), Contract No. 11PB-12466. The Public Utility Commission of Oregon (Commission) authorized PacifiCorp to execute the REPSIA in Order No. 11-113 (entered April 11, 2011), Docket No. UM 926.

On September 1, 2021, PacifiCorp filed Advice No. 21-020. The filing updates the credit based on the expected benefits calculated for the fiscal year 2022-2023 and includes a proposed change to the rate design. PacifiCorp proposes to eliminate the inverted block rate design, which applies a credit to only the first 1,000 kWh per month, and substitute a flat credit to all eligible kWh of usage. Prior to 2011, a flat credit rate applicable to all kWh was the credit format in use for residential customers.

PacifiCorp asserts in its application that its proposed rate design is preferable because it does not unduly penalize residential customers who heat with electricity or charge electric vehicles at home. PacifiCorp also notes that the benefit received by PacifiCorp customers increased for the upcoming fiscal year and thus even lower energy users will receive incremental benefits.

Staff held a brief call with PacifiCorp and the Citizen's Utility Board (CUB) on September 10, 2021, to further discuss the rate design change and notify the Company of Staff's concerns.

Staff recommends suspension and investigation of the PacifiCorp's Advice Filing for two reasons. First, Staff believes the change may be inconsistent with a general purpose of the REP, which is to share with all eligible customers of investor-owned utilities the benefits of the federal hydroelectric power system (FHPS) made possible from the low-cost PNW Columbia River system. Those benefits are arguably more suitably allocated on a per customer basis rather than on a per kWh basis, where the more you use the greater your share of the FHPS benefits. Staff is concerned that the change in rate design reduces the equality of the benefit to all customers and allows larger users to receive a greater benefit. This 1000 kWh limitation is similar in concept to the fact that the 1980 Regional Power Act limits benefits to farms on a kWh limit per farm as well.

Second, Staff recommends suspension and investigation because any redesign of the REP credit should be done holistically. There are many considerations in residential rate design, including usage characteristics of low income users. This topic (effect on low-income users) was of paramount concern in UE 374, PacifiCorp's last general rate case when the Company proposed to decrease the incremental difference between rate blocks. The existing design of the REP credit played into Staff's support of the settlement in PacifiCorp's last rate case. Suspension and investigation would allow parties to review REP rate design in a holistic manner. While Staff is open to commence such an investigation shortly, an alternative and potentially more efficient approach would be in the context of a general rate case.

Conclusion

Staff believes that sufficient concerns exist that warrant further investigation of PAC's proposed rate design for Schedule 98, which requires suspension of PAC's filing under ORS 757.215. Staff believes that it is important to better identify the impacts to customers, the potential benefits, and the potential drawbacks of the proposed change prior to approving a change to a long-standing rate design approach.

PROPOSED COMMISSION MOTION:

Suspend PacifiCorp Advice No. 21-020 for further investigation under ORS 757.215.