

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: December 28, 2021**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** January 1, 2022

**DATE:** December 20, 2021

**TO:** Public Utility Commission

**FROM:** Madison Bolton

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1345/Advice No. 21-40)  
Updates Schedule 128, Short Term Transition Adjustment.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 21-40, effective for service rendered on and after January 1, 2022.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission should approve PGE's Advice No. 21-40, which updates its Schedule 128, Short-Term Transition Adjustment, effective with service rendered on and after January 1, 2022.

Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

ORS 757.220 requires that any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the change.

OAR 860-022-0025 and OAR 860-022-0030 set forth requirements for tariff filings naming increased rates. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules include, in its filing, a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

ORS 757.600 to 757.689 authorize and regulate the provision of the "direct access" (Direct Access) options in Oregon. The Commission's rules implementing these statutes are set forth in OAR Chapter 860, Division 038. OAR 860-038-0160 concerns Direct Access transition charges and credits.

## Analysis

### *Background*

The purpose of instituting transition adjustment rates for Direct Access customers is to recover fixed generation costs from those who elect to substitute third-party energy sources for retail utility service. To recover said costs, each customer will receive a transition credit or pay a transition charge. These transition adjustment rates are adjusted regularly to prevent net revenue shortfalls or windfalls arising from Direct Access. PGE's Schedule 128 is for such customers electing to leave Cost of Service or choose Direct Access beginning on January 1, 2022.

On November 15, 2021, PGE filed Advice No. 21-40 with updates to the short-term transition adjustment rates for Schedule 128. These updates are derived from the updated price of electricity in the Company's most recent Net Variable Power Cost filing, Docket No. UE 391, and the 2022 forward market prices. The transition adjustment rates associated with a particular customer-schedule reflects the difference between the per-kWh weighted-average price expected to be recovered applying current cost-of-service (COS) tariff energy charges to the respective schedule's projected total loads under the COS option, and the projected weighted average market cost. The respective schedule's load shape provides the weights used in estimating the average price and market cost.

### *Staff Review*

The proposed updates to Schedule 128 affect only those customers electing to leave PGE's Cost of Service or choosing Direct Access during the annual election window that opened November 15, 2021. As filed, the proposed Schedule 128 adjustment rate will range from -0.657 cents per kWh to 0.843 cents per kWh, dependent on schedule. Compared with last year's January update to Schedule 128, this is a decrease in the Schedule 128 adjustment. Staff found that the COS energy prices and forecasted market values of energy both increased compared to the previous year; however, the forecasted market values represented a far greater increase resulting in the substantially lower Schedule 128 prices.

As it is unknown how many customers will elect service through Schedule 128, the corresponding change in Company revenue is also unknown, but the transition adjustments are designed to alleviate potential cost-shifting.

Staff reviewed the filing, tariff schedule, and workpapers to ensure the proposed filing is accurately calculated and consistent with past Commission Orders. Staff further finds that the revised sheets are correct and consistent with PGE's current Net Variable Power Cost Update.

### Conclusion

Staff finds that the updated rates in Schedule 128 are appropriately calculated and recommends that the Commission approve the proposed tariff.

### **PROPOSED COMMISSION MOTION:**

Approve PGE's proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 21-40, effective for service rendered on and after January 1, 2022.