

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 22, 2022**

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

**DATE:** March 14, 2022

**TO:** Public Utility Commission

**FROM:** Madison Bolton

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1371/Advice No. 22-02)  
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. 22-02, effective for service rendered on and after April 1, 2022.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission should approve PGE's Advice No. 22-02, which updates its Schedule 128, Short-Term Transition Adjustment, effective with service rendered on and after April 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 establishes the Company's revised nine-month balance-of-year (BOY) short term transition adjustment rates for customers electing to leave Cost of Service (COS) or choosing Direct Access Service for the balance of the calendar year. On February 15, 2022, PGE filed Advice No. 22-02 to update rates for customers electing the April 2022 election window. These updates are derived from the updated price of electricity in the Company's most recent Annual Power Cost Update 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 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 election window that opened February 15, 2022. The nine-month BOY short-term transition adjustment rates are based upon the same approved methodology used to establish the annual short-term transition adjustment rates that the Company filed in PGE Advice No. 21-40.

As filed, the proposed Schedule 128 adjustment rate will range from -0.489 cents per kWh to 0.339 cents per kWh, dependent on schedule. Compared with last year's nine-month BOY update, this represents an average decrease of approximately 100 percent in the Schedule 128 adjustment across schedules. 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 adjustments.

As it is unknown how many customers will elect service through Schedule 128, the corresponding change in Company revenue is also unknown.

Staff corresponded directly with the Company to discuss Advice No. 22-02 and did not require any information requests as the Company's filing included all requisite documents to perform the analysis and review. Staff reviewed the filing, tariff schedule, and workpapers to ensure consistency among the model inputs, outputs, and actual tariff filing.

#### Conclusion

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

#### **PROPOSED COMMISSION MOTION:**

Approve PGE's proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 22-02, effective for service rendered on and after April 1, 2022.