

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 21, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** April 1, 2023

DATE: March 13, 2023

TO: Public Utility Commission

FROM: Madison Bolton

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1489/Advice No. 23-02)
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. 23-02, effective for service rendered on and after April 1, 2023.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission should approve PGE's Advice No. 23-02, which updates its Schedule 128, Short-Term Transition Adjustment, effective with service rendered on and after April 1, 2023.

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 authorizes and regulates 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. 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, 2023, PGE filed Advice No. 23-02 to update rates for customers electing the April 2023 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 402, and the 2023 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, 2023, for service effective as of April 1, 2023. 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. 22-34.

As filed, the proposed Schedule 128 adjustment rate will range from -2.887 cents per kWh to -6.155 cents per kWh, dependent on schedule. The average adjustment rate across all schedules is -4.916 cents per kWh compared to -0.152 cents per kWh in last year's nine-month BOY update. This represents an average increase in transition credits of 4.764 cents per kWh across all schedules. Staff found that the estimated COS energy costs decreased while the forecasted market values of energy increased compared to the previous year. While both factors result in larger Schedule 128 transition credits, the increase in forecasted market energy prices is far greater than the decrease in COS energy costs and is the primary driver of the increases in the credits.

Staff notes that the Company has included a new "Part B" charge for annual on-peak demand rates for Schedules 83/583 and 85/585. The charges in Part B incorporate 25 percent of generation costs for each schedule. These rates were developed in Docket No. UE 394 and approved by the Commission in Order No. 22-129.

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

Staff 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.

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PROPOSED COMMISSION MOTION:

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