

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Public Utility Commission

FROM: Rose Pileggi

THROUGH: Bryan Conway, Marc Hellman, and Anna Kim **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1573/Advice No. 23-37)
Schedule 105 Miscellaneous Regulatory Adjustments.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) proposed Schedule 105 tariff, as described in the Advice filing 23-37, effective with service rendered on and after January 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve revised Schedule 105, which updates the Company's Regulatory Adjustments Tariff.

Applicable Rule or Law

Under ORS 757.259(2), upon application of a utility and after public notice, opportunity for comment and a hearing if any party requests a hearing, the Commission by order may authorize deferral of certain amounts for later incorporation in rates. Those amounts include, under ORS 757.259(2)(e), identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit the following information: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

The purpose of Schedule 105, Regulatory Adjustments, is to reflect the effects of regulatory adjustments such as net gains from nonrecurring property transactions, increases in the Commission regulatory fee, and other miscellaneous regulatory adjustments on customer rates. Under the terms of Schedule 105, it is updated annually.

On November 22, 2023, PGE filed Advice No. 1573, proposing overall amortizations of (\$10.1 million). PGE's Schedule 105, Regulatory Adjustments, is composed of parts A and B, detailed below.¹

Part A results in a net credit of \$7.383 million and includes:

- The OPUC Commission fee increase, consistent with Order No. 20-411 in Docket No. UM 2046, resulting in a customer charge of approximately \$1.555 million,
- Research and Development tax credits, resulting in a credit of approximately \$0.931 million,
- Transmission Refund, resulting in a credit of approximately \$8.847 million,
- And the Time of Day True Up, resulting in a customer charge of approximately \$0.840 million.

Part B includes:

- A credit to customers of approximately \$2.715 million related to the 2023 deferred Large Nonresidential (LNR) Load True-up consistent with the provisions of Schedule 128. This amount is spread to applicable LNR customers on an equal cents per kWh basis.

¹ See Docket No. ADV 1573, Advice No. 23-37, Miscellaneous Regulatory Adjustments, initial filing.

Review – Rate Impact of Advice No. 23-37

To satisfy the requirements of OAR 860-022-0025(2) and 860-22-0030(1), PGE provided the following response:^{2, 3}

The 2024 revenues resulting from the proposed Schedule 105 prices are a refund to 940,000 (2024 forecasted average) applicable customers of approximately \$10.2 million. This represents a decrease of approximately \$13.8 million relative to current Schedule 105 prices. A typical Schedule 7 Residential Customer consuming 795 kWh monthly will see a bill decrease of \$0.45 or 0.3%.

To satisfy the requirements of ORS 757.259(6), PGE provided the following response:⁴

PGE's 2023 annual cycle revenues were approximately \$2,535 million. The sum of PGE's current and proposed 2024 amortization of deferrals including the proposed applicable amortizations in Schedules 105 is approximately \$60.9 million, or 2.4% of 2023 revenues. A list of the applicable current and proposed amortizations is provided in the work papers.

Staff reviewed the Company's work papers and detailed bill comparisons combining the impact of all PGE's filings for price changes. Staff verified PGE's work paper data, and found the calculations are sufficient and supportive of the Company's filing and are consistent with past Commission Orders. Furthermore, Staff has not become aware of any information that would indicate that any portion of the deferred amounts has been imprudently incurred.

OPUC Fees

Amounts proposed for amortization in this application result from an increase in the PUC fee rate which were deferred pursuant to authority granted in Order No. 23-031.⁵

R&D Tax Credits

Amounts proposed for amortization of R&D Tax Credits are shared 50/50 between customers and the Company when it is a charge, and 100/0 between customers and the

² The 2023 net charge to customers via Schedule 105 was approximately \$3.6 million. Parts A and B adjustments in this filing total a refund of approximately \$10.1 million. Due to rounding, the anticipated 2024 amortization will be a refund of approximately \$10.2 million rather than \$10.1 million.

³ See Docket No. ADV 1573, initial filing, page 2.

⁴ *Id.*

⁵ See Docket No. UM 2046, Order No. 23-031 at 3.

Company when it is a net benefit.⁶ The amounts proposed for amortization in this application were deferred under Docket No. UM 1991(4).⁷

Open Access Transmission Refund

Amounts proposed for amortization of the Transmission Refund in this application result from amounts deferred pursuant to Order No. 23-386.⁸

Schedule 7 Time of Day True-up

Amounts proposed for collection in this application are pursuant to the provisions of Schedule 7 which specifies that the Company may recover lost revenue from this option via Schedule 105.

Large Nonresidential (LNR) Load True-up

Amounts proposed for refund in this application are pursuant to the provisions of the Schedule 128, which specifies that the Company will maintain a balancing account for monies to be recovered or refunded.

ORS 757.259(5)

Prior to authorizing amortization of any deferred amounts under ORS 757.259(5), the Commission must review the prudence of the deferred amounts and if the amortization is not subject to an automatic adjustment clause, must conduct an earnings review. The particulars of the earnings review are discretionary and determined by the Commission at the time of amortization.

Amortization of the Large Nonresidential (LNR) Load True-Up and the R&D Tax Credits are subject to automatic adjustment clauses (AAC), so an earnings review is not mandatory. Staff does not recommend the Commission subject amortization of this deferral to an earnings review.

Amortization of the other deferred amounts discussed above are not subject to an AAC. Accordingly, the Commission must review the utility's earnings prior to authorizing amortization. However, Staff recommends that the Commission not condition the amortization of the amounts at issue the level of PGE's earnings for 2023.⁹ Public Utilities have historically been allowed to pass the costs of regulatory fees to customers without sharing or disallowance, and Staff recommends that this treatment continue.

⁶ See Docket No. UM 1991(3), Order No. 22-454, at page 5.

⁷ See Docket No. UM 1991(4), Staff Report, CA Item No. 30 for the December 28, 2023, Public Meeting.

⁸ See Docket No. UE 416, Order No. 23-386 at 31 and Docket No. UM 2217.

⁹ Regulated results for 2023 are not yet available.

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Conclusion

For the reasons stated above, Staff finds that the amounts underlying the proposed tariff changes are fair, just, and reasonable given the complexities of the various programs and ongoing efforts to improve them. Staff recommends the Commission approve the tariff as filed.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed Schedule 105 tariff, as described in the Advice filing 23-37, effective with service rendered on and after January 1, 2024.

PGE ADV 1573/Advice No. 23-37 Schedule 105