ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 19, 2024

REGULAR ____ **CONSENT** _X_ **EFFECTIVE DATE** ____**April 1, 2024**____

DATE: March 1, 2024

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1594/Advice No. 24-04)
Updates Schedule 128, Short Term Transition Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 24-04, effective for service rendered on and after April 1, 2024.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PGE's Advice No. 24-04, which updates its Schedule 128, Short-Term Transition Adjustment, effective with service rendered on and after April 1, 2024.

Applicable Rule or 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.

Tariff revisions are made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025 and OAR 860-022-0030.

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220; OAR 860-022-0015.

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 "reasonably balance the interests of retail electricity consumers and utility investors."[1] A transition charge allows recovery of uneconomic utility investments, while a transition credit allows for passing the benefits of economic utility investments.[2] This adjustment is applied to the bills of customers who elect to substitute third-party energy sources for retail utility service. These transition adjustment rates are revised 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, 2024, PGE filed Advice No. 24-04 to update rates for customers electing the April 2024 election window. These updates are derived from the price of electricity in the Company's most recent Net Variable Power Cost filing, Docket No. UE 416, and the 2024 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, 2024, for service effective as of April 1, 2024. The nine-month

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[1] ORS 757.607(2).
[2] Id.

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 used in prior filings, including the most recently approved filing, PGE Advice No. 23-02.

As filed, the proposed Schedule 128 adjustment rate range from −1.872 cents per kWh to −5.547 cents per kWh, dependent on schedule. This compares to a range of -2.365 cents per kwh to -5.727 cents per kwh for the annual adjustment. This is an approximate increase in the transition adjustment of 0.23 cents per kwh across the affected schedules.

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

Staff reviewed the filing, tariff schedule, and workpapers to ensure consistency among the model inputs, outputs, and actual tariff filing. Staff determined that the Company's filing included all requisite documents to perform the analysis and review. However, Staff did discuss the filing and workpapers with the Company to clarify and note some minor issues. The review determined the Company's approach was consistent with requirements included in OAR 860-038-0160.

Staff had several questions for the Company related to the filing. One question related to the loss calculations and a slight discrepancy with PGE's latest line loss study for the total primary losses. After speaking with the Company, it was clear that the discrepancy was due to a rounding issue which impacted both the COS energy price and the market value of energy. The two changes offset, resulting in the same transition adjustment as in the filing. Given the end result, Staff is comfortable that the appropriate transition charge is included, but believes the discrepancy should be corrected in future models.

The filing contains transition adjustments for Schedules 90 and 590 primary service based on the energy usage with differing rates for those with energy use above or below 250 MWa. However, there are not differing rates based on the delivery voltage; Schedules 90 and 590 allow for both primary and subtransmission service. Staff discussed this with the Company, which explained currently there are no Schedule 90 or 590 subtransmission customers, just primary-service customers. As such, Staff is comfortable with the Schedule 128 values in this filing, but suggests the Company look to develop differing rates in the future similar to the approach for the Schedules 85 and 585, as well as Schedules 89 and 589.

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. 24-04, effective for service rendered on and after April 1, 2024.