

ITEM NO. CA6

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

REGULAR CONSENT EFFECTIVE DATE April 1, 2024

DATE: March 11, 2024

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1595/Advice No. 24-05)
Requests update to Schedule 109, Energy Efficiency Funding Adjustment.

STAFF RECOMMENDATION:

Approve Portland General Electric Company's (PGE or Company) Advice No. 24-05, revising Schedule 109, Energy Efficiency Funding Adjustment, for service rendered on and after April 1, 2024.

DISCUSSION:

Issue

Whether to approve PGE's Advice No. 24-05, revising Schedule 109, Energy Efficiency Funding Adjustment, for service rendered on and after April 1, 2024.

Applicable Rule or Law

A public utility is required to file schedules with the Commission showing all changes to rates, tolls, and charges. ORS 757.205. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must 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.

Filings that propose 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 change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

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.

Analysis

The purpose of Schedule 109, PGE's Energy Efficiency Adjustment Mechanism, is to collect via rates all funds necessary to pursue all cost-effective, reliable, and feasible energy efficiency.¹ As directed by the Commission, revenue collected by Schedule 109 funds energy efficiency programs administered by Energy Trust of Oregon (Energy Trust). Funds collected under Schedule 109 are distributed to Energy Trust on a monthly basis.

PGE made this filing on February 22, 2024, to update Schedule 109 to increase the annual funding of Energy Trust by \$20.8 million, from \$85 million to \$105.8 million. The proposed price changes will result in an approximate increase of 0.9 percent for PGE's 940,000 customers. The typical residential customer on Schedule 7 using 795 kWh per month will see a monthly bill increase of \$1.68, or 1.1 percent. This increase in annual energy efficiency funding represents the PGE allocation of Energy Trust's 2024 budget, approved by its Board of Directors on December 15, 2023.

Energy Trust's forecasted budget amount of \$105.8 million included for recovery in Schedule 109 is allocated to rate schedules on the basis of an equal percentage of base revenues. Since Schedule 109 is directly collected from customers and passed through to Energy Trust, there is no balancing account, true-up, or amortization associated with this adjustment schedule. House Bill 3141 (2021) stipulates, for the period beginning January 1, 2022 and ending December 31, 2025, retail consumers

¹ ORS 757.054(3)(a).

who use more than one average megawatt (aMW) of electricity annually at any site may not be charged for cost-effective energy efficiency measures more than 1.7 percent of the total revenue from electricity sales at the site. Staff reviewed PGE's workpapers which demonstrates the revenue allocation is below this limitation.

At the November 2, 2023, Special Public Meeting regarding the Energy Trust's 2024-25 Budget and Action Plan, the Commission adopted Staff's recommendation to direct utilities to delay implementing the price change until April 1 instead of the usual effective date of January 1.² This request sought to minimize rate impacts from PGE rate increases taking effect on January 1, 2024.³ Delaying the energy efficiency revenue adjustment to April 1 reduces the increased rates during the winter heating season, when costs are higher for many customers.

Energy Trust's reserve for PGE was \$26.3 million at the start of 2024, which is higher than the two percent target of \$2.6 million based on 2024 budgeted expenditures of \$130.4 million. As a result, Energy Trust will draw down the reserve in 2024 to minimize additional 2024 rate impacts. Based on PGE's proposed revenue adjustment and the reserve draw down, Energy Trust forecasts ending 2024 closer to the two percent of budgeted expenditures target.

Not included in this tariff is an addition of \$606,000 to reflect a reduction in net assets entering the 2024 calendar year. Energy Trust exceeded 2023 energy savings goals, achieving 117 percent of the PGE savings goal. This increase in 2023 incentive payments reduced the 2024 carryover reserve for PGE by \$606,000. As a result, anticipated revenue from PGE in 2024 will reduce the Company's carryover reserve to around 1.5 percent of budgeted expenditures by the start of 2025.

Reserves are used to mitigate risks, smooth out operations from year to year, and reduce rate impacts. Staff has discussed with Energy Trust the need for vigilance in communicating with utilities anticipated year-end forecast changes. If Energy Trust finds additional cost-effective energy efficiency in 2024 and anticipates exceeding savings, Staff, Energy Trust, and PGE may need to consider an additional Schedule 109 tariff adjustment before the end of 2024.

² See November 2, 2023 Special Public Meeting, *Staff Report on Presentation of Energy Trust 2024 Draft Budget and 2024-2025 Action Plan*, (Oct. 25, 2023), p. 22, https://oregonpuc.granicus.com/Viewer.php?view_id=2&clip_id=1239&meta_id=37540.

³ See Docket No. UE 416, *Staff Report for PGE's 2024 Annual Power Cost Update Compliance Filing*, (Dec. 28, 2023), cumulative rate increase of 15.1 percent on January 1, 2024, <https://edocs.puc.state.or.us/efdocs/HAU/ue416hau325797054.pdf>.

Conclusion

Staff's review of this filing and associated workpapers finds that the updated rates in Schedule 109 are correctly calculated based on recent forecasted costs, and that PGE's proposed recovery of 2024 target costs is appropriate. Staff also finds that costs included for recovery are reasonable. As this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, Staff recommends the Commission approve PGE's filing.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 24-05, revising Schedule 109, Energy Efficiency Funding Adjustment, for service rendered on and after April 1, 2024.