

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 3, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE May 5, 2016

DATE: April 26, 2016

TO: Public Utility Commission

FROM: JP Batmale ^{JPB}

THROUGH: Jason Eisdorfer and Michael Dougherty ^E

SUBJECT: PACIFIC POWER: (Docket No. ADV 269/Advice No. 16-06) Update Schedule 297 to reflect a rate increase for revised Energy Trust funding levels.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow Pacific Power's (PacifiCorp or Company) request for a change to Schedule 297 on less than 30 days' notice and approve its proposed Schedule 297 update to an annualized amount of \$9.6 million for Energy Trust of Oregon's (Energy Trust) 2016 and 2017 funding.

ISSUE:

Whether the Commission should approve the Company's Advice No. 16-06, which seeks to update Schedule 297, the Energy Conservation Charge, in order to fully meet the Energy Trust's funding requirements for 2016 and 2017.

APPLICABLE LAW:

PacifiCorp's revisions to Tariff P.U.C. OR NO. 36, Sheet Nos. 297-1(3rd revision) and 297-2 (7th revision) of Schedule 297, Energy Conservation Charge, were submitted in compliance with ORS 757.205 through 757.220, OAR 860-022-0025 and OAR 860-022-0030. These laws set forth the requirements for when a utility seeks to change or increase its existing rates. PacifiCorp's request for a change to the Schedule on less than 30 days' notice is made pursuant to ORS 757.220. This statute requires the Company to show "good cause" in support of its request.

DISCUSSION AND ANALYSIS:

Background

Schedule 297 funds Energy Trust of Oregon's (Energy Trust) implementation of cost-effective energy conservation for measures for PacifiCorp pursuant to ORS 757.689. These funds are in addition to the Public Purpose Charge (PPC) funds Energy Trust receives. Energy Trust has been monitoring expenditures and updating program forecasts (see Advice No. 14-014) to better align Schedule 297 collections with forecasted expenditures and to reduce carryover funds.

The proposed rate adjustment for 2016 reflects Energy Trust's greater-than-anticipated reduction of 2015 budget carryover. In 2015 Energy Trust achieved 112 percent of its PacifiCorp savings goal and spent 104 percent of its PacifiCorp budget. This accelerated level of activity resulted in the Energy Trust using more of its carryover than anticipated.

The passage of ORS 757.689 in 2007 allowed PacifiCorp to supplement Energy Trust's PPC funding to acquire all cost-effective energy conservation measures. Prior to the passage of ORS 757.689, energy efficiency goals were limited by annual funding (i.e., the PPC budget). See *generally* ORS 757.612. The passage of ORS 757.689 allowed Energy Trust to move beyond funding limitations and instead seek to acquire all cost-effective energy efficiency opportunities. This greatly increased the pace at which its energy efficiency programs delivered annual savings. By 2013, Energy Trust programs saved twice as much electricity as they did in 2009 (58 aMW vs. 27 aMW).¹

Analysis

The purpose of this tariff adjustment is to update Schedule 297 to allow an increase in collections of \$6.4 million between May 5, 2016, and December 31, 2016 (an annualized rate increase of approximately \$9.6 million). At this level of funding the Energy Trust will have the resources necessary to acquire electric conservation savings that meet or exceed its 2016 PacifiCorp goals and Integrated Resource Program targets while maintaining a budget carryover of three percent of its total annual budget.

The Company updated this filing on April 21, 2016, with Less than Statutory Notice because, at Staff's recommendation, the Company is proposing to collect costs related to their Irrigation Load Control pilot program under Schedule 95 rather than under Schedule 297, as was initially proposed. See Staff's May 3, 2016, public meeting memo for ADV 279/Advice No. 16-07.

¹ From Energy Trust's 2015-2019 Strategic Plan, http://assets.energytrust.org/api/assets/plans/2015-2019_Strategic_Plan0.pdf

The proposed rate change will affect all customers and result in a monthly rate increase of \$0.94 (approximately 0.8 percent) for a typical residential customer. The rate increase will be spread evenly among all customers who pay Schedule 297 rates.

PacifiCorp is not asking to modify the percentage of funds that it retains under Schedule 297 to support Energy Trust programs. That level of funding remains the same for 2016.

Recommendation

Based on its review and analysis, Staff recommends PacifiCorp's funding update for Schedule 297 be approved. Staff supports the Company's request for Less than Statutory Notice because the updated filing was made at Staff's request.

Conclusion

Schedule 297 should be updated to collect the funds necessary to cover Energy Trust's funding requirements.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's revised Schedule 297 tariff, as described in Advice No. 16-06, and also allow its accompanying request for the Schedule change to be made on less than 30 days' notice, so that the tariff is effective for service provided on and after May 5, 2016.