

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 20, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2017

DATE: December 12, 2016

TO: Public Utility Commission

FROM: Max St. Brown ^{MSB}

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 420/Advice No. 16-18) Revises Schedule 102, Adjusts the Residential Exchange Program Credits to Reflect Growth in the Number of Customers and Amortization of the BPA Balancing Account Balance.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric (PGE or Company)'s proposed revisions to the residential exchange program (REP) credits in its Schedule 102, Regional Power Act Exchange Credit.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed revisions to the REP credits in its Schedule 102.

Applicable Rule or Law

The Commission's authority over this tariff filing is pursuant to ORS 757.205-.215 and OAR 860-022-0025. In addition, the tariff relates to the Residential Exchange Credit and the Regional Power Act (RPA) for which ORS 757.663 provides the Commission authority to require electric companies to enter into contracts with Bonneville Power Administration (BPA). BPA and PGE are operating under the terms of the contract with PGE that was previously approved by the Commission.

Analysis

On November 2, 2016, PGE filed Advice No. 16-16, relating to the values of the REP credits for its Schedule 102 customers. This includes all customers eligible to receive the benefits from the low-cost federal system resources, including residential, farm, nonresidential farm irrigation, and drainage pumping customers. Customers of investor owned utilities receive the benefits of the federal system resources through the Schedule 102 bill credits. BPA allocates the REP credits funds based on relative state qualifying residential and small farm load. For the 2016-2017 timeframe, eligible PGE customers are allocated \$61.8 million in yearly monetary benefits.¹ This filing adjusts the Schedule 102 rates to allocate that benefit, and the forecasted value remaining in the BPA balancing account as of December 31, 2016, among eligible kWh.

A decrease in the per kWh credit is necessary for all eligible customers due to spreading the benefit over an increased load and due to fewer dollars remaining in the BPA balancing account to pass through to customers than last year. For Schedule 7 residential customers, for the first 1,000 kWh of use, the filing proposes to decrease the credit from \$0.01091/kWh to \$0.00981. For other eligible Schedules the filing proposes to increase the credit from \$0.00890/kWh to \$0.00809.² PGE's workpapers provide the method of computation for these rates.

The credit for all Schedules other than Schedule 7 are computed in two steps. First, the yearly benefit, \$61.8 million, and the December 31, 2016 BPA balancing account balance of \$4.1 million are summed. This sum, \$65.9 million, is then divided by the forecasted 2017 RPA eligible loads of 8.2 billion kWh. This provides the benefit per kWh of \$0.00890.

For residential Schedule 7, all REP credits are spread over the first 1,000 kWh per month per Order No. 10-478 at 8. The monetary benefit for Schedule 7 customers can be found by multiplying the \$0.00890 rate by the non-Schedule 7 loads and then subtracting that value from the \$65.9 available, resulting in \$61.4 million. Dividing that by the Schedule 7 load not in excess of 1,000 kWh per month, 6.3 billion kWh, results in \$0.01091.

Staff initiated seven requests for information confirming the 2017 forecasted loads and the BPA balancing account balance.

¹ See PGE Advice No. 16-18 at 1.

² See PGE Advice No. 16-18 at 3.

Conclusion

The Company is proposing to decrease customers' credits, which will increase customers' bills. As a result of the proposed tariff revisions, in 2017, a typical Schedule 7 residential customer consuming 840 kWh monthly will see a bill increase of approximately \$0.95 or 1.0 percent.³ Staff reviewed the Company's workpapers and each of its information request responses and found the 2017 REP credit computations to be accurate.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed revisions to its Schedule 102, Regional Power Act Exchange Credit, effective for service rendered on and after January 1, 2017.

CA7_Advice No. 16-18 (PGE)

³ See PGE Advice No. 15-26 at 1.