

ITEM NO. CA13

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT

PUBLIC MEETING DATE: December 18, 2017

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2018

DATE: December 7, 2017

TO: Public Utility Commission

FROM: Max St. Brown<sup>MSB</sup>  
*JP for JC*

THROUGH: Jason Eisdorfer and John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 650/Advice No. 17-26) Updates Schedule 143, Spent Fuel Adjustment for Trojan.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Portland General Electric's (PGE's or Company's) proposed revisions to Schedule 143, for the purpose of amortizing to customers the value of remaining Oregon pollution tax credits related to the Independent Spent Fuel Storage Installation (ISFSI) and the refund to be received from the United States Department of Energy (US DOE) related to spent fuel storage at the Trojan site.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's proposed revisions to Schedule 143.

Applicable Law

Under ORS 757.205 and 757.210, the Commission may approve tariff changes if they are deemed to be fair, just and reasonable.

OAR 860-022-0025 provides that utilities may make tariff changes by filing an entirely new tariff or by filing revised sheets which shall refer to the tariff sheets on file.

OAR 860-022-0030 provides that if the revision results in a rate increase, the filing shall include additional details and list the reasons for the increase.

ORS 757.259(6) states that, subject to other subsections of this statute, the overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year.

### *Background*

On November 6, 2017, PGE filed Advice No. 17-26, to update the rates in Schedule 143, Spent Fuel Adjustment. The filing both refunds a \$2.8 million payment from the US DOE to customers and increases average rates by 0.8 percent. At present, the Schedule 143 rate (effective since January 1, 2017) is set to distribute to customers approximately \$17.5 million over 12 months.<sup>1</sup> The 0.8 percent average rate increase is a result of reducing the amount to be distributed to customers from \$17.5 million to \$2.8 million; the smaller distribution results in a higher average customer rate. This filing also distributes to customers the value of the remaining amount of Oregon pollution tax credits of \$0.6 million associated with the ISFSI at the Trojan site. Thus, in total, Advice No. 17-26 sets the 2018 Schedule 143 rates so as to refund a smaller value than customers received in 2017.

The spent fuel adjustment is based on damages paid from the US DOE to PGE (and Pacific Power and Eugene Water and Electric Board) for the 2016 portion of damages for the US DOE's failure to remove spent nuclear fuel from Trojan to a permanent site.<sup>2</sup> In 2003, the spent fuel was transferred to its current onsite dry cask storage.<sup>3</sup> There are no plans to remove the spent fuel until a permanent federal waste repository is built.<sup>4</sup>

### Analysis

PGE's workpapers illustrate that the Schedule 143 rates were set so as to have a near zero balance in the US DOE refund account and the ISFSI Balancing Account at the end of 2018. The rates were set to allocate the amortizations on the basis of energy revenues. As an example, the ISFSI Balancing Account portion of the rate for Schedule 7 residential customers was computed as follows:

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<sup>1</sup> See Staff's Public Meeting memo for Advice No. 16-19 from the December 20, 2016 Public Meeting at [http://oregonpuc.granicus.com/MetaViewer.php?view\\_id=1&clip\\_id=144&meta\\_id=7397](http://oregonpuc.granicus.com/MetaViewer.php?view_id=1&clip_id=144&meta_id=7397)

<sup>2</sup> See PGE's response to Staff IR 3.

<sup>3</sup> Oregon.gov/Energy, "Trojan Nuclear Site Spent Fuel Storage," Accessed December 4, 2017 at <http://www.oregon.gov/energy/facilities-safety/safety/Pages/Trojan-Site.aspx>

<sup>4</sup> PortlandGeneral.com, "Trojan Spent Fuel Storage," Accessed December 4, 2017 at <https://www.portlandgeneral.com/our-company/news-room/trojan-spent-fuel-storage>

Table: Example rates computation

Steps	Computation
First, Schedule 7's forecasted proportion of 2018 energy revenue is multiplied by the total ISFSI value to be amortized of \$1,196,687.	Specifically, because Schedule 7 residential customers accounted for 42.4 percent of generation revenue, the ISFSI portion of their amortization is \$507,608. This is computed as $\$1,196,687 * 42.4$ percent.
Second, each Schedule 7's ISFSI amortization amount is divided by 2018 forecasted load in order to arrive at the ISFSI portion of the rate.	Specifically, because Schedule 7 forecasted loads are 7,590,293 kWh, the ISFSI portion of their rates are \$0.00007 per kWh. This is computed as $507,608 \div 7,590,293,000$ .

The same process as shown in the example above is used to compute the ISFSI portion of rates for each other Schedule. The US DOE refund portion of rates was set so as to have a near zero balance in the DOE refund account at the end of 2018, which required accounting for the refund being set slightly too high in current rates, which would have resulted in a negative balance in January 2018, had the US DOE not issued an additional refund. The total Schedule 143 rates are the sum of the US DOE refund portion and the ISFSI portion.

Per PGE's discretion, direct access customers are allocated the spent fuel adjustment refund as if they were on cost-of-service pricing. Staff finds this reasonable because PGE also allocated Trojan decommissioning costs to direct access customers in its most recent general rate case.<sup>5</sup>

Notably, PGE incurs costs associated with Trojan decommissioning. Thus, although customers are receiving a refund for Trojan spent fuel adjustments, this filing does not provide the total rate impact of Trojan.

### Conclusion

The updated rates will increase the average residential customer's bill by 0.7 percent. Staff asked eight initial requests for information and one follow-up request. Staff reviewed the Company's workpapers and spoke with a PGE representative on the phone and found the proposed rates to be computed accurately.

<sup>5</sup> See PGE's response to Staff IR 6 and lines 11-13 of Exhibit PGE/1400, Cody – Macfarlane/17, filed in the Docket No. UE 319 general rate case.

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Staff recommends that the Commission approve PGE's proposed revisions to Schedule 143, for the purpose of amortizing to customers the value of remaining Oregon pollution tax credits related to the ISFSI and the refund to be received from the US DOE related to spent fuel storage, at the Trojan site.

**PROPOSED COMMISSION MOTION:**

Approve PGE's Advice No. 17-26, with proposed revisions to Schedule 143, effective with service on and after January 1, 2018.

ca13\_Advice No. 17-26