

ITEM NO. 4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 8, 2018

REGULAR X CONSENT EFFECTIVE DATE 5/14/2018

DATE: May 3, 2018

TO: Public Utility Commission

FROM: John Crider

THROUGH: Jason Eisdorfer

SUBJECT: Portland General Electric: (Docket No. ADV 763/Advice No. 18-07)
Requests to align deposit amounts listed in Schedule 310 with new billing system requirements.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) Advice No. 18-07 filing that revises its Schedule 310 with an effective date of May 14, 2018, with less than statutory notice.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed changes to customer deposit amounts as reflected in Schedule 310-1, with an effective date of May 14, 2018, on less than statutory notice.

Applicable Law

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. 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. See ORS 757.220; OAR 860-022-0020. 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.

Under OAR 860-021-0205(1), "When an energy utility requires a deposit, the customer or applicant may pay the deposit in full or in three installments. The first installment is due immediately; the remaining installments are due 30 days and 60 days after the first installment payment. Except for the last payment, installments shall be the greater of \$30 or one-third of the deposit."

OAR 860-021-0215 requires deposits to be returned to the customer promptly upon re-establishment of credit.

Analysis

On April 20, 2018, PGE filed a request to update Schedule 310-1 to reflect requirements necessitated by the Company's new computer billing system. According to the filing, the Company needs to change the amounts charged for customer deposits to be consistent with the parameters of the program before it is implemented. The changes are required because "(t)he billing system requires whole dollar amounts and equal payments for deposit purposes." In the filing, PGE continues to assert "(t)he deposits are typically paid back in three installments and greater than \$30 pursuant to OAR 860-021-0205".

The company lists 12 deposit service categories in the filing that have amounts needing adjustment. Eleven of these service deposits need only be adjusted by a single dollar or none at all to conform to the new system's constraints. However, the change to the category listed as "Multiple-Family Dwellings – Any Other Combination" is substantial – moving from the current amount of \$72 to \$90.

Eleven of the 12 changes to deposit amounts are *de minimus*, most representing less than a one percent change from current amounts. Staff believes these changes, if truly needed, are reasonable. Staff believes the increase to the "Multi-Family Dwellings – Any other combination" represents an unreasonable increase on a percentage basis but also understands that this is the smallest amount that will conform to the Company's billing system. Since deposits are ultimately returned in full to the customer, assuming they maintain good credit standing, any harm to customers is minimized to that represented by the opportunity cost to the customer of the \$18 difference.

The constraint for both whole dollar amounts and three equal payments imposed on deposits by the billing system appear unreasonable. Both of these constraints seem unduly inflexible and archaic for what PGE calls a new billing system. Staff has issued information requests regarding the need for these constraints, and the Company has advised it is working on a response, but as of the posting of this report, Staff has not received a reply. Staff assumes, without further information, that the system constraints

are a programming error for the new system, or perhaps a misreading of OAR 860-021-0205. This rule allows payment of a deposit with a single amount, or three installments paid every thirty days. The first two installments must be one-third of the deposit and \$30 or greater, but the last installment may be a lesser amount. Thus, the current deposit amount of \$72 may be paid in one \$72 payment, or in installments of \$30, \$30, and \$12.

Staff notes that the \$72 deposit amount is equally divisible by three (three installments of \$24) and may satisfy the constraint of PGE's new billing system. However, if payments of \$24 were made they would violate OAR 860-021-0205. The same is true for any other deposit amount less than \$90, even if divisible by three. At \$90, the three installments are equal and at least \$30, so meet both requirements.

Staff assumes this filing was made because PGE is likely to deploy the new computer system in the immediate future and time was not available to correct the programming issue. However, Staff believes a 25 percent increase in deposit amount (from \$72 to \$90) requires more robust justification than to merely conform to what Staff believes are unreasonable constraints introduced by the billing system. If that is the case, Staff supports approval of this advice filing, but expects that the Company will provide a programming change to its billing system within six months to remove the constraints of three equal payments and whole-number-only values. With such a change, the deposit for "Multi-Family Dwellings – Any other combination" may be paid by the customer in three unequal installments of \$30, \$30, and \$12, conforming to rules.

Alternatively, Staff notes that it would support a partial waiver of OAR-860-021-0205 for this Schedule to the extent it requires the first and second payment to be \$30 or greater. Such a waiver would remove the requirement that the installments paid by the customer be at least \$30. The "Multi-Family Dwellings – Any other combination" category of deposit could then remain at \$72 and may not require a programming change. The customer could be authorized to pay the installments in three equal payments of \$24 each. If requested, Staff would support such a waiver.

Conclusion

Staff reviewed the Company's filing and the Company's requested changes to its Schedule 310. Staff believes the Company should provide an explanation as to the existence of the rigid constraints imposing these changes.

Staff is satisfied that most of the changes in deposit amounts are *de minimus* and not unreasonable if truly required. However, Staff believes the best course of action is to have the Company remove the constraints of the billing system through programming changes. Therefore, Staff supports approval of the advice filing, with the expectation

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that the system will be corrected and associated deposit amount changes returned to prior amounts within six months. Alternatively, if the Company prefers, Staff would support a partial waiver of OAR 860-021-0205(1) to remove the requirement of initial and second deposit amounts of \$30 or greater.

PROPOSED COMMISSION MOTION:

Approve PGE's filing to revise its Schedule 310 effective with service on and after May 14, 2018, on less than statutory notice.

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