

ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2018

REGULAR CONSENT EFFECTIVE DATE January 1, 2019

DATE: December 4, 2018

TO: Public Utility Commission

FROM:  Sabrina Soldavini and  Scott Gibbens

THROUGH:  Jason Eisdorfer and  Marianne Gardner

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 867/Advice No. 18-17) Updates Schedule 145, Boardman Power Plant Decommissioning Adjustment.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) request to update Schedule 145, Boardman Power Plant Decommissioning Adjustment, effective with service rendered on and after January 1, 2019.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to update Schedule 145, Boardman Power Plant Decommissioning Adjustment, effective with service rendered on and after January 1, 2019.

Applicable Law

ORS 757.205(1) states that a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just and reasonable. Filings that make 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 changes. ORS 757.220.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

Analysis

Background

In Order No. 10-478, the Commission approved an automatic adjustment clause to enable PGE to recover incremental depreciation and decommissioning expenses associated with the Boardman coal plant, based on the plant's shortened operating life.

In Order No. 11-242, the Commission reviewed PGE's request to revise Schedule 145 to adjust the amount collected from customers for Boardman in Docket No. UE 230. The Commission approved PGE's request to begin amortization of decommissioning costs under Schedule 145. Under the order, PGE must submit an annual information report each June 15 providing the current balance of dollars collected for decommissioning and any relevant changes to PGE's decommissioning cost forecast. PGE must also file an annual update to Schedule 145 rates, no later than November 1 of each calendar year.

In 2014, PGE requested to update Schedule 145 rates to reflect a reliability plan for Boardman employees during the years of 2016-2020, as well as the incremental decommissioning costs from PGE's recently increased share of Boardman (from 80 percent to 90 percent).

On October 27, 2016, PGE updated its 2016 annual filing to include a new cost study indicating decommissioning Boardman would cost less than previously anticipated. PGE's Supplemental Filing in Advice No. 16-16 included a rate reduction to reflect the new, reduced estimate of Boardman decommissioning costs.

In 2017, in its annual decommissioning filing, the Company reported that although it had no updates to the Boardman decommissioning estimate, it would continue to evaluate environmental liability associated with decommissioning and alternative generation scenarios for the site, such as conversion to biomass.

On June 15, 2018, the Company filed its 2018 update listing the total collection from customers for future Boardman decommissioning costs as of May 31, 2018 at \$50,655,831. The decommissioning cost estimate assumes the Boardman plant will be retired December 31, 2020. PGE states in its filing that since its last update, it has completed soil sampling and an environmentally regulated material survey, and notes that over the next six to twelve months a plan will be developed to disconnect and

provide service for raw service water and assess environmental permits. The Company also states that it plans to update its Boardman decommissioning estimate next year, as detailed decommissioning and demolition plans are created.

On November 1, 2018 PGE filed this supplemental filing, Advice No. 18-16, requesting updates to Schedule 145, reflecting the revised decommissioning revenue requirement of approximately \$4.1 million, which reflects an approximate 0.2 percent overall average rate decrease for Cost of Service customers. The purpose of this filing is to align the rates collected through Schedule 145 with the best current estimate of the funds that will be necessary to decommission Boardman.

Effects of Filing

PGE's Advice No. 18-16 updates the Boardman decommissioning annual revenue requirement to \$4.1 million and updates the load forecast in applicable schedules. The Company's proposed changes result in an approximate \$202,000 decrease in PGE's Schedule 145 revenues.

This filing results in an approximate -0.02 percent overall average rate decrease for the 902,778 (2019 forecasted average) applicable Cost of Service customers. A typical Schedule 7 residential customer consuming 800 kWh per month will see \$0.01 change or -0.01 percent decrease in their monthly bill as a result of this filing.

Staff asked for and received electronic versions of the Company's workpapers. PGE utilizes an equal percent of energy charge to allocate the decommissioning revenue requirement among the applicable cost-of-service customer classes. Staff reviewed PGE's workpapers for accuracy in the formulas used to create the new Schedule 145 rates.

The Company has reviewed this filing and voiced no issues or concerns.

Conclusion

Based on Staff's analysis of PGE's advice filing, the workpapers associated with the filing, and phone conversations with the Company, Staff finds that the calculations associated with the filing are accurate and consistent with applicable Commission Orders. Staff also finds that the Company's update to Schedule 145 results in rates that are fair, just and reasonable. Therefore, Staff recommends PGE's updated Schedule 145 to go into effect.

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PROPOSED COMMISSION MOTION:

Approve PGE's request to update Schedule 145, Boardman Power Plant Decommissioning Adjustment, for rates effective with service rendered on and after January 1, 2019.

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