

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

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2019

DATE: December 10, 2018

TO: Public Utility Commission

FROM: Thomas Familia *TF*

THROUGH: Jason Eisdorfer *JE* and JP Batmale *JPB*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 868/Advice No. 18-18) Updates Schedule 135, "Demand Response [Pilot] Cost Recovery Mechanism."

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed Schedule 135, as described in the filing of Advice No. 18-18, for the service rendered on and after January 1, 2019.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed updates to Schedule 135 to recover accrued incremental costs and projected 2019 incremental costs for the nonresidential direct load control pilot, the nonresidential demand response pilot programs, and the residential water heater pilot program.

Applicable Rule or Laws

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Public Utility Commission of Oregon (OPUC).
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- ORS 757.259 allows certain deferred amounts to be included in utility rates.

- 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

This filing updates PGE's Schedule 135 (Demand Response Cost Recovery Mechanism) rates to amortize the existing balance and projections of 2019 costs for Schedules 4: Demand Response Water Heater Pilot, Schedule 25: Non-residential Direct Load Control Pilot, and Schedule 26: Non-residential Demand Response Pilots.

Portland General Electric submitted this filing on November 8, 2018, pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0030, and OAR 860-022-0025, with an effective date of January 1, 2019.

To note for subsequent related filings, effective January 1, 2020, Schedule 105 will not recover costs for the residential demand response Direct Load Control (DLC) and Behavioral Pricing (Flex 2.0) pilots. Instead, the two residential demand response pilot costs incurred subsequent to December 31, 2018, and any residual balance, will be subject to Tariff Schedule 135 in accordance with Commission Order No. 18-381 and applicable conditions.¹

Details

The deferral of incremental automated demand response (ADR) pilot costs and the recovery through an automatic adjustment clause (Schedule 135) were initially authorized by Commission Order No. 11-182. The proposed price changes will result in an approximate \$4.78 million increase in revenues. The new rates will amortize the existing non-residential and residential Demand Response Balancing Account balance of \$1,285,813, as well as recover projected 2019 program costs.

Customer Bill Impacts

Approximately 903,000 cost-of-service customers will be impacted by the changes to Schedule 135, which will result in an overall 0.46 percent average rate increase. A typical Schedule 7 Residential Customer consuming 800 kWh monthly will see a \$0.24 or 0.24 percent increase in their monthly bill as a result of this filing.

¹ See Order No. 11-182, Appendix A, Page 12.

Conclusion

Staff's review of this filing finds that the updated rates in Schedule 135 are correctly calculated, and that PGE's proposed recovery of 2019 target costs is appropriate. Staff recommends that the Commission approve the proposed tariff.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's proposed updates to Schedule 135, as described in the filing of Advice No. 18-18, effective for service rendered on and after January 1, 2019.