

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 6, 2019

REGULAR _____ CONSENT X EFFECTIVE DATE June 7, 2019

DATE: May 28, 2019

TO: Public Utility Commission

FROM: Marianne Gardner *MB*

THROUGH: *epk* Jason Eisdorfer and John Crider *Jc*

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 958/Advice No. 19-12) Establishes new Schedule 136, Oregon Community Solar Program Start-Up Cost Recovery Mechanism, to recover costs incurred during and for the development and/or modification of the Oregon Community Solar Program that are not otherwise included in rates.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) Advice No. 19-12, effective for service rendered on and after June 7, 2019.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (OPUC or Commission) should approve PGE's Advice No. 19-12, which establishes new Schedule 136, Oregon Community Solar Program (CSP) Start-Up Cost Recovery Mechanism, to recover costs incurred during and for the development and/or modification of the Oregon CSP that are not otherwise included in rates. Specifically, these are start-up costs for Program Administration (PA) costs and Low-Income Facilitator (LIF) costs due to the program administrator.

Applicable Law

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.

- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- 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.
- OAR 860-022-0030 requires that tariff filings that name increased rates include additional requirements to OAR 860-022-0025 and necessitate statements for each separate schedule.
- ORS 757.386(7) specifies different treatment for the start-up and ongoing costs of the CSP.
 - Start-up costs: Utilities may recover prudently incurred program start-up costs as well as costs of energy purchased from CSP projects (Projects) from all ratepayers.
 - Ongoing costs: Owners and subscribers (i.e., program participants) shall bear all ongoing costs incurred for the cost to construct and operate community solar projects.
- OAR 860-088-0160(1) states that start-up costs must be reviewed and approved by Commission order and clarifies that start-up PA and LIF costs are recoverable in rates of all ratepayers. Further, the rules specify that utilities' prudently incurred start-up costs recoverable from ratepayers exclude any costs associated with the electric company developing a CSP project.¹

Analysis

Background

In UM 1930², Order No. 19-122, the Commission approved Staff's recommendation in its April 9, 2019, public meeting memo (Staff's April Report, Appendix A) proposing the "following processes associated with CSP start-up costs:

- Review monthly invoices from Energy Solutions for PA and LIF services and approve invoices for services that fall within terms of contract and Program requirements,
- Allocate approved start-up costs between IPC, PAC, and PGE,
- Direct IPC, PAC, and PGE to remit payment to Energy Solutions, and
- Utilities' cost recovery and remittance to the PA through tariff filings."³

Appendix A to the order categorized CSP costs as PA/LIF start-up costs, non-capital utility startup costs, and capital start-up costs and outlined the agreed upon rate

¹ OAR 860-088-0160(1)(b).

² Docket No. UM 1930, In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Community Solar Program Implementation. [Docket Opened at 1/25/18 Public Meeting].

³ Ibid/Appendix A/7.

recovery methodology by category. In its memo, Staff further explained that, on March 5, 2019, the State of Oregon executed a contract with Energy Solutions for PA/LIF services. This created a need to expeditiously establish a process for remittance of PA/LIF funds from the electric utilities to Energy Solutions and set up tariffs for cost recovery from customers.⁴

Parties to the docket agreed that PGE would recover PA/LIF forward-forecasted costs contemporaneously through an automatic adjustment clause and file a deferral to recover any variance at year-end.

Tariff Filing

Pursuant to Order No. 19-122, PGE filed Advice No. 19-12, to establish Schedule 136. According to its application, Schedule 136 is a cost recovery mechanism that seeks to recover costs incurred during and for the development and/or modification of the Oregon CSP including the PA and LIF costs associated with the State of Oregon, and the company's prudently incurred costs associated with implementing the CSP that are otherwise included in rates.

Consistent with Appendix A, PGE's Schedule 136 will collect the Company's allocated 59.22 percent of the maximum \$1.706M total start-up costs of the PA and LIF or \$1.010M on a PGE allocated basis. Likewise, PGE commits to remitting payment to Energy Solutions within 15 days of receiving Staff's approval of an Energy Solution's invoice.

Compliance with OAR 860-022-0025 and 860-022-0030

According to PGE's estimations, during 2019, approximately 895,000 customers will be impacted by Schedule 136. A typical Schedule 7 residential customer consuming 800 kWh monthly will see a \$0.05 increase or 0.05 percent increase in their bill because of the proposed approximately \$1.010M collected.

Analysis

Staff reviewed PGE's work papers filed contemporaneously with its application. These work papers include the estimated revenues calculated by schedule. Staff finds the work papers are consistent with the requirements in Staff's April Report. Additionally, Staff spoke to the Company to confirm that the only costs to be collected through Schedule 136 are PA and LIF costs; that the Company is not seeking the recovery of any other costs including capital costs through this mechanism. The Company replied in the affirmative.

⁴ Ibid/2-3.

Conclusions

Order No. 19-22 approved Staff's recommendation regarding specific processes associated with the utilities' recovery of CSP start-up costs. On March 5, 2019, the State of Oregon executed a contract for PA/LIF services with Energy Solutions. PA/LIF start-up activities are now underway and PA/LIF start-up costs are being incurred. According to the terms agreed to by parties, PGE filed Advice 19-12, a tariff application to establish a new Schedule 136. The purpose of Schedule 136 is to implement cost recovery from customers and remittance to the program administrator for PA and LIF start-up costs.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's Advice No. 19-12, effective for service rendered on and after June 7, 2019.