

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: July 11, 2023

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ N/A

DATE: June 20, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1938(5))
Application to Reauthorize Deferred Accounting of Costs and Revenues
Associated with Transportation Electrification Pilots

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) application for deferred accounting of costs and revenues associated with its Transportation Electrification (TE) Charging Pilots for the 12-month period beginning April 23, 2022, through April 22, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application for the authorization and reauthorization of deferred accounting of costs and revenues associated with TE Charging Pilots.

Applicable Rule or Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "[i]dentifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuations of rate levels or to

match appropriately the costs borne by, and benefits received by ratepayers.”
ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set the requirements for the contents of deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility’s earnings. With some exceptions, a company’s amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company’s gross revenues from the preceding year. ORS 757.259(6)

Analysis

Background

In accordance with Commission Order Nos. 18-054 and 19-385 as well as OAR 860-087-0030, PGE has launched three TE Pilots: Electric Avenue (10 years), TriMet Mass Transit (10 years), and Education and Outreach (3 years), and will incur incremental costs, including costs related to evaluations, for the Pilots.

The details of the Pilots are discussed in PGE’s supplemental application for transportation electrification programs filed March 15, 2017 (Docket No. UM 1811) and are summarized as follows:

- Electric Avenue Pilot (including procurement, software, engineering studies, outreach, maintenance and payment process expenses);
- Support of Tri-Met Mass Transit (including procurement, management and maintenance expenses);
- Education and Outreach pilot expenses (including specialized trainings, builders and developer outreach, ride and drive events, and regional market transformation activities); and,
- Pilot Evaluation costs.

Note:

Due to the COVID-19 pandemic, many of the Education and Outreach events were cancelled as in-person activities were limited. Commission Order Nos. 19-385 and 18-054 both limit the Education and Outreach activities to three years ending in April 2021.

In its April 23, 2021, application to reauthorize deferred accounting in this docket, PGE requested an extension of education & outreach activities due to the COVID-19 pandemic. The reauthorization application was approved in Order No. 21-475 without objection to the extension.

Reason for Deferral

A deferral of the incremental O&M costs associated with its TE Charging pilot is appropriate because it will minimize the frequency of rate changes and/or match appropriately the costs borne by, and benefits received by customers.

Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC Account 182.3.

Estimate of Amounts to be recorded for the next 12 month.

PGE estimates the net costs of the Pilots to be approximately \$0.5 million for the next 12 months.

Information Related to Future Amortization

- Earnings Review: Cost recovery associated with the Pilots will be subject to an earnings review in accordance with ORS 757.259(5).
- Prudence Review: PGE will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilots' operations.
- Sharing: All prudently incurred costs and benefits would be collected or refunded from or to customers with no sharing mechanism.
- Rate Spread/Rate: Design Costs will be allocated using the applicable rate schedule's forecasted energy based on an equal percent of revenues applied on a cents per kWh basis to each applicable rate schedule.

- Three percent test: (ORS 757.259(6)) The amortization of the Pilots' deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations to no more than three percent of the utility's gross revenues for the preceding year.

Conclusion

Based on Staff's review of PGE's application, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259. Further, Staff finds that the applications comply with the stipulations adopted in Order No. 18-054, and later modified by Order No. 19-385 (Docket No. UM 1811).

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's application for deferred accounting of costs and revenues associated with TE Charging Pilots for the 12-month period beginning April 23, 2022, through April 22, 2023.