

ORDER NO.

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 5, 2022**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: March 23, 2022

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2003(3))
Application for Reauthorization of Deferral of Costs Associated with PGE's
Electric Vehicle Charging Pilot.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) application to reauthorize deferred accounting of costs and revenues associated with its Electric Vehicle (EV) Charging Pilots for the 12-month period beginning February 22, 2022.

DISCUSSION:

Issue

Whether the Commission should approve the reauthorization of deferral accounting of costs and revenues associated with Electric Vehicle Charging Pilots.

Applicable 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)

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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

On February 15, 2019, PGE filed its initial application in Docket UM 2003. PGE filed an amended application on February 22, 2019, updating the effective date of the deferral and the filing condition relating to the allocation for cost recovery. PGE's application proposed to create and defer the costs of the two additional pilot programs outlined by the stipulation adopted in Docket No. UM 1811, Order No. 18-054. In that stipulation, PGE was authorized to undertake three pilot programs to accelerate transportation electrification (TE). Additionally, in the stipulation adopted by Order No. 18-054, PGE agreed to submit for future consideration two additional pilot programs. The future pilot programs were to include a residential home charging pilot (including rebates for customers installing a connected level 2 charged and going on time-of-use rate schedule), and a workplace charging and/or fleet charging program available to both cost-of-service and direct access customers.

PGE filed and received authorizations for the TE pilot-related deferrals as shown in Table 1 below.

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Table 1

Filing Date	Applicable	Order No.
2/15/2019	2/22/19 – 2/21/20	20-381
2/21/2020	2/22/20 – 2/21/21	20-381
2/11/2021	2/22/21 – 2/21/22	21-132

After review of the pilots and subsequent discussion among the parties, the original stipulation was modified and PGE modified its two new pilot proposals, residential and business, as part of the amended stipulation adopted by the Commission in Order No. 19-385.

The parties agreed that all revenues and operation and maintenance (O&M) costs associated with these pilots and the required pilot evaluation shall be handled through deferral filings.

Additionally, as shown in the table on the previous page, the Commission approved PGE's applications for the reauthorization of deferred accounting of costs and revenues associated with EV Charging Pilots on October 27, 2020, in Order No. 20-381, as well as on May 5, 2021, in Order No. 21-132.

Residential EV Charging Pilot

The Residential EV Charging Pilot had a soft launch on October 22, 2020, and was focused on PGE employees and targeted EV owners. Pilot participants were asked to provide feedback on their experience and were actively engaged in improving the customer experience.

Twenty-four PGE customers were enrolled in the Pilot by January 3, 2021, with 12 requesting enrollments into the Schedule 7 Time-of-Use rate.

On January 4, 2021, PGE began efforts to market the Pilot to the entire residential segment. As of January 31, 2022, there are 480 enrolled customers with a 1.7 percent failure rate to re-enroll as shown Table 2 below.

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Table 2 – Enrollment Data for Residential EV Pilot

Rebate/Incentive Type	Enrollments	Unenrollments	Total Applications
Standard	425	10	435
Income Eligible	40	0	40
Bring Your Own Charger	15	2	17
TOTAL	480	12	492

PGE is targeting Pilot enrollment of 2,250 additional customers by year-end 2022.

Business EV Charging Rebate Pilot

PGE's Business EV Charging Rebate Pilot is designed to mitigate issues with cost, complexity, and effort that otherwise may preclude businesses from installing charging infrastructure. Through the pilot, PGE supports nonresidential customer deployments of charging infrastructure and reduces their associated costs.

On July 17, 2020, PGE submitted a modified proposal for the Business EV Charging program pilot, designed to reflect the amended stipulation adopted by Commission Order No. 19-385 in Docket No. UM 1811. The modified proposal entailed a rebate of \$500 per charging port for non-residential customers installing qualified networked chargers and a rebate of \$2,300 per charging port for income-qualified multifamily properties. On December 15, 2020, the Commission approved PGE Schedule 52, which implemented the modified proposal effective December 18, 2020.

Consequently, on June 29, 2021, the Commission approved the tariff amendment in ADV 1273 to increase the value of the standard rebate from \$500 per qualifying Level 2 port to \$1,000 per qualifying Level 2 port, effective July 1, 2021. The amendment was approved because it did not increase the pilot budget, and instead reduced the number of rebates issued from approximately 1,000 rebates to approximately 588 rebates.

In 2021, there were eight total applicants for this program. Eight ports have been confirmed as installed, and \$4,000 in rebate payments have been issued to two customers, with an additional \$4,000 in rebate payments being issued in early 2022.

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Description of Expense

The stipulating parties agreed that PGE would propose one residential and one business EV Charging Pilot within one year of the February 16, 2018, date of Order No. 18-054.

Additionally, PGE seeks to defer the incremental O&M costs associated with its EV Charging pilots in order to minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers.¹

Reason for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the incremental O&M costs associated with the EV Charging Pilots.

Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets, with a credit to the appropriate FERC accounts.

Estimated Deferrals in Authorization Period

PGE expects to incur O&M costs of approximately \$1.9 million in 2022 for the Residential EV Charging Pilot.²

The total cost of the Business EV Charging Rebate Pilot is capped at \$1 million pursuant to Commission Order No. 19-385. PGE expects to incur O&M costs of approximately \$443,000 in 2022.³

Information Related to Future Amortization

- Earnings Review – Prior to amortization, an earnings review will be conducted pursuant to ORS 757.259(5).
- Prudence Review – Prior to amortization, a prudence review will be conducted. The prudence review will include the verification of the accounting methodology used to determine the final amortization balance, as well as a review of all costs and revenues proposed for amortization. For example, in

¹ See, UM 2003(2), CA3.

² See, Table 3: Residential EV Charging Pilot Expected Costs, Company application, UM 2003 Application for Deferral Reauthorization Page 5.

³ See, Table 4: Business EV Charging Rebate Pilot Expected Costs, Company application, UM 2003 Application for Deferral Reauthorization Page 5.

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reviewing the prudence of the program evaluation costs, Staff will look for compliance with OAR 860-087-0030 and OAR 860-087-0040

- Sharing – These deferrals are not subject to a sharing mechanism.
- Rate Spread/Rate Design – Costs will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – The amortization of the Pilots' deferred costs will be subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (with exceptions) the aggregated deferral amortizations during a 12-month period 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 Company's application is reasonable and meets with requirements of ORS 757.259 and OAR 860-027-0300 without detriment to the consumer.

The Company has reviewed this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's application for deferred accounting of costs and revenues associated with EV Charging Pilots for the 12-month period beginning February 22, 2022.

PGE UM 2003 (3) EV Charging Cost Deferral