

Analysis

Background

This memorandum addresses two requests to reauthorize a deferral, one for the 12-month period beginning December 7, 2021, and the other for the 12-month period beginning December 7, 2022. Both applications to defer were filed in a timely manner.

The Company filed these applications to support the mechanics of a balancing account that is used to record the activity of a Commission-approved mechanism EE Customer Service, in conjunction with PGE Schedule 110.

PGE will not seek amortization of the deferred amounts in a future proceeding as the deferred amounts will automatically reverse due to the standard operation of the approved EE Customer Service mechanism

Approval of this Application will permit PGE to continue using the established EE Customer Service balancing account mechanism as approved by the OPUC Order Nos. 19-020 and 21-142. In accordance with prior Commission Orders, amounts in the EE Customer Service balancing account will continue to be rolled forward and can have either positive or negative (i.e., debit or credit) balances.

Reason for deferral

Pursuant to ORS 757.259(2)(e) and for the reasons discussed above, PGE seeks to continue deferred accounting treatment for costs and revenues associated with EE Customer Service to support the use of related balancing account. Granting this Application will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers. Approving this Application will not authorize a change in rates but will permit PGE to continue using the EE Customer Service balancing account as intended and approved by prior Commission orders.

Description of Expenses Amounts

The amount to be deferred is the amount rolled forward to future years when the amount collected in Schedule 110 is at variance—positive or negative—with the amounts expended its EE programs.

Proposed Accounting

The EE Customer Service balancing account is recorded in either FERC 182.3 (Regulatory Assets), when qualified expenses incurred exceed revenue collected from customers, or FERC Account 254 (Regulatory Liabilities) when qualified expenses incurred are less than revenue collected from customers. PGE amortizes the balancing

account based on the rate collected from customers through Schedule 110, adjusted by revenue-sensitive costs.

Estimate of Amounts

PGE does not have an estimate of the amounts to be deferred because they can vary depending on the level of costs and revenues. However, the forecasted December 2021 EE Customer Service balance was (\$280,000), and the EE Customer Service balance for the next 12-month period, the forecasted December 2022 EE Customer Service balance, should also be approximately (\$280,000), As provided in Docket No. UE 394.

Information Related to Future Amortization

- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PGE’s annual UM 2039 reauthorization filings.
- Sharing – The mechanism has no sharing component.
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply.

Note: PGE will not seek separate amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing account. Therefore:

- Earnings review – No earnings review is applicable;
- Rate Spread/Design – Rate Spread/Rate Design is applied in accordance with PGE Schedule 110.

Staff shared a copy of a draft of this memo but did not respond.

Conclusion

Staff reviewed the Company’s applications. The applications meet the requirements of ORS 757.259 and OAR 860-027-0300 and are an appropriate use of the deferral statute. Accordingly, Staff recommends the applications be approved.

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January 3, 2023
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PROPOSED COMMISSION MOTION:

Approve PGE's reauthorization applications to defer costs associated with its Energy Efficiency Customer Service balancing account for the two time-periods, one beginning December 7, 2021, ending December 6, 2022, and the other beginning December 7, 2022, ending December 6, 2023.

PGE UM 2039(2) and (3) EE Customer Service Deferral