

MEMORANDUM



DATE: December 7, 2020

TO: John Crider

FROM: Steve Storm

SUBJECT: **Verification of PGE’s Docket No. UE 370 Schedule 122 RAC Rates Effective December 10, 2020 and Compliance Filing Advice No. 19-34**

The Docket No. UE 370 proceeding pertains to the initial recovery by Portland General Electric (PGE) of costs associated with the Wheatridge wind generation facility (Wheatridge). The Public Utility Commission of Oregon (Commission) adopted, in Order No. 20-279, a Stipulation amongst all Parties that settled most issues raised by Parties in UE 370, which is PGE’s 2020 Renewable Adjustment Clause (RAC) proceeding.

The Stipulation included an agreement amongst PGE, Staff, and interested Parties to work to resolve issues regarding PGE’s proposed revisions to Schedule 122 tariff language. Parties reached an agreement on changes to the Schedule 122 tariff language in late September. Commission Order No. 20-321, entered on September 29, 2020, resolved all remaining issues between Parties, and required that PGE file an attestation that Wheatridge is in service before its costs are reflected in rates.¹ PGE filed the required attestation on December 7, 2020.

PGE’s initial UE 370/Advice No. 19-34 filing proposed a rate-effective date of September 1, 2020 for the Company’s revised Schedule 122 RAC monthly rates,² based on what the Company then knew about Wheatridge’s likely commercial operation date (COD). PGE has subsequently modified the rate-effective date multiple times due to successive later than anticipated dates on which the Company expected Wheatridge to be in commercial operation, with the latest (Eighth Supplemental) revision,³ filed on December 3, 2020, specifying a December 10, 2020 rate-effective date.

Values associated with establishing the Schedule 122/UE 370 annual revenue requirement, rate spread, and monthly rates by customer rate schedule have not changed in the supplemental filings subsequent to PGE’s Fifth Supplemental filing on November 10, 2020.

PGE’s Advice 19-34 Eighth Supplemental filing on December 3, 2020 included the Company’s estimate that the December 10, 2020 change in Schedule 122 rates associated with the initial rate

¹ Page 16 of Order No. 20-321 in Docket No. UE 370. This requirement represented that in paragraph 8a on page 4 of the UE 370 Stipulation.

² PGE’s Schedule 122 RAC monthly rates are currently 0.000 cents per kWh for each included customer rate schedule.

³ PGE identifies the successive Advice 19-34 supplemental filings in its (Eight Supplement) filing on December 3, 2020.

recovery of Wheatridge resulting from the UE 370 proceeding will affect approximately 900 thousand PGE cost of service (COS) customers in Oregon and will result in an increase in annual revenue requirement the Company estimates at approximately \$12.6 million, which equates to a 0.68 percent increase in the Company's annualized COS revenues.⁴ This increase in annual revenue requirement value⁵ is net of an approximate \$9.6 million reduction in Schedule 122 annual revenue requirement due to the inclusion in Schedule 122 rates through year-end 2020 of Wheatridge's net variable power costs (NVPC).⁶ A typical residential customer using 800 kWh monthly will see a monthly bill increase of \$0.12.⁷

I reviewed the Stipulation, Order Nos. 20-279 and 20-321, and information and materials PGE included in its November 10, 2020 Fifth Supplemental and December 3, 2020 Eighth Supplemental compliance filings to verify the accuracy of the Advice 19-34/UE 370 Schedule 122 RAC monthly rates to be effective December 10, 2020, as calculated by the Company, and their conformance with those Orders, and the related Stipulation. I performed the following activities associated with this verification.

- Reviewing the required affidavit filed by the Company on December 7, 2020 and signed on the same date by Bradley Y. Jenkins, PGE's Vice President, Utility Operations, attesting to all wind-related portions⁸ of the Wheatridge wind resource being "commercially operational and in service" as of December 7, 2020.
- Verifying PGE's calculation of the incremental UE 370 Schedule 122 annual revenue requirement associated with the initial Wheatridge cost recovery, including that it reflected the adjustments agreed upon by Parties and included in the UE 370 Stipulation.
- Verifying PGE's calculation of the UE 370 Schedule 122 incremental annual revenue requirement for individual customer rate schedules (rate spread)⁹ as well as verifying that the rate spread percentage values equaled those used in Docket No. UE 359, PGE's annual update tariff (AUT) proceeding for 2020.

⁴ See PGE's cover letter for the December 3, 2020 Eighth Supplemental filing of Advice No. 19-34 in Docket No. UE 370.

⁵ Both Schedule 122 rates (as above) and annual revenue requirement, prior to the December 10, 2020 rate effective date, are currently zero-valued.

⁶ These are—for Wheatridge—net benefits to customers. Schedule 122 rates will increase as of January 1, 2020 (see the November 19 and 25, 2020 filings of Advice 20-39 in Docket No. ADV 1201) and Schedule 125 rates (for PGE's NVPC) decrease by a similar amount on the same date, as these customer benefits are removed from Schedule 122 rates and included in Schedule 125 rates.

⁷ See the cover letter for the December 3, 2020 Eighth Supplemental filing of Advice No. 19-34.

⁸ The Wheatridge Renewable Energy Farm will also include—at some later date—energy storage.

⁹ These values appear in column F of the "Sch122-RAC" spreadsheet included in the "PGE Fifth Filing of Advice No. 19-34_Sch 122 RAC Wheatridge_WP_11.10.20" Excel file included with the Company's November 10, 2020 Fifth Supplemental filing of Advice 19-34/UE 370 compliance filing.

- Verifying PGE’s calculation of the incremental Schedule 122 monthly rates for each customer rate schedule.¹⁰
- Verifying the monthly rates to be effective December 10, 2020 appropriately included those currently in effect plus those related to the incremental revenue requirement associated with Wheatridge for the individual customer rate schedules.
- Verifying that the monthly rates calculated by PGE in the provided workpapers matched those in the Company’s November 10, 2020 (Fifth Supplemental) filing of Schedule 122 rates. The rates appear in the Fifteenth revision of Schedule 122’s Sheet No. 122-2.
- Verifying that the Schedule 122 tariff language in PGE’s November 10, 2020 (Fifth Supplemental) filing reflected the revisions agreed upon by Parties in late September, 2020. PGE made no changes to the tariff language—other than to extend the rate effective date—in supplemental filings subsequent to its Fifth Supplemental filing.

I conclude that, based on my review, PGE’s updated UE 370 Schedule 122 monthly rates and revised tariff language in the November 10, 2020 compliance filing, with a rate-effective date of December 10, 2020,¹¹ are consistent with Order Nos. 20-279 and 20-321 the Stipulation in Docket No. UE 370, and the tariff language changes agreed upon by Parties.

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Steven T. Storm

¹⁰ These appear in column B of the “Sch 122 Tariff Table” spreadsheet in the “PGE Fifth Supp Filing of Advice No. 19-34_Sch 122 RAC Wheatridge_WP_11.10.20” Excel file included with the Company’s November 10, 2020 Fifth Supplemental compliance filing of Advice 19-34.

¹¹ PGE requested the December 10, 2020 date not in the November 10, 2020 filing, but in the (Eighth Supplemental) filing on December 3, 2020.