



Oregon

Kate Brown, Governor

Public Utility Commission

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December 29, 2020



BY EMAIL

Portland General Electric Company

Pge.opuc.filings@pgn.com

RE: Advice No. 20-30

At the public meeting on December 29, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1190. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 29, 2020**

REGULAR CONSENT EFFECTIVE DATE January 1, 2021

DATE: December 21, 2020

TO: Public Utility Commission

FROM: Sabrina Soldavini

THROUGH: Bryan Conway and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1190/Advice No. 20-30)
Updates Schedule 145, Boardman Power Plan Decommissioning
Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission) approve Portland General Electric's (PGE or Company) Advice No. 20-30, which updates Schedule 145, Boardman Power Plant Decommissioning Adjustment, effective with service rendered on and after January 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PGE's Advice No. 20-30, which updates Schedule 145, Boardman Power Plant Decommissioning Adjustment, effective with service rendered on and after January 1, 2021.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date

of the change. See ORS 757.220; OAR 860-022-0020. The Commission may approve tariff changes on less than 30 days' notice for good cause shown. *Id.*

Analysis

Background

In Order No. 10-478, the Commission approved an automatic adjustment clause to enable PGE to recover incremental depreciation and decommissioning expense associated with the Boardman coal plant, based on the plant's shortened operating life.

In Order No. 11-242, the Commission reviewed PGE's request to revise Schedule 145 to adjust the amount collected from customers for Boardman in Docket No. UE 230. The Commission approved PGE's request to begin amortization of decommissioning costs under Schedule 145. Under the order, PGE must submit an annual information report each June 15, providing the current balance of dollars collected for decommissioning and any relevant changes to PGE's decommissioning cost forecast. PGE must also file an annual update to Schedule 145 rates, no later than November 1 of each calendar year.

2020 Activity and Updates

On June 18, 2020, the Company filed its 2020 annual Boardman decommissioning update listing the total collections from customers for future Boardman decommissioning costs as of May 31, 2020, at approximately \$58.8 million.

On October 30, 2020, PGE filed this supplemental filing, Advice No. 20-30, requesting updates to Schedule 145 reflecting a revised decommissioning incremental revenue requirement of approximately \$2.0 million, and projected 2021 applicable loads. This filing reflects an approximately \$2.1 million decrease in revenues from the amount included in last year's Schedule 145 advice filing.

Simultaneously with this filing, PGE updated its 2020 Boardman decommissioning update, to provide an updated decommissioning estimate for full decommission and demolition of the Boardman plant beginning at the end of 2020 and likely continuing through 2023.¹ PGE notes that while the new plan's estimate for decommissioning is in line with amounts PGE expects to have collected through 2020, final decommissioning and demolition costs are still uncertain, as the estimate is based on a range of uncertainty -20 to +20 percent.²

¹ On October 15, 2020, the Boardman coal plant was closed, and the plant has now entered the decommissioning phase.

² RE 77(11), Attachment A, Page 4.

PGE notes that it expects to have greater clarity surrounding some of the major costs, including the cost of demolition, after reviewing request for proposal (RFP) results and signing a contract for major work packages sometime in the third or fourth quarter of 2021, and states that it will continue to track the amount necessary for decommissioning and be able to provide a more accurate accounting of final decommissioning costs in 2021.³

PGE requests to balance the uncertainty in final decommissioning costs, and the ability to provide customers a rate decrease, by reducing the collection amount for 2021 to 50 percent of the current annual incremental revenue requirement. PGE also clarifies that if the final decommissioning costs are lower than the amount collected, PGE will refund the net amount to customers.

Due to the uncertainty in the final decommission costs, and PGE's declaration that if final decommissioning estimates are lower than the total amount collected from customers, the net amount will be refunded to customers. Staff finds the Company's proposal reasonable.

Effects of Filing

PGE's Advice No. 20-30 updates the Boardman decommissioning annual revenue requirement to \$2 million and updates the load forecast in applicable schedules. The Company's proposed changes result in an approximate \$2.1 million decrease in PGE Schedule 145 revenues.

This filing results in an approximately 0.19 percent overall average rate decrease for the 909,000 (2021 forecasted average) applicable cost of service customers. A typical Schedule 7 residential customer, consuming 800 kWh per month, will see a \$0.10 reduction or 0.10 percent decrease in their monthly bill as a result of this filing.

Staff asked for and received electronic versions of the Company's workpapers. PGE utilizes an equal percent of energy charge to allocate the decommissioning revenue requirement among the applicable cost-of-service customer classes. Staff reviewed PGE's workpapers for accuracy in the formulas used to create the new Schedule 145 rates.

Conclusion

Based on Staff's analysis of PGE's advice filing, and the workpapers associated with the filing, Staff finds the calculations associated with the filing are accurate and

³ In communications with the Company, it stated its current intention is to issue an RFP in the first quarter of 2021.

consistent with applicable law. Staff further finds that the Company's update to Schedule 145 results in rates that are fair, just, and reasonable.

Due to the uncertainty in the final decommission costs, and PGE's declaration that if final decommissioning estimates are lower than the total amount collected from customers, the net amount will be refunded to customers, Staff finds the Company's proposal to reduce the incremental revenue requirement by 50 percent reasonable. Staff notes that it will continue to monitor the status of Boardman decommissioning, including the RFP process, as it progresses.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 20-30, which updates Schedule 145, Boardman Power Plant Decommissioning Adjustment, effective with service rendered on and after January 1, 2021.

**SCHEDULE 145
BOARDMAN POWER PLANT
DECOMMISSIONING ADJUSTMENT**

PURPOSE

This schedule establishes the mechanism to implement in rates the revenue requirement effect of the decommissioning expenses related to the Boardman power plant. This schedule is implemented as an "automatic adjustment clause" as defined in ORS 757.210.

APPLICABLE

To all bills for Electricity Service except Schedules 76R, 485, 489, 490, 491, 492, 495, 576R and 689.

ADJUSTMENT RATES

Schedule 145 Adjustment Rates will be set based an equal percent of Energy Charge revenues applicable at the time of any filing that revises rates pursuant to this schedule.

	<u>Schedule</u>	<u>Adjustment Rate</u>	
7		0.012 ¢ per kWh	(R) (R)
15		0.009 ¢ per kWh	
32		0.011 ¢ per kWh	
38		0.010 ¢ per kWh	
47		0.014 ¢ per kWh	
49		0.014 ¢ per kWh	
75			
	Secondary	0.010 ¢ per kWh	
	Primary	0.010 ¢ per kWh	
	Subtransmission	0.010 ¢ per kWh	
83		0.011 ¢ per kWh	
85			
	Secondary	0.011 ¢ per kWh	
	Primary	0.011 ¢ per kWh	

SCHEDULE 145 (Continued)

ADJUSTMENT RATE (Continued)

	<u>Schedule</u>	<u>Adjustment Rate</u>	
89	Secondary	0.010 ¢ per kWh	(R)
	Primary	0.010 ¢ per kWh	
	Subtransmission	0.010 ¢ per kWh	
90		0.009 ¢ per kWh	
91		0.009 ¢ per kWh	
92		0.010 ¢ per kWh	
95		0.009 ¢ per kWh	
515		0.009 ¢ per kWh	
532		0.011 ¢ per kWh	
538		0.010 ¢ per kWh	
549		0.014 ¢ per kWh	
575	Secondary	0.010 ¢ per kWh	
	Primary	0.010 ¢ per kWh	
	Subtransmission	0.010 ¢ per kWh	
583		0.011 ¢ per kWh	
585	Secondary	0.011 ¢ per kWh	
	Primary	0.011 ¢ per kWh	
589	Secondary	0.010 ¢ per kWh	
	Primary	0.010 ¢ per kWh	
	Subtransmission	0.010 ¢ per kWh	
590		0.009 ¢ per kWh	
591		0.009 ¢ per kWh	
592		0.010 ¢ per kWh	
595		0.009 ¢ per kWh	(R)