



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

December 29, 2020



BY EMAIL

Portland General Electric Company

Pge.opuc.filings@pgn.com

RE: Advice No. 20-31

At the public meeting on December 29, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1191. 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, 2019

TO: Public Utility Commission

FROM: Scott Gibbens

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket ADV No. 1191/Advice No. 20-31)
Updates Schedule 123, Decoupling Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission) approve Portland General Electric's (PGE or Company) proposed update to its Schedule 123, Decoupling Adjustment, as described in the filing of Advice No. 20-31, effective with service on and after January 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to update its Schedule 123, Decoupling Adjustment.

Applicable Law

ORS 757.205(1) states that a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff. Filings that make 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 changes. ORS 757.220.

The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just, and reasonable.

ORS 757.259 allows certain deferred amounts to be included in utility rates upon application of a utility or ratepayer or upon the Commissions' own motion identifiable 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 fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

Analysis

Background

PGE submitted Advice No. 20-31 on October 30, 2020, pursuant to ORS 757.205, ORS 757.210, and OAR 860-022-0025, with an effective date of January 1, 2021. This filing requests updates to PGE's Schedule 123 rates to amortize the variances deferred pursuant to Schedule 123.

Schedule 123 is designed to allow PGE to recover the variance between forecasted and actual revenue using two mechanisms: the Sales Normalization Adjustment (SNA) and Nonresidential Lost Revenue Recovery Adjustment (LRRRA). The SNA applies to Schedules 7, 32, 83, and 532, and the Nonresidential LRRRA applies to the remaining nonresidential schedules.

Sales Normalization Adjustment

The SNA addresses the non-weather related deviation between actual and forecasted energy sales. The monthly SNA deferral is calculated as fixed charge revenue less weather adjusted actual revenues. The monthly deferral is booked to the SNA balancing account in the month of usage. The SNA balancing account accrues interest at the modified blended treasury rate.

PGE calculates the 2021 amortization of the 2019 results of the SNA balancing account will charge approximately \$13.5 million to residential customers through Schedule 7, a charge of approximately \$1.5 million to small non-residential customers through Schedule 32, and a charge of approximately \$2.7 million to large non-residential customers through Schedule 83. If approved, this results in a Schedule 123 rate of 0.178 cents per kWh for Schedule 7 customers, 0.103 cents per kWh for Schedule 32 customers, and 0.101 cents per kWh for Schedule 83 customers.

Lost Revenue Recovery Adjustment

The LRRRA portion of Schedule 123 addresses the deviation of actual SB 838 funded energy efficiency measures from forecasted SB 838 funded energy efficiency measures embedded in the most recent rate case. The difference between actual and forecasted energy efficiency savings is assigned to the LRRRA balancing account based on the fixed cost portion of energy charges. The LRRRA applies to all Schedules except 7, 32, 83, and 532. PGE calculates that the amortization of the 2019 LRRRA balancing account will lead to a charge of approximately \$0.57 million to applicable schedules. This results in a Schedule 123 rate of 0.010 cents per kWh for cost of service customers and 0.002 cents per kWh Schedule 123 rate from cost of service opt-out customers.

Staff reviewed the work papers underlying the SNA and LRRRA values and found the assumptions and calculations to be accurate.

Effects of Filing

The changes to Schedule 123 will affect approximately 907,500 customers (2021 forecast). PGE's overall revenues are projected to increase by \$18.3 million, or roughly one percent. A typical Schedule 7 residential customer, using 800 kWh per month, will see a \$0.89, or 0.85 percent, increase in their monthly bill due to the proposed changes to Schedule 123.

Conclusion

Based on Staff's analysis of PGE's application, the workpapers associated with the filing, and phone conversations with the Company, Staff finds that the calculations associated with the filing are accurate and consistent with past Commission Orders. Staff also finds that the Company's update to Schedule 123 results in rates that are fair, just, and reasonable. Staff recommends the Commission approve PGE's application.

PROPOSED COMMISSION MOTION:

Approve PGE's application to update Schedule 123, Decoupling Adjustment, effective for service on and after January 1, 2021.

SCHEDULE 123 (Continued)

NONRESIDENTIAL LOST REVENUE RECOVERY ADJUSTMENT (LRRRA) (Continued)

For the purposes of this Schedule, the Lost Revenue Recovery Adjustment is the product of: (1) the reduction in kWh sales resulting from ETO-reported EEMs plus the energy savings associated with the conversion to LED streetlighting in Schedule 95, and (2) the weighted average of applicable retail base rates (the Lost Revenue Rate). Applicable base rates for Nonresidential Customers are defined as the schedule-weighted average of transmission, distribution, and fixed generation charges; including those contained in Schedule 122 and other applicable schedules. System usage or distribution charges will be adjusted to include only the recovery of Trojan Decommissioning expenses and the Customer Impact Offset. Franchise fee recovery is not included in the Lost Revenue Rate. The applicable Lost Revenue Rate is 6.278 cents per kWh.

SNA and LRRRA BALANCING ACCOUNTS

The Company will maintain a separate balancing account for the SNA applicable rate schedules and for the Nonresidential LRRRA applicable rate schedules. Each balancing account will record over- and under-collections resulting from differences as determined, respectively, by the SNA and LRRRA mechanisms. The accounts will accrue interest at the Commission-authorized Modified Blended Treasury Rate established for deferred accounts.

DECOUPLING ADJUSTMENT

The Adjustment Rates, applicable for service on and after the effective date of this schedule will be:

<u>Schedule</u>	<u>Adjustment Rate</u>
7	0.178 ¢ per kWh
15	0.010 ¢ per kWh
32	0.103 ¢ per kWh
38	0.010 ¢ per kWh
47	0.010 ¢ per kWh
49	0.010 ¢ per kWh
75	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
Subtransmission	0.010 ¢ per kWh
83	0.101 ¢ per kWh

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Received

Advice No. 20-31
Issued November 13, 2020
James F. Lobdell, Senior Vice President

Filing Center
NOV 13 2020

Effective for service
on and after January 1, 2021

SCHEDULE 123 (Continued)

DECOUPLING ADJUSTMENT (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>
85	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
89	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
Subtransmission	0.010 ¢ per kWh
90	0.010 ¢ per kWh
91	0.010 ¢ per kWh
92	0.010 ¢ per kWh
95	0.010 ¢ per kWh
485	
Secondary	0.002 ¢ per kWh
Primary	0.002 ¢ per kWh
489	
Secondary	0.002 ¢ per kWh
Primary	0.002 ¢ per kWh
Subtransmission	0.002 ¢ per kWh
490	0.002 ¢ per kWh
491	0.002 ¢ per kWh
492	0.002 ¢ per kWh
495	0.002 ¢ per kWh
515	0.010 ¢ per kWh
532	0.103 ¢ per kWh
538	0.010 ¢ per kWh
549	0.010 ¢ per kWh

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SCHEDULE 123 (Continued)

DECOUPLING ADJUSTMENT (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>
575	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
Subtransmission	0.010 ¢ per kWh
583	0.101 ¢ per kWh
585	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
589	
Secondary	0.010 ¢ per kWh
Primary	0.010 ¢ per kWh
Subtransmission	0.010 ¢ per kWh
590	0.010 ¢ per kWh
591	0.010 ¢ per kWh
592	0.010 ¢ per kWh
595	0.010 ¢ per kWh
689	
Secondary	0.002 ¢ per kWh
Primary	0.002 ¢ per kWh
Subtransmission	0.002 ¢ per kWh

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TIME AND MANNER OF FILING

Commencing in 2014, the Company will submit to the Commission the following information by November 1 of each year:

1. The proposed price changes to this Schedule to be effective on January 1st of the subsequent year based on a) the amounts in the SNA Balancing Accounts and b) the amount in the LRRR Balancing Account.
2. Revisions to this Schedule which reflect the new proposed prices and supporting work papers detailing the calculation of the new proposed prices and the SNA weather-normalizing adjustments.