



Oregon

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Public Utility Commission

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December 29, 2020



BY EMAIL

Portland General Electric Company

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RE: Advice No. 20-43

At the public meeting on December 29, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1211. 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

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

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2021

DATE: December 22, 2020

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV1211/ Advice No. 20-43)
Requests update to Schedule 135, relating to Demand Response Pilot recovery mechanism.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's (PGE or Company) filing and allow the associated tariff to go into effect on January 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed updates to Schedule 135 to recover accrued incremental costs and projected 2021 incremental costs for its Demand Response pilot programs.

Applicable Rule or Law

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. 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. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

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. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

The Commission initially approved Schedule 135, the deferral and recovery of costs for PGE's automated demand response pilot programs in Order No. 11-182.

Analysis

PGE made this filing November 30, 2020 to update its Schedule 135 (Demand Response Cost Recovery Mechanism) rates to amortize the existing balance for its Demand Response pilots, and to recover projections of 2021 costs. The proposed rates would go into effect January 1, 2021.

The pilot schedules included in this filing are:

- UM 1514 – Nonresidential demand response pilot
- UM 1827 – Residential water heater pilot;
- UM 1976 – Testbed pilot
- UM 1708 – FLEX pricing pilot and Direct Load Control pilot (DLCT)

Schedule 135 was originally authorized in 2011 in a Joint Order issued in Docket

Nos. UM 1514 and UE 229 regarding the deferral and recovery of costs for PGE's automated demand response pilot programs.¹ In Order No. 18-381 the Commission approved cost recovery through Schedule 135 of the FLEX and DLCT pilots. Cost recovery through Schedule 135 for the Testbed pilot was recently approved by the Commission in Order No. 19-425.

Schedule 135 is updated annually and has two components. First, it includes rates based on the forecasted costs of the demand response programs over a 12-month period. Second, it includes amortization of the deferred variance between forecasted costs and actual costs for the previous 12-month period. Accordingly, the rates in this filing take into account an updated forecast of costs for 2021, as well as amortizing the deferred variance between forecasted and actual costs for the previous 12-month period.

The proposed price changes will result in an approximate \$6 million, or 0.3 percent overall average rate decrease for the 909,000 applicable cost-of-service customers. A typical residential customer consuming 800 kWh monthly will see a \$0.29 or 0.27 percent decrease in their monthly bill as a result of this filing.

Prudence Review

Staff has periodically met with PGE to review spending and performance of each of the pilot programs in this filing, and continues to engage PGE as the pilots progress. Staff has undertaken a prudence review of 2019 and 2020 costs. Staff reviewed the Company's filing, associated workpapers and compliance reports, in addition to issuing several data requests, to ensure that costs included for recovery are: a) actually incurred; b) solely incremental; and c) associated with the pilot programs identified in Schedule 135.

Conclusion

Staff's review of this filing finds that the updated rates in Schedule 135 are correctly calculated, based on to-date and forecasted costs, and that PGE's proposed recovery of 2021 target costs is appropriate. Staff also finds that costs included for recovery were appropriate and prudently incurred. As this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, Staff recommends the Commission approve PGE's filing.

¹ See Order No. 11-182

PROPOSED COMMISSION MOTION:

Approve PGE's proposed updates to Schedule 135 to recover accrued incremental costs and projected 2021 incremental costs for its Demand Response pilot programs.

**SCHEDULE 135
DEMAND RESPONSE COST RECOVERY MECHANISM**

PURPOSE

This Schedule recovers the expenses associated with demand response pilots not otherwise included in rates. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210.

AVAILABLE

In all territory served by the Company.

APPLICABLE

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

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>	<u>Adjustment Rate</u>	
7	0.082	¢ per kWh
15/515	0.062	¢ per kWh
32/532	0.074	¢ per kWh
38/538	0.069	¢ per kWh
47	0.090	¢ per kWh
49/549	0.090	¢ per kWh
75/575		
Secondary	0.067	¢ per kWh ⁽¹⁾
Primary	0.066	¢ per kWh ⁽¹⁾
Subtransmission	0.066	¢ per kWh ⁽¹⁾
83/583	0.074	¢ per kWh
85/585		
Secondary	0.072	¢ per kWh
Primary	0.070	¢ per kWh

(R)

(R)

(1) Applicable only to the Baseline and Scheduled Maintenance Energy.

SCHEDULE 135 (Concluded)

ADJUSTMENT RATE (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>	
89/589		
Secondary	0.067 ¢ per kWh	(R)
Primary	0.066 ¢ per kWh	
Subtransmission	0.066 ¢ per kWh	
90/590	0.063 ¢ per kWh	
91/591	0.062 ¢ per kWh	
92/592	0.065 ¢ per kWh	
95/595	0.062 ¢ per kWh	(R)

BALANCING ACCOUNT

The Company will maintain a balancing account to accrue differences between the incremental costs associated with automated demand response and the revenues collected under this schedule. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts.

DEFERRAL MECHANISM

Each year the Company may file a deferral request to defer the incremental costs associated with the implementation and administration of demand response pilots. The rate on this schedule recovers only the incremental costs for implementation and administration of demand response pilots. The deferral will be amortized over one year in this schedule unless otherwise approved by the Oregon Public Utility Commission.

SPECIAL CONDITION

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.