



# Oregon

Kate Brown, Governor

**Public Utility Commission**

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August 24, 2021



BY EMAIL

Portland General Electric Company

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RE: Advice No. 21-17

At the public meeting on August 24, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1287. 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: August 24, 2021**

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

**DATE:** August 13, 2021

**TO:** Public Utility Commission

**FROM:** Bret Farrell

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1287/Advice No. 21-17)  
Updates Three to Five Year Transition Adjustment Schedule 129, prior to  
the September 2021 Election Window (Enrollment Period T).

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) update to Schedule 129 to offer qualifying large nonresidential customers a three or five year cost of service opt-out beginning January 1, 2022, through an enrollment period during September 2021 (Enrollment Period T).

**DISCUSSION:**

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve PGE's annual direct access tariff update for service rendered on and after September 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. 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. 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.

ORS 757.600 to 757.689 authorize and regulate the provision of the “direct access” (Direct Access) option in Oregon. The Commission’s rules implementing these statutes are set forth in OAR Chapter 860, Division 038. OAR 860-038-0160 concerns Direct Access transition charges and credits. OAR 860-038-0275 sets forth election timing windows for when the electric consumer may elect to purchase electricity under the Direct Access option.

## Analysis

### *Background*

PGE's multi-year opt-out filing implements the requirements of OAR 860-038-0275(5) to "offer customers a multi-year direct access program with an associated fixed transition adjustment." The details of these options are as follows:

#### Five-year Cost of Service Opt-out:

Provides a fixed transition adjustment rate for each year of the opt-out term. Following the five-year term, the customer may remain with an Electricity Service Supplier (ESS) without being subject to any additional Schedule 129 transition adjustments. Alternatively, the customer may choose to return to the Company's cost of service tariff, provided the customer issued a minimum of three year's notice to PGE of their intent to return to cost of service.

#### Three-year Cost of Service Opt-out:

Provides a fixed transition adjustment rate for each year of the opt-out term. At the end of the three-year term, customers must select service under any other applicable rate schedule.

Customers selecting a cost of service opt-out under Schedules 485, 489, 490, 491, 492, or 495 for service in 2021 will be subject to the applicable Schedule 129 transition adjustment rates for Enrollment Period T. PGE calculates these rates as the difference between the cost of energy provided by its owned and contracted resources and the

market value of that energy.

Order No. 13-459, filed in the PGE general rate case UE 262, addressed long-term direct access issues commencing with service beginning January 2015. Consistent with the terms of this stipulation, PGE continues the transition adjustments methodology for Enrollment Period T, including the following details:

Five-year Cost of Service Opt-out:

1. Transition adjustment components related to Net Variable Power Costs (NVPC), applicable adjustments, and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates;
2. Initial transition adjustments reflect current Commission-approved fixed generation costs, and will not be levelized over the five year opt-out period; and,
3. During the five-year opt-out period, fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings. Fixed cost updates are planned during the 2021-2025 period.

Three-year Cost of Service Opt-out:

1. Transition adjustment components related to NVPC, applicable adjustments, and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates;
2. Transition adjustments include the projected revenue requirements of new and existing resources, if any, that are expected to begin providing service during the three-year period (prorated to the expected date(s) of service), levelized over the three year opt-out period, and not subject to updates.

*PGE's June 30, 2021 filing for Enrollment Period T*

The Schedule 129 prices for Enrollment Period T are indicative only and will be revised in late August 2021 to be posted on the Company's public website and filed with the Commission on August 31, 2021, to reflect updated power costs using the methodology presented in this filing.

Staff received electronic versions of the Company's work papers showing the calculation of rates for three- and five-year opt-out customers. Staff reviewed the work papers to ensure consistency among the model inputs, outputs, and the actual tariff entries.

The 2022 load forecast used to generate the values in the workpaper provided by PGE

reflects the impacts of COVID-19 on PGE's energy deliveries as well as continued growth in industrial deliveries. This follows the trend of the last several years reflecting primarily large customer projects and commercial recovery following significant decreases in energy deliveries in 2020, which reflected widespread closures across the segment and poor economic conditions.

Advice No. 21-17 is an indicative advice filing demonstrating the methodology behind the direct access rate calculation. PGE expects to submit a compliance filing, which reflects Commission rulings on outstanding dockets with related and updated power costs, loads, revenue requirements, and forward market prices for Enrollment Period T direct access customers.

#### *Effect on Ratepayers*

This tariff will impact only those direct access customers who choose to leave cost-of-service during the option window. However, the number of such customers who will make this election is unknown and, under these circumstances, the revenue change is similarly unknown.

#### Conclusion

Staff has reviewed the methodology used to calculate direct access rates and verified that they align with the stipulations from Docket No. UE 262. Staff has determined that the rates are fair and reasonable and will not cause harm to cost of service customers.

#### **PROPOSED COMMISSION MOTION:**

Approve the Company's update to Schedule 129 to offer qualifying large non-residential customers a three or five year cost of service opt-out beginning January 1, 2022, through an enrollment period during September 2021 (Enrollment Period T), effective with service rendered on and after September 1, 2021.

**SCHEDULE 129  
LONG-TERM TRANSITION COST ADJUSTMENT**

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

Applicable to Large Nonresidential Customers that have selected service under Schedules 485, 489, 490, 491, 492, and 495.

**TRANSITION COST ADJUSTMENT**

Minimum Five Year Opt-Out

For Enrollment Periods A - O: 0.000 ¢ per kWh

(C)

The Schedule 129 Transition Cost Adjustment will be updated to reflect OPUC-approved changes in fixed generation costs during the five-year period.

(M)

For Enrollment Period P (2017), the current Transition Cost Adjustments are:

(D)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2018	3.339	3.294	3.007	2.953	2.892	2.732	2.805
2019	3.072	3.031	2.760	2.711	2.653	2.513	2.546
2020	3.072	3.031	2.760	2.711	2.653	2.513	2.546
2021	3.072	3.031	2.760	2.711	2.653	2.513	2.546
2022	3.198	3.154	2.877	2.826	2.768	2.627	2.655
After 2022	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(I)

(M)

(D)

**SCHEDULE 129 (Continued)**

TRANSITION COST ADJUSTMENT (Continued)  
Minimum Five Year Opt-Out

(M)

For Enrollment Period Q (2018), the current Transition Cost Adjustments are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2019	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2020	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2021	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2022	3.098	3.081	2.742	2.691	2.608	2.654	2.620
2023	3.098	3.081	2.742	2.691	2.608	2.654	2.620
After 2023	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(I)  
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For Enrollment Period R (2019), the current Transition Cost Adjustments are:

(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2020	2.376	2.359	2.042	2.004	1.918	1.960	1.968
2021	2.376	2.359	2.042	2.004	1.918	1.960	1.968
2022	2.502	2.482	2.159	2.119	2.033	2.074	2.077
2023	2.502	2.482	2.159	2.119	2.033	2.074	2.077
2024	2.502	2.482	2.159	2.119	2.033	2.074	2.077
After 2024	0.000	0.000	0.000	0.000	0.000	0.000	0.000

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(I)

(M)

**SCHEDULE 129 (Continued)**

TRANSITION COST ADJUSTMENT (Continued)  
Minimum Five Year Opt-Out

(M)

For Enrollment Period S (2020), the current Transition Cost Adjustments are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2021	3.167	3.137	2.801	2.749	2.770	2.704	2.666
2022	3.161	3.131	2.796	2.744	2.769	2.703	2.661
2023	3.161	3.131	2.796	2.744	2.769	2.703	2.661
2024	3.161	3.131	2.796	2.744	2.769	2.703	2.661
2025	3.161	3.131	2.796	2.744	2.769	2.703	2.661
After 2025	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(R)

(R)

For Enrollment Period T (2021), the current Transition Cost Adjustments are:

(N)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2022	2.123	2.091	1.752	1.720	1.683	1.687	1.742
2023	2.123	2.091	1.752	1.720	1.683	1.687	1.742
2024	2.123	2.091	1.752	1.720	1.683	1.687	1.742
2025	2.123	2.091	1.752	1.720	1.683	1.687	1.742
2026	2.123	2.091	1.752	1.720	1.683	1.687	1.742
After 2026	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(N)



**SCHEDULE 129 (Continued)**

TRANSITION COST ADJUSTMENT (Continued)  
Three Year Opt-Out

This option was not available during Enrollment Periods A and B

For Enrollment Periods C - P, No Longer Available

(C)

For Enrollment Period Q (2018), the Transition Cost Adjustment will be:

(D)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2019	3.082	3.024	2.723	2.673	2.686	2.416	2.645
2020	3.082	3.024	2.723	2.673	2.686	2.416	2.645
2021	3.082	3.024	2.723	2.673	2.686	2.416	2.645

(D)

For Enrollment Period R (2019), the Transition Cost Adjustment will be:

(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2020	2.655	2.589	2.273	2.231	2.266	1.992	2.157
2021	2.655	2.589	2.273	2.231	2.266	1.992	2.157
2022	2.655	2.589	2.273	2.231	2.266	1.992	2.157

(M)

**SCHEDULE 129 (Continued)**

TRANSITION COST ADJUSTMENT (Continued)  
Three Year Opt-Out

(M)

For Enrollment Period S (2020), the Transition Cost Adjustment will be:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2021	3.170	3.085	2.770	2.718	2.624	2.476	2.612
2022	3.170	3.085	2.770	2.718	2.624	2.476	2.612
2023	3.170	3.085	2.770	2.718	2.624	2.476	2.612

For Enrollment Period T (2021), the Transition Cost Adjustment will be:

(N)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2022	2.022	1.951	1.632	1.602	1.664	1.380	1.664
2023	2.022	1.951	1.632	1.602	1.664	1.380	1.664
2024	2.022	1.951	1.632	1.602	1.664	1.380	1.664

(N)

**SCHEDULE 129 (Concluded)**

**SPECIAL CONDITIONS**

1. Annually, the total amount paid in Schedule 129 Long-Term Transition Cost Adjustments associated with Enrollment Periods A through K will be collected through applicable Large Nonresidential rate schedules (Schedules 75, 85, 89, 90, 485, 489, 490, 575, 585, 589 and 590), through either the System Usage or Distribution Charges. Commencing with Enrollment Period L, the Schedule 129 amounts paid or received will be collected from all rate schedules, through either System Usage Charges or Distribution Charges. Such adjustment to the System Usage or Distribution Charges will be made at the time the Company files final rates for Schedule 125, and will be effective on January 1<sup>st</sup> of the following calendar year.
2. Annually, changes in fixed generation revenues resulting from either return to or departure from Cost of Service pricing by Schedules 485, 489, 490, 491, 492, and 495 customers relative to the Company's most recent general rate case will be incorporated into the System Usage Charges or Distribution Charges of all rate schedules. Such adjustment to the System Usage or Distribution Charges will be made at the time the Company files final rates for Schedule 125, and will be effective on January 1<sup>st</sup> of the following calendar year. The adjustment to the System Usage or Distribution Charges resulting from changes in fixed generation revenues shall not result in an overall rate increase or decrease of more than 2 percent except as noted below. For those Enrollment Periods in which the first-year Schedule 129 Transition Adjustments are expected to be positive charges to participants, the projected first-year revenues from Schedule 129 will be netted against the changes in fixed generation costs for purposes of calculating the proposed overall rate increase or decrease. Should the rate increase or decrease exceed 2 percent, the amounts exceeding 2 percent will be deferred for future recovery through a balancing account. This balancing account will be considered an "Automatic Adjustment Clause" as defined in ORS 757.210. For purposes of calculating the percent change in rates, Schedule 125 prices with and without the increased/decreased participating load will be determined.
3. In determining changes in fixed generation revenues from movement to or from Schedules 485, 489, 490, 491, 492, and 495, the following factors will be used:

Schedule		¢ per kWh
85	Secondary	3.766
	Primary	3.698
89	Secondary	3.514
	Primary	3.449
	Subtransmission	3.404
90		3.432
91		3.292
92		3.292
95		3.292

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**TERM**

The term of applicability under this schedule will correspond to a Customer's term of service under Schedules 485, 489, 490, 491, 492 or 495.