



Oregon

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Public Utility Commission

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December 28, 2023



BY EMAIL

Portland General Electric Company

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RE: Advice No. 23-31

At the public meeting on December 28, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1561. 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 28, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Public Utility Commission

FROM: Madison Bolton

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1561/Advice No. 23-31)
Updates Schedule 128, Short Term Transition Adjustment.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 23-31, effective for service rendered on and after January 1, 2024.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission should approve PGE's Advice No. 23-31, which updates its Schedule 128, Short-Term Transition Adjustment, effective for service rendered on and after January 1, 2024.

Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

ORS 757.220 requires that any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the change.

OAR 860-022-0025 and OAR 860-022-0030 set forth requirements for tariff filings naming increased rates. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules 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 ORS 757.689 authorize and regulate the provision of the "direct access" (Direct Access) options 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.

Analysis

Background

The purpose of instituting transition adjustment rates for Direct Access customers is to recover fixed generation costs from those who elect to substitute third-party energy sources for retail utility service. To recover said costs, each customer will receive a transition credit or pay a transition charge. These transition adjustment rates are adjusted regularly to prevent net revenue shortfalls or windfalls arising from Direct Access. PGE's Schedule 128 is for such customers electing to leave Cost of Service or choose Direct Access beginning on January 1, 2024.

On November 15, 2023, PGE filed Advice No. 23-31 with updates to the short-term transition adjustment rates for Schedule 128. These updates are derived from the updated price of electricity in the Company's most recent Net Variable Power Cost filing, Docket No. UE 416, and the 2024 forward market prices. The transition adjustment rates associated with a particular customer-schedule reflects the difference between the per-kWh weighted-average price expected to be recovered applying current cost-of-service (COS) tariff energy charges to the respective schedule's projected total loads under the COS option, and the projected weighted average market cost. The respective schedule's load shape provides the weights used in estimating the average price and market cost.

The Part B charge or annual on-peak demand rates represent generation demand charges for Schedules 83/583 and 85/585, assigning 25 percent of generation costs to

the new demand charge for each schedule. These rates were originally developed in Docket No. UE 394 and approved by the Commission in Order No. 22-129.

Staff Review

The proposed updates to Schedule 128 affect only those customers electing to leave PGE's Cost of Service or choosing Direct Access during the annual election window that opened November 15, 2023. As filed, the proposed Schedule 128 adjustment rate will range from -5.668 cents per kWh to -2.021 cents per kWh, dependent on schedule. Compared with last year's January update to Schedule 128, this is an increase in the Schedule 128 adjustment, resulting in a smaller credit to customers. The proposed Schedule 128 adjustment rate also includes an annual on-peak demand charge of \$9 per KW for Schedule 83/583, and an average of \$10.19 per KW across Primary and Secondary voltage customers on Schedule 85/585.

Staff found that the COS energy prices increased on average, while forecasted market values of energy decreased compared to the previous year. Due to the increase in COS energy prices and slight decrease in the forecasted market values, the Annual Part A Schedule 128 prices are higher than the prior year, with the average Schedule 128 adjustment rate increasing from -4.399 cents per kWh in 2022 to -3.39 cents per kWh in 2023.

The annual On-Peak Demand charges for 83/583 and 85/585 in the proposed Schedule 128 derive directly from Schedules 83 and 85. Staff notes that the Company's current tariff sheets for these schedules do not yet reflect the demand charges listed in this filing. After conversations with PGE, Staff understands that the Company's UE 416 compliance filing from December 15, 2023, updates the tariff charges for Schedules 83 and 85 to the correct values used in the Part B On-Peak Demand charge. Staff is in the process of reviewing PGE's UE 416 compliance filing and will issue an internal memo acknowledging the update upon approval.

As it is unknown how many customers will elect service through Schedule 128, the corresponding change in Company revenue is also unknown, but the transition adjustments are designed to alleviate potential cost-shifting.

Staff reviewed the filing, tariff schedule, and workpapers to ensure the proposed filing is accurately calculated and consistent with past Commission Orders. Staff further finds that the revised sheets are correct and consistent with PGE's current Net Variable Power Cost Update.

Conclusion

Staff finds that the updated rates in Schedule 128 are appropriately calculated and recommends that the Commission approve the proposed tariff.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed updates to Schedule 128, Short-Term Transition Adjustment, as described in Advice No. 23-31, effective for service rendered on and after January 1, 2024.

**SCHEDULE 128
SHORT-TERM TRANSITION ADJUSTMENT**

PURPOSE

The purpose of this Schedule is to calculate the Short-Term Transition Adjustment to reflect the results of the ongoing valuation under OAR 860-038-0140.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all Nonresidential Customers served who receive service at Daily pricing (other than Cost of Service) on Schedules 32, 38, 75, 83, 85, 89, 90, 91 or 95 or Direct Access service on Schedules 515, 532, 538, 549, 575, 583, 585, 589, 590, 591, 592 and 595. This Schedule is not applicable to Customers served on Schedules 485, 489, 490, 491, 492 and 495.

SHORT-TERM TRANSITION ADJUSTMENT

The Short-Term Transition Adjustment will reflect the difference between the Energy Charge(s) under the Cost of Service Option including Schedule 125 and the market price of power for the period of the adjustment applied to the load shape of the applicable schedule.

ANNUAL SHORT-TERM TRANSITION ADJUSTMENT RATE

For Customers who have made a service election other than Cost of Service in 2023, the Annual Short-Term Transition Adjustment Rate will be applied to their bills for service effective on and after January 1, 2024: (C)

Schedule		Annual Part A ¢ per kWh ⁽¹⁾	Annual Part B \$ per KW of On-Peak Demand	
32		(2.552)		(R)
38		(2.272)		
75	Secondary	(3.066) ⁽²⁾		
	Primary	(3.032) ⁽²⁾		
	Subtransmission	(3.305) ⁽²⁾		
83		(5.557)	9.00	(I)
85	Secondary	(5.668)	10.24	
	Primary	(5.551)	10.13	(R) (I)

(1) Not applicable to Customers served on Cost of Service.
(2) Applicable only to the Baseline and Scheduled Maintenance Energy.

SCHEDULE 128 (Continued)

ANNUAL SHORT-TERM TRANSITION ADJUSTMENT RATE (Continued)

Schedule		Annual Part A ¢ per kWh ⁽¹⁾	Annual Part B \$ per KW of On-Peak Demand	
89	Secondary	(3.066)		(R)
	Primary	(3.032)		
	Subtransmission	(3.305)		(R)
90 30-250 MWa	Primary	(3.091)		(C)
90 >250 MWa	Primary	(3.289)		(C)
91		(2.374)		(R)
95		(2.374)		
515		(2.351)		
532		(2.552)		
538		(2.272)		
549		(2.021)		
575	Secondary	(3.066) ⁽²⁾		
	Primary	(3.032) ⁽²⁾		
	Subtransmission	(3.305) ⁽²⁾		
583		(5.557)	9.00	(I)
585	Secondary	(5.668)	10.24	
	Primary	(5.551)	10.13	(I)
589	Secondary	(3.066)		
	Primary	(3.032)		
	Subtransmission	(3.305)		(R)
590 30-250 MWa	Primary	(3.091)		(C)
590 >250 MWa	Primary	(3.289)		(C)
591		(2.374)		(R)
592		(3.312)		
595		(2.374)		(R)

(1) Not applicable to Customers served on Cost of Service.
(2) Applicable only to the Baseline and Scheduled Maintenance Energy.

ANNUAL SHORT-TERM TRANSITION ADJUSTMENT REVISIONS

The Annual Short-Term Transition Adjustment rate will be filed on November 15th (or the next business day if the 15th is a weekend or holiday) to be effective for service on and after January 1st of the next year. Indicative, non-binding estimates for the Annual Short-Term Transition Adjustment and Cost-of-Service Energy Prices will be posted by the Company by September 1 and then again one week prior to the filing date. These prices will be for informational purposes only and are not to be considered the adjustment rates.