ORDER NO. 22-034

ENTERED Feb 10 2022

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1301(15)

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Reauthorization to Defer Direct Access Open Enrollment Costs/Benefits.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 8, 2022, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Nolan Moser
Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA8

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 8, 2022

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** __January 1, 2022__

DATE: January 31, 2022

TO: Public Utility Commission

FROM: Madison Bolton

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1301(15))
Requests reauthorization to defer Direct Access Open Enrollment Costs/Benefits.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Portland General Electric's (PGE or Company) application for reauthorization to defer certain costs or benefits associated with implementation of PGE's direct access open enrollment for the 12-month period beginning January 1, 2022.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to defer, with interest, certain costs or benefits associated with implementation of PGE's direct access open enrollment.

Applicable Rule or Law

Under ORS 757.259, the Commission may authorize the deferral of identifiable utility revenues and expenses for later inclusion in rates after finding the expenses or revenues 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.

OAR 860-027-0300 governs the use of deferred accounting by energy and large telecommunications utilities and includes several procedural requirements for an application for deferral. This deferral was most recently approved by Order No. 21-034.

Analysis

Background
Direct access enrollment windows provide an eligible customer on a cost-of-service rate schedule the option to elect to receive service under a direct access, or other non-cost-of-service, rate schedule.[1]

Since February 2012, PGE has provided two enrollment windows each year: the annual window and one quarterly window (see Order No. 12-057, approving a stipulation that reduced the three quarterly windows to one). The one quarterly window, also known as the balance-of-year window, now provides Schedule 128 eligible customers on a cost-of-service rate schedule the opportunity to move to direct access service or an applicable non-cost-of-service pricing option for the balance of the calendar year.

In 2007, the Commission authorized PGE to defer costs and benefits associated with customers electing direct access during PGE's quarterly enrollment windows, and in 2008, the Commission authorized PGE to defer the costs associated with the annual window (see Order Nos. 07-108 and 08-169). The Commission has authorized the deferral of the costs and benefits of both the annual and quarterly enrollment windows in each subsequent year, most recently in Order No. 21-034.

Description of Expense
The financial impact of customer decisions during the quarterly and annual direct access windows is based on the amount of customer load that selects non cost-of-service pricing and the changes in wholesale market prices used to set the transition adjustment rates in Schedule 128 for each enrollment period. Amounts calculated pursuant to this mechanism will be deferred if the difference between market prices and the load leaving PGE's cost-of-service rate exceeds $60,000 for the balance of year period, or $240,000 for the annual election, as specified in Schedule 128.

The current deferral balance is approximately $261,000 for costs incurred during the 2020 annual November enrollment window. PGE will set the amortization for this balance in a future filing in 2022 through Schedule 105. PGE cannot provide an

[1] Direct Access service was implemented pursuant to SB 1149 (ORS 757.600-.691), which required, among other things, that certain investor-owned electric utilities restructure their service offerings to enable large commercial or industrial customers to buy electric service directly from competitive Electric Service Suppliers.

estimate of the amounts that will be deferred in 2022 until the outcome of the future balance-of-year window is available.

Reasons for Deferral
This deferral provides a mechanism for PGE to track the cost or benefit of open enrollment options and defer those costs or benefits for later rate-making treatment pursuant to ORS 757.259(2)(e). The deferral of such costs or benefits will minimize the frequency of rate changes or fluctuations and match appropriately the costs borne by and benefits received by customers.

Proposed Accounting
PGE proposes to record the deferral in FERC Account 182.3 (Other Regulatory Assets) with an off-setting credit to FERC Account 447 (Sales for Resale), or as a regulatory liability in FERC Account 254 (Other Regulatory Liabilities) with an off-setting debit to FERC Account 447.

Estimate of Amounts
PGE states that it cannot provide a reasonable estimate of any expected deferral for the upcoming period.

Information Related to Future Amortization

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).

- Prudence Review – A prudence review is required prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.

- Sharing – How sharing would be structured does not appear to be specified by Commission order, but Staff recommends that there be no sharing of costs after an earnings review is applied.

- Rate Spread/Design – The amortization of any deferred amount will be spread on a per-kWh basis to Large Nonresidential customers as specified in Schedule 128.

- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

Because PGE is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

Conclusion

The rationale for this deferral is still valid, and the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends PGE's application be approved.

PROPOSED COMMISSION MOTION:

Approve PGE's application for reauthorization to defer certain costs or benefits associated with implementation of PGE's direct access open enrollment for the 12-month period beginning January 1, 2022.

PGE UM 1301(15) DA open enroll costs benefits