

ORDER NO. 24-453

ENTERED Dec 19 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 445

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Advice No. 24-35 (ADV 1674), Schedule
105 Miscellaneous Regulatory
Adjustments.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 19, 2024, 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:

Alison Lackey

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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 19, 2024**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2025

DATE: December 12, 2024

TO: Public Utility Commission

FROM: Luz Mondragon

THROUGH: Caroline Moore, Scott Gibbens, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1674/Advice No. 24-35)
Schedule 105 Miscellaneous Regulatory Adjustments.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) proposed Schedule 105 tariff, as described in the Advice filing 24-35, effective with service rendered on and after January 1, 2025.¹

DISCUSSION:

Issue

Whether the Commission should approve revised Schedule 105, which updates the Company's Regulatory Adjustments Tariff.

Applicable Rule or Law

Under ORS 757.205(1), 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. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. ORS 757.220 provides that filings that make any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the changes.

¹ This memo was updated from its original to make an addition at the bottom of page 5 to describe PGE's filing on December 10, 2024, in Docket UM 2141. Staff's recommendation is unchanged.

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 2

OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit the following information: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

ORS 757.259(5) states that unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259 shall be allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. OAR 860-027-0300(9). The Commission conducts a prudence review in a rate proceeding. ORS 757.259(5); OAR 860-027-0300(9). The Commission, per ORS 756.060, has authority and jurisdiction to supervise and regulate every public utility in Oregon and to do all things necessary and convenient to exercise its authority. Under ORS 756.568, the Commission may, at any time, rescind, suspend, or amend any order.

Analysis

Background

The purpose of Schedule 105, Regulatory Adjustments, is to reflect the effects of regulatory adjustments such as increases in the Commission regulatory fee, customer refunds for Research and Development credits, true-up for deferred Large Nonresidential Loads and other miscellaneous regulatory adjustments on customer rates. Under the terms of Schedule 105, it is updated annually.

On November 22, 2024, PGE filed Advice No. 24-35, proposing overall customer refund of approximately \$5 million. PGE's Schedule 105, Regulatory Adjustments, is composed of parts A and B, detailed below.²

Part A results in, including revenue sensitivity, a net credit of \$5.7 million and includes:

- The OPUC Commission fee decrease, representing a customer charge of approximately \$550,000.,
- Research and Development tax credits, representing a credit of approximately \$1.97 million.
- Transmission Refund, representing a credit of approximately \$9.4 million.
- The Time of Day (TOD) True Up, representing a customer charge of approximately \$3.962 million.

² See Docket No. ADV 1674, Advice No. 24-35, Miscellaneous Regulatory Adjustments, initial filing.

Docket No. ADV 1674/Advice No. 24-35
 December 12, 2024
 Page 3

- Schedule 110, representing a credit of approximately \$1.4 million,
- Independent Evaluator, representing a charge of approximately \$1.2 million.
- Intervenor Funding, representing a charge of approximately \$1.3 million.

Part B includes:

- A charge to customers of approximately \$789,000 related to the 2024 deferred Large Nonresidential (LNR) Load True-up consistent with the provisions of Schedule 128. This amount is spread to applicable LNR customers on an equal cents per kWh basis.

Schedule 105 Comparison and Proposed Changes

PART A:		ADV 1674	ADV 1573	
	Item	Filed Amount	Current Amount	Change
	OPUC Fee	550,324	1,554,887	(1,004,564)
	R&D Tax Credits	(1,967,992)	(930,925)	(1,037,067)
	Transmission Refund	(9,402,057)	(8,846,629)	(555,428)
	Time of Day True Up	3,962,986	839,551	3,123,435
	Schedule 110 Refund	(1,387,609)	-	(1,387,609)
	Independent Evaluator	1,219,417	-	1,219,417
	Intervenor Funding	1,291,064	-	1,291,064
	PART A Total	\$ (5,733,867)	\$ (7,383,115)	\$ 1,649,248
PART B:				
	Direc Access-Large Nonresidential True up	788,912	(2,715,255)	3,504,167
	Total Schedule 105 Amortization	\$ (4,944,955)	\$ (10,098,371)	\$ 5,153,416

Review – Rate Impact of Advice No. 24-35

To satisfy the requirements of OAR 860-022-0025(2) and 860-22-0030(1), PGE provided the following response:

The 2025 revenues resulting from the proposed Schedule 105 prices are a refund to 953,000 (2025 forecasted average) applicable customers of approximately \$5 million. This represents a decrease of approximately \$5.7 million relative to current Schedule 105 prices. A typical Schedule 7 Residential Customer consuming 795 kWh monthly will see a bill increase of \$0.28 or 0.2%.

To satisfy the requirements of ORS 757.259(6), PGE provided the following response:

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 4

PGE's 2024 annual cycle revenues were approximately \$2,940 million. The sum of PGE's current and proposed 2024 amortization of deferrals including the proposed applicable amortizations in Schedules 105 is approximately \$33 million, or 1.1% of 2024 revenues. A list of the applicable current and proposed amortizations is provided in the work papers.

Staff reviewed the Company's work papers and detailed bill comparisons, combining the impact of all PGE's filings for price changes. Staff also verified PGE's work paper and informally communicated with the Company via email. Staff found the calculations sufficient, supportive of the Company's filing, and consistent with past Commission Orders. Furthermore, Staff has not become aware of any information that would indicate that any portion of the deferred amounts has been imprudently incurred.

PART A amortizations:

OPUC Fees

Amounts deferred and proposed for amortization are the difference between the regulatory fee set by the Commission and the rate recovered through general rates. The amounts proposed in this application result in a decrease in the PUC fee rate which were deferred pursuant to authority granted in Order No. 24-333.³

Research & Development (R&D) Tax Credits

Amounts proposed for amortization of R&D Tax Credits are the net benefits associated with actual research and development income tax credits and the costs of a consultant to perform the studies needed to determine the credits on the Company's income tax returns. The credits are shared 50/50 between customers and the Company when it is a charge, and 100/0 between customers and the Company when it is a net benefit.⁴ The amounts proposed for amortization in this application were deferred under Docket No. UM 1991. The resulting amortization amount is an increase in the amount to be refunded to customers.

Open Access Transmission Refund

Amounts proposed for amortization are the OATT revenues that have been deferred due to the change in PGE's transmission rates.⁵ The Transmission Refund in this application result from amounts deferred pursuant to Order No. 23-386 and to amortized

³ See Docket No. UM 2046(4), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Application for Authorization to Defer Costs Associated with an Increase in the Annual Regulatory Fee.

⁴ See Docket No. UM 1991(5), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Deferral of Net Benefits or Costs Associated with Research and Development Tax Credits.

⁵ See Docket No. UE 416, Order No. 23-386, Second Partial Stipulation.

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 5

over two years.⁶ The resulting amount is an increase in the amount to be refunded to customers.

Schedule 7 Time of Day True-up

Amounts proposed for amortization are the True-Up of the differences in revenues between the Time-of-Day rates and the Standard Option. The collection in this application are pursuant to the provisions of Schedule 7 which specifies that the Company may recover lost revenue from this option via Schedule 105. The resulting amortization amount is an increased charge to the customer.

In PGE's Advice No. 20-34 filing, to update the TOD times and rates, Staff's recommended approval was conditioned upon PGE submitting a comprehensive report detailing the results of the first year of the new rates, in order to assess the cost-effectiveness of its Schedule 7 TOD offerings no later than December 2022. The Commission adopted Staff's recommendation.⁷ This deadline was later extended, through order 23-349, to October 2023. Staff notes that this comprehensive evaluation report has not been filed nor has there been a filing to extend the deadline, hence making the Company uncompliant.

Staff communicated with PGE and PGE committed to filing its comprehensive evaluation report on TOD rates by December 31, 2024. Despite previously stating that "no additional extensions should be requested," Staff reluctantly concludes that one more brief extension of PGE's TOD reporting requirement is the most practical approach here.⁸ Staff also considered two alternatives: delaying implementation of PGE's tariff updates in this filing, or asking the Commission to find the tariff updates in this filing are reasonable despite PGE's non-compliance with the reporting requirement. For the first alternative, Staff found delaying implementation of this filing is burdensome because it would throw off the timing of PGE's annual updates and would increase the cost to customers due to the additional interest accrued. For the second alternative, Staff found that ignoring the missed TOD deadline would undermine the Commission's adoption of that requirement.⁹ Therefore, Staff recommends an additional extension of time so that the Commission's reasoning in ordering the TOD report remains as-is.

In response to conversations with Staff on the recommended extension, on December 10, 2024, PGE filed the first portfolio-level evaluation of the Demand Response and

⁶ See Docket No. UM 2217, In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for the Deferral of Revenues Associated with the Change in Federal Energy Regulatory Commission Open Access Transmission Tariff.

⁷ *In re Portland General Electric*, Docket No. 1194, Letter Order (Jan. 26, 2021).

⁸ *In re Portland General Electric*, Docket No. 2262, Order No. 23-349 (Sept. 26, 2023).

⁹ *In re Portland General Electric*, Docket No. 1194, Letter Order (Jan. 26, 2021).

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 6

Time of Day pilots and programs for the Summer 2022 and Winter 2022-2023 demand response (DR) season.¹⁰

Schedule 110 Energy Efficiency (EE) Customer Service

As of January 1, 2024, PGE included the amounts associated with EE Customer Service in base rates¹¹ and will amortize the remaining balance of Schedule 110 in 2025.¹² The amounts proposed for amortization result in a refund to customers.

Independent Evaluator (IE)

Amounts proposed for amortization are those related to the IE overseeing PGE's 2021¹³ and 2023¹⁴ All-Source RFP for both renewable and non-emitting dispatchable capacity resources to fill PGE's identified 2025 capacity need. The resulting amount is an increased charge to the customer.

Intervenor Funding

Amounts proposed for amortization are those associated with payments PGE is required to make through the CUB Fund, the Pre-authorized Matching Fund, the Issue Fund and the JFA.¹⁵ The resulting amount is an increased charge to the customer.

Part B Amortization:

Large Nonresidential (LNR) Load True-up

The amount proposed for amortization is the True-up of variances between the Direct Access service revenues and the cost-of-service rate for Large Nonresidential customers. The amounts in this application are pursuant to the provisions of the Schedule 128, which specifies that the Company will maintain a balancing account for monies to be recovered or refunded. The resulting amount is an increased charge to Large Nonresidential customers.

¹⁰ See Docket No. UM 2141, In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Flexible Load Plan.

¹¹ See Docket No. UE 416, Order No. 23-386, Fourth Partial Stipulation.

¹² See Docket No. 2039(4), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Amended Application for Reauthorization to Defer Costs to Support Use of Balancing Account Associated with the Energy Efficiency Customer Service.

¹³ See Docket No. UM 2184(1), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Deferral of Certain Costs Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal.

¹⁴ See Docket No. UM 2281(1), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Deferral of Certain Costs Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal.

¹⁵ See Docket No. UM 1103(21), In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Application for Deferral of Costs Related to Intervenor Funding.

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 7

ORS 757.259(5)

Prior to authorizing amortization of any deferred amounts under ORS 757.259(5), the Commission must review the prudence of the deferred amounts and if the amortization is not subject to an automatic adjustment clause, must conduct an earnings review. The particulars of the earnings review are discretionary and determined by the Commission at the time of amortization.

Amortization of the Large Nonresidential (LNR) Load True-Up and the R&D Tax Credits are subject to automatic adjustment clauses (AAC), so an earnings review is not mandatory. Staff does not recommend the Commission subject amortization of this deferral to an earnings review.

Amortization of the other deferred amounts discussed above are not subject to an AAC. Although ORS 757.259(5) describes the Commission reviewing the utility's earnings prior to authorizing amortization, Staff recommends that the Commission not condition the amortization of the amounts at issue to the level of PGE's earnings for 2024.¹⁶ Public utilities have historically been allowed to pass the costs of regulatory fees to customers without sharing or disallowance. For example, in past reviews of PGE's application to authorize deferral of any incremental increase in the annual regulatory fee, Staff explained the ORS 757.259(5) requirement and stated that "Staff does not recommend this deferral be subject to the results of an earnings test in accordance with Commission Order No. 20-411 and as noted below."¹⁷ Staff recommends that this treatment continue.

The Company has reviewed this memo and agrees with its content.

Conclusion

For the reasons stated above, Staff finds that the amounts underlying the proposed tariff changes are fair, just, and reasonable given the complexities of the various programs and ongoing efforts to improve them. Staff recommends the Commission approve the tariff as filed.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed Schedule 105 tariff, as described in the Advice filing 24-35, effective with service rendered on and after January 1, 2025.

¹⁶ Regulated results for 2024 are not yet available.

¹⁷ *In re Portland General Electric Company*, Docket No. UM 2046(2), Order No. 22-145, (May 9, 2022).

Docket No. ADV 1674/Advice No. 24-35
December 12, 2024
Page 8

Amend the prior approval of Advice No. 20-34 to extend the deadline to provide a comprehensive evaluation report on Time of Day (TOD) rates from October 31, 2023 to December 31, 2024.

PGE ADV 1674 Advice 24-35 Sch. 105 Misc. Reg. Adjustments