ORDER NO. 01-836

ENTERED SEP 27 2001

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 79

In The Matter of Portland General Electric's 2001 Energy Efficiency Adjustment, Share All Value Equitably (SAVE) Program Review.	))))	ORDER

DISPOSITION: 2001 SAVE PROGRAM REVIEW ACCEPTED

On August 2, 2001, Portland General Electric (PGE or company) submitted Advice No. 01-13 to the Public Utility Commission of Oregon (Commission), which is the company's tenth annual adjustment under its Schedule 101, Energy Efficiency Adjustment, commonly known as the SAVE (Share All Value Equitably) program.

At its public meeting on September 25, 2001, the Commission adopted Staff's recommendation to allow the tariff sheets submitted in Advice No. 01-13 to go into effect on October 1, 2001. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT Portland General Electric's 2001 SAVE Program Review is accepted and tariff revisions approved, as described in Appendix A.

Made, entered and effective ________________________________.

BY THE COMMISSION:

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Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. 5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 25, 2001

REGULAR ___	**X CONSENT** ___	**EFFECTIVE DATE**	**October 1, 2001**

DATE: September 12, 2001

TO: Phil Nyegaard through Lee Sparling and Jack Breen

FROM: Lynn Kittilson

SUBJECT: Portland General Electric Company, Advice No. 01-13
Schedule 101, Energy Efficiency Adjustment—2000 SAVE Program

SUMMARY RECOMMENDATION:

Staff recommends that the Commission allow Portland General Electric Company's proposed tariff revisions in Advice No. 01-13 to go into effect on October 1, 2001.

DISCUSSION:

On August 2, 2001, Portland General Electric (PGE or company) submitted Advice No. 01-13, which is the company's tenth annual adjustment under its Schedule 101, Energy Efficiency Adjustment, commonly known as the SAVE (Share All Value Equitably) program. On August 17 and 29, 2001, PGE submitted revisions to the original filing. The tariff revisions are proposed to go into effect on October 1, 2001.

PGE's filing estimates it will collect $12.8 million from customers over the next twelve months through the SAVE adjustment. Current SAVE adjustment rates were set in October 2000 to return $8.6 million to customers (the current amount is $8.9 million after adjusting for load growth). The overall effect of the proposed revision to Schedule 101 rates is a revenue increase of $21.7 million (2 percent).

Program Description

PGE's Schedule 101 tariff was developed and adopted in UE 79, PGE's 1991 general rate case. The SAVE tariff was initially adopted as a three-year experimental tariff to provide incentives to the company to implement successful energy efficiency programs. With the Commission's approval, PGE has extended the SAVE program and revised its components in subsequent years.

The 2000 SAVE program included two primary components: Lost Revenue Recovery and the Energy Efficiency Investment True-up Mechanism. Lost Revenue Recovery allows the company to recover lost revenues for kilowatt-hour (kWh) savings attributable to approved energy efficiency programs in excess of kWh savings included in base rates. The lost revenue calculation for 2000 has two parts. The first component is the difference between actual kWh savings and savings assumed in UE 88 base rates. The second part of the 2000 calculation is the lost margin revenues associated with Schedule 85, Variable Pricing Service. Schedule 85 lost revenues have been included in the annual SAVE adjustment since the 1994 filing.

The second major component of the 2000 Energy Efficiency Adjustment is the Energy Efficiency Investment True-up Mechanism. The investment true-up mechanism allows the company to recover from or return to customers the difference between actual energy efficiency-related costs and the amount included in UE 88 base rates plus revenues from Schedule 103, Energy Efficiency Expense Adjustment. The costs include energy efficiency-related expenses that were previously capitalized, amortization, income tax, deferred taxes, interest income, and return on energy efficiency investment.

The 2000 filing includes four additional components related to energy efficiency activities from prior years: (1) refunds of zero interest loan repayments (from PGE's 1996 financing of pre-1996 energy efficiency investments); (2) amortization of energy efficiency investment previously included in rates; (3) the balance of the pre-1996 DSM Refund Adjustment, which was the revenue requirement associated with the financing of pre-1996 DSM investments; and (4) the balance of the decoupling exempt lost revenues (from 1995 and 1996 program years).

2000 Energy Efficiency Program Results

PGE estimates the company acquired 6.58 average megawatts (MWa) of energy savings during 2000 from SAVE-authorized programs (including Northwest Energy Efficiency Alliance market transformation programs), which is 106 percent of the company's energy efficiency savings target for 2000 of 6.18 MWa.

Lost Revenue Recovery

PGE is requesting net lost revenue recovery of $2,400,413 in this filing: $2,338,443 is associated with energy savings that were greater than the savings amounts incorporated in base rates, and $61,970 is related to Schedule 85 lost margin revenues. PGE has continued its practice of reducing the risk of over-collecting lost revenues by requesting recovery for 100 percent of the lost revenue related to program savings that have been "verified" through program evaluations and 50 percent of the estimated lost revenues related to programs that have not yet been evaluated. With this year's filing, the lost revenue calculations for 1998 and 1999 are final, because all the program evaluations have been completed and the kWh savings assumptions for the 1998 and 1999 vintage programs are final. Final lost revenues for 1991 through 1997 programs were included in previous SAVE filings.

Energy Efficiency Investment True-up

PGE's filing includes $5,461,674 related to 2000 energy efficiency investment recovery; that is, a collection due from customers because energy efficiency expenditures in 2000 and prior years were greater than projected when base rates were set in UE 88.

Energy Efficiency Adjustment Account and Other Schedule 101 Adjustments

The annual amount PGE is requesting to collect from customers is $12.8 million. In addition to the Lost Revenue Recovery and Investment True-up components described above, the Energy Efficiency Adjustment Account at December 31, 2000 included a collection balance of $6,475,886. The account also includes a $417,161 refund of zero interest loan repayments. Other 2000 adjustments to Schedule 101 rates include energy efficiency investment amortization previously included in rates of $3,844,614, a $17,953 collection related to decoupling-exempt lost revenues (discussed below), and a pre-1996 DSM Refund Adjustment balance of ($1,047,919). The year-end Energy Efficiency Adjustment Account total was reduced by actual and projected refunds at current Energy Efficiency Adjustment Rates through September 30, 2001, and interest on the balance through September 2002 was added to arrive at the $12.8 million SAVE balance to be collected from customers. The components of the proposed SAVE adjustment and net change in rates from the 2000 SAVE filing are shown below.

Amount to collect (refund), in thousands of dollars

$6,476	SAVE Balancing Account at year-end 2000 (including prior years' true-ups)
2,400	2000 Lost Revenues
5,462	2000 Energy Efficiency Investment True-up
3,845	Amortization of Historical Investment Balance
(417)	0% Interest Loan Repayments
18	Decoupling-Exempt Lost Revenues (collections, true-ups, interest)
(1,048)	Pre-1996 DSM Refund Adjustment Balance
(3,936)	Less: 2001 SAVE refunds through 9-30-01, including interest
$12,800	**Amount to collect at October 1, 2001**

Net Change in Rates, in thousands of dollars

$12,800	Amount at October 1, 2001 to collect, including interest
(8,900)	Less: Refunds included in last year's SAVE filing, adjusted for load growth
$21,700	**Increase to Customers**

Rate Spread

Consistent with SAVE filings since 1994, PGE will collect the SAVE balance from the various customer classes on an equal percent basis (applied to revenues at base rates, with no adjustments). The SAVE tariff requires that lost revenues associated with energy savings of decoupling-exempt customers will be collected from or returned to that group of customers. As a result, the current filing collects a $17,953 balance related to 1995 and 1996 lost revenues attributable to decoupling-exempt customers specifically from those customers.

STAFF RECOMMENDATIONS:

Staff examined the assumptions, cost and savings estimates, and calculations used in determining the revised Energy Efficiency Adjustment Rates in the course of its review of PGE's 2001 SAVE filing and found them to be reasonable. I recommend that the Commission allow the tariff revisions submitted in PGE's Advice No. 01-13 to go into effect on October 1, 2001.