

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2020

DATE: December 6, 2019

TO: Public Utility Commission

FROM: Moya Enright

THROUGH: Michael Dougherty, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1052)
Cancels Schedule 192, deferred accounting adjustment related to
PacifiCorp's Open Access Transmission Tariff.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp) application requesting cancellation of Schedule 192 for service rendered on and after effective date January 1, 2020, subject to the following condition (Staff Condition):

1. If deferred Open Access Transmission Tariff (OATT) revenues for calendar years 2017 through 2019 are not amortized in the Company's 2020 Renewable Adjustment Clause (RAC) filing (UE 369),¹ PacifiCorp shall work with parties to amortize OATT deferred revenues in its 2020 general rate case proceeding or other appropriate ratemaking proceeding.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application requesting cancellation of Schedule 192, which amortizes deferred revenues related to PacifiCorp's OATT from the period 2013 through 2016, net of the 2017 Protocol Equalization Adjustment (2017 Protocol Adjustment).

¹ In UE 369, PacifiCorp proposes to combine the amortization of PacifiCorp's OATT deferred revenues from calendar years 2017 through 2019, with PacifiCorp's 2020 Renewable Adjustment Clause.

Applicable Rule or Law

ORS 757.205(1) 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.

ORS 757.210 establishes a hearing process to address utility filings, and requires rates be fair, just, and reasonable.

ORS 757.259 allows certain deferred amounts to be included in utility rates.

OAR 860-027-0300 sets forth Commission requirements for deferred accounting.

OAR 860-022-0015 and ORS 757.220 call for filings that make any change in rates, tolls, or charges to be filed with the Commission at least 30 days before the effective date of the changes. PacifiCorp's filing was lodged on November 15, 2109, within this timeline.

Analysis

Background

In this filing, PacifiCorp proposes to cancel Schedule 192 for service rendered on and after effective date January 1, 2020.

Schedule 192 was designed to return the balance of the OATT deferred revenues from the period 2013 through 2016,² net of the 2017 Protocol Adjustment,³ to Oregon customers over a four-year period beginning January 1, 2017 and ending December 31, 2020.⁴ It provided a credit to customers of between 0.021¢ and 0.058¢ per kilowatt hour.⁵

² The OATT revenues deferral arise due to a mismatch between the OATT revenues approved in PacifiCorp's most recent General Rate Case, and actual revenues received following updates to PacifiCorp's FERC tariffs. Order No. 12-493 required the deferral of OATT income to continue "until the revenues are included in rates."

³ The 2017 Protocol Adjustment was approved in Order No. 16-319, providing PacifiCorp with a \$2.6 million credit in both 2017 and 2018, to reduce the allocation shortfall the company experienced in the 2010 Protocol. Commission Order No. 17-124, signed in March 2017, extended the 2017 Protocol Adjustment for a further year, to 2019.

⁴ As approved in Order No. 16-419.

⁵ PacifiCorp's Schedule 192.

Completion of amortization

Due to the extension of the 2017 Protocol Adjustment to December 31, 2019, and a slightly faster than forecasted amortization, the OATT deferred revenues from the period 2013 through 2016 is expected to be fully amortized in January 2020.

Should any balance remain in the account after January 1, 2020, it would be transferred to a consolidation account for residual balances in accordance with Order No. 10-279.

Effect on customers

The cancellation of Schedule 192 and resulting removal of the credit will affect approximately 627,000 of PacifiCorp's customers, and will result in an overall rate increase of approximately \$4.4 million or 0.3 percent. A typical residential customer using 850 kilowatt-hours per month will see a monthly bill increase of \$0.34.⁶

Future significance

Order No. 12-493 requires PacifiCorp to continue to defer OATT income "until the revenues are included in rates." Consequently, OATT deferred revenues will continue to accrue until such revenues are reflected in rates.

At the time of filing, the Commission has approved PacifiCorp's OATT deferred revenues relating to calendar years 2017, 2018, and 2019.⁷ PacifiCorp proposes to amortize these revenues in conjunction with PacifiCorp's 2020 RAC tariff filed on November 15, 2019. The Commission's decision in this case does not pre-determine or otherwise require Commission approval of PacifiCorp's proposed amortization in its 2020 RAC filing.

PacifiCorp will continue to defer OATT revenues until such revenues are otherwise reflected in rates.

Conclusion

Staff has reviewed the methodology and inputs used by PacifiCorp in its calculation. Staff has also reviewed the history of this case, and is satisfied that Schedule 192 has served the purpose intended in Order No. 16-419 for calendar years 2013-2016.

Staff recognizes that the cancellation of Schedule 192 removes a clear path for the amortization of OATT deferred revenues (which are a credit to customers). Consequently, Staff's condition has been designed to ensure that existing and future OATT deferred revenues are returned to customers in a timely manner.

⁶ PacifiCorp's Advice No. 19-018.

⁷ UM 1639 (4), UM 1639 (5), and UM 1639 (6).

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application requesting cancellation of Schedule 192 for service rendered on and after effective date January 1, 2020, subject to Staff's Condition.

Staff report ADV 1052 (CA16)