

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 10, 2017**

**REGULAR** \_\_\_\_\_ **CONSENT** X **EFFECTIVE DATE** January 11, 2017

**DATE:** January 4, 2017

**TO:** Public Utility Commission

**FROM:** George Compton *GRC*

**THROUGH:** Jason Eisdorfer *JE*, Marc Hellman *MH*, and John Crider *MH for JC*

**SUBJECT:** PACIFIC POWER: (Docket ADV 450/Advice No. 16-017) Updates  
Schedule 297—Energy Conservation Charge.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Pacific Power's (PacifiCorp or Company) Advice No. 16-017 that updates the Energy Conservation Charge, Schedule 297, to increase annual rates by \$3.2 million in order to accommodate the Energy Trust of Oregon's (ETO) updated forecast of 2017 funding levels.

**DISCUSSION:**

Issue

Whether the Commission should approve Advice No. 16-017, effective with service rendered on and after January 11, 2017, whereby the Energy Conservation Charge, Schedule 297, is updated to increase the revenues collected annually under that schedule by about 10 percent, or \$3.2 million, in order to accommodate the Energy Trust of Oregon's (ETO) updated forecast of 2017 funding levels.

Applicable Law

The Company's filing involves tariff sheets that are governed by ORS 757.205, ORS 757.210, and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes, or the utility must submit an application requesting to make the tariff or rate schedule effective on less than statutory notice. ORS 757.220; OAR 860-022-0020.

## Background

PacifiCorp submitted this filing on December 2, 2016. Each year, and in collaboration with affected utilities, the Energy Trust of Oregon (ETO) sets energy efficiency targets and associated funding levels. The utilities then set rates to collect their contribution shares towards meeting those funding levels. What is being proposed here reflects the November 2016 ETO budget update and funding requirements forecast. While the overall efficiency target for 2017 is slightly smaller than the 2016 target, it is significantly greater than the 2017 target contained in the PacifiCorp 2015 IRP. The function of the Energy Conservation Charge, Schedule 297, is to produce revenues sufficient to meet PacifiCorp's contribution to the ETO funding target.

## Analysis

Rates contained in the current Schedule 297 are set to collect about \$31.3 million based upon *applicable* sales projected for the 2017 test period.<sup>1</sup> I say "applicable" because over 80 percent of the usage of large-customer Schedules 47 and 48 is exempt from the Schedule 297 obligation. (Miniscule amounts from other non-residential schedules are also exempt.) The revenue increase proposed for Schedule 297 to meet the greater ETO budget requirements is about \$3.2 million, or about ten percent above the current level, which itself amounts to approximately three percent of base revenues.<sup>2</sup>

The new Schedule 297 target is, about \$34.5 million (\$31.3 + \$3.2). The \$34.5 million figure amounts to 3.17 percent of present 2017 test period base revenues as adjusted for exemptions.<sup>3</sup> To obtain the per-kWh rate for each customer schedule, 3.17 percent was multiplied by the adjusted test period base revenues and then divided by the adjusted MWh sales volumes. The calculated Schedule 297 rates range from 0.219 cents/kWh to 0.672 cents/kWh. At 0.367 cents/kWh, the residential rate is greater than that of any of the commercial and industrial schedules. That is because the base revenues against which the 3.17 percent figure is multiplied contain distribution revenues, which are disproportionately greater for the residential class. Another, relatively minor aspect of this filing is the proposal to increase the PacifiCorp share of the Schedule 297 revenues from 3 percent to 3.2 percent, which the Company maintains is "needed to support ETO's activities."

The Company has reviewed a draft of this memo and voiced no concerns.

---

<sup>1</sup> PacifiCorp provided worksheets in electronic format which, along with reference to the current and proposed Schedule 297 tariff, helped to corroborate this and the other numerical results expressed in this memo.

<sup>2</sup> The ten percent increase for Schedule 297 approximates three percent of the total base revenue and translates to approximately a 0.3 percent overall rate increase.

<sup>3</sup> These *base* revenues do not reflect such incidental schedules as the BPA Credit (Sch. 98), the Klamath Dam Removal Surcharge (Sch. 199), etc.

Advice No. 16-017  
January 4, 2017  
Page 3

### Conclusion

Staff concludes that this application is reasonable in its conformance with the Oregon Public Utility Commission's policies and practices pertaining to this subject.

### **PROPOSED COMMISSION MOTION:**

Approve Pacific Power's Advice No. 16-017 and allow the updated Energy Conservation Charge, Schedule 297, to go into effect for service rendered on and after January 11, 2017.

PAC-Advice No. 16-017