

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 24, 2018

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE May 1, 2018

DATE: April 18, 2018

TO: Public Utility Commission

FROM: George R. Compton *GRC*

THROUGH: *Jc for JE* Jason Eisdorfer and *Jc* John Crider

SUBJECT: PACIFIC POWER: (Docket No. ADV 224/Advice No. 16-03) Extends Schedule 215, Irrigation Time-of-Use Supply Service Pilot, for another three years.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve the extension of PacifiCorp's Schedule 215, Irrigation Time-of-Use (TOU) Supply Service Pilot, for three more years effective May 1, 2018, subject to the condition stated in the body of this report.

**DISCUSSION**

Issue:

Whether the Commission should approve the extension of PacifiCorp's Irrigation TOU pilot for three years to allow for the completion of the roll out of AMI (Advanced Metering Infrastructure) to all Oregon customers by the end of 2019, and to thereby accommodate a full 2020 irrigation season for obtaining AMI-provided data. That data will inform the construction of a permanent irrigation TOU tariff. Also, the AMI presence will economize future TOU enrollment by enabling remote meter re-programming.

Applicable law:

Energy utilities must file tariffs for services provided to retail customers pursuant to ORS 757.205.

OAR 860-022-0025 sets forth filing requirements for filing tariffs or schedules changing rates. OAR 860-022-0030 provides requirements for filing tariffs or schedules naming increased rates. PacifiCorp's proposed extension of its pilot program does not entail revisions to its Schedule 215 or any other rate schedule.

Background:

Optional time-of-use rates have been available under Schedule 210 to several customer classes, including Schedule 41 Agricultural Pumping Service customers, since some time prior to the year 2012. Four years ago the pilot Schedule 215, limited to 95 customers within Schedule 41, was introduced whose goal was to encourage greater TOU participation by way of increasing the off-peak credit. Since 2015 the pilot schedule's off-peak credit has been 3.161 cents per kWh, offset by an on-peak surcharge of 22.313 cents per kWh. Schedule 215 only applies to the summer months, June through August, inclusive, and the on-peak period is defined as 2 pm to 6 pm, Monday through Friday, with the credit-paying off-peak hours defined as all other summer-month hours. The credit and surcharge are added to the standard rates contained in Supply Service Schedules 200 and 201. The standard Schedule 41 summertime rates for those latter two schedules sum to 5.645 cents per kWh.

On February 17, 2016, PacifiCorp filed a request to extend the pilot program in its Schedule 215, Irrigation TOU Supply Service Pilot for a two year period. Along with a request for a two-year extension of the pilot, the Company sought to expand pilot participation by up to an additional 75 meters. The filing also presented the results of a survey that was taken of pilot participants in November 2015. Staff opined that an additional 25 meters would suffice, and in its recommendation for approval of the two year extension Staff proposed a number of items of investigation to be part of a "report following the end of the 2016 irrigation season." That compliance report was filed on April 21, 2017.

An important conclusion from that report was that 91 of the 100 pilot participants who operated their pumps during the 2016 irrigation season saved in their billings, with the average savings being 27 percent. Unfortunately, the Company also concludes that "the reduction in revenue related to Schedule 215's present rate design outweighs those benefits."<sup>1</sup> Having said that, estimating the extent of the shortfall is problematic "since the Company does not have profile metering installed on participants' meters."<sup>2</sup>

Analysis:

On March 1, 2018, PacifiCorp filed a request to extend its pilot program to accommodate the "completion of the roll out of AMI to all Oregon customers by the end of 2019." In discussions with Company representatives it became clear that PacifiCorp would not be ready to file a permanent tariff on this subject until after the 2020 irrigation season. That is because AMI data is deemed essential for constructing a permanent irrigation TOU tariff, and it would not be until after the 2020 irrigation season that the Company would have confidence that it would be in possession of that information. Staff suggested, and the Company agreed, that rather than having to submit another pilot study extension, it would

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<sup>1</sup> Advice No. 16-03 – Schedule 215 – Irrigation Time-of-Use Pilot Supply Service – Compliance Report at 4.

<sup>2</sup> *Id.* at 2.

make sense to extend the pilot for three years to a) accommodate the 2020 irrigation season, and b) to provide continuity for a few months beyond to allow the pilot participants to remain on an incentive TOU schedule until a permanent replacement can be put in place based upon the 2020 irrigation season information. If circumstances become such that it becomes clear that a permanent irrigation TOU tariff would be unwise, then for that or any other cause, an advice filing could be made to terminate the pilot before the end of the three-season extension period.

Condition:

A subject workshop should be convened towards the end of 2020 for the purpose of reviewing the irrigation pilot data and accommodating stakeholder participation in formulating a basic TOU tariff rate that would be available to all qualified irrigation customers. Special consideration should be given to critical-peak-pricing as an alternative to the simple discount-and-surcharge structure of the existing Schedule 215 TOU rate.

Conclusion:

In order to gather additional customer data and perform the various analytic studies that are required prior to the potential general implementation of a new agricultural time-of-use rate schedule, as well as to be able to take advantage of AMI capabilities when structuring candidate permanent TOU rates that will be an improvement over the rate embodied in the current pilot, Staff finds it appropriate for the Company to extend its Schedule 215 pilot for as many as three more pumping seasons. Information gained from the pilot can be magnified by taking advantage of an opportunity within this docket to explore the effectiveness of a critical-peak-pricing alternative to the simple discount-and-surcharge structure of the existing Schedule 215 TOU rate.

**PROPOSED COMMISSION MOTION:**

Approve the extension of PacifiCorp's Schedule 215, Irrigation Time-of-Use (TOU) Supply Service Pilot, for three more years effective May 1, 2018, subject to the condition stated in the body of this report.