

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 28, 2023**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  January 1, 2024

**DATE:** December 22, 2023

**TO:** Public Utility Commission

**FROM:** Anna Kim

**THROUGH:** Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UE 416)  
2024 Annual Power Cost Update Compliance Filing.

**STAFF RECOMMENDATION:**

Informational only.

**DISCUSSION:**

Applicable Law

Compliance filings are not defined in statute or rule, but are a mechanism used to implement a rate change resulting from a Commission decision.<sup>1</sup> Compliance tariffs are generally implemented without Commission action.

Analysis

This memo describes the conclusions and impact of Portland General Electric's (PGE or the Company) annual power cost dockets: PGE's 2024 Annual Update Tariff (AUT) and 2022 Power Cost Adjustment Mechanism (PCAM). These increases are two of multiple rate changes effective January 1, 2024. The cumulative impact of multiple rate changes going into effect on January 1, 2024, will cause rates to increase overall by 15.1 percent. The overall impact on residential customers is 18.0 percent. While there are multiple updates happening concurrently, the total change is dominated by the General Rate Case (GRC) increase and increases in power costs.

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<sup>1</sup> See Order No. 07-273, p. 4.

*What are the power cost dockets?*

There are two power cost dockets that set rates for power costs. The Company's annual AUT forecasts the next year's (2024) power costs. This year, the Company filed its AUT within its GRC in UE 416, where it is sometimes labeled as "APCU," which stands for Annual Power Cost Update. The Company's annual PCAM trues up the previously forecasted costs and actual costs incurred in the prior year (2022). PGE's PCAM is docketed as UE 423.

Due to cost increases for the drivers of power costs, including gas costs and gas generation, overall electric market prices, and increased load, PGE's NVPC is increasing. The outcome of the AUT portion of UE 416 results in a \$216.4 million increase in predicted future energy costs.<sup>2</sup> For a more detailed discussion of the cost of gas, please see the Special Public Meeting on Purchase Gas Adjustments.<sup>3</sup>

*UE 416 AUT Proceeding*

On February 15, 2023, in conjunction with its General Rate Case (GRC), PGE filed its 2024 net variable power cost (NVPC) projection, consistent with the terms of its Schedule 125. NVPC include wholesale power purchases and sales, fuel costs, and other costs that generally change as power output changes. The filing included direct testimony in support of the 2024 NVPC projection of \$860.1 million, at \$40.8 per MWh, for a proposed increase of \$129.8 million over the 2023 forecasted NVPC and \$5.0 more per MWh. Nearly half of this increase is attributed to costs associated with gas and gas generation.<sup>4</sup>

Staff, intervenors, and the Company participated in multiple rounds of settlement negotiations, leading to the drafting of seven partial stipulations. Power cost topics were part of the First, Third, Fourth, Sixth, and Seventh stipulations, which were approved in Order Nos. 23-386 and 23-424. These settlement agreements include a reduction to PGE's original NVPC forecast of \$13.5 million along with other adjustments and tariff language changes.

Throughout the proceeding, PGE posted multiple updates to its MONET power cost model. On November 15, 2023, PGE filed the final update of its 2024 NVPC forecast with a correction on November 17, 2023. The final forecasted NVPC net of adjustments such as Production Tax Credits (PTCs) and the stipulated adjustments of \$13.5 million totaled \$959 million, an increase of \$216.4 million. These costs also represent an increased load forecast, resulting in a total increase.

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<sup>2</sup> PGE's response to Bench Request 4-1 indicated the GRC-only rate increase. The AUT increase is the remainder of the increase.

<sup>3</sup> [https://oregonpuc.granicus.com/GeneratedAgendaViewer.php?view\\_id=2&clip\\_id=1235](https://oregonpuc.granicus.com/GeneratedAgendaViewer.php?view_id=2&clip_id=1235).

<sup>4</sup> UE 416 PGE/300, Schwartz – Outama – Cristea p. 55.

*UE 423 Proceeding*

The PCAM is the mechanism that allows the Company to recover the difference between actual NPC incurred to serve customers and the base NVPC established in the Company's AUT filing through Schedule 126. The difference is referred to as the Power Cost Variance (PCV). The following rules apply to sharing costs between customers and the Company.

- Asymmetrical deadband: Any PCAM difference between negative \$15 million and positive \$30 million will be absorbed by the Company.
- Sharing Band: Any PCAM difference above or below the deadband will be shared 90 percent by customers and 10 percent by the Company.
- Earnings Test: If PGE's earned return on equity (ROE) is within plus or minus 100 basis points of the authorized ROE, there will be no recovery from or refund to customers.
- Amortization Cap: The amortization of deferred amounts is capped at six percent of the revenue for the preceding calendar year.

PGE's annual Power Cost Variance of \$23.2 million is within the deadband. There is no PCV for 2022 that is eligible for recovery.

*Effect of Docket No. UE 416 APCU/Advice No. 23-40*

Advice No. 23-40 updates or modifies numerous Schedules impacted by the GRC and Schedule 126 (PCAM). A list of updated Schedules can be found on the first three pages of the Company's Advice No. 23-40 application.

Power costs are included in the overall impact of the UE 416 GRC/AUT. Power costs would result in a 9.2 percent increase overall and an eight percent increase for residential customers.

*Total Rate Impact for January 1, 2024*

After applying the downward adjustment of \$13.5 million and other changes in the AUT, the total NVPC increases by \$216.4 million. In addition to the APCU and PCAM, additional rate changes are going into effect in the new year, most notably the GRC. The following table summarizes the rate impacts. Changes in the "additional changes" category include both positive and negative changes. Please see Attachment 1 for a more detailed breakout of estimated bill impacts across customer classes provided by PGE.

**Table 1: Summary of Rates Effective January 1, 2024**

Title	Impact	Impact Percentage	Residential Class Impact Percentage <sup>5</sup>
GRC + Power Costs	\$ 391,015,355	16.5%	18.4%
GRC portion	\$ 174,611,845	7.3%	10.4%
Power Costs portion	\$ 216,403,510	9.2%	8.0%
Additional changes including low income programs	\$ (5,130,152)	-1.4%	-0.4%
<b>Total</b>	<b>\$ 385,885,202</b>	<b>15.1%</b>	<b>18.0%</b>

The following table lists all of the additional changes going into effect at the same time as the GRC and AUT on January 1, 2024.

**Table 2: List of Additional Rate Changes Effective January 1, 2024**

Title	Impact
Schedule 138 Energy Storage Cost Recovery	\$ (2,092,148)
Schedule 102 Regional Power Act Exchange Credit	\$ (227,231)
Schedule 135 Demand Response Cost Recovery	\$ (4,563,854)
Schedule 153 CBAIG Cost Recovery	\$ (313,842)
Schedule 150 Transportation Electrification Cost Recovery	\$ (1,374,391)
Schedule 136 Community Solar Cost Recovery	\$ (1,491,739)
Schedule 131 Oregon Corp Activity Tax	\$ (3,532,783)
Schedule 137 Solar Payment Option Cost Recovery	\$ 3,042,373
Schedule 105 Regulatory Adjustments	\$ (13,723,392)
Schedule 123 Decoupling Adjustment	\$ 12,191,921
Schedule 146 Colstrip Adjustment	\$ (855,483)
Schedule 145 Boardman Decommissioning	\$ (8,403,406)
Schedule 115 Low Income Assistance	\$ (6,632,628)
Schedule 103, Metro Supportive Housing Services Business Income Tax	\$ 1,713,761
Schedule 152 Major Event Cost Recovery	\$ 1,877,294
Schedule 106, Multnomah County Business Income Tax Update	\$ 204,944
Schedule 110 Energy Efficiency Customer Service	\$ (555,151)
Schedule 118 Bill Adjustment Cost Recovery	\$ 21,490,877

<sup>5</sup> The impact varies by customer usage.

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For a typical single-family customer using 795 kWh a month, the result of these cumulative filings will increase a typical residential bill by \$24.59, bringing the average bill up from \$130.42 to \$155.01. This represents an 18.9 percent increase for such a customer.

Staff met with PGE to discuss the work papers relevant to these filings on December 14 and 20, 2023. Staff also sent email correspondence for smaller clarifications.

**PROPOSED COMMISSION MOTION:**

Informational only.

CA21 – UE 416

# Attachment 1 ESTIMATED EFFECT ON CONSUMERS' TOTAL ELECTRIC BILLS<sup>1</sup>

**TABLE 5  
PORTLAND GENERAL ELECTRIC  
ESTIMATED EFFECT ON CONSUMERS' TOTAL ELECTRIC BILLS  
2024**

CATEGORY	RATE SCHEDULE	CUSTOMERS	MWH SALES	TOTAL ELECTRIC BILLS		Change		
				CURRENT	PROPOSED	AMOUNT	PCT.	
Residential	7	824,079	7,839,840	\$1,271,184,419	\$1,499,404,308	\$228,219,889	18.0%	
Employee Discount				(\$1,439,875)	(\$1,023,184)	\$416,691		
Subtotal				\$1,269,744,544	\$1,498,381,124	\$228,636,580	18.0%	
Outdoor Area Lighting	15	0	13,185	\$3,902,324	\$4,275,869	\$373,345	9.6%	
General Service <30 kW	32	95,930	1,555,680	\$244,923,781	\$280,094,250	\$35,170,468	14.4%	
Opt. Time-of-Day G.S. >30 kW	38	338	26,908	\$4,523,352	\$5,087,588	\$564,236	12.5%	
Irrig. & Drain. Pump. < 30 kW	47	2,746	20,557	\$5,222,029	\$5,483,907	\$261,879	5.0%	
Irrig. & Drain. Pump. > 30 kW	49	1,368	59,473	\$11,849,472	\$13,923,496	\$2,074,023	17.5%	
General Service 31-200 kW	83	11,308	2,893,468	\$358,389,833	\$403,068,916	\$44,699,083	12.5%	
General Service 201-4,000 kW								
Secondary	85-S	1,322	2,065,692	\$216,410,818	\$243,413,614	\$27,002,796	12.5%	
Primary	85-P	179	634,079	\$58,126,887	\$65,070,427	\$6,943,540	11.9%	12.4%
Schedule 89 > 4 MW								
Primary	89-P	16	806,355	\$65,776,990	\$73,471,815	\$7,694,824	11.7%	
Subtransmission	89-T/75-T	3	35,262	\$3,425,784	\$3,717,685	\$291,901	8.5%	11.5%
Schedule 90	90-P	7	3,551,713	\$261,767,127	\$295,266,346	\$33,499,219	12.8%	
Street & Highway Lighting	91/95	189	37,529	\$13,297,200	\$13,602,843	\$305,643	2.3%	
Traffic Signals	92	16	2,712	\$251,375	\$285,160	\$33,785	13.4%	
<b>COS TOTALS</b>		<b>937,499</b>	<b>19,542,452</b>	<b>\$2,517,591,517</b>	<b>\$2,905,142,838</b>	<b>\$387,551,320</b>	<b>15.4%</b>	
Direct Access Service 201-4,000 kW								
Secondary	485-S	214	434,217	\$11,047,147	\$11,326,672	\$279,524	2.5%	
Primary	485-P	52	312,499	\$7,061,668	\$7,205,957	\$144,289	2.0%	2.3%
Direct Access Service > 4 MW								
Primary	489-P	17	1,079,083	\$13,152,822	\$11,679,559	(\$1,473,263)	-11.2%	
Subtransmission	489-T	3	266,763	\$2,505,664	\$2,429,310	(\$76,353)	-3.0%	-9.0%
New Load Direct Access Service > 10MW								
Primary	689-P	4	175,441	\$2,981,308	\$2,440,993	(\$540,316)	-18.1%	-18.1%
<b>DIRECT ACCESS TOTALS</b>		<b>289</b>	<b>2,268,003</b>	<b>36,748,609</b>	<b>35,082,491</b>	<b>(\$1,666,118)</b>	<b>-4.5%</b>	
<b>COS AND DA CYCLE TOTALS</b>		<b>937,788</b>	<b>21,810,454</b>	<b>\$2,554,340,126</b>	<b>\$2,940,225,329</b>	<b>\$385,885,202</b>	<b>15.1%</b>	

<sup>1</sup> PGE's Third Supplemental Response to OPUC Revised Bench Request No. 5-8, p. 5.