RULE 19
CONSERVATION ALLIANCE PLAN MECHANISM

APPLICABLE
The Conservation Alliance Plan (CAP) mechanism described in this rule applies to customers served on Residential General Service Rate Schedule 101 and Commercial General Service Rate Schedule 104.

TERM
The Company shall initiate a review of this mechanism on September 30, 2024, with any proposed changes to be effective January 1, 2025. (C) (C)

PURPOSE
The purpose of this provision is to (a) define the procedures for the annual tracking revisions in rates due to changes in the weather-normalized use per customer associated with Rate Schedule 101 & Rate Schedule 104; and (b) to define the procedures for the deferral of differences experienced between the actual average use per customer and the amount estimated at the time the Margin Rates were established.

REVISIONS TO COMMODITY MARGIN RATES DUE TO CHANGES IN THE WEATHER-NORMALIZED USE/CUSTOMER

1. The Company shall use the baseline weather normalized average commodity margin per customer for Rate Schedule 101 and Rate Schedule 104 as reflected in its General Rate Case, docketed as UG 347. That application was based upon the weather-normalized, twelve months ending December 31, 2017. (T) (T)

2. For each subsequent year for the term of this provision, the Company shall file annually (CAP Filing) with the Commission to update the Commodity Margin Rate for Rate Schedule 101 and Rate Schedule 104 based upon the weather normalized usage for the twelve months ending June 30th divided into the margin requirement of each rate schedule.

3. Weather-normalized usage is calculated using the approach to weather normalization adopted in the Company's Spring Earnings Review filings, PGA Applications and other weather normalized report submittals.

4. The Total Commodity Margin Requirement of Rate Schedule 101 and Rate Schedule 104 shall be calculated by multiplying the baseline average commodity margin per customer per Rate Schedule, excluding any margin collected through the monthly Basic Service Charge, by the current twelve months ended June 30 average customer count based upon the average of the monthly bills issued.

5. The Margin Commodity Rate is calculated by dividing the Total Commodity Margin Requirement by the Total Weather Normalized Usage.

Received by OPUC
Filing Center
11/27/2019

RULE 19
CONSERVATION ALLIANCE PLAN MECHANISM

DEFERRAL OF MARGIN COLLECTION DIFFERENCES

1. The Company will maintain Conservation Variance and Weather Variance deferral accounts as Regulatory Assets or Liabilities. Each month, the Company will calculate the difference between the weather-normalized actual margin and the expected margin for rate schedules 101 and 104. Expected margin shall be the baseline average commodity per customer multiplied by the current customer count. The resulting dollar amount difference will be recorded in the Conservation Variance deferral account. The Company will also calculate the difference between non-weather normalized actual margin and the expected margin for rate schedules 101 and 104. The resulting dollar amount difference will be reduced by subtracting the dollar amount recorded in the Conservation Variance deferral account with the remainder recorded in the Weather Variance deferral account.

2. The Company shall impute interest on the deferred balances on a monthly basis utilizing the Commission established Modified Blended Treasury Rate on deferral balances less or equal to 3% of the total normalized revenues of schedules 101 and 104 for the most recent twelve months prior to the time of filing. For deferral amounts in excess of 3% of total normalized revenues for schedules 101 and 104, the Company shall utilize an interest rate equal to its Commission authorized rate of return. (C)

3. The Company will include in the annual CAP filing a temporary adjustment amount designed to amortize any balance in the Conservation Variance and the Weather Variance deferral accounts. Temporary surcharges and/or refund increments will be applied to the Margin Commodity Rate over the following twelve months or any other appropriate amortization period.

3% DECOUPLING RATE SURCHARGE LIMITATION (N)

1. The amount of any proposed incremental adjustment under this Schedule is subject to a 3% rate surcharge limit. To determine the limit the Company shall divide the proposed incremental surcharge revenue by the total "normalized" revenues of rate schedules 101 and 104 over the most recent January through December time period prior to the filing. Normalized revenue is determined by multiplying the weather corrected usage for the period by the present billing rates. If incremental surcharge revenues exceed 3%, then the proposed surcharge will be limited to 3% with additional revenues deferred for collection until the following year. There shall be no limitation to a proposed credit to customers under this Schedule in a given year. Any reversal of a customer rebate will not be subject to the 3% incremental surcharge test. (N)

Received by OPUC
Filing Center
11/27/2019