



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

December 30, 2016

**Via email**

[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon  
201 High Street, Ste. 100  
P. O. Box 1088  
Salem, OR 97308-1088

**Attn: Filing Center**

**Re: UM \_\_\_\_ - Application of Portland General Electric Company for Deferred Accounting Treatment of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn**

Enclosed for filing is a signed Application of Portland General Electric Company (PGE) for Deferred Accounting Treatment of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn.

A Notice regarding the filing of this amended application has been provided to the parties on the UE 294 service list.

Parties who wish to receive a copy of this Application should review the OPUC website.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-8929. Please direct all formal correspondence, questions, or requests to the following e-mail address [pge.opuc.filings@pge.com](mailto:pge.opuc.filings@pge.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a faint, larger version of the signature.

Stefan Brown  
Manager, Regulatory Affairs

SB/sp

Encl. Application

cc: UE 294 Service List

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UM \_\_\_\_\_

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn

**Application for Deferred Accounting Treatment of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (“PGE”) hereby requests authorization to defer for later rate-making treatment certain revenues associated with the scheduled Boardman Power Plant 100% biomass test burn<sup>1</sup>. PGE requests authorization to defer the 2016 revenues collected for the purchase and consumption of biomass fuel of approximately \$2.8 million. These revenues were collected for the specific purpose of completing a 100% biomass test-burn at Boardman. While this fuel has been purchased (and torrefied) and the process to reach a 100% test-burn has commenced, technical and weather-related issues have arisen that necessitate the completion of this burn to occur in the first quarter of 2017. We request this deferral to be effective beginning December 30, 2016 and will seek amortization of the deferred revenues as an offset to the burned biomass fuel in a future Commission proceeding, soon after the fuel is burned at Boardman.

In support of this Application, PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services and accounting practices are subject to the regulation of the Public Utility Commission of Oregon (“Commission”).
2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.

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<sup>1</sup> The 100% criterion is subject to plant safety and reliability conditions.

3. Communications regarding this Application should be addressed to:

Jay Tinker  
Rates & Regulatory Affairs  
Portland General Electric,  
1 WTC0306  
121 SW Salmon Street  
Portland, Oregon 97204  
Phone: 503.464.8929  
E-mail: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Douglas C. Tingey  
Associate General Counsel  
Portland General Electric,  
1 WTC1301  
121 SW Salmon Street  
Portland, Oregon 97204  
Phone: 503.464.8926  
E-mail: [doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Stefan Brown, Manager, Regulatory Affairs  
E-mail: [stefan.brown@pgn.com](mailto:stefan.brown@pgn.com)

**I. OAR 860-027-0300(3) Requirements**

The following is provided pursuant to OAR 860-027-0300(3).

**A. Background**

In OPUC Docket No. UE 262/UE 266, PGE requested the recovery of fuel costs associated with both a co-fire and 100 percent biomass test burn scheduled to occur at Boardman in 2014. In Commission Order No. 13-280 for UE 266, a stipulation was adopted affirming that (consistent with Staff's Report in UM 1571 provided in OPUC Order No. 12-141) biomass test burn costs would be treated as a fuel cost and run through PGE's Annual Update Tariff (AUT). Included in this stipulation was the agreement that PGE would either remove costs from its 2014 test year revenue requirement or refund the estimated test burn net costs in the following year's AUT if it were clear that the test burn would not occur in 2014. Using this guidance, PGE has in 2014, 2015, and 2016 either removed or refunded and recollected amounts related to both test burns. PGE completed the co-fire test burn in 2015 and also recognized the revenues associated with that test in 2015. For 2016, PGE found a supplier of torrefied biomass but determined that the supplier could not meet our quality, time, and quantity requirements. PGE worked with several other potential suppliers who provided the biomass

directly or installed torrefiers to work with forest wood product and other biomass waste. PGE expected to have approximately 4,000-5,000 tons of torrefied biomass by the test date, which was scheduled for the first part of December 2016. PGE has purchased the fuel required for the 2016 100% biomass test burn and began building towards a 100% test burn in the first and second weeks of December 2016. However, due to a number of mechanical and safety related issues discovered during our efforts, PGE was unable to safely complete the full burn and acquire the necessary data. Additionally, for reliability purposes, PGE moved Boardman into “no touch” status, limiting the flexibility of performing the additional modifications required to resume our efforts building towards the 100% biomass test burn. For these reasons, PGE fully expects to resume and complete the 100% biomass test burn in the first quarter of 2017.

**B. Reasons for Deferral**

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks deferred accounting treatment of the 2016 revenues collected for the 100% biomass test burn. The granting of this Application will match appropriately the costs borne by and benefits received by customers. Approving the Application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

**C. Proposed accounting for recording amounts deferred.**

PGE proposes to record the deferred amount as a regulatory liability in FERC account 254 (Other Regulatory Liabilities), with a debit to FERC account 456 (Other Electric Revenues). In the absence of a deferred accounting order from the Commission, PGE would record the 2016 revenues associated with the 100% biomass test burn as follows:

Debit 449.1 – Provision for rate refunds, \$2.7mm (net of the value of power generated)  
Debit 431 – Other interest expense, \$0.1mm (unused balance is subject to interest)  
Credit 229 – Accumulated provision for rate refunds, (\$2.8mm) for subsequent refund to customers

**D. Estimate of amounts to be recorded for the next 12 months.**

PGE estimates the amounts subject to the deferral to be approximately \$2.8 million, based on using approximately 400 tons of the purchased torrefied biomass during the test burns in December.<sup>2</sup>

**E. Notice**

A copy of the notice of application for deferred accounting treatment and a list of persons served with the notice are attached to the Application as Exhibit A.

**II. Summary of Filing Conditions<sup>3</sup>**

**A. Earnings Review:**

Recognition of the 2016 revenues in 2017 will be subject to an earnings review in accordance with ORS 757.259(5).

**B. Prudence Review:**

A prudence review should be performed as part of the amortization filing.

**C. Sharing Percentages:**

All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

**D. Rate Spread / Rate Design:**

The rate spread/rate design will be consistent with the prevailing rate spread/rate design at the time of the amortization.

**E. Three Percent Test:**

The amortization will be subject to the three percent test in accordance with ORS 757.259(6), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

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<sup>2</sup> Estimate is as follows: 400 tons used out of 5000 tons expected = approximately 8%. \$3 million cost for 5,000 tons, 8% is \$240,000 used as fuel.

<sup>3</sup> Per Agreement with OPUC Staff on January 24, 2012

### III. Conclusion

For the reasons stated above, PGE requests permission to defer certain revenues associated with the scheduled Boardman Power Plant 100% biomass test burn.

DATED this 30th day of December 2016.



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Stefan Brown  
Manager, Regulatory Affairs  
Portland General Electric Company  
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E-Mail: [stefan.brown@pge.com](mailto:stefan.brown@pge.com)

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## Attachment A

Notice of Application for Deferred Accounting of Certain  
Revenues Associated with the Boardman Power Plant  
100% Biomass Test Burn

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn

**Notice of Application for Deferred Accounting Treatment of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn**

On December 30, 2016, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission) for an Order authorizing Deferral of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn.

Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred revenues as an offset to the burned biomass fuel in a subsequent proceeding.

This Application is on the Commission website. Any person who wishes to submit written comments to the Commission on PGE's Application must do so by January 27, 2017.

Dated this 30<sup>th</sup> day of December 2016.



Stefan Brown  
Manager, Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
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Telephone: 503-464-8929  
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E-Mail: [patrick.hager@pgn.com](mailto:patrick.hager@pgn.com)



## Certificate of Service

I hereby certify that I have this day caused the foregoing **Notice of Application for Deferred Accounting Treatment of Certain Revenues Associated with the Boardman Power Plant 100% Biomass Test Burn**, to be served by electronic mail to those parties whose e-mail address appear on the attached service list for OPUC Docket UE 294.

Dated at Portland, Oregon, this 30<sup>th</sup> day of December 2016.



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Stefan Brown, Manager  
Regulatory Affairs  
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Portland, OR 97204  
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**SERVICE LIST  
OPUC DOCKET NO. UE 294**

CITIZENS' UTILITY BOARD OF OREGON	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
PACIFICORP, DBA PACIFIC POWER	825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificorp.com
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JOHANNA RIEMENSCHNEIDER (C)  
PUC STAFF - DEPARTMENT OF JUSTICE

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