

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1817**

|   |   |                            |
|---|---|----------------------------|
| In the Matter of                              | ) |                            |
|   | ) |                            |
| PORTLAND GENERAL ELECTRIC                     | ) | ALLIANCE OF WESTERN ENERGY |
| COMPANY,                                      | ) | CONSUMERS' REPLY TO PGE'S  |
|   | ) | RESPONSE TO BENCH REQUEST  |
|   | ) |                            |
| Application for the Deferral of Storm-Related | ) |                            |
| Restoration Costs.                            | ) |                            |
| _____   | ) |                            |

The Alliance of Western Energy Consumers (“AWEC”) submits the following reply to Portland General Electric’s (“PGE” or “Company”) response to the Administrative Law Judge’s Bench Request issued on May 24, 2019, in the above-referenced docket.

PGE proposes two primary methods for addressing its miscalculation of the 10-year average Level III storm cost accrual included in base rates, initially calculated at \$3.8 million, later corrected to \$3.7 million. AWEC responds to both methods below.

**PGE Method One: Non-Deferral Method**

*Given the size of the miscalculation and the Parties’ stated reservations to PGE having too many deferrals, PGE proposes that the \$100,000 be allowed to remain in the Level III storm accrual until PGE’s next general rate case. This will minimize the amount of annual administration and processing for a minor amount.*

***AWEC Reply:***

With one clarification, this proposal is acceptable to AWEC. \$100,000 of the accrual should be “allowed to remain in the Level III storm accrual until PGE’s next general rate case” annually, meaning that the amount remaining in the account increases over time.

AWEC believes that this is PGE's intent and proposes that the minimum balance on the Level III storm accrual account be set at \$100,000 on January 1, 2020, plus a monthly increase of \$8,333.33 ( $\$100,000/12$ ), plus interest. This method recognizes that the \$3.8 million of ratepayer funds placed in the accrual account in 2019 exceeded the actual 10-year rolling average by \$100,000, as would each successive year's accrual. In other words, the accrual account's minimum balance should be \$100,000, multiplied by the number of years (and months) between January 1, 2019 and the rate effective date of its next general rate case, plus interest. Any amount below the minimum balance could not be spent to respond to Level III storms and PGE would bear all other costs. If this is PGE's proposal, AWEC supports it.

### **PGE Method Two: Deferral Method**

*An annual deferral of the \$100,000 can be accomplished in three ways:*

*Deferral Method 1 – Minimal processing – Given the size of the miscalculation and the Parties' stated reservations to PGE having too many deferrals, PGE proposes that the \$100,000 be recorded annually in PGE's UM 1147 residual balance account to offset residual balances from other amortized deferrals. The balancing account accrues interest at the modified blended treasury rate and would be credited with \$100,000 annually, beginning as of the date of the Commission order in this proceeding, until the effective date of PGE's next general rate case.*

*Deferral Method 2 – Offset processing – As of the date of the Commission order, PGE would apply the annualized \$100,000 credit against an amount authorized by the Commission to be deferred for future recovery under the UM 1817 proceeding. PGE would file for annual requests for reauthorization in order to apply subsequent credits of \$100,000 until the effective date of PGE's next general rate case. A single amortization filing could be used for the net UM 1817 deferral.*

*Deferral Method 3 – Full processing – PGE would establish a regulatory liability of \$100,000 as of the date of the Commission order with interest to accrue at PGE's authorized cost of capital. PGE would file for annual requests for reauthorization in order to apply subsequent credits of \$100,000 until the effective date of PGE's next general rate case. Amortization of this deferral would require a separate filing and Commission approval.*

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***AWEC Reply:***

Deferral Method One is acceptable to AWEC if the \$100,000 is grossed up to \$103,200, as discussed in AWEC's response to the bench request.

AWEC does not support Deferral Method Two, as AWEC does not support PGE's request for Level III storm damage deferral. In the event the Commission nevertheless grants PGE's deferral, then AWEC could support this alternative.

Deferral Method Three is acceptable to AWEC if the \$100,000 is grossed up to \$103,200, as discussed in AWEC's response to the bench request. AWEC's response to the bench request proposed that the \$103,200 be credited to Schedule 105 (Regulatory Adjustments). If this approach is taken, PGE would only need to file a revised Schedule 105 but could otherwise avoid "a separate filing and Commission approval."

Dated this 7th day of June, 2019.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

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