

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com
Suite 450
1750 SW Harbor Way
Portland, OR 97201

June 13, 2019

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC CO.
Application for the Deferral of Storm-Related Restoration Costs
Docket No. UM 1817

Dear Filing Center:

Please find enclosed the Opening Brief of the Alliance of Western Energy Consumers in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1817

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	OPENING BRIEF OF THE ALLIANCE
COMPANY,)	OF WESTERN ENERGY CONSUMERS
)	
Application for Deferral of Storm-Related)	
<u>Restoration Costs.</u>)	

I. INTRODUCTION

Pursuant to the Administrative Law Judge’s prehearing conference memorandum in the above-referenced docket, the Alliance of Western Energy Consumers (“AWEC”) submits this opening brief. In this docket, Portland General Electric Company (“PGE” or the “Company”) seeks to defer, for later recovery in customer rates, \$8 million of Level III storm recovery costs it incurred in 2017. AWEC recommends that the Oregon Public Utility Commission (“Commission”) reject the Company’s application because it does not meet the legal or discretionary standards for deferrals.

PGE has not demonstrated how its proposed deferral “appropriately” matches costs and benefits and has made no attempt to demonstrate that the amounts it seeks to defer had either a material or a substantial financial impact on the Company’s return on equity (“ROE”) under the Commission’s established discretionary standard. Here, the impact is no more than 36 basis points, an amount the Company has failed even to argue represents a material impact, and one that is far below the substantial impact the Commission has previously used to judge the

appropriateness of a deferral of the type of expenditures at issue here. AWEC agrees with Commission Staff (“Staff”) and the Citizens’ Utility Board (“CUB”) that PGE’s application for deferred accounting should be denied.

II. BACKGROUND

A. PGE’s Requested Deferral

PGE filed this deferral request on January 11, 2017, seeking to defer for later ratemaking treatment Level III storm recovery costs it was incurring.^{1/} PGE’s application was considered at the Commission’s March 12, 2019 public meeting, where AWEC, CUB and Staff all opposed the Company’s request.^{2/} On March 13, 2019, the Commission opened a contested case to consider PGE’s application.^{3/}

Initially, PGE requested deferral of \$9.4 million of Level III storm costs, an amount later lowered to \$8 million in revised testimony.^{4/} PGE reduced its request after determining that its initial request was based on an overestimate of its costs (\$0.8 million) and that it included storm recovery costs incurred prior to when it filed its deferral application (\$0.6 million).^{5/}

The \$8 million PGE requests is less than the \$10 million of total deferrable 2017 Level III storm costs because the Company already has an extraordinary rate mechanism to mitigate the impact of these costs on shareholders.^{6/} PGE collects the 10-year rolling average of

^{1/} PGE’s Application for Deferral Accounting of Storm-Related Restoration Costs (Jan. 11, 2017).

^{2/} Staff Report (Mar. 4, 2019); Comments of AWEC and CUB (Mar. 11, 2019).

^{3/} Order 19-085 (Mar. 13, 2019).

^{4/} PGE/100 at 5:1-6. All references to PGE’s direct testimony are to the revised version, filed with the Commission on April 12, 2019.

^{5/} Id.

^{6/} AWEC/100 at 4:15-5:2.

Level III storm recovery costs in rates annually, and they are placed in an accrual account for use if and when the Company incurs these costs.^{7/} If the Company incurs lower Level III storm costs in a year than its annual accrual, the remainder is carried over and added to the most recent year's amount. When PGE filed its deferral application, it had \$2 million in its accrual account, which it applied to its recovery costs.^{8/} This accrual account was established in the Company's 2010 general rate case, where parties, including PGE, deemed it "a reasonable method to forecast Level 3 storm costs."^{9/}

B. Commission Precedent Regarding Deferred Accounting

The Commission's deferred accounting standard has two distinct steps.^{10/} First, a deferral request must meet the statutory requirements for a deferral under ORS 757.259(2).^{11/} If it does, then the Commission determines whether it should exercise its discretion to authorize the deferral.^{12/} The Commission "may decide a case in the negative at either stage" of its review.^{13/} Additionally, the applicant is "responsible for both the burden of persuasion and the burden of production in support of a deferred accounting request."^{14/} While the burden of production "shifts to other parties to present evidence that rebuts what an applicant presented ... the burden of persuasion always rests with the applicant, regardless of opposition to the filing."^{15/}

^{7/} Id. at 3:15-4:14.

^{8/} Id. at 3:15-5:2.

^{9/} Docket No. UE 215, Stipulating Parties/200 at 4:1-6.

^{10/} In Re Staff Request to Open an Investigation Related to Deferred Accounting, Docket No. UM 1147, Order No. 05-1070 at 2 (Oct. 5, 2005).

^{11/} Id.

^{12/} Id. at 3.

^{13/} Re PGE Application for an Order Approving the Deferral of Hydro Replacement Power Costs, Docket No. UM 1071, Order No. 04-108 at 8 (Mar. 2, 2004).

^{14/} Order No. 05-1070 at 5.

^{15/} Id.

PGE relies on ORS 757.259(2)(e) to justify this filing, which allows the Commission to consider granting a deferral if the requesting party can show that it will either “minimize the frequency of rate changes” or “match appropriately the costs borne and benefits received by ratepayers.” “Whether either of these standards is satisfied requires an examination of the facts presented on a case-by-case basis.”^{16/} For example, in Docket No. UM 1623, the Commission rejected PGE’s request to defer a single year’s unexpectedly high pension costs, reasoning that this expense “naturally fluctuates above and below the forecasted expense, and that under-collections in one period tend to be offset by over-collections in other periods.”^{17/} In contrast, in Docket No. UM 1234, the Commission allowed PGE to defer a portion of \$45 million of replacement power costs incurred during an extended outage at the Company’s Boardman generating station because it determined that those costs appropriately matched benefits.^{18/}

If the Commission determines that the threshold statutory criteria are met, then the Commission’s discretionary analysis focuses on the level of potential harm to a utility overall if the deferral is not granted, i.e., “whether the event impacted the utility’s earnings beyond a reasonable range within which the utility should bear the entire cost or benefit of variability.”^{19/} Cases distinguish between deferrals considering stochastic risks and those addressing scenario risks: the former are “predict[able] as part of the normal course of events,” while the latter are

^{16/} Order No. 05-1070 at 5.

^{17/} Re PGE Application for Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions, Docket No. UM 1623, Order No. 16-257 at 4 (July 7, 2016).

^{18/} Re PGE Application for Deferred Accounting of Excess Power Costs Due to Plant Outage, Docket No. UM 1234, Order No. 07-049 at 10 (Feb. 12, 2007).

^{19/} Re PGE Application for Hydro Generation Power Cost Adjustment Mechanism and Application for Deferral of Costs and Benefits Due to Hydro Generation Variance, Docket Nos. UM 165 and UM 1187 (Consolidated), Order No. 05-1261 at 9 (Dec. 21, 2005).

“not susceptible to prediction and quantification.”^{20/} If the risk identified is a scenario risk, then the impact on the utility must be “material” to justify a deferral. If it is a stochastic risk, the impact must be “substantial.”^{21/} Examples of scenario risks include the Boardman outage referenced above, which “PGE call[ed] a once in every 100 year event” and was longer than 99.762% of outages nationally over the previous 20 years.^{22/} The Commission has also characterized the “perfect storm” of 2000-2001 power market volatility, poor hydro, and unusually cold weather as a scenario event, as well as the early closure of the Trojan Nuclear Power Plant.^{23/} In cases like these, while the Commission has not set a single threshold for determining what constitutes a material impact, it has traditionally identified 100 basis points as typically appropriate to determine whether an impact on the utility’s overall finances is “material” for the purposes of assessing scenario risks.^{24/}

In contrast, stochastic risks include the fluctuating pension costs discussed above, as well as swings in hydro generation caused by weather variability.^{25/} Further, stochastic risks are often – but not necessarily – accounted for in a utility’s rate structure, usually by being included in future test year projections.^{26/} To establish a deferral for a stochastic risk, a utility must show a “substantial” impact on its overall finances, which has historically required no less than a 250 basis point impact.^{27/}

^{20/} Order No. 04-108 at 8-9.
^{21/} Id. at 9; see also Order No. 05-1070 at 7.
^{22/} Order No. 07-049 at 4.
^{23/} Order No. 04-108 at 8-10.
^{24/} Order No. 07-049 at 19.
^{25/} Order No. 04-108 at 8.
^{26/} Id. at 9.
^{27/} Id.

More important than the particular size of these impact thresholds is the principle that underpins them: utilities are specifically authorized a return that is “commensurate with returns on investments in other enterprises having corresponding risks.”^{28/} If deferrals become a means of insulating utilities from costs that fall within the “range of normal risk,”^{29/} then they disrupt the balance of investor and consumer interests by shifting risk to consumers for which the utility’s shareholders earn a return.

III. ARGUMENT

Like all deferral requests, this is a petition for single-issue ratemaking because it requests specific recovery of a single cost, which is a deviation from the Commission’s standard practice of measuring a rate’s impact based on whether it is “just and reasonable” when considered holistically, regardless of whether a particular expense is recovered.^{30/} PGE summarizes this standard nicely by explaining that “[d]eferrals should be limited because most costs and risks are embedded in PGE’s revenue requirement and associated prices.”^{31/}

PGE’s requested deferral is a good example of the type of cost that might be recovered in a rate that is overall “just and reasonable,” no matter whether the specific amount is collected. The \$8 million of storm costs amounts to 36 basis points on PGE’s ROE. This is a small amount of money with a modest impact on the Company’s finances.

^{28/} Fed. Power Comm’n v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944).

^{29/} Order No. 07-049 at 19.

^{30/} Hope, 320 U.S. at 602; see also, Gearhart v. Pub. Util. Comm’n of Oregon, 255 Or. App. 58, 63 (2013) (“the validity of a particular determined rate is measured, not on the individual theories or methodologies used by the PUC, but on the ‘end result’ and whether it is just and reasonable”).

^{31/} PGE/200, 10:6-7.

A. PGE’s requested deferral does not meet the statutory standard because it does not minimize the frequency of rate changes or appropriately match costs and benefits.

PGE relies on ORS 757.259(2)(e) as the authority for its deferral application.^{32/}

According to this statute, PGE must show either that its request “minimize[s] the frequency of rate changes or the fluctuation of rate levels or [] match[es] appropriately the costs borne by and benefits received by ratepayers.”^{33/} PGE does not argue that its request meets the first of these statutory criteria, nor could it, as it filed general rate cases in both 2017 and 2018.^{34/} Instead, PGE argues that its request appropriately matches costs and benefits because it “is appropriate that customers pay for prudently incurred costs of providing service,” and that “[a]bsent this deferral, customers will have received service at a cost significantly less than PGE prudently incurred to provide it.”^{35/}

PGE is wrong twice in this statement. First, customers did not receive “service” at significantly less cost than PGE incurred. “Service” entails all aspects PGE’s business, including power generation, delivery, and office support. That is why PGE is authorized a revenue requirement to recover these costs overall, not individual revenue requirements to cover each component of “service.” Second, customers did not receive this service at “significantly” less than PGE’s cost. Even if one were to consider the \$8 million at issue in this proceeding in isolation, an increase in costs of \$8 million compared to an overall revenue requirement of approximately \$1.8 billion is marginal, not significant.^{36/} PGE’s statement amounts to an

^{32/} PGE/100 at 1:15-19.

^{33/} ORS § 757.259(2)(e).

^{34/} Docket Nos. UE 319 and UE 335.

^{35/} PGE/100 at 2:12-16.

^{36/} Docket No. UE 319, Order No. 17-511, Appen. B at 1 (Dec. 18, 2017).

argument that these specific Company costs must match these specific customer benefits.^{37/} But this is not the statutory standard, and this is not how rates are made. PGE’s argument is flawed because it assumes that the Company has a right to recover its Level III storm costs dollar-for-dollar, when in fact it is only guaranteed an opportunity to recover those costs as part of an overall rate structure that is just and reasonable.^{38/}

The problem with PGE’s analysis is that it is limited to whether the costs incurred and benefits received by ratepayers match, but it does not address whether they match appropriately. The Company’s burden of proof and persuasion in a deferral request is not simply to identify that it collected more or less of a particular expense than was forecasted in rates. In addition to the fact that the Commission, like a court, “should interpret statutes and rules so as to give meaning to every word,”^{39/} the word “appropriately” must have some significance in the statute, otherwise any request for deferral of a cost that was different from the forecast would meet the statutory requirements.

As discussed above, PGE’s customers pay an annual accrual based on the 10-year rolling average of Level III storm costs, which is specifically designed to account for the year-by-year fluctuation in these costs. There are years in which this accrual exceeds the costs PGE incurs for Level III storms and years in which these costs exceed the accrual. Thus, while PGE’s deferral may “match” costs incurred in 2017 and benefits received, it does not match

^{37/} PGE/100, 2:15-16.

^{38/} See Gearhart, 225 Or. App. at 63.

^{39/} Due-Donohue v. Beal, 191 Or. App. 98, 101 (2003); In re Holmlund’s Estate, 232 Or. 49, 67 (1962); Re Honeywell Int’l, Inc., Docket No. DR 40, Order No. 08-388 at 12 (July 31, 2008).

“appropriately” these costs because it singles out a year in which costs exceeded the accrual and does not recognize years in which the accrual has exceeded Level III storm costs.

B. Even if PGE’s request satisfies the statutory standard, it does not satisfy the Commission’s discretionary criteria because the 2017 storm costs did not have a substantial or material impact on the Company’s overall finances.

In this case, the distinction between stochastic and scenario risks, discussed above, is largely irrelevant, because PGE’s requested deferral does not meet the discretionary standard in either case. Here, the impact to PGE’s finances is modest – just 36 basis points^{40/} – and far short of the “substantial” harm required for stochastic risks or even the “material” harm required for scenario risks.^{41/}

1. The possibility of high Level III storm costs is a stochastic risk.

There is no real need to inquire as to whether the Level III storm deferral risk is scenario or stochastic because the magnitude of the requested deferral does not meet either standard. However, the facts of PGE’s request demonstrate that this is a stochastic risk that must be assessed pursuant to the “substantial” impact standard discussed above.

Staff, AWEC, and CUB have all concluded in testimony that the Level III storm costs are a stochastic risk, relying on the same basic analysis. A stochastic risk “can be predicted to occur as part of the normal course of events,”^{42/} and is therefore capable of being modeled in rates or is otherwise foreseeable in the normal course of business.^{43/} AWEC witness Dr. Marc Hellman concludes that Level III storm recovery costs are stochastic because the:

Level III storm costs are higher in some years and lower in others. The set of various Level III storm costs across the years form a distribution. Not only that,

^{40/} AWEC/102 at 6-7.

^{41/} Order No. 04-108 at 9; see also Order No. 05-1070 at 7.

^{42/} Order No. 05-1070 at 3.

^{43/} Order No. 07-049 at 9.

but PGE collects a special accrual from customers based on the historic average of storm costs around which there is a stochastic distribution.^{44/}

Dr. Hellman notes that storm costs and hydro variability are comparable, as both are the product of normal, random variation in weather that will average over time.^{45/} Given that the Commission has found that hydro variability is a type of stochastic risk, there is precedent to support the conclusion that this similar, weather-related risk should be classified the same way.^{46/}

AWEC accepts that there might be some type of extraordinary storm that could constitute a scenario risk. There is a wide range of possible storms, so it makes sense that true outliers might be considered scenario risks. But PGE has presented no evidence that the 2017 storms were so extraordinary as to constitute a scenario risk, and it must do so to satisfy its burden of proof.^{47/} According to PGE, the 2017 Level III storm costs were a one in 18-year event, and the storm was a one in 25-year storm.^{48/} But PGE has not explained why these facts make the 2017 storms a scenario risk. Even if PGE tried to make this case, its request could not meet this standard when compared to prior Commission decisions discussing scenario risks. The 105-day Boardman outage at issue in UM 1234 was a scenario risk, as were the closure of Trojan and the 2000 - 2001 Western U.S. energy crisis.^{49/} As noted above, the Boardman outage was a one-in-a-hundred event that lasted longer than 99.762% of outages nationally over the previous

^{44/} AWEC/100 at 11:21-12:4.

^{45/} Id. at 11:9-12:6. AWEC agrees that climate change may impact the variation and magnitude of storm events over the long term, but the evidence on this issue does not support a deferral in this docket, and in any event, PGE has agreed that this issue is outside of the scope of this proceeding.

^{46/} Order No. 04-108 at 9; Order No. 04-357 at 9-10.

^{47/} Order No. 05-1070 at 5.

^{48/} PGE/100 at 7:7-10.

^{49/} Order No. 04-108 at 4, 8.

20 years. PGE has not even attempted to meet its burden of proof and show why the 2017 Level III storms should be treated like these far less probable events.

2. PGE’s testimony does not even discuss the magnitude of the requested deferral on PGE’s overall finances.

While PGE’s 2017 Level III storm costs were above average, the “magnitude of the financial effect” on PGE overall is what matters, not the degree to which actual storm costs deviated from what was forecast in rates.^{50/} PGE’s testimony misses this point and suggests comparing the size of the requested deferral to “the amount included in prices for Level III events,” the “total amount included for all restoration work,” and “the total T&D operations and maintenance (O&M) forecast for the 2016 test year.”^{51/} According to PGE, these comparisons are more “applicable,” because “a determination of the 2017 storm restoration deferral should reflect a meaningful comparison of relevant costs.”^{52/}

A simple analogy demonstrates the fallacy of PGE’s approach. The Company, for instance, surely experiences costs in its operations that average on the order of \$20,000 per year. Suppose in one year it experiences a three-fold increase in these costs. Should the Commission authorize a deferral of \$60,000 in this instance because it is based on a “meaningful comparison of relevant costs”? The precedent PGE asks the Commission to establish here would open the floodgates to deferred accounting, increasing administrative burdens on the Commission and stakeholders, and shifting normal business risk from utilities to customers.

^{50/} Id. at 9.
^{51/} PGE/100 at 6:3-7.
^{52/} Id. at 6:8-9.

Largely for this reason, the Commission’s standard always has been the impact of a deferral on a utility’s overall health, not the size of the deferral compared to the expected expense. This is a standard PGE has recognized before. For instance, in UM 1234, the Company’s witnesses explained that the Commission’s decision regarding deferral of replacement power costs should be guided by “the size of financial effect.”^{53/} And in UM 1623, the Company stated that a deferral was justified in part because “the level of financial impact to PGE... is of a significant nature.”^{54/}

The Company’s witnesses attempted to distinguish past Commission orders on the grounds that the deferrals considered in them were for different types of costs, mostly high replacement power costs caused by unexpected plant outages.^{55/} But this too misses the point. The deferral standard is agnostic as to the cause of the cost. As Staff explains in its testimony, “the pertinent consideration is whether PGE could reasonably be expected to bear these costs between rate cases. Whether the costs are to purchase power replacement or storm damage restoration is not particularly pertinent to the resolution of this question.”^{56/} The Commission’s analysis of deferral requests has always distinguished between proposals based exclusively on their overall financial impact, not on other factors, so PGE’s explanation as to why the Level III storm costs are “material” should be discounted.

^{53/} Docket No. UM 1234, PGE/400 at 10:3 (July 17, 2006).

^{54/} Docket No. UM 1623, PGE/100 (Revised) at 2:4-5 (Feb. 12, 2016).

^{55/} PGE/200 at 4:21-5:18.

^{56/} Staff/100 at 11:10-14.

C. If the Commission approves a deferral, it should allow PGE to defer only the amount that is outside the range of normal Level III storm costs.

PGE's 2017 Level III storm recovery costs incurred after it filed its deferral totaled \$10 million dollars.^{57/} The Company has requested a deferral of \$8 million because its existing storm accrual accounts held \$2 million in 2017. This means that PGE is asking to charge customers for every dollar of storm costs it incurred after it filed its application. If, despite AWEC's arguments above, the Commission allows PGE to establish this deferral, it should require shareholders to bear an appropriate amount of risk and not allow deferral of a commensurate portion of the costs. The Commission conducted a similar analysis in Docket No. UM 1234, where it allowed PGE to defer only the portion of excess power costs that were outside the "range of normal risk."^{58/}

Dr. Hellman explains PGE's request by comparing it to a theoretical \$5 million Level III storm cost, and suggests that PGE would not appropriately be granted a deferral of the \$3 million above the \$2 million already collected in rates.^{59/} He suggests that if "PGE should not, from a deferral perspective, get cost recovery for the first \$3 million above the ten-year average of \$2 million, why should PGE recover the first \$3 million when Level III Storm costs are \$10 million?"^{60/} PGE's rebuttal testimony leaves this question unanswered.

Dr. Hellman's theory is that Level III storm costs above \$2 million, but within the range of normal risk, should be borne by the Company, not its customers, and he suggests that the Commission could determine "normal risk" to be within two standard deviations of historic

^{57/} PGE/100 at 5:5-6.

^{58/} Order No. 07-049 at 19.

^{59/} AWEC/100 at 17:5-9.

^{60/} Id. at 17:8-11.

Level III storm costs.^{61/} “It is a generally accepted principle in statistics that data points that fall more than two standard deviations away from the mean would not be expected.”^{62/}

Theoretically, PGE might be allowed to recover anything outside that amount, less the \$2 million accrual, but Dr. Hellman’s math shows that two standard deviations from historic Level III costs is \$8.6 million, which is more than PGE has requested to defer in this case.^{63/} Unsurprisingly, PGE does not accept Dr. Hellman’s analysis at face value, but it does put forward related analyses finding that \$6.5 or \$5.2 million of the requested deferral could be considered within the range of normal risk.^{64/} If that’s the case, then the costs theoretically subject to deferral are either \$1.5 million or \$2.8 million.^{65/}

AWEC is not arguing that either Dr. Hellman’s alternative proposal, or the PGE-proposed variation, is good policy (nor, for that matter, did Dr. Hellman or PGE).^{66/} Neither should be adopted because the current discretionary standard provides sufficient protection for ratepayers as well as an opportunity for utilities to recover truly extraordinary costs that threaten their financial health. AWEC discusses these alternatives merely to make the point that shareholders should properly bear at least some portion of the risk of higher-than-average Level III storm costs, a consideration entirely absent from PGE’s proposal.

Relatedly, if the Commission were to adopt Dr. Hellman’s methodology or one of PGE’s variants, AWEC submits that the resulting deferral would have almost no impact on PGE. In other words, if the \$8 million requested deferral is in itself too small to constitute a substantial

^{61/} AWEC/100 at 18:25-19:3.

^{62/} Id. at 18:29-31.

^{63/} Id. at 19:4-18.

^{64/} PGE/200 at 6:12-15, 7:4-5.

^{65/} Id.

^{66/} AWEC/100 at 19:19-20:3; PGE/200 at 7:5-8.

or material impact on PGE’s overall finances, the amount of the deferral that is outside the hypothetical range of normal risk does not even approach that standard. The \$8 million requested does not have a significant or material impact on PGE’s ROE, and so it goes without saying that \$1.5 or \$2.8 million does not rise to those levels either.

D. PGE’s application should be considered in the context of its aggressive deferral practices.

If approved, PGE’s request to defer its 2017 Level III storm recovery costs would be its 18th active deferral.^{67/} In many cases the authority for these deferrals is minimal at best. For example, Dr. Hellman explains in his testimony that PGE is currently deferring costs associated with its Demand Response Testbed, a pilot authorized in the Company’s 2016 Integrated Resource Plan, even though there is no statute or Commission order authorizing the deferral.^{68/} PGE defends its practice by explain that “Commission Order No. 17-386 specifically directed PGE to ‘establish a Demand Response Testbed’ ... Costs related to this type of activity are not only temporary, but also difficult to estimate with accuracy.”^{69/}

But whether costs are “temporary” or “difficult to estimate” is not the legal standard. Notably, PGE’s rebuttal testimony does not actually explain how Order No. 17-386 authorized it to defer its Demand Response Testbed costs. Nor does PGE respond to Dr. Hellman’s point that it is deferring community solar and electric vehicle program costs, even though the relevant statute says nothing about allowing deferrals.^{70/}

^{67/} AWEC/100 at 20:9-10.
^{68/} Id. at 20:13-17.
^{69/} PGE/200 at 12:4-7.
^{70/} AWEC/100 at 20:17-21:4.

These deferrals are not the subject of this docket. However, they are relevant as evidence of PGE's practice of seeking deferrals for all costs that are remotely new or novel, and of accordingly shifting as much risk from shareholders as possible. This application is an extreme example of this trend, as it might allow PGE to avoid one of the most basic risks that utilities face: the cost of restoring service after a storm. Given PGE's current practice, it is particularly important that this application be judged with the exceptional nature of deferred accounting in mind, as well as the Commission's prior guidance that it "should be used sparingly."^{71/}

IV. CONCLUSION

For the foregoing reasons, AWEC recommends that the Commission deny the Company's application to defer for later ratemaking treatment the \$8 million of 2017 Level III storm recovery costs. This amount is well PGE's range of normal business risk and deferral is therefore unwarranted.

Dated this 13th day of June, 2019.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

^{71/} Re Northwest Natural Gas, Docket Nos. UM 1635 & UM 1706, Order No. 15-049 at 12 (Feb. 20, 2015); Order No. 05-1070 at 10.

/s/ Riley G. Peck

Tyler C. Pepple

Riley G. Peck

Davison Van Cleve, P.C.

1750 SW Harbor Drive, Suite 450

Portland, OR 97201

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

rgp@dvclaw.com

Of Attorneys for the

Alliance of Western Energy Consumers