



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

March 2, 2017

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Advice No. 17-08, Compliance Filing Schedule 149, Environmental Remediation Cost Recovery Adjustment, Automatic Adjustment Clause

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes 757.205, 757.210, and Oregon Administrative Rule 860-022-0025, for filing tariff sheets associated with Tariff P.U.C. No. 18, with an effective date of **March 2, 2017**:

Twenty Eighth Revision of Sheet No. 1-3
Twenty Eighth Revision of Sheet No. 100-1
Original Sheet No. 149-1
Original Sheet No. 149-2
Original Sheet No. 149-3
Original Sheet No. 149-4
Original Sheet No. 149-5
Original Sheet No. 149-6
Original Sheet No. 149-7

PGE submits this compliance filing pursuant to the Stipulation Adopted by OPUC Order No. 17-071.

To satisfy the requirements of OAR 860-022-0025(2), PGE provides the following response:

Because PGE is implementing Schedule 149 with zero prices for the approximately 867,000 applicable customers, there is no change in revenues and no percentage change in the monthly bills of customers.

Should you have any questions or comments regarding this filing, please contact Marc Cody at (503) 464-7434.

Please direct all formal correspondence and requests to the following email address
pge.opuc.filings@pqn.com

Sincerely,

A handwritten signature in black ink, appearing to read "Karla Wenzel". The signature is written in a cursive style with a large initial "K".

Karla Wenzel
Manager, Pricing and Tariffs

Enclosures

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(N)

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**SCHEDULE 100
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7	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
15	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
32	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
38	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
47	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
49	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
75	x ⁽²⁾	x ⁽²⁾	x	x	x ⁽²⁾	x ⁽²⁾	x	x ⁽²⁾	x	x ⁽²⁾	x ⁽²⁾	x		x	x	x	x	x	x	x
76R	x		x	x			x									x				x
83	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
85	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
89	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
90	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
91		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
92		x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x
95		x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x
485	x	x	x	x	x	x	x		x		x ⁽⁵⁾		x			x	x			x
489	x	x	x	x	x	x	x		x		x ⁽⁵⁾		x			x	x			x
490	x	x	x	x	x	x	x		x		x		x			x	x			x
491		x	x	x	x	x	x		x		x		x			x	x			x
492		x	x	x	x	x	x		x		x		x			x	x			x
495		x	x	x	x	x	x		x		x		x			x	x			x
515	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
532	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
538	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
549	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
575	x ⁽²⁾	x ⁽²⁾	x	x	x	x	x		x		x ⁽²⁾	x			x	x	x	x	x	x
576R	x		x	x			x									x				x
583	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
585	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
589	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
590	x	x	x	x	x	x	x		x		x	x			x	x	x	x	x	x
591		x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
592		x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x
595		x	x	x	x	x	x		x		x ⁽⁵⁾	x			x	x	x	x	x	x

(N)

(N)

- (1) Where applicable.
- (2) These adjustments are applicable only to the Baseline and Scheduled Maintenance Energy.
- (3) Schedule 108 applies to the sum of all charges less taxes, Schedule 109 and 115 charges and one-time charges such as deposits.
- (4) Applicable to Nonresidential Customer who receive service at Daily pricing (other than Cost of Service) or Direct Access (excluding service on Schedules 485, 489, 490, 491, 492 and 495).
- (5) Not applicable to Customers where service was received for the entire calendar year that the Annual Power Cost Variance accrued.

**SCHEDULE 149
ENVIRONMENTAL REMEDIATION COST RECOVERY ADJUSTMENT
AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the costs and revenues associated with the Portland Harbor Superfund site ("Portland Harbor"), the Natural Resource Damage obligation, the Downtown Reach portions of the Willamette River, and the Harborton Restoration Project. This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210.

AVAILABLE

In all territory served by Portland General Electric Company ("PGE").

APPLICABLE

To all Schedules.

ANNUAL ACCOUNT & BALANCING ACCOUNT

By Order No. 17-071, the Commission approved a deferral of environmental-related costs and revenues, effective July 15, 2016, that flow into the Portland Harbor Environmental Remediation Account ("PHERA"). The PHERA Annual Account records Environmental Remediation Costs ("ERC"), the costs of developing the Harborton Restoration Project, and Environmental Remediation Revenues ("ERR"). The balance in the Annual Account that has not been reviewed by the Commission for prudence shall accrue interest at the authorized rate of return approved in PGE's most recent general rate case. Costs and revenues in the Annual Account that have been reviewed for prudence and remain following the earnings test will be transferred to the PHERA Balancing Account and will accrue interest at the average of the five-year U.S. Treasury rate plus 100 basis points (the "PURE Rate").

EARNINGS TEST

Subject to the conditions stated below, the recovery from customers of certain ERC is subject to an earnings review and test for the year that the costs were paid. Following a prudence review, PGE will be allowed to place prudent expenses and proceeds into the Balancing Account to the extent that PGE's Actual Regulated Return on Equity ("ROE") does not exceed its ROE authorized by the Commission in PGE's most recent general rate case. A fixed \$6.0 million each year in ERC and Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, are not subject to the earnings test. Proceeds from insurance companies and DSAY ("Discount Service Acre Year") sales will not be subject to an earnings review, but will be subject to a prudence review.

SCHEDULE 149 (Continued)

DEFINITIONS

Annual Allocated Revenue (“AAR”)

The Annual Allocated Revenue is the sum of annual revenue from this Tariff plus DSAY revenues (net of prudent Harborton Restoration Project development costs), insurance proceeds, \$3.56 million currently in base rates (subject to revision by the Commission), AAR balances carried forward, and accumulated interest. The \$3.56 million per year currently in base rates will be credited to the PHERA Annual Account on a monthly basis, in the amount of \$0.2967 million, until PGE’s next general rate case when the appropriate amount to be included in rates, if any, will be re-examined. For the month of July 2016, a prorated amount of \$0.1627 million shall be credited to the PHERA Annual Account. The amount of insurance proceeds and net DSAY revenues to be included in the AAR is calculated as total proceeds divided by the expected remaining life of the projects, inclusive of the year in which they are received (so that such proceeds are equally allocated). The initial assumption is that the remaining life is through 2028, and may be revised by the Commission (on a going-forward basis) in any subsequent Commission review process.

Downtown Reach

The segment of the Willamette River between River Miles 12 and 16 is known as the “Downtown Reach.”

DSAY

Discount Service Acre Year (“DSAY”) obligations or credits measure damage or mitigation to natural resources.

SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

Environmental Remediation Costs (“ERC”)

Environmental Remediation Costs are costs related to remediation of the Portland Harbor and Downtown Reach sites that include, but are not limited to, the design, permitting, construction, on-going monitoring, and trustee financial requirements necessary for habitat restoration development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, litigation costs/expenses or other liabilities, disposal sites, sites that otherwise contain contamination that requires remediation for which PGE is responsible, or sites to which material may have migrated; the Natural Resource Damage obligation; Harborton Restoration Project O&M and endowment costs; and costs related to pursuing insurance recoveries. ERC do not include Harborton Restoration Project development costs, which include, but are not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable. Further, the remediation sites eligible for inclusion as ERCs are limited to those sites identified in Appendix A to the UM 1789 Stipulation.

Environmental Remediation Revenues

Environmental Remediation Revenues include: (1) DSAY revenues net of prudent Harborton Restoration Project development costs; (2) insurance proceeds; (3) the amount included in base rates for environmental remediation activities at Portland Harbor or Downtown Reach; (4) the Schedule 149 tariff revenue; and (5) interest.

Harborton Restoration Project

PGE intends to design, construct, monitor and maintain the Harborton Restoration Project at 12500 NW Marina Way, Portland, Multnomah County, Oregon. PGE will restore and enhance approximately 62 acres of the 78.51 acres of the overall property.

Natural Resource Damage

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA” or “Superfund”) and Oil Pollution Act (“OPA”) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages (“NRD”) from parties responsible for the release of the contaminants. NRD in this tariff refers to NRD obligations assessed against PGE.

SCHEDULE 149 (Continued)

Portland Harbor Superfund

The Superfund designation is pursuant to CERCLA. 42 U.S.C Section 9601 et seq. The CERCLA and OPA programs require the cleanup for contaminants that are released and pose a threat to human health and the environment.

PURE

The Prudence-Reviewed Unamortized Environmental Remediation Expense ("PURE") rate that is established early each year by Staff and represents the average of the 5-year US Treasury rate plus 100 basis points.

SCHEDULE 149 (Continued)

ADJUSTMENT RATES

<u>Schedule</u>	<u>Adjustment Rate</u>
7	0.000 ¢ per kWh
15/515	0.000 ¢ per kWh
32/532	0.000 ¢ per kWh
38/538	0.000 ¢ per kWh
47	0.000 ¢ per kWh
49/549	0.000 ¢ per kWh
75/575	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
76R/576R	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
83/583	0.000 ¢ per kWh
85/485/585	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
89/489/589	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
90/490/590	0.000 ¢ per kWh
91/491/591	0.000 ¢ per kWh
92/492/592	0.000 ¢ per kWh
95/495/595	0.000 ¢ per kWh

SCHEDULE 149 (Continued)

SPECIAL CONDITIONS

1. By March 15 of each year, PGE will submit a prudence review filing that includes a report of all activity associated with Harborton Restoration Project development costs, ERC, ERR, and other related third-party proceeds recorded in the PHERA Annual Account. Staff and other Parties will complete the prudence review, and Staff will submit its report and recommendation to the Commission within 120 days of submittal. Only cash expenditures will be included in the PHERA Annual Account for recovery under the PHERA mechanism. PGE shall defer, separately track, and capitalize as a regulatory asset, contingent environmental liability accruals. This regulatory asset shall not be included in rate base and PGE shall not earn a return on the balance.
2. The amount of costs and revenues that is transferred to the Balancing Account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's ERC and any remaining Harborton Restoration Project development costs not offset by that year's DSAY revenues, less the AAR. Harborton Restoration Project development costs incurred prior to the first year with DSAY revenues may be netted against those revenues.
3. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism ("PCAM") earnings test. The amount subject to the earnings test is prudently incurred ERC that exceed \$6.0 million. In addition, Harborton Restoration Project development costs are not subject to an earnings test.
4. The amount of annual ERC recoverable post-application of the earnings test is reduced by the AAR and then the remaining balance, if any, is transferred to the Balancing Account for recovery across the following five years.
5. If ERC in any year are less than the AAR, then the remaining ARR balance will be used to offset accumulated costs in the Balancing Account that were allocated to that year. Any remaining positive balances (more AAR revenues than current and accumulated costs) will roll forward as an addition to the next year's AAR.
6. Functionalized costs recoverable through Schedule 149 will be allocated to each rate schedule according to relative use of generation, distribution, and transmission service. Long-Term Direct Access customers will be priced at Cost-of-Service for purposes of allocating costs.

SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

7. In the event that the amount in the PHERA Balancing Account results in a potential refund to customers, subject to approval by the Commission, PGE will determine if the refund should be applied to Customer bills, or if the credit balance should carry to a future period. A credit balance may be carried to a future period if it is determined by the Commission that the credit balance is best used to offset future expected ERC not yet recorded in the deferral account, or for such other reasons as the Commission may determine.
8. Adjustments under this Schedule shall continue for a period of five years following the date that the last remediation expenses are incurred and paid, or such other date that the Commission may decide.
9. Development costs associated with the creation of DSAYs from the Harborton Restoration Project shall be deferred as regulatory assets.
10. PGE shall defer and capitalize, as a regulatory asset, incurred costs associated with environmental liabilities accrued according to Accounting Standards Codification ("ASC") 410, *Environmental Obligations* and pursuant to Generally Accepted Accounting Principles ("GAAP"). Any GAAP accounting accruals recorded would not be subject to interest computation or earnings test as no cash amounts have been paid or received.
11. The PHERA is subject to review no less frequently than every two years, when significant new information becomes available, or during a general rate case. All aspects of the mechanism are subject to review and revision, including but not limited to, the earnings test, the exempt ERC amount, and incentives for cost management such as sharing.
12. If Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, exceed DSAY revenues, PGE will not recover development costs from customers in excess of DSAY revenues retained by PGE. Harborton Restoration Project development costs include all costs associated with the Harborton Restoration Project development, including but not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable.