



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
[PortlandGeneral.com](http://PortlandGeneral.com)

July 31, 2017

Via e-mail  
[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: OPUC Filing Center**

Re: **UM\_\_\_ PORTLAND GENERAL ELECTRIC COMPANY's Application for  
Deferred Accounting of Certain Expenses Associated with an Independent Evaluator  
for a Request for Proposal**

Enclosed for filing is Portland General Electric Company's application for deferred accounting for certain expenses associated with an Independent Evaluator for a Request for Proposal.

A Notice regarding the filing of this application has been provided to the parties on the UE 319 and LC 66 service list.

Parties who wish to receive a copy of this Application should review the Oregon Public Utility Commission (OPUC) website.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-8937 or Denise Saunders at (503) 464-7181.

Please direct all formal correspondence, questions, or requests to the following e-mail address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a blue horizontal line.

Stefan Brown  
Manager, Regulatory Affairs

Encls.

cc: CUB and ICNU

**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 Costs Associated with an Independent Evaluator for a Request For Proposal

**Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator for a Request For Proposal**

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 incremental expenses associated with an Independent Evaluator (“IE”) required for a Request (“RFP”) design, implementation, evaluation and report. PGE will seek amortization of the deferred amount in a future proceeding. 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.
3. Written communications regarding this Application should be addressed to:

PGE-OPUC Filings  
Rates & Regulatory Affairs  
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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

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

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

**A. Background**

The Commission updated its Integrated Resource Plan (“IRP”) planning principles and analysis guidelines in Order 07-002. Consistent with the Order, the objective of PGE’s IRP process is to identify new electric generation, demand-side, and transmission resources which, when considered with our existing portfolio, provide the best combination of expected cost and associated risks for PGE and our customers.

The Commission adopted Competitive Bidding Guidelines in Order No. 06-446. These Guidelines require utilities to issue a Request for Proposal (“RFP”) for all major resource acquisitions – those with durations greater than five years and quantities greater than 100 MW. The Guidelines also require an Independent Evaluator (“IE”) to be used in each RFP process to ensure that all offers are treated fairly.

In Order No. 06-446, the Commission stated, “that if an IE is useful to the process, and we believe that to be so, then the cost of the IE should be included in rates.” Most parties, including staff, favor payment by the utility with recovery from customers. PGE requests deferred accounting to track the costs of the IE for later prudence review and inclusion in rates.

The IE will oversee the RFP process to ensure that it is conducted fairly and properly. PGE will consult with the IE in preparing the RFP and the IE will submit its assessment of the final draft RFP. In the event that PGE neither proposes a self-build option (“Benchmark Resource”) nor solicits

an ownership option, the IE will not independently score the bids, but rather determine if PGE's scoring and selection of the short-list bids are reasonable. If PGE allows ownership bids or proposes a Benchmark Resource, then the IE will independently score the Benchmark Resource and all or a sample of the bids. The IE will then compare results with PGE and attempt to resolve any differences.

Finally, the IE will prepare a closing report for the Commission after the final short-list of bids are selected and participate in the RFP acknowledgment proceeding as described in Order Nos. 06-446 and 89-507.

In its 2017 IRP (Docket No. LC 66), PGE has identified renewable and capacity needs and has proposed to issue one or more RFPs for renewable and capacity resources. On June 27, 2017, the Commission issued Order No. 17-226 approving the selection of Bates White, LLC to serve as the IE in the event PGE pursues any Requests for Proposals in 2017 for capacity, energy and renewable resources.

#### **B. Reason for Deferral**

Commission Order No. 06-446 states that an IE must be used in each RFP to help ensure that all offers are treated fairly. PGE expects to incur incremental costs to pay for the IE that were not included in the costs used to set rates in UE 294, and therefore requests deferred accounting to track these costs for later prudency review and potential inclusion in rates.

PGE also seeks deferred accounting treatment of the potential expenses associated with an IE pursuant to ORS 757.259(2)(e). Deferring the costs will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving this 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 asset in FERC account 182.3,

Other Regulatory Assets, with a credit to FERC Account 407.4, Regulatory Credits. In the absence of a deferred accounting order from the Commission, PGE would record the costs associated with the IE to FERC account 923, Outside Services Employed.

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

PGE currently estimates the amount subject to the deferral will be approximately \$400,000 for the RFP. However the exact amount will depend on the IE selected, the number of bids received, and the amount of work performed by the IE.

**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 Attachment A.

**II. Summary of Filing Conditions:**

**A. Earnings Review:** (ORS 757.259(5) - Not applicable. See Commission Order No. 06-446, Appendix A, Page 1. The Commission adopted Competitive Bidding Guidelines that require utilities to issue a Request for Proposal for all major resource acquisitions and also an Independent Evaluator to be used in each RFP process to ensure that all offers are treated fairly.

**B. Prudence Review:** Should be performed by the OPUC Staff after PGE files for amortization, but should be limited to verification of the accounting methodology used to determine the final amortization balance.

**C. Sharing Percents:** There should be no sharing between PGE and its customers for this deferral. PGE is incurring the IE costs in order to comply with Commission Guidelines set forth in Order Nos. 06-446 and 14-149 related to the evaluation and consideration of RFPs for Major Resources.

**D. Rate Spread/Rate Design:** Account Balances will be spread to the appropriate customer classes.

**E. Three Percent Test:** The amortization of the deferred IE costs 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.

### **III. Conclusion**

For the reasons stated above, PGE requests permission to defer certain expenses associated with an IE as described herein from the date of this application.

DATED this day of July 31, 2017.



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UM\_\_\_\_\_

**Attachment A**

Notice of Application for Deferred Accounting Treatment of Certain  
Expenses Associated with an Independent Evaluator  
for Request for Proposal

**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 Costs Associated with an Independent Evaluator for a Request For Proposal

**Notice of Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator for a Request For Proposal**

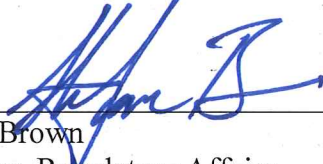
On July 31, 2017, Portland General Electric Company (“PGE”) filed an application with the Public Utility Commission of Oregon (the “Commission”) for an Order authorizing deferral of certain expenses associated with an Independent Evaluator for a Request for Proposal.

Approval of PGE’s application will not authorize a change in PGE’s rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE’s application will be able to access it on the Public Utility Commission of Oregon website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than August 30, 2017.

Dated: July 31, 2017.

  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator for a Request for Proposal** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service list for OPUC Dockets UE 319 and LC 66.

Dated at Portland, Oregon, this 31st day of July, 2017.



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