



Portland General Electric
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August 19, 2022

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

RE: Advice No. 22-18, New Schedule 151 Wildfire Mitigation Cost Recovery

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes (ORS) 757.205 and 757.210, and Oregon Administrative Rules (OAR) 860-300-0080, 860-022-0025 and 860-022-0030, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **September 21, 2022**:

Thirty Ninth Revision of Sheet No. 1-3
Sixth Revision of Sheet No. 100-2
Original Sheet No.151-1
Original Sheet No. 151-2

The purpose of this filing is to request Commission approval of new PGE Schedule 151 to enable timely recovery of incremental costs associated with the development and implementation of PGE's annual Wildfire Mitigation Plan (WMP).¹ PGE is actively engaging in necessary actions across multiple areas to mitigate the risk of wildfire in its service territory. These efforts are critical to protect the lives and property of PGE customers and employees, and to support the well-being and safety of the communities that we serve. In order to meet the growing threat of wildfire and other climate change driven risks, utility planning and operations must continue to evolve and adapt. Effective wildfire mitigation planning and implementation also requires regulatory frameworks that provide predictable and stable outcomes, so that the PGE can focus on and discharge its duty to provide safe and reliable electric service to its customers, now and in the future.

The cost recovery mechanism proposed in this filing provides for recovery of incremental Wildfire Mitigation (WM) costs as identified and approved annually in PGE's WMP. On June 30, 2022, PGE submitted an application in Docket UM 2019 to supplement and reauthorize deferred accounting with a 2022 forecast of WM operations and maintenance (O&M) and capital spending incremental to the costs included in base rates. The WM costs in the UM 2019 deferral would be amortized for collection through Schedule 151, subject to determinations that the expenditures were appropriate and prudently incurred

¹ PGE filed its 2022 Wildfire Mitigation Plan on December 30, 2021, in Docket UM 2208. This is the "wildfire protection plan" required by Senate Bill 762. PGE uses these terms interchangeably. The Commission approved PGE's 2022 Wildfire Mitigation Plan on April 28, 2022 in Order No. 22-132.

with respect to the development, implementation, and operation of the WMP, consistent with ORS 757.963, enacted with Senate Bill 762 (SB 762).²

Schedule 151 is implemented as an automatic adjustment clause (AAC) to ensure full and timely recovery of PGE's reasonably incurred WM costs on an annual basis, as required by ORS 757.963(8) and SB 762. Additionally, PGE is proposing the use of a semiannual Wildfire Mitigation Retrospective Report to provide for review of the prudence of O&M and capital costs and to demonstrate alignment with PGE's WMP, which is filed at the Commission annually by December 31 of each year. PGE's 2022 WMP was filed on December 30, 2021. The Commission approved PGE's WMP on April 28, 2022.³

2022 Wildfire Mitigation Plan Cost Summary

Table 1 summarizes the revenue requirement associated with the incremental capital expenditures and incremental O&M expenses provided in PGE's application to reauthorize deferred accounting of incremental and decremental costs associated with PGE's wildfire mitigation activities and the costs incurred in the development, implementation, and operation of PGE's WMP.⁴ For 2022, the total incremental O&M is \$30.2 million, and the revenue requirement associated with the total incremental capital investment is \$1.0 million. As PGE discussed with parties during a meeting on July 13, 2022, deferred O&M costs include \$19.8 million for the period of January 1 through May 8, which will be amortized over a two-year period; and \$11.4 million estimated for the period of May 9 through December 31, which will be amortized over a one-year period. The estimated recovery amount for the first 12 months from November 1, 2022 through October 31, 2023 is \$23.5 million including revenue sensitive costs.⁵ Attachment A provides the detailed revenue requirement calculation for the incremental capital investment.

Table 1.

(in Millions \$)

	Jan 1 – May 8, 2022	May 9 – Dec 31, 2022
Revenue Requirement associated with Incremental Capital Investment in 2022	0.0	1.0
Total Incremental O&M Expenses for Deferral in 2022	19.8	10.4
Total	19.8	11.4

Cost Recovery Mechanism

For each calendar year, PGE will calculate an annual revenue requirement that includes forecasted incremental O&M and capital spending to implement that year's WMP. The revenue requirement will only include expenditures that are incremental to the costs included in base rates as established in PGE's most recent general rate case. Schedule

² Enacted in 2021 Oregon Laws Ch. 592 (S.B. 762).

³ OPUC Order 22-132.

⁴ See [UM 2019 PGE's Application to Update Prior Reauthorization Request and Reauthorize Deferred Accounting of Costs Associated with Wildfire Risk Mitigation Measure](#) filed on June 30, 2022. That filing only provided the forecasted *incurred* incremental 2022 capital expenditures of \$9.6 million. When calculating the revenue requirement shown in Table 1 above, PGE used the fully loaded capital forecast of \$14.0 million.

⁵ The revenue sensitive factor is 1.0331.

151 rates will be adjusted accordingly with residual amounts in the balancing account resulting in an increase or a decrease in the amounts to be collected. The proposed revenue requirement will be allocated to all customers on a non-bypassable basis using non-generation revenues. The applicable interest rate is the Commission approved modified blended treasury rate for each year.

Semiannual Wildfire Mitigation Retrospective Report

To support a prudence review of PGE's WM expenditures and to demonstrate alignment with the WMP, PGE will file a report two times per year delineating the actions taken and spending that has occurred under its Commission approved WMP for the year. Reporting for January 1 through June 30 will occur on October 1, with a full calendar year report to be filed on March 1 of the following year. A template of this retrospective report is included in this filing as Attachment E.

New Tariff with Automatic Adjustment Clause

Schedule 151 was first submitted for Commission approval in Docket No. UE 394 surrebuttal testimony.⁶ Under PGE's proposal, the recovery of incremental WM costs would be through an AAC and would not be subject to an earnings review. In Order No. 22-129, the Commission decided "*not to adopt any rate adjustment mechanism but invited PGE to file in a separate docket a proposal for a cost recovery method for incremental WM cost consistent with SB 762*". The AAC in Schedule 151 meets the cost recovery requirements from SB 762 (ORS § 757.963(8)) that "[a]ll reasonable operating costs...and prudent investments made...to develop, implement or operate a wildfire protection plan"⁷ are recovered in a "timely" fashion.⁸ PGE is further proposing to provide additional information semi-annually within its Wildfire Mitigation Retrospective Report to support its actions taken for addressing wildfire mitigation each year.

PGE notes that the key language within ORS 757.963 identified above is identical to ORS 469A.120(2)(a) directing timely cost recovery of renewable resource portfolio standard (RPS) compliance costs. In Docket No. UM 1330 – Investigation into Automatic Adjustment Clause, the Commission implemented the language through an AAC, as reflected in Schedule 122.⁹ Schedule 151 mirrors the language of Schedule 122. Given the use of the same legislative language for cost recovery in the RPS and in SB 762, PGE modeled its WM AAC on Schedule 122 Renewable Resources Automatic Adjustment Clause (RAC). The AAC recovery mechanism in Schedule 151 provides a reasonable and consistent framework for PGE to obtain full and timely recovery of prudently incurred costs. Furthermore, the implementation of an AAC in Schedule 151 enables the Commission to regularly evaluate the prudence of PGE's WM spending and alignment with the approved WMP.

SB 762 was not enacted until after PGE filed its general rate case in the UE 394 proceeding. Pursuant to SB 762, Schedule 151 with an AAC, was submitted in PGE's

⁶ UE 394 Exhibit 3004, Macfarlane-Tang.

⁷ See ORS § 757.963(8).

⁸ See ORS § 757.963(8) "shall establish an automatic adjustment clause, as defined in ORS 757.210, or another method to allow timely recovery of the costs"

⁹ In the Matter of Public Utility Commission of Oregon; Investigation of Automatic Adjustment Clause Pursuant to SB 838, Docket UM 1330, Order No. 07-572 (Dec. 17, 2007).

surrebuttal testimony shortly before the prehearing brief and after intervenors submitted their rebuttal testimony. The Commission noted that the development of an AAC requires adequate time and opportunity for parties to thoroughly engage on the issue. Therefore, PGE now resubmits Schedule 151 in an advice filing seeking Commission approval, and providing sufficient opportunity for parties to evaluate this proposal.

This filing recovers costs based on the 2022 WMP. In the future, PGE plans to align the costs and recovery into the calendar year to recover costs contemporaneously, as typically done with an AAC, subject to a balancing account to address any differences between incurred costs and revenues.

To satisfy the requirements of OAR 860-022-0025 and 860-022-0030, PGE responds as follows:

The proposed Schedule 151 will impact approximately 930,000 applicable customers. A typical Schedule 7 Residential customer consuming 780 kWhs monthly will incur a bill increase of approximately \$1.37 or 1.2%, inclusive of Public Purpose Charge effects.

The following workpapers are included in this filing:

Attachment A - 2022 Wildfire Mitigation Incremental Capital Investment Revenue Requirement

Attachment B - Schedule 151 Wildfire Mitigation Cost Recovery Rates Calculation

Attachment C - Schedule 151 Rate Impact by Schedules

Attachment D - Portland General Electric 2022 Wildfire Mitigation Plan

Attachment E - Portland General Electric Wildfire Mitigation Retrospective Report Template

Please direct questions to me at rob.macfarlane@pgn.com and all formal correspondence and requests to pge.opuc.filings@pgn.com.

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs

Enclosures

cc: UE 394 Service List

**PORTLAND GENERAL ELECTRIC COMPANY
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SUMMARY OF APPLICABLE ADJUSTMENTS (Continued)

Schs.	131	134	135	136	137	138	139	142	143	145	146	149	150	151
7	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
32	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
47	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
75	x	x	x	x	x	x		x	x	x	x	x	x	x
76	x	x						x				x		x
83	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
89	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
91	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
95	x	x	x	x	x	x		x	x	x	x	x	x	x
485	x	x			x	x		x	x			x	x	x
489	x	x			x	x		x	x			x	x	x
490	x	x			x	x		x	x			x	x	x
491	x	x			x	x		x	x			x	x	x
492	x	x			x	x		x	x			x	x	x
495	x	x			x	x		x	x			x	x	x
515	x	x	x	x	x	x		x	x	x	x	x	x	x
532	x	x	x	x	x	x		x	x	x	x	x	x	x
538	x	x	x	x	x	x		x	x	x	x	x	x	x
549	x	x	x	x	x	x		x	x	x	x	x	x	x
575	x	x	x	x	x	x		x	x	x	x	x	x	x
576	x	x						x				x		x
583	x	x	x	x	x	x		x	x	x	x	x	x	x
585	x	x	x	x	x	x		x	x	x	x	x	x	x
589	x	x	x	x	x	x		x	x	x	x	x	x	x
590	x	x	x	x	x	x		x	x	x	x	x	x	x
591	x	x	x	x	x	x		x	x	x	x	x	x	x
592	x	x	x	x	x	x		x	x	x	x	x	x	x
595	x	x	x	x	x	x		x	x	x	x	x	x	x
689	x	x		x	x	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 151
WILDFIRE MITIGATION COST RECOVERY**

PURPOSE

This schedule recovers the costs associated with wildfire mitigation, implemented to reduce wildfire risks and enhance safety, reliability, and energy system resilience. This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210 and ORS 757.963(8).

AVAILABLE

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

APPLICABLE

To all bills for Electricity Service.

ADJUSTMENT RATES

<u>Schedule</u>	<u>Adjustment Rate</u>
7	0.169 ¢ per kWh
15/515	0.142 ¢ per kWh
32/532	0.137 ¢ per kWh
38/538	0.201 ¢ per kWh
47	0.349 ¢ per kWh
49/549	0.237 ¢ per kWh
75/575	
Secondary	0.023 ¢ per kWh
Primary	0.023 ¢ per kWh
Subtransmission	0.027 ¢ per kWh
83/583	0.094 ¢ per kWh
85/485/585	
Secondary	0.057 ¢ per kWh
Primary	0.049 ¢ per kWh

SCHEDULE 151

ADJUSTMENT RATES (Continued)

89/489/589/689		
Secondary	0.023	¢ per kWh
Primary	0.023	¢ per kWh
Subtransmission	0.027	¢ per kWh
90/490/590		
Primary	0.020	¢ per kWh
Subtransmission	0.020	¢ per kWh
91/491/591	0.142	¢ per kWh
92/492/592	0.044	¢ per kWh
95/495/595	0.142	¢ per kWh

ANNUAL REVENUE REQUIREMENTS

The Annual Revenue Requirements will include all reasonable operating costs plus investment and associated capital-related costs to develop, implement and/or operate a wildfire mitigation plan under ORS 757.963.

BALANCING ACCOUNT

The Company will maintain a balancing account to track the difference between the actual incremental Schedule 151 revenue requirement and Schedule 151 revenues. The balancing account will accrue interest at the Commission-authorized rate.

SPECIAL CONDITIONS

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of non-generation revenue applied on a cents per kWh basis to each applicable rate schedule, with long-term opt out and new load direct access customers priced at the equivalent cost of service rate schedule. The fixed revenue for all lighting schedules is removed from the non-generation revenue and is not used as the basis for the allocation.
2. The costs for projects included under this schedule will be updated annually and will continue to be recovered under Schedule 151 until such time as the costs are included in base rates.