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October 8, 2020

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 ALLIANCE OF WESTERN ENERGY CONSUMERS
AND CITIZENS' UTILITY BOARD OF OREGON,
Application for an Accounting Order Requiring Portland General
Electric Company to Defer Expenses and Capital Costs Associated with
the Boardman Power Plant.
Docket No. UM _____

Dear Filing Center:

Please find enclosed the Joint Application of the Alliance of Western Energy Consumers and the Oregon Citizens' Utility Board for an Accounting Order Requiring Portland General Electric Company to Defer Expenses and Capital Costs Associated with the Boardman Power Plant.

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 ____

In the Matter of)	
)	
ALLIANCE OF WESTERN ENERGY)	JOINT APPLICATION FOR
CONSUMERS and OREGON CITIZENS’)	DEFERRED ACCOUNTING OF THE
UTILITY BOARD,)	ALLIANCE OF WESTERN ENERGY
)	CONSUMERS AND OREGON
Application for an Accounting Order Requiring)	CITIZENS’ UTILITY BOARD
Portland General Electric Company to Defer)	
Expenses and Capital Costs associated with the)	
Boardman Power Plant.)	
_____)	

I. INTRODUCTION

Pursuant to ORS § 757.259 and OAR § 860-027-0300, the Alliance of Western Energy Consumers (“AWEC”) and the Oregon Citizens’ Utility Board (“CUB”) jointly apply to the Oregon Public Utilities Commission (“Commission”) for an order requiring Portland General Electric Company (“PGE” or “Company”) to defer PGE’s expenses and capital costs associated with the Boardman Plant (“Boardman”) currently included in the Company’s base rates established in its 2019 general rate case, beginning on the date that Boardman ceases operations. A deferral is required in order for customers to adequately capture the reduction in rate base and O&M expenses that will occur as a result of PGE discontinuing operations at Boardman in 2020. In support of this Joint Application, AWEC and CUB state:

1. AWEC is an incorporated, non-profit association of large energy consumers in the Western United States, with offices in Portland, Oregon. Many members of AWEC are customers of PGE.

2. Legislation creating CUB was enacted into law in 1984. CUB was created to ensure that utility consumers have an effective advocate to reflect their needs and interests when it comes to public policies affecting the quality and price of utility services.^{1/}
3. Communications regarding this application should be addressed to:

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II. OAR 860-027-0300(3) REQUIREMENTS

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

A. Description of Expense and Revenue

PGE owns 90 percent of the Boardman 575 MW coal-fired generating plant, resulting in a 518 MW net base capacity for the Company.^{2/} The Commission acknowledged the shutdown of Boardman by no later than the end of 2020 through Order No. 10-457.^{3/} On February 15, 2018, PGE filed a general rate case for rates effective January 1, 2019.^{4/} This was the Company's most recent general rate case. Accordingly, PGE's investment in Boardman is currently included in the Company's base rates established in the 2018 general rate case and will continue at the same level until the rate-effective date of PGE's next general rate case in the absence of a deferral.

^{1/} ORS § 774.020.

^{2/} Portland General Electric, Boardman Plant Air Emissions, available at: <https://www.portlandgeneral.com/corporate-responsibility/environmental-stewardship/air-quality-emissions/boardman-plant-air-emissions> (last accessed Oct. 8, 2020).

^{3/} Docket No. LC 48, Order No. 10-457 (Nov. 23, 2010).

^{4/} Docket No. UE 335, Request for a General Rate Revision (Feb. 15, 2018).

B. Reasons for Deferral

Deferral of PGE's expenses and capital costs associated with Boardman currently included in PGE's base rates is authorized pursuant to ORS § 757.259(2)(e) which specifies that the Commission may authorize deferral of "[i]dentifiable utility expenses or revenues, the recovery or refund of which the [C]ommission finds should be deferred in order to...match appropriately the costs borne by and benefits received by ratepayers" for "later incorporation in rates."^{5/} Upon the retirement of Boardman by the end of 2020, customers will no longer receive a benefit from the plant and therefore, deferral is necessary to appropriately match costs and benefits.^{6/}

Specifically, with respect to rate base amounts associated with Boardman, an appropriate matching of costs and benefits through the deferral of PGE's investment in Boardman included in rate base is further evidenced by the statutory prohibition against a utility earning a return on plant that is no longer used and useful. Specifically, ORS § 757.355(1) states that "a public utility may not, directly or indirectly, by any device, charge, demand, collect or receive from any customer rates that include the costs of construction, building, installation or real or personal property not presently used for providing utility service to the customer." The Court of Appeals of Oregon has affirmed that ORS § 757.355(1) ensures that "property that is not 'reasonably necessary to and actually providing utility service' is ineligible for either inclusion in the rate base or for a rate of return payable by utility customers," and that this

^{5/} ORS § 757.259(2)(e).

^{6/} The Company has been recovering decommissioning costs associated with the Boardman Power Plant under its Schedule 145. From 2011 to 2013, the Company was allowed to collect accelerated depreciation through Schedule 145. Beginning on January 1, 2014, accelerated depreciation amounts were incorporated into base rates and only amounts related to decommissioning were subsequently collected through Schedule 145. Through Schedule 145, the Company also has been able to recover expenses associated with severance and retention of PGE employees outside of base rates at Boardman power plant. This Joint Application does not seek deferral of any costs currently being collected under Schedule 145.

prohibition applies to “property that has ceased being used for the provision of services as well as property that has never been so used.”^{7/} Consequently, a deferral of amounts attributable to Boardman in PGE’s rate base is necessary to ensure PGE does not continue to earn a return on property that is no longer providing utility service.

C. Proposed Accounting

AWEC and CUB recommend that PGE record the deferred amounts as a regulatory liability to the appropriate FERC account.

D. Estimate of Amounts

AWEC and CUB do not currently have the information necessary to provide a precise accounting of the amount to be deferred pursuant to this Application but estimate that the amount currently included in PGE’s base rates is approximately \$50 million.

E. Notice

A copy of the Notice of Application for Accounting Order Requiring PGE to Defer Expenses and Capital Costs Associated with the Boardman Power Plant and a list of persons served with the Notice are attached as Attachment A to this Application.

III. ADDITIONAL FILING CONDITIONS

A. Earnings Review

The refund of costs associated with Boardman will be subject to an earnings review in accordance with ORS § 757.259(5).

^{7/} Citizens' Util. Bd. v. PUC, 154 Or. App. 702, 708-710, 962 P.2d 744, 747 (1998).

B. Prudence Review

Because this Joint Application seeks to defer a reduction in expense and rate base, a prudence review will not be performed when the amounts in this deferred account are eligible for amortization.

C. Sharing

All refunds are to be returned to ratepayers of PGE with no sharing mechanism.

D. Rate Spread/Rate Design

The rate spread/rate design will be consistent with the prevailing rate spread/rate design determined at the time of amortization, unless otherwise agreed by the parties to the applicable proceeding or ordered by the Commission.

IV. CONCLUSION

For the foregoing reasons, AWEC and CUB respectfully request that the Commission order PGE to defer expenses and capital costs associated with Boardman currently included in the Company’s base rates, beginning on the date Boardman ceases operations.

Dated this 8th day of October, 2020

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

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Attachment A

Notice of Application for Accounting Order Requiring Portland General Electric Company to Defer Investment in the Boardman Plant Included in Rate Base

The granting of AWEC and CUB’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.”^{9/}

Dated this 8th day of October, 2020

DAVISON VAN CLEVE, P.C.

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^{9/} OAR 860-027-0300(6)(e).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the attached **Application for Deferred Accounting Order on behalf of the Alliance of Western Energy Consumers and the Oregon Citizens' Utility Board** by electronic mail upon each of the parties on the attached service list for Oregon Public Utilities Commission Docket No. UE 335.

DATED this 8th day of October, 2020.

/s/ Jesse O. Gorsuch

Jesse O. Gorsuch

Paralegal

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OREGON PUBLIC UTILITIES COMMISSION
Docket No. UE 335

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