

May 31, 2019

TO: Alison Lackey
Oregon Public Utility Commission

FROM: Jay Tinker
Director, Regulatory Policy and Affairs

**PORTLAND GENERAL ELECTRIC
UM 1817
PGE Response to OPUC Bench Request
Dated May 24, 2019**

Request:

PGE acknowledges the miscalculation of the 10-year average Level III storm cost accrual in base rates (See PGE/200, Nicholson – Bekkedahl – Tooman/19). PGE is requested to provide a detailed description of the company’s proposed method of addressing this miscalculation.

Response:

PGE proposes two primary methods for addressing the miscalculation and will implement the method determined by the Commission in its final order in Docket No. UM 1817:

- Method 1 – Non-Deferral method – Given the size of the miscalculation and the Parties’ stated reservations to PGE having too many deferrals, PGE proposes that the \$100,000 be allowed to remain in the Level III storm accrual until PGE’s next general rate case. This will minimize the amount of annual administration and processing for a minor amount.
- Method 2 – Deferral method – An annual deferral of the \$100,000 can be accomplished in three ways:
 - Deferral Method 1 – Minimal processing – Given the size of the miscalculation and the Parties’ stated reservations to PGE having too many deferrals, PGE proposes that the \$100,000 be recorded annually in PGE’s UM 1147 residual balance account to offset residual balances from other amortized deferrals. The balancing account accrues interest at the modified blended treasury rate and would be credited with \$100,000 annually, beginning as of the date of the Commission order in this proceeding, until the effective date of PGE’s next general rate case.

- Deferral Method 2 – Offset processing – As of the date of the Commission order, PGE would apply the annualized \$100,000 credit against an amount authorized by the Commission to be deferred for future recovery under the UM 1817 proceeding. PGE would file for annual requests for reauthorization in order to apply subsequent credits of \$100,000 until the effective date of PGE’s next general rate case. A single amortization filing could be used for the net UM 1817 deferral.
- Deferral Method 3 – Full processing – PGE would establish a regulatory liability of \$100,000 as of the date of the Commission order with interest to accrue at PGE’s authorized cost of capital. PGE would file for annual requests for reauthorization in order to apply subsequent credits of \$100,000 until the effective date of PGE’s next general rate case. Amortization of this deferral would require a separate filing and Commission approval.