

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com  
Suite 450  
1750 SW Harbor Way  
Portland, OR 97201

May 31, 2019

## *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 PORTLAND GENERAL ELECTRIC CO.  
Application for the Deferral of Storm-Related Restoration Costs  
**Docket No. UM 1817**

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' Response to Bench Request in the above-referenced docket.

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 1817**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	ALLIANCE OF WESTERN ENERGY
COMPANY,	)	CONSUMERS' RESPONSE TO BENCH
	)	REQUEST
	)	
Application for the Deferral of Storm-Related	)	
Restoration Costs.	)	
_____	)	

The Alliance of Western Energy Consumers (“AWEC”) submits the following response to the Administrative Law Judge’s Bench Request issued on May 24, 2019, in the above-referenced docket.

**Bench Request**

*The Alliance of Western Energy Consumers (AWEC) proposes that the company “accrue a credit, with interest, of \$1000,000 annually, for later return to customers” associated with the difference between the \$3.8 million 10-year average Level III storm cost accrual included in base rates and an updated figure of \$3.7 million (See AWEC/100, Hellman/3, 22). To assist the Commission [to] better understand how this proposal would work, AWEC is asked to provide a detailed description of this proposal. As part of this description, address the proposed:*

- a) effective date of commencing the accrual,*
- b) interest rate,*
- c) compounding, if any, and*
- d) application of the accrued credit*

## **AWEC Response to Bench Request**

Before responding to the specific questions asked in the Commission's Bench Request, AWEC notes that PGE's rebuttal testimony appears to propose offsetting the storm accrual amount currently in rates by the \$100,000 overcollection AWEC identified.<sup>1/</sup> If the Commission adopted this approach, then the creation of a separate, interest-bearing regulatory account to capture the overcollection would not be necessary and the Commission could simply direct PGE to effectuate this treatment. Assuming PGE's proposal is for the 2019 accrual amount to be reduced by \$100,000, AWEC would support this approach with the proviso that the Level III Storm balance have a minimum funding level of \$100,000 after paying for prudently incurred Level III Storm damages. The purpose of the minimum funding level is to have the mechanics of the Level III Storm damage rate mechanism play out as if there were \$3.7 million included in rates for funding purposes rather than \$3.8 million. Further, until the Commission revises PGE's base rates inclusive of an updated value of the ten-year average Level III Storm damage costs, for each month beginning January 1, 2020, the storm damage accrual would be reduced by an additional \$8,333.33. ( $\$8,333.33 = \$100,000/12$ ). The minimum funding level would also increase by these monthly amounts plus interest. AWEC expects PGE will elaborate on its proposal in its response to the Commission's Bench Request.

If, however, the Commission prefers to track the overcollection in a separate account, then AWEC proposes that PGE include a credit of \$103,200, with interest, in Schedule 105—Regulatory Adjustments. This amount differs from the \$100,000 included in testimony because, in preparing its response to this bench request, AWEC identified that the \$100,000

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<sup>1/</sup> PGE/200 at 18:18-19:5.

amount included in the referenced testimony is an expense amount, rather than a revenue requirement amount to be charged to customers. To convert the expense amount to revenue requirement, it must be grossed up using the “revenue sensitive factor” of 1.032, identified in PGE Schedule 125. This results in a revenue requirement credit to customers of \$103,200. Please note that the conversion to revenue requirement is only necessary if the overcollection is tracked in a separate account rather than used to offset the storm accrual amount, as PGE proposes.

AWEC’s responses to the Commission’s specific informational requests are provided below. These responses apply only if the Commission chooses to track the overcollection in a separate regulatory account and not if it elects to use the overcollection to offset the current storm accrual amount in rates.

- a) The accrual would begin effective with the issuance of the Commission’s order in this docket.
- b) The annualized interest rate should be set using PGE’s authorized annual rate of return established in UE 335, which is 7.3 percent.
- c) To the extent the accrual is not passed through to customers, each month should have the interest compounded. The monthly interest rate is 0.59 percent, which is the twelfth root of 7.3 percent.
- d) The credit could be returned to customers through Schedule 105, which is a schedule of regulatory adjustments such as the property sales balancing account and is typically updated with an effective date for service rendered on and after January 1 of each year.

Monies would continue to accrue to the benefit of customers until PGE's base rates are revised to include the correct value of the ten-year average Level III Storm damage costs.

Dated this 31st day of May, 2019.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

Tyler C. Pepple

1750 SW Harbor Way, Suite 450

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

Of Attorneys for the

Alliance of Western Energy Consumers