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July 19, 2018

via e-mail
puc.filingcenter@state.or.us

Public Utility Commission of Oregon
201 High Street, Ste. 100
P. O. Box 1088
Salem, OR 97308-1088

Attn: Filing Center

**Re: UM 1858 - PORTLAND GENERAL ELECTRIC COMPANY's Application for
Reauthorization of Deferred Accounting of Certain Expenses Associated with the
Independent Evaluator for the 2018 Request for Proposal**

Enclosed for filing is Portland General Electric Company's application to reauthorize its deferred accounting for certain expenses associated with the 2018 request for proposal. A Notice regarding the filing of this application has been provided to the parties on the UE 335, UM 1858, and the UM 1934 Service Lists.

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

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or Lynn Latendresse at (503) 464-8370.

Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a faint, larger version of the same signature.

Stefan Brown
Manager, Regulatory Affairs

SB: np
Enclosures

cc: UM 335, UM 1858, and UM 1934 Service Lists

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1858

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 Reauthorization of Deferral of Certain Accounting Expenses Associated with the Independent Evaluator for the 2018 Request For Proposal

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order No. 17-348, Portland General Electric Company (“PGE”) hereby requests reauthorization to defer for later rate-making treatment certain incremental expenses associated with the Independent Evaluator (“IE”) required for the 2018 Request for Proposals (“RFP”) design, implementation, evaluation and report. PGE requests this reauthorization commence effective July 31, 2018.

I. Deferral History

The Public Utility Commission of Oregon (“Commission” or “OPUC”) 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. 06-446.¹ 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

¹ As amended by Order No. 11-340 and Order No. 12-007, 13-204 and 14-149.

are treated fairly.²

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.” PGE requests reauthorization to continue to defer costs of the IE for later prudency review and inclusion in rates.

In its 2017 IRP (Docket No. LC 66), PGE identified renewable and capacity needs and 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. On May 21, the Commission issued Order No. 18-171 approving PGE’s 2018 renewable RFP.

The IE has been overseeing the RFP process, UM 1934, to ensure that it is conducted fairly and properly. PGE consulted with the IE in preparing the RFP, the IE participated in the stakeholder workshops and in Commission meetings, submitted its assessment of the final draft RFP, and responded to Commission request for a written assessment of the issues on Staff’s issues list. The IE has independently scored PGE’s benchmark bid and is engaged in the scoring of third party bids.

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.

OAR 860-027-0300(3) Requirements

PGE is required to provide the following by OAR 860-027-0300(3):

- a. Description of Utility Expense for Which Deferred Accounting is Requested.

² Order No. 06-446 (5).

PGE requests reauthorization of the incremental expenses associated with the IE as more fully discussed under Deferral History above. PGE received approval of the deferral by Commission Order No. 17-348 for the deferral period beginning July 31, 2017 through July 30, 2018.

b. Reasons for Deferral

PGE seeks to continue to defer potential expenses associated with the 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. PGE expects any deferred amount to be recovered or refunded in a manner approved by the Commission.

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 to be recorded for the next 12 months will be approximately \$320,000.

e. Notice.

A copy of the notice (“Notice”) of application for reauthorization of deferred accounting treatment and a list of persons served with the notice are attached to the application as Attachment A. In compliance with the provisions of OAR 860-0027-0300(6), PGE is serving the Notice on the UM 1858 and UE 335 (PGE’s current general rate case) service lists. In addition, PGE is serving the Notice on the UM 1934 (PGE’s 2018 RFP docket) service list.

II. The following is provided pursuant to OAR 860-027-0300(4).

a. Description of Deferred Account Entries

Please see sections II(a) and II(c) above.

b. The Reason for Continuing Deferred Accounting

PGE seeks approval to continue to defer revenues associated with certain potential expenses associated with the IE for the 2018 RFP between July 31, 2018 and July 30, 2019, as described in I (b) above. Without reauthorization this deferral will expire on July 30, 2018.

III. 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 RFP for all major resource acquisitions and to utilize an Independent Evaluator in the 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.

IV. **PGE Contacts**

The authorized addresses to receive notices and communications in respect to this Application are:

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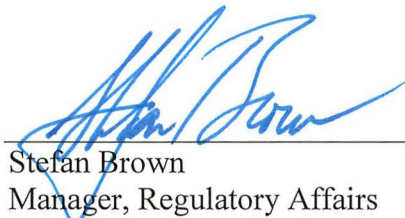
In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Stefan Brown, Manager, Regulatory Affairs
E-mail: stefan.brown@pgn.com

V. **Conclusion**

For the reasons stated above, PGE requests permission to continue to defer certain expenses associated with the IE for the 2018 RFP as described herein effective July 31, 2018.

DATED this day of July 19, 2018.



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UM 1858

Attachment A

**Notice of Application for Reauthorization
of Deferral of Certain Expenses Associated with
the Independent Evaluator for the 2018 Request For Proposal**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1858**

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 Reauthorization of Deferral of Certain Expenses Associated with the Independent Evaluator for the 2018 Request For Proposal

On July 19, 2018, Portland General Electric Company (“PGE”) filed an application with the Public Utility Commission of Oregon (the “Commission”) for an Order reauthorizing deferral of certain expenses associated with the Independent Evaluator for the 2018 Request for Proposal.

Approval of PGE’s application to continue the deferral 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 Commission website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than August 19, 2018.

Dated: July 19, 2018.



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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for Reauthorization of Deferral of Certain Expenses Associated with an Independent Evaluator for a 2018 Request For Proposal** to be served by electronic mail to those parties whose email addresses appear on the attached service for OPUC Dockets UM 1858, UE 335 and 1934.

Dated at Portland, Oregon, this 19th day of July, 2018.



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