



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

April 19, 2024

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P. O. Box 1088
Salem, OR 97308-1088

Re: UM 2281 - PGE's Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal

Attached for filing is Portland General Electric Company's Application to Reauthorize Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal.

A Notice regarding the filing of this application has been provided to the parties on the UM 22818 and UE 435 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7488.

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

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement

JF/dm
Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2281

In the Matter of

Portland General Electric Company

Application for Deferred Accounting of
Certain Expenses Associated with an
Independent Evaluator and Third-party
Consultants for a Request for Proposal

**Application for Reauthorization of Deferral
of Certain Expenses Associated with an
Independent Evaluator and Third-Party
Consultants for a Request For Proposal**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby requests reauthorization to continue to defer for later rate-making treatment certain design, implementation, evaluation and report expenses, along with certain expenses associated with an Independent Evaluator (IE) as required under the competitive bidding rules for its 2023 All-Source Request for Proposals (RFP).¹ PGE is requesting this reauthorization commence effective April 21, 2024 through April 20, 2025. PGE will seek amortization of the deferred amount in a future proceeding.

I. Deferral Summary

In accordance with the competitive bidding rules adopted by the Commission, PGE commenced the process for a 2023 All-Source RFP for carbon-free energy resources as we work toward the 2030 decarbonization target and seek to address a 2026 capacity need identified as part of PGE’s 2023 Integrated Resource Plan and Clean Energy Plan. The rules for engaging an IE within a competitive resource procurement process are prescribed within OAR 860-089-0200, which states in part: “The

¹ See OARs 860-089-0200 and 860-089-0400.

electric company may request recovery of fees and expenses associated with engaging an IE in customer rates.”² Additionally, pursuant to OAR 860-089-0400(5)(a), PGE is required to: “use a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources.”

As part of PGE’s notice of the commencement of the process for a 2023 All-Source Request for Proposals (RFP), docketed as UM 2274, PGE also sought a partial waiver of OAR 860-089-0200, to allow Bates White, the IE used for PGE’s 2021 RFP, to continue and serve as the IE for UM 2274. PGE’s waiver request, allowing for the continuation of Bates White, was granted by the Commission at the April 18, 2023, Commission Public Meeting. As such, Bates White is overseeing the 2023 All-Source RFP process and performing all functions identified within the Division 089 rules to ensure that it is conducted fairly, transparently, and properly. Some examples of these functions, as specified in OAR 860-089-0450, include the IE being available and responsive to the Commission throughout the process, PGE consulting with the IE in preparing the RFP, the IE submitting its assessment of the final draft RFP, and the IE preparing a closing report for the Commission after the final short-list of bids are selected. Additionally, pursuant to conditions in the 2023 RFP, the IE will continue to be retained following the selection of final short-list bids to oversee Contract Negotiations and through final resource selection.

Additionally, consistent with PGE’s 2021 All-Source RFP, independent third-party experts that will be involved in the 2023 All-Source RFP process include:

- A Variable Energy Resource (VER) assessment expert to review and assess the short-listed proposals received for wind and solar bids. This includes the review and assessment of the VER

² See OAR 860-089-0200(3).

estimate, resource study, and other resource data describing the estimated energy produced from each project proposal.

- A third-party Owner’s Engineer (OE) to conduct technical compliance review of short-listed proposals received for renewable energy bids. This includes analysis of the technical exception log submitted with each utility-owned proposal, identification of any additional technical scope gaps, and cost estimation for any identified technical exceptions.

As part of this application, PGE requests deferred accounting to track the costs of the IE, and independent third-party experts including the VER assessment expert, and the third-party OE who will support the evaluation of the RFP bids for later prudence review and inclusion in rates.

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

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

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

See Deferral Summary above.

b. Reason for Deferral

OAR 860-089-0200(1) requires the engagement of an IE prior to issuing an RFP to oversee the competitive bidding process. OAR 089-0400(5)(a) specifies the use of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources. PGE expects to incur incremental costs to pay for the IE and independent third-party experts that were not included in the costs used to set rates in PGE’s most recent general rate case (Docket No. UE 394), and therefore requests deferred accounting to track these costs for later prudence review and potential inclusion in rates.

PGE seeks deferred accounting treatment of the expenses associated with an IE and independent third-party experts 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.

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 and third-party experts to FERC account 923, Outside Services Employed.

d. Estimate of Amounts to be recorded for the next 12 months.

PGE currently estimates the amount subject to the deferral will total approximately \$400,000 for the IE and third-party experts required for PGE's 2023 All-Source RFP. However, the exact amount will depend on a number of factors including the independent third-party experts selected, the number of bids received, and the amount of work performed by the IE and independent third-party experts.

e. Notice.

A copy of the notice of application for deferred accounting treatment and a list of persons served with the notice are attached to the application as Attachment A.

III. OAR 860-027-0300 (4) Requirements

a. Description of Deferred Account Entries

Please see sections I and II(c) above.

b. The Reason for Continuing Deferred Accounting

PGE seeks approval to continue to defer of the expenses associated with an IE and independent third-party experts as described above. Without reauthorization this deferral will expire on April 20, 2024.

IV. Summary of Filing Conditions:

A. Earnings Review

Not applicable. See OAR 860-089-0200(1), which requires utilities to engage the services of an IE to oversee the competitive bidding process and OAR 860-089-0400(5)(a) which requires utilities to engage the services of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist.

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 Percent

There should be no sharing between PGE and its customers for this deferral. PGE is incurring the IE and independent third-party evaluator costs in this deferral application pursuant to the provisions included within OARs 860-089-0200(1) and 860-089-0400(5)(a).

D. Rate Spread/Rate Design

Costs recovered through this deferral will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.

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.

V. PGE Contacts

Written communications regarding this Application should be addressed to:

Kim Burton
Assistant General Counsel
Portland General Electric Company
1WTC1301
121 SW Salmon Street
Portland OR 97204
(573) 356-9688
kim.burton@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
1WTC0306
121 SW Salmon Street
Portland OR 97204
(503) 464-8172
pge.opuc.filings@pgn.com

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

Greg Batzler
Email

Senior Regulatory Consultant
Greg.Batzler@pgn.com

VI. Conclusion

For the reasons stated above, PGE requests permission to defer certain expenses associated with an IE and independent third-party experts as described herein from the date of this application.

DATED this day of April 19, 2024.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503-464-7488
E-Mail: jacquelyn.ferchland@pgn.com

UM 2281

Attachment A

Notice of Application for Reauthorization of Deferral of Certain Expenses
Associated with an Independent Evaluator and Third-Party Consultants for a
Request For Proposal

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 2281**

In the Matter of

Portland General Electric Company

Application for Deferred Accounting of
Certain Expenses Associated with an
Independent Evaluator and Third-party
Consultants for a Request for Proposal

**Notice of Application for Reauthorization of
Deferral of Certain Expenses Associated
with an Independent Evaluator and Third-
Party Consultants for a Request For
Proposal**

On April 19, 2024, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission) for an Order authorizing deferral of certain expenses associated with an Independent Evaluator and Third-Party Consultants for PGE’s 2023 All-Source Request For Proposal. Approval of PGE’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.

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 May 14, 2024.

Dated: April 19, 2024.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503-464-7488
E-Mail: jacquelyn.ferchland@pgn.com

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 and Third-Party Consultants for a Request For Proposal** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service list for OPUC Docket UE 435 and UM 2281.

Dated at Portland, Oregon, this 19th day of April, 2024.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503-464-7488
E-Mail: jacquelyn.ferchland@pgn.com

**SERVICE LIST
OPUC DOCKET No. UE 435**

ERIC AUSTIN
WALMART INC

2608 SOUTHEAST J
STREET
BENTONVILLE AR 72712-
0550
eric.austin@walmart.com

AWEC

BRENT
COLEMAN (C) (HC)
DAVISON VAN CLEVE

1750 SW HARBOR WAY,
SUITE 450
PORTLAND OR 97201
blc@dvclaw.com

JESSE O
GORSUCH (C) (HC)
DAVISON VAN CLEVE

1750 SW HARBOR WAY STE
450
PORTLAND OR 97201
jog@dvclaw.com

TYLER C
PEPPLE (C) (HC)
DAVISON VAN CLEVE

107 SE WASHINGTON ST
STE 430
PORTLAND OR 97214
tcp@dvclaw.com

CALPINE SOLUTIONS

GREGORY M.
ADAMS (C)
RICHARDSON ADAMS
PLLC

515 N 27TH ST
BOISE ID 83702
greg@richardsonadams.com

GREG BASS
CALPINE ENERGY
SOLUTIONS, LLC

401 WEST A ST, STE 500
SAN DIEGO CA 92101
greg.bass@calpinesolutions.com

KEVIN HIGGINS
ENERGY STRATEGIES
LLC

215 STATE ST - STE 200
SALT LAKE CITY UT 84111-
2322
khiggins@energystrat.com

CHARGEPOINT

MAL SKOWRON
CHARGEPOINT

254 EAST HACIENDA AVE
CAMPBELL CA 95008
mal.skowron@chargepoint.com

FRED MEYER

JUSTIN BIEBER
FRED MEYER/ENERGY
STRATEGIES LLC

215 SOUTH STATE STREET,
STE 200
SALT LAKE CITY UT 84111
jbieber@energystat.com

KURT J BOEHM
BOEHM KURTZ &
LOWRY

36 E SEVENTH ST - STE 1510
CINCINNATI OH 45202
kboehm@bkllawfirm.com

JODY KYLER COHN
BOEHM KURTZ &
LOWRY

36 E SEVENTH ST STE 1510
CINCINNATI OH 45202
jkylercohn@bkllawfirm.com

NEWSUN ENERGY

MARIE P BARLOW
NEWSUN ENERGY LLC

550 NW FRANKLIN AVE STE
408
BEND OR 97703
mbarlow@newsunenergy.net

LESLIE SCHAUER
NEWSUN ENERGY LLC

550 NW FRANKLIN AVE STE
408
BEND OR 97703
leslie@newsunenergy.net

JACOB (JAKE)
STEPHENS
NEWSUN ENERGY LLC

550 NW FRANKLIN AVE STE
408
BEND OR 97703
jstephens@newsunenergy.net

**OREGON CITIZENS
UTILITY BOARD**

JENNIFER HILL-
HART (C) (HC)
OREGON CITIZENS'
UTILITY BOARD

610 SW BROADWAY STE 400
PORTLAND OR 97205
jennifer@oregoncub.org

ROBERT
JENKS (C) (HC)
OREGON CITIZENS'
UTILITY BOARD

610 SW BROADWAY, STE
400
PORTLAND OR 97205
bob@oregoncub.org

Share OREGON
CITIZENS' UTILITY
BOARD
OREGON CITIZENS'
UTILITY BOARD

610 SW BROADWAY, STE
400
PORTLAND OR 97205
dockets@oregoncub.org

PGE

KIM BURTON (C) (HC) 121 SW SALMON STREET
PORTLAND GENERAL PORTLAND OR 97204
ELECTRIC kim.burton@pgn.com

JAKI 121 SW SALMON ST.
FERCHLAND (C) (HC) 1WTC0306
PORTLAND GENERAL PORTLAND OR 97204
ELECTRIC jacquelyn.ferchland@pgn.com

SHAY LABRAY (C) 21 SW SALMON STREET
PORTLAND GENERAL PORTLAND OR 97204
ELECTRIC shay.labray@pgn.com;
pge.opuc.filings@pgn.com

STAFF

STEPHANIE S BUSINESS ACTIVITIES
ANDRUS (C) SECTION
Oregon Department of 1162 COURT ST NE
Justice SALEM OR 97301-4096
stephanie.andrus@doj.state.or.us

RUSSELL BEITZEL (C) 201 HIGH ST SE
PUBLIC UTILITY SUITE 100
COMMISSION OF OREGON SALEM OR 97301
russell.beitzel@puc.oregon.gov

WALMART

JUSTINA A 50 WEST LIBERTY ST STE
CAVIGLIA (C) (HC) 750
PARSONS BEHLE & RENO NV 89501
LATIMER jcaviglia@parsonsbehle.com

RONI SHAFFER (C) 50 WEST LIBERTY ST STE
PARSONS BEHLE & 750
LATIMER RENO NV 89501
rshaffer@parsonsbehle.com

**SERVICE LIST
OPUC DOCKET No. UM 2281**

| | |
|------------------------------|--------------------------|
| PORTLAND GENERAL ELECTRIC | pge.opuc.filings@pgn.com |
|------------------------------|--------------------------|

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| KIM BURTON PORTLAND GENERAL ELECTRIC | 121 SW SALMON STREET PORTLAND OR 97204 kim.burton@pgn.com |
|--|---|

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|---|---|
| JOHANNA RIEMENSCHNEIDER Oregon Department of Justice | BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4796 johanna.riemenschneider@doj.state.or.us |
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| | |
|---|---|
| KATHY ZARATE PUBLIC UTILITY COMMISSION OF OREGON | 201 HIGH ST SE STE 100 SALEM OR 97301 kathy.zarate@puc.oregon.gov |
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