



**Portland General Electric**  
121 SW Salmon Street · Portland, Ore. 97204

December 29, 2020

***Via Electronic Filing***

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

**RE: UM 1294 PGE's Application for Reauthorization to Defer Annual Net Variable Power Cost Variance**

Dear Filing Center;

Enclosed for filing is Portland General Electric Company's (PGE) Application for Reauthorization of the Deferral of Annual Net Variable Power Cost Variances pursuant to Commission Order No. 19-439.

A Notice regarding the filing has been provided electronically to the parties on the UE 335 and UM 1294 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](mailto:pge.opuc.filings@pgn.com).

Sincerely,

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement

JF/np  
Enclosure.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1294**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application for Deferred Accounting of  
Annual Power Cost Variance

**PORTLAND GENERAL ELECTRIC  
COMPANY'S APPLICATION FOR  
DEFERRAL REAUTHORIZATION**

Pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, PGE tariff Schedule 126, and the Public Utility Commission of Oregon ("Commission" or "OPUC") reauthorization Order No. 19-439, Portland General Electric Company ("PGE") requests to continue to defer for later ratemaking treatment certain annual net variable power cost variances ("PCV Deferral"). Schedule 126 is an automatic adjustment clause as defined in ORS 757.210. PGE requests that the reauthorization continue effective January 1, 2021 through December 31, 2021.

**I. Deferral History**

In Commission Order No. 07-015, the OPUC authorized the adoption of an Annual Power Cost Adjustment Mechanism ("PCAM") for PGE. On January 17, 2007, PGE filed an application for authorization from the Commission to accrue, for future amortization, the 2007 difference between annual actual net variable power costs and the baseline net variable power costs forecasted (i.e., PCV Deferral) in PGE's most recent general rate case or pursuant to tariff Schedule 125, in accordance with Order No. 07-015.

The PCV Deferral provides for recognition in rates of the difference, for a given year, between the actual net variable power costs incurred by PGE and the baseline net variable power

costs forecasted in PGE's most recent general rate case or pursuant to PGE Schedule 125. The PCV Deferral is determined pursuant to the terms of Schedule 126, which includes a Positive Annual Power Cost dead band for positive annual variances, a Negative Annual Power Cost dead band for negative annual variances, and an earnings review.

Pursuant to Commission Order No. 10-478 (Docket UE 215), the power cost variance dead bands in PGE's Annual PCAM tariff, Schedule 126, were reset to a negative annual power cost dead band of (\$15 million) and a positive annual power cost dead band of \$30 million.

The Commission authorized the PCV Deferral through Commission Order No. 07-050 and PGE's last request for reauthorization was approved through Commission Order No. 19-439. The continuance of the deferral will minimize the frequency of rate changes or the fluctuation of rate levels, and match appropriately the costs borne, and benefits received by customers.

PGE has filed and received several reauthorizations for this deferral as shown in Table 1 below:

**Table 1 (\$ Millions)**

<b>Filing Date</b>	<b>Renewal Period</b>	<b>Approval Date</b>	<b>Order No.</b>	<b>PCV</b>	<b>Deferral for Amortization</b>
01-16-08	1-17-08 / 1-16-09 (2008 PCAM)	03/04/08	08-154	\$16.7 credit	\$16.7 refund
12-19-08	1-01-09 / 12-31-09 (2009 PCAM)	1/27/09	09-023	\$0	\$0
12-01-09	1-01-10 / 12-31-10 (2010 PCAM)	12/28/09	09-505	\$0	\$0
12-15-10	1-01-11 / 12-31-11 (2011 PCAM)	1/28/11	11-042	\$17.3 credit	\$5.5 refund
12-22-11	1-1-12 / 12-31/12 (2012 PCAM)	2/14/12	12-051	\$1.7 credit	\$0
12-11-12	1-1-13 / 12-31-13 (2013 PCAM)	2/26/13	13-063	\$0	\$0
12-18-13	1-1-14 / 12-31-14 (2014 PCAM)	2/18/14	14-050	\$0	\$0
12-30-14	1-1-15 / 12-31-15 (2015 PCAM)	2/24/15	15-058	\$0	\$0
12-11-15	1-1-16 / 12-31-16 (2016 PCAM)	1/12/16	16-007	\$0	\$0
12-8-16	1-1-17 / 12-31-17 (2017 PCAM)	3/21/17	17-107	\$0	\$0
12-13-17	1-1-18 / 12-31-18 (2018 PCAM)	3/27/18	18-091	\$0	\$0
12-11-18	1-1-19 / 12-31-19 (2019 PCAM)	2/15/19	19-043	\$0	\$0
11-20-19	1-1-20 / 12-31-20 (2020 PCAM)	12/20/19	19-439	TBD	TBD

**II. OAR 860-027-0300 Requirements**

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

a. Description of Amounts

See the Deferral History above. Amounts will be deferred pursuant to the terms of Schedule 126.

b. Reasons for Deferral

PGE seeks reauthorization to defer annual net variable power cost variances from January 1, 2021 through December 31, 2021 ("Deferral Period 2021"). Without reauthorization, this deferral will expire on December 31, 2020. The continuance of the deferral will minimize the frequency of rate changes or the fluctuation of rate levels, or match appropriately the costs

borne, and benefits received by customers.

c. Proposed Accounting

PGE proposes to record the Deferred Amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 555, Purchased Power, if there is an amount to collect from customers. PGE would record the Deferred Amount in FERC 229, Accumulated Provision for Rate Refunds; debiting FERC 449.1, [Provision for Rate Refunds], if there is a refund to customers. In the absence of deferral approval, PGE would not calculate a PCV and all associated revenue and expense would remain booked to the appropriate FERC accounts.

d. Estimate of Amounts

PGE cannot provide an estimate of the amount that will be deferred because it is dependent on actual 2021 information that is currently unknown, including the 2021 PCV and the earnings review required by Schedule 126. PGE requests that, in accordance with ORS 757.259(4), it be allowed to continue to accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital. Interest for subsequent amortizations will accrue interest at the rate set by the Commission.

e. Notice

A copy of the Notice of Application for Reauthorization to Defer Annual Net Variable Power Cost Variances and a list of persons served with the Notice are attached to the application as Attachment A.

**III. The following is provided pursuant to OAR 860-027-0300(4):**

a. Description of deferred account entries

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

b. The reason for continuing deferred accounting

PGE seeks approval to continue the PCV Deferral pursuant to Commission Order No. 07-015, PGE tariff Schedule 126, Order No. 07-050, and the latest reauthorizing Orders No. 19-439 and (II)(b) above.

#### **IV. PGE Contacts**

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

Douglas C. Tingey  
Associate General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC1301  
Portland, OR 97204  
Phone: 503.464.8926  
E-mail : doug.tingey@pgn.com

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Phone: 503.464.7805  
E-mail: 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:

Stefan Cristea, Senior Regulatory Analyst  
e-mail: stefan.cristea@pgn.com

#### **V. Summary of Filing Conditions**

##### **a. Earnings**

The Earnings Review<sup>1</sup> is subject to the terms of Schedule 126.

##### **b. Prudence**

A prudence review should: 1) be performed at the time of deferral amortization; and 2) include a verification of the accounting methodology used to determine the final amortization balance.

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<sup>1</sup> Earnings Review v. Earnings Test: There is also a 90-10 percent sharing between customers and shareholders that is applied after the power cost dead bands and before the earnings test.

c. Sharing

Sharing is subject to the terms of Schedule 126.

d. Rate Spread / Rate Design

The PCV amortization amount will be spread on an equal cents per kWh basis, as specified in Schedule 126.

e. Three Percent Test - (ORS 757.259(6))

ORS 757.259(8) allows the Commission to consider up to a six percent limit. Schedule 126 specifies the six percent limit. The three percent test measures the annual overall effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. The limit of the deferrals, if any will be determined at the time of amortization.

**VI. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer annual net variable power cost variances from January 1, 2021 through December 31, 2021.

Dated December 29th, 2020.

Respectfully Submitted,

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement  
Portland General Electric Company  
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**UM-1294**

**Attachment A**

Notice of Application for Reauthorization  
To Defer Annual Net Variable Power Cost Variance



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1294**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application for Deferred Accounting of  
Annual Power Cost Variance

**PORTLAND GENERAL ELECTRIC  
COMPANY'S NOTICE OF APPLICATION  
FOR DEFERRAL REAUTHORIZATION**

On December 29, 2020, Portland General Electric Company ("PGE") filed an application with the Public Utility Commission of Oregon (the "Commission") for an Order reauthorizing deferral of the annual net variable power cost variances pursuant to Order No. 07-015, Order No. 19-439 and PGE tariff Schedule 126.

Approval of PGE's reauthorization 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 January 29, 2021.

Dated: December 29<sup>th</sup>, 2020.

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Phone: 503.464.7488

## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **Notice of Application for Reauthorization to Defer Annual Net Variable Power Cost Variance** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket Nos. UE 335 and UM 1294.

Dated at Portland, Oregon, this 29<sup>th</sup> day of December 2020.

*/s/ Jaki Ferchland*

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