



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

December 11, 2015

**Email**

[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon  
**Attn: OPUC Filing Center**  
201 High St. SE, Suite 100  
P. O. Box 1088  
Salem, OR 97308-1088

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

Enclosed for electronic filing is Portland General Electric Company's Application for Reauthorization to Defer Annual Net Variable Power Cost Variances for January 1, 2016 through December 31, 2016.

PGE originally received permission to defer the annual difference between actual and forecasted net variable power costs pursuant to tariff Schedule 126 and Commission Order No. 07-050.


A Notice of Application regarding the filing of this application has been served by electronic mail to those parties listed on the UE 294 service list.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-8937.

Sincerely,

Stefan Brown  
Manager, Regulatory Affairs

*encls.*

  
cc: Bob Jenks, CUB  
Melinda Davison, ICNU  
Service Lists: UE 294

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1294**

<b>In the Matter of the Application of Portland General Electric Company for Deferred Accounting of Annual Power Cost Variance</b>	<b>Application For Reauthorization To Defer Annual Net Variable Power Cost Variance</b>
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Pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, OPUC Order Nos. 14-050, 15-058 and PGE tariff Schedule 126, Portland General Electric Company ("PGE") requests reauthorization 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 commence effective January 1, 2016 through December 31, 2016.

**I. Deferral History**

In Order 07-015, the Oregon Public Utility Commission (Commission) authorized the adoption of an Annual Power Cost Adjustment Mechanism ("PCAM") for PGE. PGE Schedule 126 contains the terms of the PCV Deferral. 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 net variable power costs forecasted pursuant to PGE Schedule 125.

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 net variable power costs forecasted pursuant to tariff Schedule 125, in accordance with Order No. 07-015. This PCV Deferral is to capture the net variable power cost difference that will be amortized in rates. The annual variance is determined pursuant to the terms of

Schedule 126, which includes a Positive Annual Power Cost deadband for positive annual variances, a Negative Annual Power Cost deadband for negative annual variances, and an earnings test.

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

The PCV Deferral was authorized through OPUC Commission Order No. 07-050 and the request to continue the PCAM deferral is filed pursuant to Order Nos. 14-050, 15-058 and ORS §757.210. 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)**

Filing Date	Renewal Period	Order No.	Approval Date	PCV	Deferral for Amortization
01-16-08	1-17-08 / 1-16-09 (2008 PCAM)	08-154	03/04/08	\$16.1 refund	\$0
12-19-08	1-01-09 / 12-31-09 (2009 PCAM)	09-023	1/27/09	\$0	\$0
12-01-09	1-01-10 / 12-31-10 (2010 PCAM)	09-505	12/28/09	\$0	\$0
12-15-10	1-01-11 / 12-31-11 (2011 PCAM)	11-042	1/28/11	\$17.3 refund	\$5.5 refund
12-22-11	1-1-12 / 12-31/12 (2012 PCAM)	12-051	2/14/12	\$1.7 refund	\$0
12-11-12	1-1-13 / 12-31-13 (2013 PCAM)	13-063	2/26/13	\$0	\$0
12-18-13	1-1-14 / 12-31-14 (2014 PCAM)	14-050	2/18/14	\$0	\$0
12-30-14	1-1-15 / 12-31-15 (2015 PCAM)	15-058	2/24/15	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, 2016 through December 31, 2016 ("Deferral Period 2016"). Without reauthorization, this deferral will expire on December 31, 2015. 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 2016 information that is currently unknown, including the 2016 PCV and the earnings test 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, set at 7.510% through OPUC Commission

Order No. 15-356 (UE 294), until amortization of any deferred amounts begins. Subsequently, interest will accrue at the interest rate set by the Commission for deferred amortizations.

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 is seeking approval to continue the PCV Deferral pursuant to Commission Order No. 07-015, PGE tariff Schedule 126, Order No. 07-050, and reauthorizing Order No. 15-058 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  
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PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Phone: 503.464.7857  
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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:

Alex Tooman, Project Manager, Regulatory Affairs.  
e-mail: alex.tooman@pgn.com

V. **Summary of Filing Conditions**

a. Earnings

The Earnings Review is subject to the terms of Schedule 126.

b. Prudence

A prudence review is a required component of an earnings review, and should include a verification of the accounting methodology used to determine the final amortization balance.

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, 2016 through December 31, 2016.

DATED: December 11, 2015.

Respectfully Submitted,



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Stefan Brown  
Manager, Regulatory Affairs  
On Behalf of 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**

<b>In the Matter of the Application of Portland General Electric Company for Deferred Accounting of Annual Power Cost Variance</b>	<b>Notice Of Application For Reauthorization To Defer Annual Net Variable Power Cost Variance</b>
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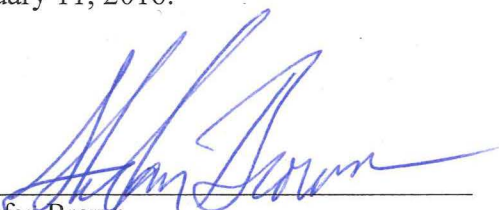
On December 11, 2015, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order reauthorizing deferral of the annual net variable power cost variances pursuant to Order No. 07-015 and PGE tariff Schedule 126.

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 OPUC website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than January 11, 2016.


Dated: December 11, 2015.

  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **UM 1294 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 294 and UM 1294.

DATED at Portland, Oregon, this 11<sup>th</sup> day of December 2015.



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**SERVICE LIST  
OPUC DOCKET # UE 294**

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**SERVICE LIST  
OPUC DOCKET # UM 1294**

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