



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

December 13, 2017

**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, 2018 through December 31, 2018.

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 319 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 503-464-7805.

Sincerely,

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

Stefan Brown  
Manager, Regulatory Affairs

*encls.*

cc: Bob Jenks, CUB  
Brad Van Cleve, ICNU  
Service Lists: UE 319

**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, PGE tariff Schedule 126, and Commission reauthorization Order No. 17-107, 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 commence effective January 1, 2018 through December 31, 2018.

**I. Deferral History**

In Order 07-015, the Public Utility Commission of Oregon (Commission or 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 net variable power costs forecasted (i.e., PCV deferral) 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 net variable power costs forecasted 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 test.

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. 17-107. 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	Approval Date	Order No.	Approval Date	PCV	Deferral for Amortization
01-16-08	1-17-08 / 1-16-09 (2008 PCAM)	03/04/08	08-154	03/04/08	\$16.7 refund	\$16.7 refund
12-19-08	1-01-09 / 12-31-09 (2009 PCAM)	1/27/09	09-023	1/27/09	\$0	\$0
12-01-09	1-01-10 / 12-31-10 (2010 PCAM)	12/28/09	09-505	12/28/09	\$0	\$0
12-15-10	1-01-11 / 12-31-11 (2011 PCAM)	1/28/11	11-042	1/28/11	\$17.3 refund	\$5.5 refund
12-22-11	1-1-12 / 12-31/12 (2012 PCAM)	2/14/12	12-051	2/14/12	\$1.7 refund	\$0
12-11-12	1-1-13 / 12-31-13 (2013 PCAM)	2/26/13	13-063	2/26/13	\$0	\$0
12-18-13	1-1-14 / 12-31-14 (2014 PCAM)	2/18/14	14-050	2/18/14	\$0	\$0
12-30-14	1-1-15 / 12-31-15 (2015 PCAM)	2/24/15	15-058	2/24/15	\$0	\$0
12-11-15	1-1-16 / 12-31-16 (2016 PCAM)	1/12/16	16-007	1/12/16	\$0	\$0
12-8-16	1-1-17 / 12-31-17 (2017 PCAM)	3/21/17	17-107	3/21/17	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, 2018 through December 31, 2018 ("Deferral Period 2018"). Without reauthorization, this deferral will expire on December 31, 2017. 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 2018 information that is currently unknown, including the 2018 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, currently set at 7.510% through Commission

Order No. 15-356 (UE 294), until amortization of any deferred amount begins. Subsequently, interest will accrue at the interest rate set by the Commission for deferral 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 the latest reauthorizing Orders No. 16-007 and 17-107, 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: 503.464.7805  
Fax: 503.464.7651  
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 Brown, Manager, Regulatory Affairs  
e-mail: [stefan.brown@pgn.com](mailto:stefan.brown@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 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.

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))

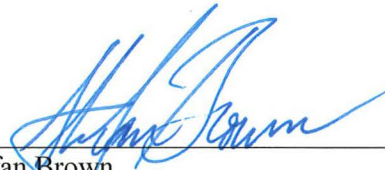
ORS 757.259(8) allows the Commission to consider up to a six percent limit. Schedule 126 specifies the six percent limit. The three percent test measures the annual overall effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (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 through December 31, 2018.

DATED: December 13, 2017.

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 13, 2017, 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 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 13, 2018.

Dated: December 13, 2017.

  
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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 319 and UM 1294.

DATED at Portland, Oregon, this 13<sup>th</sup> day of December 2017.



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