



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

December 7, 2016

Email

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, 2017 through December 31, 2017.

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 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 503-464-8929.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a blue circular stamp or seal.

Stefan Brown
Manager, Regulatory Affairs

encls.

cc: Bob Jenks, CUB
Brad Van Cleve, ICNU
Service Lists: UE 294

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1294**

**In the Matter of the Application of Portland
General Electric Company for Deferred
Accounting of Annual Power Cost Variance**

**Application For Reauthorization To Defer
Annual Net Variable Power Cost Variance**

Pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, PGE tariff Schedule 126, and Commission reauthorization Order No. 16-007, 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, 2017 through December 31, 2017.

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. 16-007. 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	1/12/16	16-007	1/12/16	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, 2017 through December 31, 2017 ("Deferral Period 2017"). Without reauthorization, this deferral will expire on December 31, 2016. 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 2017 information that is currently unknown, including the 2017 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. 15-058 and 16-007, 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
Fax: 503.464.2200
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: 503.464.8929
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

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, 2017.

DATED: December 7, 2016.

Respectfully Submitted,



Stefan Brown
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, Oregon 97204
Phone: 503.464.8929
Fax: 503.464.7651
E-mail: pge.opuc.filings@pgn.com

um 1294_pge_pcv reauth app_12-8-16.docx

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 the Application of Portland General Electric Company for Deferred Accounting of Annual Power Cost Variance	Notice Of Application For Reauthorization To Defer Annual Net Variable Power Cost Variance
--	---

On December 7, 2016, 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 10, 2017.

Dated: December 7, 2016.



Stefan Brown
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, Oregon 97204
Phone: 503.464.8929
Fax: 503.464.7651
E-mail: pge.opuc.filings@pgn.com

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 7th day of December 2016.



Stefan Brown
Manager, Revenue Requirement
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, Oregon 97204
Phone: 503.464.8929
Fax: 503.464.7651
E-mail: pge.opuc.filings@pgn.com

**SERVICE LIST
OPUC DOCKET
No. UE 294**

Judy Johnson (C) PUBLIC UTILITY COMMISSION OF OREGON judy.johnson@state.or.us	Johanna Riemenschneider (C) PUC – DEPARTMENT OF JUSTICE Johanna.riemenschneider@state.or.us
Douglas C. Tingey (C) PORTLAND GENERAL ELECTRIC COMPANY doug.tingey@pgn.com	Jay Tinker (C) PORTLAND GENERAL ELECTRIC COMPANY pge.opuc.filings@pgn.com
OPUC Docket CITIZENS' UTILITY BOARD OF OREGON dockets@oregondub.org	Robert Jenks (C) CITIZENS' UTILITY BOARD OF OREGON bob@oregoncub.org
Jody Cohn BOEHM KURTZ & LOWRY jkyler@bkllawfirm.com	Greg Bass NOBLE AMERICAS ENERGY SOLUTIONS gbass@noblesolutions.com
Kevin Higgins (C) ENERGY STRATEGIES LLC khiggins@energystrat.com	Gregory Adams RICHARDSON ADAMS PLLC greg@richardsonadams.com
S Bradley Van Cleve (C) DAVISON VAN CLEVE PC bvc@dvclaw.com	Tyler C. Pepple (C) DAVISON VAN CLEVE PC tcp@dvclaw.com
Bradley Mullins (C) DAVISON VAN CLEVE PC brmullins@mwanalytics.com	Diane Henkels (C) CLEANTECH LAW PARTNERS, PC dhenkels@cleantechlaw.com
James Birkeland (C) SMALL BUSINESS UTILITY ADVOCATES James@utilityadvocates.org	Wendy Gerlitz NW ENERGY COALITION wendy@nwenergy.org
Nona Soltero FRED MEYER STORES/KROGER Nona.soltero@fredmeyer.com	Erin Apperson PACIFIC POWER erin.apperson@pacificcorp.com
Kurt Boehm (C) BOEHM KURTZ & LOWRY kboehm@bkllawfirm.com	Oregon Dockets PACIFICORP, DBA PACIFIC POWER oregondockets@pacificcorp.com

SERVICE LIST

OPUC DOCKET

UM 1294

CITIZENS' UTILITY BOARD OF OREGON	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
PGE RATES & REGULATORY AFFAIRS	PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON STREET, 1WTC0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com
STEPHANIE S ANDRUS (C) PUC STAFF--DEPARTMENT OF JUSTICE	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
ROBERT JENKS (C) CITIZENS' UTILITY BOARD OF OREGON	610 SW BROADWAY, STE 400 PORTLAND OR 97205 bob@oregoncub.org
MITCH MOORE (C) PUBLIC UTILITY COMMISSION OF OREGON	PO BOX 1088 SALEM OR 97308-1088 mitch.moore@state.or.us
RATES & REGULATORY AFFAIRS - PATRICK HAGER (C) PORTLAND GENERAL ELECTRIC	121 SW SALMON ST 1WTC-0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com
DOUGLAS C TINGEY (C) PORTLAND GENERAL ELECTRIC	121 SW SALMON 1WTC1301 PORTLAND OR 97204 doug.tingey@pgn.com