



Portland General Electric Company
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December 15, 2016

Email / US Mail
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Public Utility Commission of Oregon
201 High St., SE, Ste. 100
P. O. Box 1088
Salem, OR 97308-1088

Attn: OPUC Filing Center

**Re: UM-1514 PGE's Application for Reauthorization of Deferral of Incremental Costs
Associated with Automated Demand Response**

Enclosed for filing is Portland General Electric Company's application for reauthorization of deferral of incremental costs associated with Automated Demand Response, with an effective date of January 1, 2017.

PGE originally received permission for deferral of incremental costs associated with Automated Demand Response through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to the OPUC Docket UE 294 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Alex Tooman at (503) 464-7623.

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

Sincerely,


Stefan Brown
Manager, Regulatory Affairs

encls.

cc: Bob Jenks, CUB
Bradley Van Cleve, ICNU
Judy Johnson, OPUC
Service List: UE 294 / UM 1514

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1514**

In the Matter of the Application of Portland General Electric Company for an Order Reauthorizing the Deferral of Incremental Costs Associated with Automated Demand Response

Application for Reauthorization of Deferral of Incremental Costs Associated with Automated Demand Response

Pursuant to ORS 757.259, OAR 860-027-0300, and Public Utility Commission of Oregon (“Commission”) Order Nos. 15-022 and 16-037, Portland General Electric Company (“PGE”) hereby requests approval for the continuance of the deferral that is subject to an automatic adjustment clause rate schedule and is associated with the Automated Demand Response Pilot (“ADR Pilot”).

I. Deferral History

PGE filed an application for deferral of incremental costs associated with the ADR Pilot on December 29, 2010, seeking deferral from January 1 through December 31, 2011. This deferral and cost recovery tariff (Advice 10-29, Schedule 135) was approved by Commission Order No. 11-182 on June 1, 2011.

As discussed in PGE’s report submitted April 28, 2016, with the second ADR evaluation, the pilot in its current form has fallen short of its nomination goal of 25 MW, with 11 MW expected to be nominated for the winter of 2016-2017. Additionally, PGE’s contract with EnerNOC, the program’s third-party provider, expires at the end of this year. These two factors have led both PGE and EnerNOC to explore adjustments to the program that may lead to greater success. While we have not decided on the exact changes to take place, we expect that it will include expanding offerings to medium-sized customers, flexibility in nomination windows, and

potentially reaching out to other vendors to supplement EnerNOC. Because the ADR pilot continues to be in transition, PGE proposes to continue its deferred accounting and not move it into power costs as a capacity resource until it stabilizes as a program.

PGE filed and received reauthorization for this deferral, as shown in Table 1 below.

Table 1

Filing Date	Renewal Period	Order No.	Approval Date
12/29/2010		11-182	06-01-2011
12/23/2011	1/01/2012 – 12/31/2012	12-062	02-28-2012
12-27-2012	1/01/2013 – 12/31/2013	13-059	02-26-2013
12-11-2013	1/01/2014 – 12/31/2014	14-019	01-22-2014
12-24-2014	1/01/2015 – 12/31/2015	15-022	01-28-2015
12-18-2015	1/01/2016 – 12/31/2016	16-037	01-26-2016

PGE seeks reauthorization for deferral of incremental costs associated with the ADR Pilot for the period commencing January 1 through December 31, 2017.

II. OAR 860-027-0300 Requirements

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

a. Description of Amounts

Pursuant to ORS 757.259(2)(e), PGE seeks renewal of deferred accounting treatment for the incremental costs associated with the ADR pilot. The approval of the Application will support the continued use of an automatic adjustment clause rate schedule, which will provide for recovery of the incremental costs associated with the ADR pilot through tariff Schedule 135.

In accordance with the stipulated AMI Conditions, PGE developed a 10-year ADR Program, in which PGE would contract with a third-party provider for up to 25 MW of peaking

capacity in aggregate among our commercial and industrial customers. The decision in UM 1514 approved PGE's application for deferral of incremental costs associated with the ADR Pilot. PGE requests that the deferral be renewed and effective on January 1, 2017 and be amortized under Schedule 135, subject to Commission Order.

b. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks to continue deferred accounting treatment for the incremental costs associated with the ADR Pilot and initial Pilot authorization by Commission Order 11-082 on June 1, 2011. The granting of this reauthorization application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Without reauthorization, the current authorization to defer costs will expire on December 31, 2016. PGE is filing this reauthorization application for the period January 1 through December 31, 2017.

c. Proposed Accounting

PGE proposes to record the ADR Pilot deferred costs in FERC Account 182.3 (Regulatory Assets), with the offsetting credit recorded to FERC account 131, (Cash). In the absence of deferral reauthorization, PGE would not receive revenues to recover ADR costs. Consequently, PGE would discontinue the Pilot and incur no additional costs.

d. Estimate of Amounts

PGE estimates the amounts to be deferred for the ADR Pilot in 2017 to be approximately \$1.4 million.

e. Notice

A copy of the notice of application for reauthorization of the deferred accounting treatment

is attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving the Notice of Application on the UE 294 Service List, PGE's last general rate case.

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

a. Description of deferred account entries

Please see section II (c) above.

b. The reason for continuing deferred accounting

Please see Section II (b) above. PGE is seeking approval to continue the approved deferred accounting treatment for incremental ADR costs pursuant to Commissioner Order No. 16-037 as described above.

IV. PGE Contacts

Communications regarding this reauthorization application should be addressed to:

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PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric
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Phone: 503.464.8929
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:

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

Summary of Filing Conditions

a. Earnings Review

The cost recovery for Automated DR pilot program will be subject to an automatic adjustment clause rate schedule and would not be subject to an earnings review under ORS 757.259. When the pilot is complete and the nominated capacity level is stable, PGE proposes that subsequent ADR costs flow through PGE's Annual Power Cost Update (Schedule 125) and Power Cost Adjustment Mechanism (PCAM – Schedule 126). These costs would then be subject to the earnings review contained within the PCAM.

b. Prudence Review

The methodology used to evaluate the ADR program in PGE's 2009 IRP remains sound. PGE will continue to evaluate demand response resources against the supply-side capacity resource alternatives, such as a simple-cycle CT. This is consistent with the discussion in Commission Order No. 05-584 and is consistent with other PGE analyses for demand side capacity resources in recent years.

c. Sharing

As discussed in Section V. a., above under the earnings review, when the ADR pilot program is completed, then the proposal is for subsequent costs to flow through PGE's Annual Power Cost Update (Schedule 125) and Power Cost Adjustment Mechanism (Schedule 126). The PCAM is subject to the dead bands and sharing percent's as specified by Commission Order Nos. 07-015 and 10-478.

d. Rate Spread/Rate Design

Per Commission Order No. 11-517, tariff Schedule 135 will allocate the costs of the ADR Pilot on the basis of an equal percent of forecast generation revenues.

e. Three percent test (ORS 757.259(6))

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. PGE's deferral amortizations are currently within the 3% limit and this is expected to continue throughout 2017.

V. Conclusion

For the reasons stated above, PGE requests permission to continue to defer for later rate-making treatment incremental costs associated with the Automated Demand Response Pilot effective January 1 through December 31, 2017.

DATED this December 15, 2016.

Respectfully Submitted,



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UM 1514

Attachment A

Notice of Application for Reauthorization
Of Deferral of Incremental Costs Associated with
Automated Demand Response

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1514**

**In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Reauthorization of Deferral
of Incremental Costs Associated with
Automated Demand Response**

**Notice of Application for Reauthorization
of Deferral of Incremental Costs
Associated with Automated Demand
Response**


On December 15, 2016, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (“Commission”) for an Order reauthorizing the deferral of incremental costs associated with the Automated Demand Response Pilot with the Commission.

Approval of PGE’s reauthorization application will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the pilot.

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 16, 2017.

Dated December 15, 2016.



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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization of Deferral of Incremental Costs Associated with an Automated Demand Response Pilot** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 294 and UM 1514.

Dated at Portland, Oregon, on December 15, 2016.



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