



**Portland General Electric Company**  
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June 5, 2023

***Via Electronic Filing***

Public Utility Commission of Oregon  
P.O. Box 1088  
Salem, OR 97308-1088

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

Dear Filing Center,

Enclosed for filing is Portland General Electric Company's (PGE's) application to reauthorize deferred accounting of costs associated with its Non-Residential Direct Load Control Pilot (PGE Rate Schedule 25), also known as the Energy Partner Smart Thermostat pilot, with an effective date of June 1, 2023. PGE received the most recent reauthorization pursuant to Public Utility Commission of Oregon (Commission or OPUC) Order No. 22-485.

PGE originally received authorization for deferral of incremental costs associated with this docket through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to OPUC Docket Nos. UE 416 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Megan Stratman at (503) 464-7805.

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/dm

Enclosure  
cc: Service Lists: UE 416 and UM 1514

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1514**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

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

**APPLICATION FOR  
DEFERRAL  
REAUTHORIZATION**

Pursuant to Oregon Revised Statute (ORS) 757.259, Oregon Administrative Rule (OAR) 860-027-0300, and the Public Utility Commission of Oregon (Commission or OPUC) Orders No. 22-115 and 22-485, Portland General Electric Company (PGE) hereby requests approval to continue to defer incremental costs for the Non-Residential Direct Load Control (DLC) Pilot (Pilot), also known as the Energy Partner Smart Thermostat pilot. The Pilot is subject to the automatic adjustment clause tariff Schedule 135 and operational tariff Schedule 25. PGE requests this reauthorization be effective June 1, 2023, through December 31, 2023. Beginning January 1, 2024, PGE will submit annual reauthorizations on a calendar year basis to align this pilot with its other demand response pilots, such as Docket No. UM 2234. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the pilot.

To be clear, Docket No. UM 1514 previously contained two pilots: this Pilot operating under Schedule 25 and the non-residential demand response pilot (also called the Energy Partner Demand Response program) operating under Schedule 26. These two pilots were separated into standalone pilots with separate evaluations for each under Order No. 21-421. In Order No. 22-115,

the Commission approved PGE's Flexible Load Multi-Year Plan to include Schedule 26 while keeping Schedule 25 separate in this Docket No. 1514.

## **I. Deferral History**

In alignment with the State of Oregon and Commission policies and requirements, PGE developed the Pilot to help address decarbonization goals, assist customers in managing their energy consumption and total energy costs, and enhance operational performance and efficiency. The Pilot complies with Oregon's policy direction and supports PGE's decarbonization, electrification, and performance imperatives.

On November 8, 2021, the Commission issued Order No. 21-421 to approve reauthorization of the deferral for the Pilot as a standalone pilot and noted that the Pilot would be redesigned.

PGE has filed and received reauthorization for this deferral as shown in Table 1, below. PGE seeks reauthorization for deferral of incremental costs associated with the revised Pilot for the period beginning June 1, 2023, through December 31, 2023. PGE will file for reauthorization of this pilot at the end of 2023 with a January 1 start date to allow for the full calendar year 2024 in order to align this pilot with its other demand response pilots, such as Docket No. UM 2234.

**Table 1**  
**UM 1514 Authorizations**

<b>Filing Date</b>	<b>Deferral Period</b>	<b>Order No.</b>	<b>Approval Date</b>
12/29/2010	1/01/2011 – 12/31/2011	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
12-15-2016	1/01/2017 – 12/31/2017	17-105	03-21-2017
09-21-2017	1/01/2018 – 12/31/2018	17-429	10-24-2017
12-20-2018	1/01/2019 – 12/31/2019	19-151	04-23-2019
12-26-2019	1/01/2020 – 12/31/2020	20-259	8-11-2020
11-13-2020	1/01/2021 – 12/31/2021	20-479	12-22-2020
05-28-2021	6/01/2021 – 05/31/2022	21-421	11-8-2021
05-31-2022	6/01/2022 – 05/31/2023	22-485	12-13-2022

PGE proposes to continue the Pilot and associated operational tariff Schedule 25. On April 15, 2022, PGE filed a three-year tariff reauthorization in Advice No. 22-07 in Docket No. ADV 1389; the reauthorization was approved by the Commission effective June 1, 2022. The Pilot has continued to be administered directly by PGE to its customers, with support from third-party vendors. PGE took this approach primarily to manage the customer’s experience while providing PGE the flexibility to offer a variety of products and potentially adjust those products in the future.

The Pilot provides nonresidential customers with a turnkey, direct load control program, similar to PGE’s Schedule 5 (Residential DLC pilot) for residential customers. The Pilot design provides an easy opportunity for PGE nonresidential customers to participate, while receiving the value-added services associated with one or more smart thermostats. The Pilot offers customers an incentive for allowing PGE to control their qualified thermostats during direct load control events while providing an option for customers to opt out during events. Eligible customers must be on a qualified rate schedule and have a PGE network meter, a qualified thermostat connected

to the customer's internet, and a qualifying heating or cooling system. To be eligible for the winter event season, a customer must have a ducted heat pump or electric forced air heating. To be eligible for the summer event season, the customer must have central air conditioning or a ducted heat pump.

Over the last deferral period (June 1, 2022, to May 31, 2023), PGE connected 180 new thermostats.<sup>1</sup> The cumulative program total as of May 15, 2023 is 2,124 thermostats.

PGE has continued to implement the strategic decision to slow pilot growth throughout the last deferral period to build a foundation for future program stability, cost effective growth, and reliable measurement of demand response capacity values during direct load control events.

Going forward with a more stable foundation, PGE is now refocusing on growth in the coming year. To that end, PGE is currently working with an additional demand response management system software vendor to integrate a new qualified thermostat model (Honeywell VisionPro 8000) into the Pilot. Market research indicates that Honeywell has a majority of the market share in the target customer audience; PGE expects that the new thermostat option will spur increased enrollment. Installer referrals to customers with existing installations of the Honeywell model will provide a new channel of leads to enroll into the Pilot as well. PGE forecasts that it will enroll an additional 376 thermostats by end of 2023 given the current updates to the Pilot.

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

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

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<sup>1</sup> Over the same period, PGE unenrolled 148 thermostats (40 move-out customers and 108 due to non-participation) and transitioned 140 thermostats associated with four customers to Schedule 26. The net change in thermostat count is a reduction of 108 thermostats from Schedule 25 since the last deferral reauthorization was submitted on June 1, 2022.

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Deferral

PGE seeks reauthorization to defer the expenses associated with the Pilot. Without reauthorization, this deferral will expire on May 31, 2023. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the Pilot.

c. Proposed Accounting for Recording Deferred Amounts.

PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

d. Estimate of Amounts to be Recorded for the 12 Months of 2023.

PGE estimates the amounts to be deferred for the Pilot over the twelve months of 2023 to be approximately \$0.5 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 OAR 860-027-0300(6), PGE is serving the Notice of Application on the UM 1514 Service List and the UE 416 Service List.

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

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Continuation of Deferred Accounting

See Reason for Deferral above.

**III. PGE Contacts**

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

Kim Burton  
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Portland OR 97204  
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PGE-OPUC Filings  
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Portland OR 97204  
(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:

Jaki Ferchland, Manager, Revenue Requirement  
E-mail: Jacquelyn.Ferchland@pgn.com

**IV. Summary of Filing Conditions**

a. Earnings Review

Cost recovery for the Pilot will be subject to an automatic adjustment clause rate schedule and would not be subject to an earnings review under ORS 757.259.

b. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filing or application to update Schedule 135.

c. Sharing

Under deferred accounting, all prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

The deferred costs for this Pilot as recovered through Schedule 135 will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of generation revenue applied on a cent per kWh basis to each applicable rate schedule or in a manner approved by the Commission.

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

The amortization of the Pilot's deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a twelve-month period to no more than three percent of the utility's gross revenues for the preceding year.

**V. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer the incremental costs associated with the Pilot effective June 1, 2023.

Dated this June 5th, 2023.

Respectfully Submitted,

*/s/ Jaki Ferchland*

Jaki Ferchland  
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**UM 1514**  
**Attachment A**

Notice of Application to Reauthorize Deferred Accounting of Costs Associated  
with the Non-Residential Direct Load Control Pilot

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

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

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

**NOTICE OF APPLICATION FOR  
DEFERRAL  
REAUTHORIZATION**

On May 31, 2023, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission or OPUC) for an Order reauthorizing the deferral of incremental costs associated with the Non-Residential Direct Load Control Pilot (Pilot).

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 June 25, 2023.

Dated June 5, 2023.

*/s/ Jaki Ferchland*

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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the Non-Residential Direct Load Control Pilot** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 416 and UM 1514.

Dated at Portland, Oregon, on June 5, 2023.

*/s/ Jaki Ferchland*

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