



Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

August 20, 2019

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: UM 1708 Residential Flexible Pricing Pilot and Direct Load Control Thermostat Pilot Program Costs in Compliance with Order 18-381

Portland General Electric Company (PGE) submits this work paper pursuant to Public Utility Commission of Oregon (OPUC or Commission) Order No. 18-381, filed in OPUC Docket No. UM 1708, that directs PGE to submit program costs for Residential Flexible Pricing Pilot (FLEX) and Direct Load Control Thermostat pilot (DLCT) to Staff for review of prudence. These program costs are to be submitted on a timeline that is no less than 90 days prior to filing to adjust tariff rates for PGE's Rate Schedule 135 (Demand Response Cost Recovery Mechanism). PGE intends to file an update to Schedule 135 prices, effective January 1, 2020, to recover the costs to operate Schedules 5 (DLCT) and 6 (FLEX).

These detailed cost reports are the last item required for submission per the Order 18-381. On August 7, 2019, PGE submitted the other required items: third party evaluations, cost summaries, and customer satisfaction results. The required workshop with Staff (and CUB) is today, August 20, 2019.

Attachment A is the work paper that provides cost detail for both FLEX and DLCT from their 2015, when they both launched, to June 2019 and a forecast of costs through 2021. FLEX Pilot costs are in Accounting Work Orders (AWOs) 1000004385 and 1000008181. DLCT Pilot costs are in AWOs 1000004433, 1000007300, 1000008721, and 3000001258. While the Commission approved PGE's application for deferred accounting in UM 1708, Attachment A is required to enable the OPUC's prudence review prior to deferral amortization. As of June 2019, the balance to be amortized for both FLEX and DLCT is \$4.6 million.

Background on the Pilots and Schedule 135

In 2014, PGE proposed two residential pilots that would best inform development of future demand response (DR) programs. FLEX tested combinations of Peak Time Rebate plans with time-of-use pricing. The DLCT pilot has been testing enabling technology and PGE's ability to achieve automated load control DR among residential customers.

As stated in PGE's 2019 Deferral Reauthorization Application and authorized in Commission Order No. 18-381, PGE plans to file for amortization of costs associated with FLEX (1.0 and 2.0) and DLCT using Schedule 135. Schedule 135 recovers expenses associated with DR

pilots not otherwise included in rates. Schedule 135 is updated annually when PGE adjusts the rates to update forecasted costs and amortize the deferred variance between forecasted and actual costs for the previous 12-month period.

Conclusion

An important source of future DR capacity for PGE will come from residential customers. These customers contribute to PGE's system peak demand through weather-driven increases in demand for air conditioning in summer and demand for space heating in winter. By deploying DR programs, PGE can manage its peak system loads and reduce its costs of electricity supply. PGE looks forward to working with Staff in its prudence review of these important pilots.

Attachment A contains confidential information and is subject to Protective Order No. 14-402. The work paper is not included in this filing and will be submitted electronically.

Please direct any questions regarding this filing to Kalia Savage at (503) 464-7432. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,



Karla Wenzel
Manager, Pricing and Tariffs

Enclosure(s)

UM 1708

Attachment A

Confidential and Subject to Protective Order No. 14-402

Provided in Electronic Format Only

Program Costs for FLEX and DLCT Pilots from 2015-2019 YTD