



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

December 31, 2015

Email / US Mail

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 ___ PGE's Application to Defer
Revenue Requirement Associated with 2016 Debt Issuances**

Enclosed for electronic filing is Portland General Electric Company's Application for a Deferral of Revenue Requirement Associated with 2016 Debt Issuances beginning January 1, 2016.

A Notice of Application regarding the filing of this application has been served by electronic mail to those parties who appear on the UE 294 service list.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-8937.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a blue horizontal line.

Stefan Brown
Manager, Regulatory Affairs

SB:sp

encls.

cc: Bob Jenks, CUB
Melinda Davison, ICNU
Service Lists: UE 294

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral of the Revenue
Requirement Associated with \$140 Million
Debt Issuances

**Application for Deferral of Revenue
Requirement Associated with 2016 Debt
Issuances**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (“PGE”) hereby requests authorization to defer for later rate-making treatment, the projected costs and benefits associated with the approximately \$140 million debt that PGE currently expects to issue in January or February 2016. However, if the debt is not issued before Carty comes online, expected sometime in mid-2016, then the revenue requirement will not be adjusted.

PGE’s last general rate case filing (Docket No. UE 294) included a 5.419% cost of debt to be included in rates. This figure does not, however, include the issuance of \$140 million long-term debt expected in January or February 2016. Including these 2016 debt issuances would lower PGE’s cost of debt to approximately 5.36%. The deferred amount will be the difference in revenue requirement between: 1) the actual cost of total long-term debt due to the issuance of the new \$140 million debt and 2) the cost of debt included in the 2016 GRC stipulation (5.419%). PGE requests an effective beginning date for the deferral of January 1, 2016. PGE will seek amortization to refund the deferred amount in a future Commission proceeding. PGE expects the deferral will continue until its next general rate case and will file for re-authorization as necessary.

In support of this Application, PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services and accounting practices are subject to the regulation of the Oregon Public Utility Commission (“Commission”).

2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.
3. Communications regarding this Application should be addressed to:

Jay Tinker
Rates & Regulatory Affairs
Portland General Electric,
1 WTC0306 121 SW Salmon Street
Portland, Oregon 97204
Phone: 503.464.7002
E-mail: pge.opuc.filings@pgn.com

Douglas C. Tingey
Assistant General Counsel
Portland General Electric,
1 WTC1301 121 SW Salmon St
Portland, Oregon 97204
Phone: 503.464.8926
E-mail: doug.tingey@pgn.com

In addition to the names and addresses above, include the following contact to receive notices and communications via the e-mail service list:

Stefan Brown, Manager, Regulatory Affairs
E-mail: stefan.brown@pgn.com

I. OAR 860-027-0300(3) Requirements

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

A. Background

PGE's most recent general rate case (UE 294, test year 2016) and subsequent compliance filing (Advice Filing No. 15-33), included revenue requirement based on the expected end of the year (2015) cost of debt of 5.419%. The end of year 2015 cost of debt was used because in the fall of 2015, PGE decided not to issue any long-term debt in 2015 to allow the financial market to stabilize. We believed that expected cash flows based on weather patterns and revenues would be sufficient for PGE's financial needs. However, PGE now anticipates that it will issue approximately \$140 million of long-term debt in January or February 2016 and, as a result, the overall cost of debt will decline to approximately 5.36%.

B. Reasons for Deferral

The deferred amount will be the difference in revenue requirement between: 1) the actual cost of total long-term debt due to issuance of the new \$140 million debt and 2) the cost of debt included in the 2016 GRC stipulation (5.419%). PGE requests an effective beginning date for the deferral of January 1, 2016. The deferral will not include the impacts of any long-term debt issued in excess of \$140 million, and will only include the impacts of debt issuances prior to the date of PGE's Carty Generating plant going into commercial operation.

The granting of this Application will eliminate any potential conflict with ORS 757.355(1), minimize the frequency of rate changes, and match appropriately the costs borne, and benefits received by customers. Approving the Application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

C. Proposed Accounting

PGE proposes to record the deferred amounts as a regulatory liability in FERC Account 254, Regulatory Liabilities, with a debit to Account 456, Other Electric Revenue.

D. Estimate of Amounts

PGE anticipates a decrease in annual revenue requirement and the amount subject to deferral of approximately \$1.3 million.

E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with the notice are attached to the Application as Attachment A.

II. Summary of Filing Conditions¹:

A. Earnings Review:

In order to preclude any potential conflicts with ORS 757.355(1), there will be no earnings

¹ Per Agreement with OPUC Staff on January 24, 2012.

review associated with this deferral.

B. Prudence Review:

PGE will submit compliance reports that include analysis of market conditions at the time of issuance and actual cost summaries, per the conditions of Order No. 14-399. OPUC Staff may audit the deferral at any time.

C. Sharing Percentages:

After prudence review of PGE's issuance costs, one hundred percent (100%) of the deferred benefits should be subject to utility refund.

D. Rate Spread / Rate Design:

PGE proposes the same rate spread/rate design agreed upon during the UE- 294 rate case proceeding.

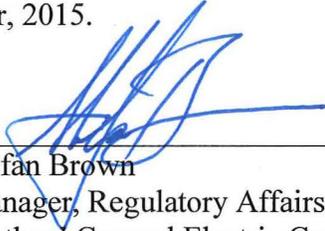
E. Three Percent Test:

The amortization of the deferred revenue requirement will be subject to the three percent test in accordance with ORS 757.259(6), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

III. Conclusion

For the reasons stated above, PGE requests permission to defer the revenue requirement associated with 2016 debt issuances for future rate-making treatment, effective January 1, 2016.

DATED this 31 day of December, 2015.



Stefan Brown
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Attachment A

**Notice of Application for Deferred Accounting of
the Revenue Requirement Associated with 2016 Debt Issuance**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral the Revenue
Requirement Associated with \$140 Million
Debt Issuances

**Notice of Application for Deferred
Accounting of Revenue Requirement
Associated with 2016 Debt Issuances**

On December 31, 2015, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order authorizing deferral of Revenue Requirement Associated with 2016 Debt Issuance.

Approval of PGE’s 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.

This application is on the Oregon Public Utility Commission (OPUC) website.

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 29, 2016.

Dated: December 31, 2015



Stefan Brown
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **the Notice of Application For Authorization to Defer the Revenue Requirement Impact of 2016 Debt Issuances** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 294.

DATED at Portland, Oregon, this 31 day of December 2015



Stefan Brown
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
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Portland, Oregon 97204
Phone: 503.464.8937
Fax: 503.464.7651
E-Mail: Stefan.Brown@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
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