



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

December 28, 2023

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
PO Box 1088
Salem, OR 97308-1088

RE: UM 1915 PGE's Application for Deferral of Major Maintenance Expenses

Filing Center;

Enclosed for filing is Portland General Electric Company's (PGE) Application for Reauthorization of the Deferral of Major Maintenance Expenses and Revenues.

A Notice regarding the filing has been provided electronically to the parties on the UE 416 and UM 1915 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-7488 or email Stephen Leeb at stephen.leebe@pge.com. Please direct all formal correspondence, questions, or requests to pge.opuc.filing@pge.com.

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement

JF/dm
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1915

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferral of
Major Maintenance Expenses

**PORTLAND GENERAL ELECTRIC
COMPANY APPLICATION FOR
REAUTHORIZATION OF DEFERRED
ACCOUNTING**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby requests reauthorization to defer certain costs and revenues associated with its Major Maintenance Accruals (MMAs). As of the time of filing this Application, a Commission order was yet to be issued for PGE’s previous reauthorization filing. PGE requests this reauthorization of deferral effective January 1, 2024 through December 31, 2024 and continue to be subject to annual renewals.

I. Deferral History

Pursuant to Commission Order No. 17-511, PGE filed on December 22, 2017, an application for authorization to defer certain costs associated with PGE’s MMAs for five thermal generating plants.¹ The Commission approved PGE’s initial deferral application via Order No. 18-157 on May 8, 2018. In PGE’s 2022 general rate case in Docket No. UE 394, PGE created an additional MMA to allow for the levelized recovery of costs associated with regulatory driven major maintenance that occurs once every ten years on the Kelso-Beaver (KB) gas pipeline. No party opposed PGE’s proposal and the Commission issued Order No. 22-129, adopting the stipulations between parties, and providing resolutions for all contested issues.

¹ Coyote Springs 1, Port Westward 1, Port Westward 2, Carty, and Colstrip units 3 & 4.

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

Table 1

Filing Date	Renewal Period	Order No.
12-22-2017	1-01-2018 / 12-31-2018	18-157
12-03-2018	1-01-2019 / 12-31-2019	19-044
10-30-2019	1-01-2020 / 12-31-2020	20-413
12-29-2020	1-01-2021 / 12-31-2021	21-033
12-29-2021	1-01-2022 / 12-31-2022	22-036
12-28-2022	1-01-2023 / 12-31-2023	Pending

Approval of this reauthorization application will permit PGE to continue using the MMA balancing account mechanism as intended. In accordance with prior Commission Orders approving MMA accounting treatment, the balance of the MMA balancing account, either positive or negative (i.e., debit or credit), will be rolled forward into the calculation of future accruals. Section “II b.”, below provides further details regarding PGE’s MMA calculation and amortization. PGE will not seek amortization of the MMA-related deferred amounts in a future proceeding as the deferred amounts will automatically reverse due to the standard operation of the MMAs.

In prior filings² PGE proposed, and the Commission approved the MMA accounting treatment as a way of normalizing the volatility of its thermal plants’ major maintenance expenses. Major maintenance costs can vary dramatically from year to year and, absent an MMA, PGE would expense the major maintenance costs in the period the work is performed. Accounting for costs in this manner would have two significant disadvantages: 1) it would not allow the recording of expense in the same period that benefits³ occur; and 2) it would reflect expenses that are cyclical

² Order No. 95-1216 approved an MMA for Coyote Springs. Subsequent Commission orders approving MMAs include: Port Westward 1 (UE 262, OPUC Order No. 13-459), Port Westward 2 (UE 283, OPUC Order No. 14-422), Carty (UE 294, OPUC Order No. 15-356), and Colstrip (UE 319, OPUC Order No. 17-511).

³ The benefits are the generation and use of electricity by customers.

and “lumpy” in only certain years. Under this method, it would be problematic to establish stable prices.

To avoid these problems, the Commission approved PGE’s accounting treatment of MMAs. The MMA is a combination of an accrual and a balancing account wherein PGE develops a forecast of expected expenses related to its generating plants maintenance contracts (i.e., Long-Term Service Agreements) and other major maintenance or inspections over a five-year rolling period and establishes an accrual amount that levelizes those costs. Expenses, when incurred, are then booked to the MMA balancing account, offsetting the amounts collected under the annual accrual. This process ultimately results in an expected account balance of zero by the end of the five-year rolling period. In the next forecast of expected expenses, the current balance of the MMA balancing account is rolled forward into the calculation of the proposed accrual. By balancing the costs and collections, PGE achieves an appropriate matching of costs to both the period and customers benefitted. The accrual also results in more stable prices that normalize the swings in major maintenance costs.

Major maintenance events generally occur based upon maintenance intervals established under PGE’s plant maintenance contracts. Generally, the timing is dependent upon a facility’s capacity factor (hours run / hours in period). Listed below are examples of gas-fired generating plants’ major maintenance items:

- Major Turbine and Generator Inspections to perform advanced assessments along with related work that may include combustion turbine alignment; exhaust frame modifications; and repairs to thrust bearings, the generator stator and the generator field.
- Hot Gas Path Inspection including the disassembly of combustion and turbine sections of the combustion turbine so that parts may be inspected and repaired or replaced as

necessary. The combustion section is where the natural gas is combined with compressed air and burned. The turbine section is where mechanical energy is extracted from the high-speed flow of hot combustion gases exiting the combustion chambers.

- Selective Catalytic Reduction Catalyst Replacements.
- Auxiliary Boiler Maintenance.

With two exceptions (i.e., Colstrip and KB pipeline), PGE calculates the MMAs by forecasting five years of the expected operational run of our thermal plants using the MONET⁴ model and, based on hours of plant operation, we forecast the timing for the major maintenance activities. The total maintenance costs over the five-year period are averaged to derive the annual major maintenance accrual amount. The Colstrip MMA is calculated using a three-year moving average while the KB Pipeline costs associated with regulatory driven major maintenance are simply spread over a five-year period.

II. OAR 860-027-0300 Requirements

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

A. Description of Utility Expense for Which the Deferred Accounting is Requested.

See Deferral History above. For the 12-month period of January 1, 2024 through December 31, 2024, PGE seeks reauthorization to continue to defer expenses and revenues associated with PGE's MMAs for five thermal generating plants and the KB Pipeline regulatory driven major maintenance, as described above. Without reauthorization this deferral will expire on December 31, 2023.

⁴ See Docket No. UE 402, PGE Exhibit 100, Section II, pages 4 to 6 for a detailed description of the MONET Model.

B. Reasons for Deferral.

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the major maintenance expenses and revenues in order to continue using the approved MMA mechanisms with which we are able to levelize the cyclical costs associated with the major maintenance activities. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving the Application will not authorize a change in rates but will permit PGE to continue using MMA mechanisms as intended and approved through prior Commission Orders.

PGE expects any deferred amount to be recovered or refunded in a manner approved by the Commission.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to defer MMA-related expenses by crediting expense Account 553 (Maintenance of Generating and Electric Equipment – Port Westward, PW2, Carty, Coyote Springs, KB Pipeline, and Maintenance of Electric Plant – Colstrip) and debiting FERC Account 182.3 (Other Regulatory Assets). Levelized MMA-related revenues will be deferred by debiting FERC Account 456 (Other Electric Revenues), and crediting FERC Account 254 (Other Regulatory Liabilities).

Absent a deferred accounting order from the Commission, PGE would record the referenced expenses and revenues in the accounts in which they were incurred, that is expense Account 553 (Maintenance of Generating and Electric Equipment – Port Westward, PW2, Carty, Coyote Springs, KB Pipeline, and Maintenance of Electric Plant – Colstrip).

D. Estimate of Amounts to be Recorded for the Next 12 months.

Other than the KB Pipeline major maintenance estimate of \$0.4 million that is currently spread over a five-year period between 2024 and 2028 (i.e., an annual MMA of approximately \$27,000 included in PGE's 2024 GRC Revenue Requirement), PGE does not have an estimate of the amounts to be deferred because they occur infrequently and can vary from plant to plant depending on 1) the level of major maintenance expenses when incurred; and 2) the accuracy of the projections for determining the annual accrual. As stated above, PGE will not seek amortization of this MMA deferral.

E. Notice.

A copy of the notice of application for reauthorization of deferred accounting treatment and a list of persons served with Notice are attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the UM 1915 and UE 416 Service Lists.

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

A. Description of Deferred Account Entries.

Please see Deferral History and Section II (a) and II (c) above.

B. The Reason for Continuing Deferred Accounting.

Effective January 1, 2024, PGE seeks to defer the accounting treatment for major maintenance expenses and revenues and revenues in order to continue using the approved MMA mechanisms with which we are able to levelize the cyclical costs associated with the major maintenance activities. Without reauthorization this deferral will expire on December 31, 2023.

IV. PGE Contacts

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

Kim Burton
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(573) 356-9688
kim.burton@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-8172
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
Email

Senior Manager, Revenue Requirement
jacquelyn.ferchland@pgn.com

V. Summary of Filing Conditions

A. Earnings Review

No earnings review is applicable because the costs associated with the major maintenance accruals are already included in base rates. In addition, PGE will not seek separate amortization of the deferred amounts in a future proceeding because both the revenues and associated costs will continue to flow through the established MMA mechanisms.

B. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of PGE's general rate case filings.

C. Sharing

All prudently incurred costs are to be recoverable by PGE with no sharing.

D. Rate Spread/Rate Design

MMA-related costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents-per-kWh basis.

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

The three percent test would not apply because PGE will not seek amortization of the deferred amounts in a future proceeding.

VI. Conclusion

For the reasons stated above, PGE requests permission to continue to defer the major maintenance expenses and revenues such that these amounts will continue to flow through the established MMA mechanisms.

DATED this 28th day of December 2023.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-7488
jacquelyn.ferchland@pgn.com

Attachment A

Notice of Application for Reauthorization of Deferral of Major Maintenance Expenses and Revenues

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1915

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferral of
Major Maintenance Expenses

**PORTLAND GENERAL ELECTRIC
COMPANY NOTICE OF APPLICATION
FOR REAUTHORIZATION OF
DEFERRED ACCOUNTING**

On December 28th, 2023 Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission or PUC) for an Order reauthorizing deferral of expenses and revenues associated with its Major Maintenance Accruals (MMAs).

Approval of PGE’s Application will not authorize a change in PGE’s rates, but will permit PGE to continue the MMA accounting treatment as approved by prior Commission Orders.

Persons who wish to obtain a copy of PGE’s application will be able to access it on the Public Utility Commission of Oregon website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than January 22, 2024.

Dated this 28th day of December 2023.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-7488
jacquelyn.ferchland@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Reauthorization of Application of Deferral of Major Maintenance Expenses and Revenues** associated with PGE generation plants and the KB pipeline to be served by electronic mail to those persons whose email addresses appear on the attached service list for OPUC Dockets UE 416 and UM 1915.

Dated at Portland, Oregon, this 28th day of December 2023.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-7488
jacquelyn.ferchland@pgn.com

**SERVICE LIST
OPUC DOCKET NO. UE 416**

GUILERMO CASTILLO (C) (HC) SMALL BUSINESS UTILITY ADVOCATES	guillermo@utilityadvocates.org
STEVE CHRISS WALMART	stephen.chriss@wal-mart.com
TONIA L MORO (C) ATTORNEY AT LAW PC	106 TALENT AVE STE 6 TALENT OR 97540 tonia@toniamoro.com
BENEDIKT SPRINGER (C) COMMUNITY ACTION PARTNERSHIP OF OREGON	2475 CENTER ST NE SALEM OR 97301 benedikt@caporegon.org
AWEC	
BRENT COLEMAN (C) (HC) DAVISON VAN CLEVE	1750 SW HARBOR WAY, SUITE 450 PORTLAND OR 97201 blc@dvclaw.com
JESSE O GORSUCH (C) (HC) DAVISON VAN CLEVE	1750 SW HARBOR WAY STE 450 PORTLAND OR 97201 jog@dvclaw.com
TYLER C PEPPE (C) (HC) DAVISON VAN CLEVE	1750 SW HARBOR WAY STE 450 PORTLAND OR 97201 tcp@dvclaw.com
CALPINE SOLUTIONS	
GREGORY M. ADAMS (C) RICHARDSON ADAMS PLLC	515 N 27TH ST BOISE ID 83702 greg@richardsonadams.com
GREG BASS CALPINE ENERGY SOLUTIONS, LLC	401 WEST A ST, STE 500 SAN DIEGO CA 92101 greg.bass@calpinesolutions.com
KEVIN HIGGINS (C) ENERGY STRATEGIES LLC	215 STATE ST - STE 200 SALT LAKE CITY UT 84111-2322 khiggins@energystrat.com
COMMUNITY ENERGY PROJECT	

KATE AYRES COMMUNITY ENERGY PROJECT	106 TALENT AVE STE 6 TALENT OR 97540 kate@communityenergyproject.org
CHARITY FAIN (C) COMMUNITY ENERGY PROJECT	2900 SE STARK ST STE A PORTLAND OR 97214 charity@communityenergyproject.org
CUB	
WILLIAM GEHRKE (C) (HC) OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY STE 400 PORTLAND OR 97206 will@oregoncub.org
MICHAEL GOETZ (C) (HC) OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY STE 400 PORTLAND OR 97205 mike@oregoncub.org
Share OREGON CITIZENS' UTILITY BOARD OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
FRED MEYER	
JUSTIN BIEBER (C) FRED MEYER/ENERGY STRATEGIES LLC	215 SOUTH STATE STREET, STE 200 SALT LAKE CITY UT 84111 jbieber@energystrat.com
KURT J BOEHM (C) BOEHM KURTZ & LOWRY	36 E SEVENTH ST - STE 1510 CINCINNATI OH 45202 kboehm@bkllawfirm.com
JODY KYLER COHN BOEHM KURTZ & LOWRY	36 E SEVENTH ST STE 1510 CINCINNATI OH 45202 jkylercohn@bkllawfirm.com
NEWSUN ENERGY	
MARIE P BARLOW (C) NEWSUN ENERGY LLC	550 NW FRANKLIN AVE STE 408 BEND OR 97703 mbarlow@newsunenergy.net
LESLIE SCHAUER (C) NEWSUN ENERGY LLC	550 NW FRANKLIN AVE STE 408 BEND OR 97703 leslie@newsunenergy.net
JACOB (JAKE) STEPHENS (C) NEWSUN ENERGY LLC	550 NW FRANKLIN AVE STE 408 BEND OR 97703 jstephens@newsunenergy.net

NRDC

RALPH CAVANAGH (C) (HC)
NATURAL RESOURCES DEFENSE
COUNCIL

111 SUTTER ST FL 20
SAN FRANCISCO CA 94104
rcavanagh@nrdc.org

CAROLINE CILEK (C) (HC)
GREEN ENERGY INSTITUTE

carolinecilek@lclark.edu

NW ENERGY COALITION

F. DIEGO RIVAS (C) (HC)
NW ENERGY COALITION

1101 8TH AVE
HELENA MT 59601
diego@nwenergy.org

PARSONS BEHLE & LATIMER

JUSTINA A CAVIGLIA
PARSONS BEHLE & LATIMER

50 WEST LIBERTY ST STE 750
RENO NV 89501
jcaviglia@parsonsbehle.com

PGE

PORTLAND GENERAL ELECTRIC

pge.opuc.filings@pgn.com

KIM BURTON (C) (HC)
PORTLAND GENERAL ELECTRIC

121 SW SALMON STREET
PORTLAND OR 97204
kim.burton@pgn.com

JAKI FERCHLAND (C) (HC)
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST. 1WTC0306
PORTLAND OR 97204
jacquelyn.ferchland@pgn.com

SMALL BUSINESS UTILITY ADVOCATES

DIANE HENKELS (C) (HC)
SMALL BUSINESS UTILITY ADVOCATES

621 SW MORRISON ST. STE 1025
PORTLAND OR 97205
diane@utilityadvocates.org

SBUA SBUA
SMALL BUSINESS UTILITY ADVOCATES

9450 SW GEMINI DR. #11200
BEAVERTON OR 97008
britt@utilityadvocates.org

STAFF

STEPHANIE S ANDRUS (C) (HC)
Oregon Department of Justice

BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096

stephanie.andrus@doj.state.or.us

MATTHEW MULDOON (C) (HC)
PUBLIC UTILITY COMMISSION OF
OREGON

PO BOX 1088
SALEM OR 97308-1088
matt.muldoon@puc.oregon.gov

NATASCHA SMITH (C) (HC)
Oregon Department of Justice

BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301
natascha.b.smith@doj.state.or.us

WALMART

ALEX KRONAUER (C)
WALMART

alex.kronauer@walmart.com

SERVICE LIST
OPUC DOCKET No. UM 1915

STEPHANIE S ANDRUS Oregon Department of Justice	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@doj.state.or.us
KIM BURTON PORTLAND GENERAL ELECTRIC	121 SW SALMON STREET PORTLAND OR 97204 kim.burton@pgn.com
JAKI FERCHLAND PORTLAND GENERAL ELECTRIC	121 SW SALMON ST. 1WTC0306 PORTLAND OR 97204 jacquelyn.ferchland@pgn.com
Share PGE RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC	PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON STREET, 1WTC0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com
KATHY ZARATE PUBLIC UTILITY COMMISSION OF OREGON	201 HIGH ST SE STE 100 SALEM OR 97301 kathy.zarate@puc.oregon.gov