



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

November 8, 2018

via email

puc.filingcenter@state.or.us

Public Utility Commission of Oregon
Attn: OPUC Filing Center
201 High Street, Ste. 100
P. O. Box 1088
Salem, OR 97308-1088

**Re: UM ___ PGE's Application for Deferred Accounting Treatment of Start-Up Costs
Associated with the Community Solar Program Implementation**

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests authorization to defer for later rate-making treatment operation and maintenance start-up costs associated with the development of the Community Solar Program implemented in compliance with Senate Bill 1547.

A Notice regarding the filing of this application has been provided to the parties on the UE 335 service list.

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a light blue circular stamp.

Stefan Brown
Manager, Regulatory Affairs

SB/np
Encls.

cc: Service List: UE 335

**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 Start-Up Costs Associated with the Community Solar Program Implementation.

Portland General Electric Company's Application for Deferred Accounting Treatment of Start-Up Costs Associated with the Community Solar Program Implementation

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 operation and maintenance (O&M) start-up costs associated with the development of the Community Solar Program (CSP), implemented in compliance with Senate Bill (SB) 1547. In addition, this filing is being made to initiate a deferral that will support an automatic adjustment clause rate schedule with an associated balancing account mechanism to track the ongoing costs and recovery amounts for the O&M start-up costs of the CSP. We request this deferral to be effective beginning the date of this filing.

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 Public Utility Commission of Oregon (Commission or OPUC).
2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items subject to an automatic adjustment clause.

3. Communications regarding this Application should be addressed to:

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PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric
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Portland, OR 97204
Phone: 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:

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

Pursuant to Section 22 of SB 1547, the Commission initiated Docket No. AR 603 (AR 603), which facilitated multiple workshops, discussions, and rounds of comments from stakeholders on draft rules, to establish a program for procuring electricity from community solar projects. Commission Order No. 17-232 adopted rules to establish a framework for the CSP that the Commission acknowledged would be supplemented and further developed in future proceedings, including the development of a program implementation manual. Additionally, OPUC Staff requested the Commission open a separate docket (i.e., Docket No. UM 1930) to address non-rulemaking matters related to the implementation of the CSP.

The CSP framework established by the Commission provides for a program start-up phase for

program development and an on-going phase that will start once the CSP is fully operational.¹ In accordance with SB 1547 Section 22(7)(c) and OAR 860-088-0160 regarding CSP funding, electric utilities will recover start-up costs incurred during the development or modification of the CSP (i.e., the start-up phase) through electric utility prices while CSP on-going costs are to be collected from CSP participants. As such, CSP on-going costs are not included in this application for deferred accounting.

OAR 860-088-0160(1) defines start-up costs as:

- 1) Costs associated with the Program Administrator² and Low-Income Facilitator;³ and
- 2) Each electric utility's prudently incurred start-up costs associated with implementing the CSP. These costs include, but are not limited to, costs associated with customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a CSP solar project.

This deferral application includes expected start-up costs associated with the Program Administrator as selected through OPUC Staff's Request For Proposal, O&M costs related to the Low-Income Facilitator, modifications to PGE's Information Technology (IT)/billing systems, legal and other professional fees, costs related to regulatory compliance, and any other O&M start-up costs associated with the implementation of the CSP that PGE may incur. The use of an automatic adjustment clause will allow recovery of O&M start-up costs as soon as the cost data is approved by the Commission and the balancing account will provide the ability to track and true-up the amounts associated with the CSP start-up.

¹ The delineation between start-up and on-going CSP costs is to be determined by the Program Administrator in the Program Implementation Manual.

² According to OAR 860-088-0010, Program Administrator means a third-party directed by the Commission to administer the Community Solar Program.

³ Low-Income Facilitator's responsibilities are provided in OAR 860-088-0030.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) PGE seeks deferred accounting treatment of the O&M start-up costs associated with the Program Administrator, Low-Income Facilitator, and the implementation of the CSP. This deferral is necessary because SB 1547 requires the implementation of the CSP and allows utility recovery of all prudently-incurred CSP state program start-up costs. CSP O&M start-up costs are not currently in base rates. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

C. Proposed Accounting

PGE proposes to record O&M start-up costs associated with the CSP as a regulatory asset in FERC account 182.3 (Other Regulatory Assets), with a credit to FERC account 456 (Other Revenue). In the absence of a deferred accounting order from the Commission, PGE would record costs to various FERC expense accounts.

D. Estimate of Amounts

PGE cannot accurately estimate at this time the total costs it will incur to support the CSP because the Commission is only now developing processes and procedures for the implementation of the program. The program implementation manual has yet to be developed and PGE anticipates that there will be utility start-up program responsibilities (and costs) identified in the manual.

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 Conditions

A. Earnings Review

PGE proposes that cost recovery associated with the CSP start-up not be subject to an earnings

review since it would be subject to an automatic adjustment clause.

B. Prudence Review

PGE will submit a report supporting CSP incurred start-up costs to Staff for review of prudence prior to the filing to adjust tariff prices. In addition, PGE will look to Staff for direction on start-up costs of the Program Administrator and Low Income Facilitator, as these are third-party providers and the Program Administrator in particular, is a contractor to the Commission.

C. Sharing Percentages

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

D. Rate Spread / Rate Design

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

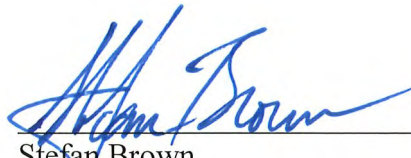
E. Three Percent Test

The amortization of the CSP start-up costs will be subject to the three percent test in accordance with the ORS 757.259(7) and (8), 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 estimated O&M start-up costs associated with the CSP.

Dated this November 8, 2018.



Stefan Brown
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Attachment A

Notice of Application for Deferred Accounting of
Incremental Start-up Costs Associated with the
Community Solar Program Implementation

**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 Start-Up Costs Associated with the Community Solar Program Implementation.

Notice of Portland General Electric Company's Application for Deferred Accounting Treatment of Start-Up Costs Associated with the Community Solar Program Implementation

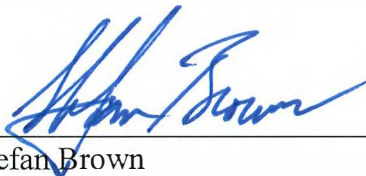
On November 8, 2018, Portland General Electric Company ("PGE") filed an application with the Public Utility Commission of Oregon (Commission or OPUC) for an Order authorizing the deferral of operations and maintenance (O&M) start-up costs associated with the Community Solar Program implementation, mandated through Senate Bill (SB) 1547.

Approval of PGE's authorization application as proposed will support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental O&M start-up costs associated with the Community Solar Program implementation.

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 December 10, 2018.

Dated this November 8, 2018.

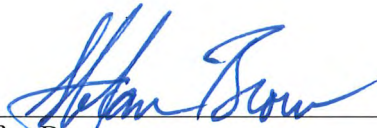


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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for Deferred Accounting Treatment of Start-Up Costs Associated with the Community Solar Program Implementation** to be served by electronic mail to those parties whose email addresses appear in the attached service list OPUC Docket No. UE 335.

DATED at Portland, Oregon, this 8th day of November, 2018.



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