



**Portland General Electric Company**  
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portlandgeneral.com

August 31, 2023

***Via Electronic Filing***

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

**Re: UM 2113 PGE's Application to Reauthorize Deferred Accounting of Costs Associated with the Energy Storage Pilots**

Dear Filing Center:

Enclosed for filing is Portland General Electric Company's application for deferred accounting reauthorization of Costs Associated with Energy Storage Pilots.

A Notice regarding the filing of this application has been provided to the parties on the UE 416 and UM 2113 service lists.

Parties who wish to receive a copy of this Application should review the Public Utility Commission of Oregon website.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or Stefan Cristea at (503) 464-8033. 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 List: UE 416 and UM 2113

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2113**

In the Matter of  
PORTLAND GENERAL ELECTRIC  
COMPANY  
Application for Reauthorization of Deferred  
Accounting of Costs Associated with Energy  
Storage Pilots

**PORTLAND GENERAL ELECTRIC  
COMPANY'S REQUEST FOR  
DEFERRAL REAUTHORIZATION**

Pursuant to ORS 757.259; OAR 860-027-0300; and Public Utility Commission of Oregon (Commission or OPUC) Order Nos. 18-290 (Docket No. UM 1856), 20-147 (Docket No. UM 1909), and 20-279 (Docket No. UE 370), Portland General Electric Company (PGE) respectfully requests reauthorization to defer costs associated with the Energy Storage Pilots (Pilots) effective September 1, 2023 through August 31, 2024.

PGE requests that this deferral be amortized through PGE Schedule 138, which is an automatic adjustment clause (AAC) rate schedule, approved by Commission Order No. 22-129 in PGE's 2022 general rate case, Docket No. UE 394 (UE 394).

In support of this application (Application) PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to regulation by the 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 into rates.

3. Written communications regarding this Application should be addressed to:

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

Jaki Ferchland  
E-mail: Jacquelyn.Ferchland@pgn.com

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

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

A. Background

In alignment with the State of Oregon’s policy direction of decarbonization, PGE is pursuing efforts as a company to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. PGE’s filed Energy Storage Proposal not only complies with Oregon legislation, but also supports PGE’s decarbonization, electrification, and performance imperatives.

In accordance with House Bill (HB) 2193<sup>1</sup> and Docket No. UM 1751, PGE filed its Energy Storage Proposal and Final Potential Evaluation on November 1, 2017, proposing to develop five energy storage pilots: Mid-feeder (Baldock); Coffee Creek Substation; Generation Kick Start (Port Westward 2); Customer and Community Microgrid Resiliency Project (Microgrids);<sup>2</sup> and Residential Battery Energy Storage. PGE’s Energy Storage Proposal was evaluated in Docket No. UM 1856 (UM 1856) and approved through Commission Order No. 18-290, subject to

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<sup>1</sup> 2015 Oregon Laws Chapter 312.

<sup>2</sup> Beaverton Public Safety Center and Anderson Readiness Center Microgrids.

conditions.<sup>3</sup> On September 1, 2020, PGE submitted its application to defer costs associated with the Beaverton Public Safety Center (BPSC) microgrid storage pilot to initiate Docket UM 2113 (UM 2113). The BPSC deferral was subsequently approved by Commission Order No. 20-370. On September 1, 2021, PGE submitted a deferral reauthorization request and, consistent with Commission Order 20-279, proposed to expand the scope of UM 2113 to include all energy storage pilots as approved in UM 1856, with the exception of Residential Energy Storage, which is being deferred through Docket No. UM 2078. PGE proposed that a docket encompassing all non-residential energy storage pilots will reduce administrative burden. Additionally, all pilots in this deferral will be amortized through the same cost recovery tariff, PGE Schedule 138, as approved through Commission Order No. 22-129 in PGE's general rate case, UE 394.

As of PGE's 2024 general rate case, UE 416, the BPSC and Anderson Readiness Center Microgrids and Port Westward 2 Generation Kickstart project are in customer base rates and are no longer subject to deferral. The remaining projects subject to this deferred accounting application reauthorization are the Coffee Creek Substation and Baldock. The Baldock project has since been renamed to the Camino del Sol Mid-Feeder project, and will be referred to as such for the remainder of this filing.

***Coffee Creek Substation:***

PGE plans to develop and build a 17 MW, two-hour Energy Storage System on PGE-owned property adjacent to the existing Coffee Creek Substation. This system will be able to provide capacity, energy and ancillary services to our system during normal operations, as well as mitigate outages caused by asset failure or other system issues during outage conditions. PGE will control and operate the project for system needs and will have the ability to dispatch the system as

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<sup>3</sup> See Commission Order No. 18-290, Appendix A, at <https://apps.puc.state.or.us/orders/2018ords/18-290.pdf> for a listing of the stipulated conditions PGE must meet.

needed. The overnight capital costs for this project are capped at a maximum allowable cost of \$30.1 million (2017 dollars) as approved by Commission Order No. 18-290.

***Camino del Sol Mid-Feeder:***

This project is expected to develop and build a 2 MW/2-hour energy storage system adjacent to PGE’s Camino del Sol (formerly Baldock) Solar facility and will be interconnected to the Canby-Butteville feeder. The final project energy rating (MWh) will be determined based on the proposal pricing received and space availability.

By implementing these projects, PGE will gain knowledge and experience with planning, installation, operations, maintenance, and informing larger scale BESS deployment.

To address cost recovery, PGE requests approval to defer capital-related costs and certain incremental expenses associated with the Pilots. These costs include but are not limited to: operations and maintenance (O&M – including incremental PGE labor related to the Pilots), income taxes, property taxes, return of and return on investment, and other fees and costs associated with the energy storage pilots. In accordance with Order No. 18-290, however, no administrative or evaluation costs associated with the entire portfolio of battery storage projects are requested for deferral.

As noted above, PGE will amortize the deferred “investments made in compliance with HB 2193, and approved by the Commission in Docket No. UM 1856”<sup>4</sup> through Schedule 138, which is an AAC rate schedule as approved in PGE’s 2022 general rate case (UE 394) through Commission Order No. 22-129. More specifically, the AAC and associated deferral will provide cost recovery for all referenced Pilots from their in-service dates until the costs are incorporated in a future PGE general rate case.

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<sup>4</sup> See Commission Order No. 20-279, page 8, and Commission Order No. 20-279, Appendix A, page 2.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the Coffee Creek and Camino del Sol energy storage projects. The granting of this Application will minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers. The approval of the Application will support the use of an AAC rate schedule, which will provide for changes in rates reflecting incremental costs associated with the Pilots.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferred amount 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 from the Commission, PGE would charge the costs to the applicable FERC accounts.

D. Estimate of the Amounts to be Recorded in the Deferred Account for the 12-month Period Subsequent to the Application.

As noted above, the AAC and associated deferrals will provide cost recovery for Coffee Creek and Camino del Sol energy storage projects from their in-service dates until the costs are incorporated in a future PGE general rate case. PGE will recover the costs of the Coffee Creek and Camino del Sol projects via Schedule 138. PGE currently expects that the Coffee Creek Substation project will be completed by the end of Q2, 2024 and will be subject to this current deferral reauthorization.

Table 1 provides capital cost cap amounts as established through Commission Order No. 18-290 and estimated annual O&M costs for the Coffee Creek Substation and Camino del Sol Mid-Feeder projects. Table 2 provides actual amounts deferred from 2020 through full year 2022.

**Table 1**

Name	Achieved/Estimated In-service Date	Actual/Estimated Total Capital Costs (Millions)	Annual O&M Costs (Millions)
Coffee Creek Substation	(Estimated) Q2 2024	Capital Cost Cap per Order \$30.1	Estimated* \$0.4
Camino del Sol (Formerly Baldock) Mid-Feeder	(Estimated) Post 2024	Capital Cost Cap per Order \$2.5	No estimate at this time.

\*O&M costs are expected to be higher in year 6 (current estimate \$1.4 million) and year 9 (currently estimate \$0.6 million) due to battery augmentation work.

**Table 2**

Name	In-Service Date	Actual Deferred 2020	Actual Deferred 2021	Actual Deferred 2022
BPSC	September 2020	\$79,528.07	\$119,860.51	\$136,988.05
PW2 Kickstart	October 2021	\$0	\$223,586.66	\$695,113.84

E. Notice

A copy of the notice of application for 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 service lists of Docket Nos. UM 2113 and UE 416 (PGE’s 2024 General Rate Case).

## II. Summary of Filing Conditions

### A. Earnings Review

Cost recovery associated with the Pilots will not be subject to an earnings review since it would be subject to Schedule 138, which is an AAC with no earnings review provision, as approved by Commission Order No. 22-129 in UE 394.

### B. Prudence Review

PGE will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilots' operations.

### C. Sharing

All prudently incurred cost and benefits will be collected from customers 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 of revenue applied on a cents-per-kWh basis.

### 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 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 incremental costs associated with the Energy Storage Pilots.

DATED this day August 31, 2023.

Respectfully Submitted,

*/s/ Jaki Ferchland*

Jaki Ferchland,  
Manager, Revenue Requirement  
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121 SW Salmon St., 1WTC 0306  
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## **Attachment A**

# **Notice of Application for the Deferral of Costs Associated with the Energy Storage Pilots**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2113**

In the Matter of  
PORTLAND GENERAL ELECTRIC  
COMPANY  
Application for Reauthorization of Deferred  
Accounting of Costs Associated with Energy  
Storage Pilots

**PORTLAND GENERAL ELECTRIC  
COMPANY'S REQUEST FOR  
DEFERRAL REAUTHORIZATION**

On August 31, 2023, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order reauthorizing deferral of incremental costs associated with the Energy Storage Pilots proposed in Docket No. UM 1856.

Persons who wish to obtain a copy of PGE's application will be able to access it on the OPUC website. The granting of this application for deferral reauthorization will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than September 25, 2023.

Dated this August 31, 2023.

*/s/Jaki Ferchland*

**Jaki Ferchland**

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121 SW Salmon St, 1WTC0306  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for the Deferral of Costs Associated with the Energy Storage Pilots** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service lists for OPUC Dockets UE 416 and UM 2113.

Dated at Portland, Oregon, this 31<sup>st</sup> day of August 2023.

*/s/Jaki Ferchland*

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