



**Portland General Electric**  
121 SW Salmon Street • Portland, OR 97204  
portlandgeneral.com

May 5, 2022

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

**RE: Second Supplemental Filing of Advice No. 22-08, UE 394 General Rate Case  
Compliance Filing**

Portland General Electric Company (PGE) submits this supplemental filing pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rules (OARs) 860-022-0025(2), and 860-022-0030 for filing proposed tariff sheets associated with Tariff P.U.C. No. 18. PGE initially filed Advice No. 22-08 on April 29, 2022, with an effective date of May 9, 2022, which remains as filed. PGE submitted a Supplemental Filing on May 4, 2022, to update the System Usage Charge in Schedules 90, 490, and 590. PGE is submitting this Second Supplemental Filing to update the revenue sensitive factor that was inadvertently not included in the initial filing.

Enclosed are the following additional sheets.

Sixteenth Revision of Sheet No. 125-2  
Twelfth Revision of Sheet No. 126-1  
Eleventh Revision of Sheet No. 126-3

All other sheets remain as previously filed.

The changes discussed above did not affect PGE's responses in its initial Advice Filing on April 29, 2022, which require PGE to satisfy the requirements of OAR 860-022-0025(2) and 860-022-0030.

The work papers submitted on April 29, 2022, remain unchanged.

Should you have any questions or comments regarding this filing, please contact me at (503) 464-8954 or Teresa Tang at [teresa.tang@pgn.com](mailto:teresa.tang@pgn.com). Please direct your communications related to this filing to the following email address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

*\s\ Robert Macfarlane*

Robert Macfarlane  
Manager, Pricing & Tariffs

Enclosure

cc: Service List – UE 394

**SCHEDULE 125 (Continued)**

**CHANGES IN NET VARIABLE POWER COSTS**

Changes in NVPC for purposes of rate determination under this schedule are the projected NVPC as determined in the Annual Power Cost Update less the NVPC revenues that would occur at the NVPC prices determined in the Company's most recent general rate case, adjusted for a revenue sensitive cost factor of 1.0331. (1)

**FILING AND EFFECTIVE DATE**

On or before April 1<sup>st</sup> of each calendar year, the Company will file estimates of the adjustments to its NVPC to be effective on January 1<sup>st</sup> of the following calendar year.

On or before October 1<sup>st</sup> of each calendar year, the Company will file updated estimates with final planned maintenance outages, final load forecast, updated projections of gas and electric prices, power, and fuel contracts.

On or before November 6<sup>th</sup> of each calendar year, the Company will file estimates with the final planned maintenance outages from the October 1<sup>st</sup> filing, load forecasts from the October 1<sup>st</sup> filings, load reductions from the October update resulting from additional participation in the Company's Long-Term Cost of Service Opt-out that occurs in September, updated projections of gas and electric prices, power, and fuel contracts.

On November 15<sup>th</sup>, the Company will file the final estimate of NVPC and will calculate and file the final change in NVPC to be effective on the next January 1<sup>st</sup> with: 1) projected market electric and fuel prices based on the average of the Company's internally generated projections made during the period November 1<sup>st</sup> through November 7<sup>th</sup>, 2) new market power and fuel contracts entered into since the previous updates, 3) the final planned maintenance outages and load forecast from the October 1<sup>st</sup> filing, 4) final update to Qualifying Facilities online dates, and 5) final price for the energy generation at the Priest Rapids and Wanapum hydro facilities, as provided in the power contract between PGE and Grant County.

**RATE ADJUSTMENT**

The rate adjustment will be based on the Adjusted NVPC less the NVPC revenues that would occur at the NVPC prices determined in the Company's most recent general rate case applied to forecast loads used to determine changes in Net Variable Power Costs. NVPC prices are defined as the price component that recovers the level of NVPC from the Company's most recent general rate case contained in each Schedule's Cost of Service energy prices.

**SCHEDULE 126  
ANNUAL POWER COST VARIANCE MECHANISM**

**PURPOSE**

To recognize in rates part of the difference for a given year between Actual Net Variable Power Costs and the Net Variable Power Costs forecast pursuant to Schedule 125, Annual Power Cost Update and in accordance with Commission Order No. 07-015. This schedule is an “automatic adjustment clause” as defined in ORS 757.210.

**APPLICABLE**

To all Customers for Electricity Service except those who were served on Schedule 76R and 576R, 485, 489, 490, 491, 492, 495, 515, 532, 538, 549, 583, 585, 589, 591, 592, 595 and 689, or served under Schedules 83, 85, 89 or 90 Daily Price Option for the entire calendar year that the Annual Power Cost Variance accrued. Customers served on Schedules 538, 583, 585, 589, 590, 591, 592 and 595 who received the Schedule 128 Balance of Year Transition Adjustment will be subject to this adjustment.

**ANNUAL POWER COST VARIANCE**

Subject to the Earnings Test, the Annual Power Cost Variance (PCV) is 90% of the amount that the Annual Variance exceeds either the Positive Annual Power Cost Deadband for a Positive Annual Variance or the Negative Annual Power Cost Deadband for a Negative Annual Variance.

**POWER COST VARIANCE ACCOUNT**

The Company will maintain a PCV Account to record Annual Variance amounts. The Account will contain the difference between the Adjustment Amount and amounts credited to or collected from Customers. This account will accrue interest at the Commission-authorized rate for deferred accounts. At the end of each year the Adjustment Amount for the calendar year will be adjusted by 50% of the annual interest calculated at the Commission-authorized rate. This amount will be added to the Adjustment Account.

Any balance in the PCV Account will be amortized to rates over a period determined by the Commission. Annually, the Company will propose to the Commission PCV Adjustment Rates that will amortize the PCV to rates over a period recommended by the Company. The amount accruing to Customers, whether positive or negative, will be multiplied by a revenue sensitive factor of 1.0331 to account for franchise fees, uncollectibles, and OPUC fees.

(I)

**EARNINGS TEST**

The recovery from or refund to Customers of any Adjustment Amount will be subject to an earnings review for the year that the power costs were incurred. The Company will recover the Adjustment Amount to the extent that such recovery will not cause the Company’s Actual Return on Equity (ROE) for the year to exceed its Authorized ROE minus 100 basis points. The Company will refund the Adjustment Amount to the extent that such refunding will not cause the Company’s Actual Return on Equity (ROE) for the year to fall below its Authorized ROE plus 100 basis points.

### Schedule 126 (Continued)

#### DEFINITIONS (Continued)

##### **Net Variable Power Costs (NVPC)**

The Net Variable Power Costs (NVPC) represents the power costs for Energy generated and purchased. NVPC are the net cost of fuel and emission control chemicals, fuel and emission control chemical transportation, power contracts, transmission/wheeling, wholesale sales, hedges, options and other financial instruments incurred to serve retail load. For purposes of calculating the NVPC, the following adjustments will be made:

- Exclude BPA payments in lieu of Subscription Power.
- Exclude the monthly FASB 133 mark-to-market activity.
- Exclude any cost or revenue unrelated to the period.
- Include as a cost all losses that the Company incurs, or is reasonably expected to incur, as a result of any non-retail Customer failing to pay the Company for the sale of power during the deferral period.
- Include fuel costs and revenues associated with steam sales from the Coyote Springs I Plant.
- Include gas resale revenues.
- Include Energy Charge revenues from Schedules 76R, 38, 83, 85, 89, 90, and 91 Energy pricing options other than Cost of Service and the Energy Charge revenues from the Market Based Pricing Option from Schedules 485, 489, 490, 491, 492, 495 and 689 as an offset to NVPC.
- NVPC shall be adjusted as needed to comply with Order 07-015 that states that ancillary services, the revenues from sales as well as the costs from the services, should also be taken into account in the mechanism.
- Actual NVPC will be increased to include the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment.
- Include reciprocating engine lubrication oil expenses.
- Include actual State and Federal Production Tax Credits.

##### **ADJUSTMENT AMOUNT**

The amount accruing to the Power Cost Variance Account, whether positive or negative will be multiplied by a revenue sensitive factor of 1.0331 to account for franchise fees, uncollectables, and OPUC fees. (I)

The Power Cost Adjustment Rate shall be set at level such that the projected amortization for 12 month period beginning with the implementation of the rate is no greater than six percent (6%) of annual Company retail revenues for the preceding calendar year.

##### **TIME AND MANNER OF FILING**

As a minimum, on July 1<sup>st</sup> of the following year (or the next business day if the 1<sup>st</sup> is a weekend or holiday), the Company will file with the Commission recommended adjustment rates for the next calendar year.