



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

April 21, 2023

Via Electronic Filing

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

Re: UM XXX - PGE's Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal

Enclosed for filing is Portland General Electric Company's (PGE) Application for Deferred Accounting Treatment of Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for a Request For Proposal.

A Notice regarding the filing of this application has been provided to the parties on the PGE's last general rate case service list (UE 394).

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7488.

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

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement

JF/dm
Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM XXXX

In the Matter of

Portland General Electric Company

Application for an Order Approving the
Deferral of Certain Costs Associated with an
Independent Evaluator and Third-Party
Consultants for a Request For Proposal

**Application for Deferred Accounting
Treatment of Certain Expenses Associated
with an Independent Evaluator and Third-
Party Consultants for a Request For
Proposal**

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 certain design, implementation, evaluation and report expenses, along with certain expenses associated with an Independent Evaluator (IE) as required under the competitive bidding rules for its 2023 All-Source Request for Proposals (RFP).¹ PGE will seek amortization of the deferred amount in a future proceeding. 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).
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. Written communications regarding this Application should be addressed to:

¹ See OARs 860-089-0200 and 860-089-0400.

PGE-OPUC Filings
Rates & Regulatory Affairs
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Kim Burton
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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:

Greg Batzler, Senior Regulatory Consultant
E-mail: greg.batzler@pgn.com

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

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

A. Background

In accordance with the competitive bidding rules adopted by the Commission, PGE has commenced the process for a 2023 All-Source RFP for carbon-free energy resources as we work toward the 2030 decarbonization target and seek to address a likely 2026 capacity need identified as part of PGE's 2023 Integrated Resource Plan and Clean Energy Plan. The rules for engaging an IE within a competitive resource procurement process are prescribed within OAR 860-089-0200, which states in part: "The electric company may request recovery of fees and expenses associated with engaging an IE in customer rates."² Additionally, pursuant to OAR 860-089-0400(5)(a), PGE is required to: "use a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources."

As part of PGE's notice of the commencement of the process for a 2023 All-Source Request for Proposals (RFP), docketed as UM 2274, PGE also sought a partial waiver of OAR 860-089-0200, to

² See OAR 860-089-0200(3).

allow Bates White, the IE used for PGE's 2021 RFP, to continue and serve as the IE for UM 2274. PGE's waiver request, allowing for the continuation of Bates White, was granted by the Commission at the April 18, 2023, Commission Public Meeting. As such, Bates White will oversee the 2023 All-Source RFP process and perform all functions identified within the Division 089 rules to ensure that it is conducted fairly, transparently, and properly. Some examples of these functions, as specified in OAR 860-089-0450, include the IE being available and responsive to the Commission throughout the process, PGE consulting with the IE in preparing the RFP, the IE submitting its assessment of the final draft RFP, and the IE preparing a closing report for the Commission after the final short-list of bids are selected.

Additionally, consistent with PGE's 2021 All-Source RFP, independent third-party experts that will be involved in the 2023 All-Source RFP process include:

- A Variable Energy Resource (VER) assessment expert to review and assess the short-listed proposals received for wind and solar bids. This includes the review and assessment of the VER estimate, resource study, and other resource data describing the estimated energy produced from each project proposal.
- A third-party Owner's Engineer (OE) to conduct technical compliance review of short-listed proposals received for renewable energy bids. This includes analysis of the technical exception log submitted with each utility-owned proposal, identification of any additional technical scope gaps, and cost estimation for any identified technical exceptions.

As part of this application, PGE requests deferred accounting to track the costs of the IE, and independent third-party experts including the VER assessment expert, and the third-party OE who will support the evaluation of the RFP bids for later prudence review and inclusion in rates.

B. Reason for Deferral

OAR 860-089-0200(1) requires the engagement of an IE prior to issuing an RFP to oversee the competitive bidding process. OAR 089-0400(5)(a) specifies the use of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources. PGE expects to incur incremental costs to pay for the IE and independent third-party experts that were not included in the costs used to set rates in PGE's most recent general rate case (Docket No. UE 394), and therefore requests deferred accounting to track these costs for later prudence review and potential inclusion in rates.

PGE seeks deferred accounting treatment of the expenses associated with an IE and independent third-party experts pursuant to ORS 757.259(2)(e). Deferring the costs will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving this 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 for recording amounts deferred.

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC Account 407.4, Regulatory Credits. In the absence of a deferred accounting order from the Commission, PGE would record the costs associated with the IE and third-party experts to FERC account 923, Outside Services Employed.

D. Estimate of Amounts to be recorded for the next 12 months.

PGE currently estimates the amount subject to the deferral will total approximately \$400,000 for the IE and third-party experts required for PGE's 2023 All-Source RFP. However, the exact amount will depend on a number of factors including the independent third-party experts selected, the number of bids received, and the amount of work performed by the IE and independent third-party experts.

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: (ORS 757.259(5)) - Not applicable. See OAR 860-089-0200(1), which requires utilities to engage the services of an IE to oversee the competitive bidding process and OAR 860-089-0400(5)(a) which requires utilities to engage the services of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist.

B. Prudence Review: Should be performed by the OPUC Staff after PGE files for amortization but should be limited to verification of the accounting methodology used to determine the final amortization balance.

C. Sharing Percent: There should be no sharing between PGE and its customers for this deferral. PGE is incurring the IE and independent third-party evaluator costs in this deferral application pursuant to the provisions included within OARs 860-089-0200(1) and 860-089-0400(5)(a).

D. Rate Spread/Rate Design: Costs recovered through this deferral 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 to each applicable rate schedule.

E. Three Percent Test: The amortization of the deferred IE costs 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 certain expenses associated with an IE and independent third-party experts as described herein from the date of this application.

DATED this day of April 21, 2023.

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503-464-7488
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UM_____

Attachment A

Notice of Application for Deferred Accounting Treatment of Certain Expenses
Associated with an Independent Evaluator and Third-Party Consultants for a
Request For Proposal

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

Portland General Electric Company

Application for an Order Approving the
Deferral of Certain Costs Associated with an
Independent Evaluator and Third-Party
Consultants for a Request For Proposal

**Notice of Application for Deferred
Accounting Treatment of Certain Expenses
Associated with an Independent Evaluator
and Third-Party Consultants for a Request
For Proposal**

On April 21, 2023, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission) for an Order authorizing deferral of certain expenses associated with an Independent Evaluator and Third-Party Consultants for PGE’s 2023 All-Source Request For Proposal. 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.

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

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than May 16, 2023.

Dated: April 21, 2023.

/s/ Jaki Ferchland

Jaki Ferchland
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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 Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for PGE's 2023 All-Source Request For Proposal** 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 list for OPUC Docket UE 394.

Dated at Portland, Oregon, this 21st day of April, 2023.

/s/ Jaki Ferchland

Jaki Ferchland
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**SERVICE LIST
OPUC DOCKET No. UE 394**

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