



**Portland General Electric**  
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PortlandGeneral.com

December 7, 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 Deferral of Costs to Support PGE's Use of Balancing Accounts**

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests authorization to defer certain costs associated with PGE's balancing accounts for the Residential Power Act Exchange Credit (RPA Credit), the Multnomah County Business Income Tax (MCBIT) Recovery, Energy Efficiency (EE) Customer Service, and Major Maintenance Accruals (MMAs).

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 that reads "Karla Wenzel". The signature is written in a cursive style.

Karla Wenzel  
Manager, Pricing and Tariffs

KW/cc

Encls.

Cc: Service List: UE 335

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM \_\_\_\_\_**

In the Matter of the Application of Portland	)	Application for the Deferral of Costs to
General Electric Company for an Order	)	Support PGE's Use of Balancing Accounts
Approving the Deferral of Costs to Support	)	
PGE's Use of Balancing Accounts	)	

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby requests authorization to defer certain costs associated with PGE's balancing accounts for the Residential Power Act Exchange Credit (RPA Credit),<sup>1</sup> the Multnomah County Business Income Tax (MCBIT) Recovery,<sup>2</sup> Energy Efficiency (EE) Customer Service,<sup>3</sup> and Major Maintenance Accruals (MMAs). This application (Application) is filed at the direction of Public Utility Commission of Oregon (OPUC or Commission) Staff in its interpretation that balancing accounts with a debit balance mean that costs are being deferred and there must be deferral applications to support such accounts. This Application is also intended to aggregate the requirement of Order No. 17-511<sup>4</sup> and thus avoid the need to filing separate deferral applications to support each of the balancing accounts listed above.

PGE requests this deferral to be effective upon the date of filing and be subject to annual renewals. PGE will not seek amortization of these deferred amounts in a future proceeding as the deferred amounts will automatically reverse due to the standard operation of a balancing account. In short, approval of this application will permit PGE to continue using the established balancing account mechanisms as approved by the OPUC. In accordance with prior Commission Orders, the balance of the balancing account, either positive or negative (i.e., debit or credit), will be rolled

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<sup>1</sup> Amortized through Schedule 102.

<sup>2</sup> Amortized through Schedule 106.

<sup>3</sup> Amortized through Schedule 110.

<sup>4</sup> Commission Order No. 17-511 authorized PGE to establish a Colstrip MMA and required the filing of annual deferred accounting applications associated with MMAs.

forward within these balancing accounts. Section A below provides further details regarding PGE's balancing accounts. In support of this Application PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to the regulation of the Commission.
2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items.
3. Written communications regarding this Application should be addressed to:

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PGE-OPUC Filings  
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E-mail: [pge.opuc.filings@pgn.com](mailto: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:

Alex Tooman, Senior Regulatory Consultant, Regulatory Affairs  
E-mail: [Alex.Tooman@pgn.com](mailto:Alex.Tooman@pgn.com)

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

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

##### **A. Background Description**

In prior regulatory filings PGE proposed and the Commission approved PGE to establish balancing accounts for recording costs and revenues related to the RPA Credit, MCBIT Recovery, EE Customer Service, and MMAs. Specifically, the balancing accounts established for these programs or mechanisms are intended to do the following:

- The RPA Credit: PGE maintains a balancing account to track the difference between monetary benefits provided by the Bonneville Power Administration (BPA) to PGE, consistent with the provisions of the Residential Exchange

Program Settlement Implementation Agreement,<sup>5</sup> and passed through to eligible customers via Schedule 102.

- The MCBIT Recovery: The associated balancing account is maintained to accrue the difference between PGE's actual local income tax liability and the amount collected from customers under Schedule 106. Any over- or under-collection reflected in this account is considered when the MCBIT rate is established.
- The EE Customer Service: PGE established a balancing account to record the differences between the actual fully loaded qualifying expenses and the revenues collected under Schedule 110 adjusted for allowance for uncollectibles, franchise fees, and other revenue sensitive costs.
- The MMA<sup>6</sup> is a combination of an accrual and a balancing account wherein PGE develops a forecast of projected expenses 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 is intended to result 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 within the balancing account and into the calculation of the proposed accrual.

Because the balancing accounts listed above have been approved by the Commission in previous regulatory proceedings, PGE does not believe that an annual request for deferred

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<sup>5</sup> Commission Order No. 11-114 authorized the execution of the REPSIA Contract No. 11PB-12467.

<sup>6</sup> PGE has MMAs in place for Colstrip, Carty, Coyote Springs, Port Westward 1, and Port Westward 2 generating plants.

accounting is necessary.<sup>7</sup> However, to comply with OPUC Staff's current direction, PGE submits this Application to address the occasions when there is a positive (i.e., debit) balance that is rolled forward within these balancing accounts.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) and for the reasons discussed above, PGE seeks deferred accounting treatment for costs associated with the RPA Credit, MCBIT recovery, EE Customer Service, and MMAs to support the use of related balancing accounts. Granting this Application 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 balancing accounts as intended and approved through prior Commission orders.

C. Proposed Accounting for Recording Amounts Deferred.

RPA Credit accounting treatment: the balancing account is recorded into FERC Account 242 (Current Regulatory Liability). Benefits to customers are credited to FERC Account 242, and the amortization of refund to customers is debited to FERC Account 242. PGE amortizes the balancing account based on the rate credits provided to customers through Schedule 102 in FERC Accounts 440 and 442 (Retail Revenue), with amortization offset against FERC Account 456 (Revenue from Regulatory Deferrals). Interest is accrued on the balance at the approved blended treasury rate.

MMA accounting treatment: expenses in excess of the MMA accrual are collected in rates by crediting expense Account 553 (Maintenance of Generating and Electric Equipment –

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<sup>7</sup> In Docket No. UM 1317 OPUC Staff recommended that the Commission deny PGE's request to defer costs associated with the RPA Credit because "... the creation of a deferred account could be viewed as unnecessary, since PGE has a balancing account to keep track of a mismatch in payments between payments received from BPA and payments made to customers." See at: <https://www.puc.state.or.us/meetings/pmemos/2007/053007/reg4.pdf>

Port Westward, PW2, Carty, and Coyote Springs); or expense Account 513 (Maintenance of Electric Plant – Colstrip) for the excess, and debiting FERC Account 182.3 (Other Regulatory Assets). Revenues collected in excess of incurred major maintenance expenditures will be deferred by debiting FERC Account 456 (Other Electric Revenues), and crediting FERC Account 254 (Other Regulatory Liabilities).

MCBIT Recovery accounting treatment: the balancing account is recorded into FERC Account 242 (Current Regulatory Liability). MCBIT Payments are debited to FERC Account 242 and credited to FERC Account 407.4 (Regulatory Credit). MCBIT amortization is credited to FERC Account 242 and debited to FERC Account 407.4. Interest is accrued on the balance at the approved blended treasury rate.

EE Customer Service accounting treatment: the balancing account is recorded in either FERC 182.3 (Regulatory Assets), when qualified expenses incurred exceed revenue collected from customers, or FERC Account 254 (Regulatory Liabilities) when qualified expenses incurred are less than revenue collected from customers. PGE amortizes the balancing account based on the rate collected from customers through Schedule 110, adjusted by revenue sensitive costs.

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

PGE does not have an estimate of the amounts to be deferred because they occur infrequently and can vary depending on the level of expenses and revenues or the accuracy of projections.

E. Notice

A copy of the Notice of Application for Deferral of Costs to Support PGE's Balancing Accounts and a list of persons served with Notice are attached to the Application as

Attachment A. In compliance with OAR 860-027-0300(6), PGE is serving Notice of Application on the UE 335 Service List, PGE's last general rate case.

**II. Summary of Filing Conditions**

A. Earnings Review

No earnings review is applicable as PGE will not seek separate amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing accounts.

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 mechanism.

D. Rate Spread/Rate Design

Rate Spread/Rate Design is not applicable since PGE will not seek amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing accounts.

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.

### III. Conclusion

For the reasons stated above, PGE requests permission to defer the costs related to RPA Credit, MCBIT Recovery, EE Customer Service, and MMAs such that any positive balance can be rolled forward into their balancing accounts calculations.

DATED this 7<sup>th</sup> day of December 2018.

Respectfully Submitted,



Karla Wenzel  
Manager, Pricing and Tariffs  
Portland General Electric Company  
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## **Attachment A**

### **Notice of Application for Deferral of Costs to Support PGE's Use of Balancing Accounts**

**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 Costs to Support PGE's Use of Balancing Accounts	) <b>Notice of Application for the Deferral of Costs to Support PGE's Use of Balancing Accounts</b> ) )
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On December 7, 2018, Portland General Electric Company (PGE) filed an Application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order authorizing deferral of costs to support PGE's use of established balancing accounts for the Residential Power Act Credit, the Multnomah County Business Income Tax Recovery, the Energy Efficiency Customer Service, and Major Maintenance Accruals.

Approval of PGE's Application will not authorize a change in PGE's rates, but will permit PGE to continue using the balancing accounts mentioned above as approved through prior Commission Orders.

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 January 8, 2019.

Dated this 7<sup>th</sup> day of December 2018.

  
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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 and Revenues to Support PGE's Use of Balancing Accounts** to be served by electronic mail to those parties on the attached service list for OPUC Docket No. UE 335.

Dated at Portland, Oregon, this 7<sup>th</sup> day of December, 2018.



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