



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

May 31, 2019

Via Electronic Filing
puc.filingcenter@state.or.us

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

Re: **UM _____ PGE's Application for Deferral of Costs Related to Wildfire Risk Mitigation Measures**

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests authorization to defer certain costs associated with Wildfire Risk Mitigation Measures.

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 "Jay Tinker". The signature is written in a cursive, flowing style.

Jay Tinker
Director, Rates & Regulatory Affairs

JT/np

Enclosure

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
General Electric Company for an Order) related to Wildfire Risk Mitigation
Approving the Deferral Related to Wildfire Risk) Measures
Mitigation Measures)
)

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby respectfully requests authorization to defer for later rate-making treatment incremental costs associated with Wildfire Risk Mitigation Measures (“Wildfire Mitigation”). PGE seeks authorization to defer the incremental Operating and Maintenance (“O&M”) costs related to Wildfire Mitigation incurred from the date of this application for a period of up to one year. Only non-capital-related O&M expenses will be subject to deferral.¹ PGE will seek amortization of the deferred amount in a future Commission proceeding.

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 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 for later incorporation into rates.

¹ PGE believes that a deferral that includes O&M and capital costs associated with Wildfire Risk Mitigation to be a more appropriate treatment. However, recognizing that Commission Order No. 18-423 in Docket UM 1909 may remain unchanged, PGE is submitting this application for deferred accounting treatment of only O&M expenses.

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

Douglas C. Tingey
Associate General Counsel
Portland General Electric
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121 SW Salmon Street
Portland, OR 97204
Phone: 503.464.8926
E-mail: doug.tingey@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric
1WTC0306
121 SW Salmon Street
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, 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

PGE understands the urgency to reduce wildfire potential from our system and is taking immediate action. Past practices are not enough in an era of changing climate conditions. PGE is developing an enhanced Wildfire Mitigation program based on learnings from peers in the energy and forestry industries.

While development and implementation of a comprehensive Wildfire Mitigation plan is a multi-year effort that includes asset hardening and implementation of new protection and control technology, some immediate steps can be undertaken now to reduce wildfire risk. These Wildfire Risk Mitigation Measure enhancements include: development of a fire-risk assessment and modeling tool, data acquisition for a remote sensing project, weather-alert notifications and new GIS overlays; fire-hardening construction standards; increased inspections/corrections for

equipment and vegetation in high fire risk areas including hot-spot trimming, greater clearances and aggressive removal of dead and dying trees; and tools and additional training for crews.

Approval of this cost-recovery mechanism is necessary to proceed with Wildfire Mitigation because the costs are not included in any other PGE prices or recovery mechanism.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for Wildfire Mitigation. 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. An automatic adjustment clause rate schedule is not being requested as part of this Application.

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 credits of the incremental operations and maintenance expense to various FERC accounts including primarily 593.0 Maintenance Overhead Lines (distribution) and 571.0 Maintenance Overhead Lines (transmission). In the absence of a deferred accounting order from the Commission, the costs will remain in the various FERC accounts.

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

PGE estimates that the incremental O&M costs for 2019 related to Wildfire Mitigation to be approximately \$2.5 million (2019 dollars).

Table 1: Estimated Costs 2019

Vegetation Inspections and Clearing in fire risk areas	\$2,000,000
Transmission and Distribution Inspections in fire risk areas	\$200,000
Operational and Circuit Configuration Changes in fire risk areas	\$190,000
Risk Model and GIS Model Refinement	\$110,000

Costs for 2020 have not yet been estimated, but we expect them to grow relative to the 2019 amounts. The estimate of incremental costs for the next 12 months is approximately \$4.25 million.

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 Exhibit A. In compliance with the provisions of 860-027-0300(6), PGE is serving notice of application on the service list of Docket No. UE 335 (PGE's 2019 general rate case).

II. Summary of Filing Conditions

A. Earnings Review

Cost recovery associated with Wildfire Mitigation will be subject to an earnings review in accordance with ORS 757.259(5).

B. Prudence Review

A prudence review can also be performed prior to amortization of deferred amounts.

C. Sharing

All prudently incurred cost and benefits, will be collected from or refunded to 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 based on an equal percent of non-generation revenue, with direct access transmission priced at cost-of-service, applied on a cents-per-kWh basis.

E. Three percent test (ORS 757.259(6))

The amortization of Wildfire Mitigation 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 O&M costs, to recover the deferred O&M costs associated with the Wildfire Risk Mitigation Measures.

DATED this May 31, 2019.

Respectfully Submitted,



Jay Tinker
Director, Rates & Regulatory Affairs
Portland General Electric Company
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Portland, OR 97204
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Fax: 503.464.7651
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Exhibit A

Notice of Application for the Deferral of Costs Associated with Wildfire Risk Mitigation Measures

**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 Related to) Wildfire Risk Mitigation Measures)	Notice of Application for the Deferral of Costs and Revenues Associated with the Wildfire Risk Mitigation Measures
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On May 31, 2019, 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 incremental operation and maintenance (O&M) costs associated with Wildfire Risk Mitigation Measures.

Approval of PGE's 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.

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 July 01, 2019.

Dated this May 31, 2019



Jay Tinker
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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 related to Wildfire Risk Mitigation Measures** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket UE 335.

Dated at Portland, Oregon, this 31st day of May, 2019.



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