



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

March 23, 2022

Via Electronic Filing

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

Re: UM ___ PGE's Application for Authorization to Defer Costs Associated with Securing and Deploying Federal Grant Funds

Enclosed for filing is Portland General Electric Company's ("PGE") Application for Authorization to Defer Costs Associated with Securing and Deploying Federal Grant Funds.

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

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

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/np

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

PGE Deferral of Costs Associated with
Securing and Deploying Federal Grant
Funds

**Application for Deferred Accounting for
Costs Associated with Securing and
Deploying Federal Grant Funds**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby submits this Application to request authorization to defer costs associated with the development and execution of federal grants under the federal Infrastructure Investment and Jobs Act (IIJA) including the incremental cost of positions to support and manage implementation of IIJA on behalf of PGE customers. If PGE’s grant strategy and applications are successful, PGE would acquire newly available federal funding that can be used to reduce the customer costs of: 1) complying with Oregon House Bill (HB) 2021, 2) PGE's transportation electrification (TE) infrastructure buildout, 3) distribution system plan (DSP) implementation, and 4) climate and wildfire adaptation and resiliency. PGE requests this application be effective upon the date of this filing. 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, 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.
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,
Manager, Revenue Requirement
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Nidhi Thakar
Senior Director, Resource and Regulatory
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I. OAR 860-027-0300(3) Requirements

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

A. Background Description

In November 2021, Congress enacted the IIJA, resulting in unprecedented levels of government funding—\$1.2 trillion—for a wide range of programs administered by various federal agencies. If successful in applying for and receiving grant dollars, this federal funding could significantly reduce the customer costs of complying with the provisions of HB 2021. In addition, successful grant applications could provide critical funding for TE and DSP work pursuant to Docket Nos. UM 2005 (Investigation into Distribution System Planning) and UM 2165 (Investigation of TE Investment Framework). Some key areas of funding identified within the IIJA include grant and loan programs for TE, grid resiliency, climate and wildfire adaptation and resiliency, clean energy, smart grid investment, carbon reduction, hydrogen, and expanded and advanced energy efficiency. While billions of dollars included within the IIJA have been set aside for clean energy and projects to mitigate the effects of climate change, including more than \$62

billion to the U.S. Department of Energy (DOE) for new and existing programs, PGE expects to see a highly competitive process between utilities and other industries in securing a portion of these funds.

HB 2021 includes mandated clean energy targets consisting of an 80% reduction in greenhouse gas emissions by 2030, a 90% reduction in greenhouse gas emissions by 2035, and 100% reduction in greenhouse gas emissions by 2040 and every year thereafter. Among the many provisions included within HB 2021, are a cost cap on compliance costs, system reliability off-ramps, and resiliency provisions to help ensure the clean energy transition is effectuated in an affordable, reliable, and resilient manner. Commission Order No. 21-484 in UM 2165 adopted Staff's recommendation to explore the adoption of the TE Investment Framework in Oregon and support utility investment in TE. As part of UM 2165, which integrated the newly enacted HB 2165 and HB 3055 TE legislation into the investigation, a framework was identified that consisted of three elements to support TE investment. Included within these three elements is the provision to prioritize external funding sources with respect to infrastructure spending.¹ Pursuant to Commission Order No. 20-485, adopting Staff's recommendation for approving DSP Guidelines, PGE and other Oregon investor-owned electric utilities must submit comprehensive DSPs that include, among other deliverables, grid needs identification, solution identification, and a near-term action plan.² Finally, events such as the Labor Day wildfires of 2020, the 2021 ice storm, and the heat dome events of 2021 are an indicator of a rapidly changing environment for which PGE's system planning will need to adjust to support the needed climate adaptation and resiliency for customers and communities.

¹ Commission Order No. 21-484, Appendix A, page 13.

² These specific areas of PGE's DSP are to be included in Part 2 of PGE's DSP, due August 2022.

The ambitious goals of HB 2021, along with the important TE and DSP efforts underway, underscore that PGE's ability to secure a portion of IIJA grant funding is critical to meeting these challenges in a cost-effective manner. As such, PGE determined that due to the size, scope, timing, and competitiveness of the grant proposal process, to maximize the ability of securing a portion of federal grant dollars and to provide dedicated and effective oversight of the funding dollars when secured, it is essential that: 1) PGE partner with an external expert consultant to compete for federal dollars, and 2) and hire at least one incremental PGE employee dedicated to managing this effort internally. As such, PGE has conducted an extensive search to identify a consulting firm to help PGE compete for federal dollars. This search began with numerous informal conversations with peer utilities and scoping conversations with multiple law and consulting firms that specialize in grants and loans to identify a short list of candidates to interview. From this scoping and research effort, PGE evaluated five firms with which to partner to: 1) define a strategy to prioritize investments that relate to funding opportunities, 2) track relevant funding opportunities, 3) develop grant application materials, and 4) assuming an application is successful, structure grant compliance and reporting activities to support awards.

This robust solicitation process resulted in PGE executing a statement of work with West Monroe Partners (West Monroe), who demonstrated a solid competency and rigorous approach to efficiently securing the greatest amount of federal funding dollars as possible. West Monroe has extensive and proven capabilities (both within and outside of the energy and utility sector) to: 1) develop a successful grant strategy, 2) track opportunities, and 3) create robust and competitive applications. West Monroe has also built solid relationships at both the federal and state levels of government and has demonstrated previous success working with the DOE and for utility peers. The specific activities that West Monroe will perform include:

1. Thoroughly review past grant programs across multiple agencies³ to understand legacy program structures and requirements, identify potential partners for joint grant opportunities, and remain apprised of ongoing funding opportunities, communicating relevant announcements to PGE.
2. With PGE, develop the overall grant strategy, perform a detailed funding opportunity assessment based on PGE project needs, identify partner organizations as appropriate, and recommend the portfolio of applications to be submitted.
3. Prepare and finalize an IIJA grant program roadmap based on recommended projects and lead the preparation and submission of grant applications for the selected projects.
4. Determine the scope of administrative, compliance, and technical requirements of grants (and incentives). Provide a summary of grant rules as applied to each successful grant application and develop the framework for compliance including the deliverables, timelines, and reporting requirements for each successful grant application.

At the same time, PGE has begun the process of hiring an Infrastructure Program Director, focused solely on effectively managing PGE's efforts to compete for IIJA dollars. This position will provide end to end strategy and support to effectively compete for IIJA dollars and manage backend compliance in the event PGE is successful. Specifically, this position will work to align IIJA funding opportunity announcements with numerous capital project efforts involving TE infrastructure buildout, grid resiliency and reliability, deployment of technologies to enhance grid flexibility, programs to support an affordable clean energy transition, investments in climate and wildfire adaptation and resiliency, and any number of other important projects or programs supporting PGE's customers. Given the potential breadth and depth of these initiatives, additional

³ Including DOE, Department of Transportation, and national telecommunications and Information Administration.

positions will likely be needed to ensure effective and efficient deployment of grant and customer funds.

In total, PGE in partnership with West Monroe expects to file approximately twelve grant applications, consisting of approximately six PGE-only and approximately six partnered grants over the life of IJJA implementation, which is a five-year funding cycle. Successful grant approvals could lead to hundreds of millions of dollars in support of HB 2021 clean energy mandates, TE infrastructure, climate and wildfire adaptation and resiliency, and DSP investment.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) and for the reasons discussed above, PGE seeks deferred accounting treatment for the costs to secure and deploy federal grant funds. Granting this Application could minimize the frequency of rate changes and will appropriately match 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 deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit FERC account 923, Outside Services Employed and credit various applicable accounts related to employee support (e.g., 920 Administrative and general salaries, 580 Distribution - Operation supervision and engineering, and 560 Transmission - Operation supervision and engineering). If specific identification of the particular source of the regulatory asset is unable to be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to FERC account 923, Outside Services Employed, and various applicable accounts related to employee

support (e.g., 920 Administrative and general salaries, 580 Distribution - Operation supervision and engineering, and 560 Transmission - Operation supervision and engineering).

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

PGE estimates the cost to secure and deploy federal grant funds for the next twelve months will total approximately \$1.0 million.

E. Notice

A copy of the Notice of Application for Deferral of costs to secure and deploy federal grant funds and a list of persons served with Notice are attached to this Application as Attachment A. In compliance with OAR 860-027-0300(6), PGE is serving Notice of Application on the service list for UE 394, PGE's current general rate case.

II. Summary of Filing Conditions

A. Earnings Review

Recovery of the incremental regulatory fee will be subject to an earnings review in accordance with ORS 757.259.

B. Prudence Review

A prudence review should be performed by the Commission Staff as part of PGE's amortization filing.

C. Sharing

All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

D. Rate Spread/Rate Design

The rate spread/rate design will be consistent with the prevailing rate spread/rate design at the time of the amortization.

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

The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(6), which absent certain exceptions limits aggregated deferral amortizations during a year 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 approval to defer the costs to secure and deploy federal grant funds effective March 23, 2022.

DATED this 23rd day of March 2022.

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
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Attachment A

Notice of Application for Deferral of Costs Associated with Securing and Deploying Federal Grant Funds

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

PGE Deferral of Costs Associated with
Securing and Deploying Federal Grant
Funds

**Notice of Application for Deferred
Accounting for Costs Associated with
Securing and Deploying Federal Grant
Funds**

On March 23, 2022, 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 secure and deploy federal grant funds.

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 OPUC website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than April 23, 2022.

Dated this 23rd day of March 2022.

/s/ Jaki Ferchland
Jaki Ferchland
Manager, Revenue Requirement
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for Deferred Accounting for Costs Associated with Securing and Deploying Federal Grant Funds** to be served by electronic mail to those parties on the attached service list for OPUC Docket No. UE 394.

Dated at Portland, Oregon, this 23rd day of March 2022.

/s/ Jaki Ferchland

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