

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com

Suite 450

1750 SW Harbor Way  
Portland, OR 97201

March 26, 2021

***Via Electronic Filing***

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY  
Flexible Load Plan.  
**Docket No. UM 2141**

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' comments in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 2141**

In the Matter of )  
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PORTLAND GENERAL ELECTRIC ) COMMENTS OF THE ALLIANCE OF  
COMPANY, ) WESTERN ENERGY CONSUMERS  
 )  
Flexible Load Plan. )  
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**I. INTRODUCTION**

Pursuant to the Oregon Public Utility Commission (“Commission”) Staff’s March 2, 2021 Request for Comments, the Alliance of Western Energy Consumers (“AWEC”) submits the following comments in the above-referenced docket regarding Portland General Electric’s (“PGE” or “Company”) Flexible Load Plan (“FLP”) filed on December 23, 2020.

**II. DISCUSSION**

On February 11, 2021 and February 18, 2021, PGE held two information sessions during which the Company provided an overview of the FLP to stakeholders. Such workshops align with one of the many purposes of PGE’s FLP to “[c]omprehensive[ly] and transparently share with all interested parties PGE program activity, costs and savings.”<sup>1/</sup> PGE’s consistent engagement with stakeholders throughout this process is appreciated.

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<sup>1/</sup> Docket No. UM 2141, Portland General Electric Company Flexible Load Plan, at 9 (Dec. 23, 2020).

In the FLP, PGE proposes to change the way it presents its demand response and flexible load pilot programs to the Commission. Commission Staff explains that the Commission currently “reviews separate deferral authorization requests and reporting for each of PGE’s pilots on separate schedules.”<sup>2/</sup> However, if the FLP is approved, “PGE would consolidate the Company’s various demand response and flexible load activities into a single portfolio and present the whole portfolio to the Commission in a multi-year plan that includes budget, cost recovery, and reporting.”<sup>3/</sup>

At this time, AWEC takes no position on the substance of PGE’s FLP and only addresses the issue of whether the Commission should approve a multi-year plan for cost recovery outside a general rate case (“GRC”). The timing of when PGE files the multi-year plan is concerning. The Commission should not approve such a proposal outside of a GRC. PGE is currently evaluating whether to file a GRC within the upcoming months.<sup>4/</sup> PGE may choose to present its multi-year rate plan in this upcoming GRC, which will not affect PGE’s portfolio-based implementation plan for the FLP.

A GRC is the appropriate procedure to address PGE’s multi-year plan and budget because discussions and any subsequent decisions regarding a cost recovery mechanism will affect PGE’s customers’ rates. The Commission has found that focusing on “an isolated rate component, without considering whether other factors offset this amount .... [w]ould constitute

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<sup>2/</sup> Docket No. UM 2141, Staff Request for Comment (March 2, 2021).

<sup>3/</sup> Id.

<sup>4/</sup> Docket No. UM 2152, Portland General Electric Detailed Depreciation Study of Electric Utility Properties (Jan. 15, 2021).

single-issue ratemaking, which is prohibited.”<sup>5/</sup> Thus, it is only appropriate that such conversations take place within a GRC to provide the Commission with the opportunity to evaluate the rate impact of such decisions in the context of PGE’s overall rates to ensure customers are not overcharged for utility services. Further, the FLP raises important policy issues, such as the implementation of a novel cost recovery mechanism for FLP costs and the appropriate review process for such a mechanism. It’s difficult to get a full understanding of what impact a cost recovery mechanism will have on customer rates without reviewing those rates as a whole, which only occurs in a GRC. Thus, such policy issues are better considered in the context of a GRC, as exemplified by PacifiCorp’s most recent GRC, during which the Commission resolved several policy issues, including a multi-year rate plan for wildfire cost recovery.<sup>6/</sup>

Additionally, although the Company “is not seeking an earnings mechanism at this time[,]”<sup>7/</sup> PGE is nonetheless “ready, when the Commission signals, to open a discussion on regulatory earnings mechanisms for Flexible Load.”<sup>8/</sup> PGE provides specific examples of regulatory mechanisms implemented throughout the country, including “cost-plus, regulatory

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<sup>5/</sup> Docket Nos. DR 10, UE 88, and UM 989, Order No. 04-597 at 6 (Oct. 18, 2004) (internal citations omitted).

<sup>6/</sup> See Docket No. UE 374, Order No. 20-473, at 120 (Dec. 18, 2020) (The Wildfire Mitigation Cost Recovery Mechanism “is a form of single-issue ratemaking. . . In this sort of single issue ratemaking, utilities recover prudent costs that increase between rate cases, but do not credit customers for other costs that decrease, avoiding the normal reviews for overall reasonableness that occur within a general rate case. Because of the risk that this may undermine the balance between customer rates and overall utility costs, [the Commission] continue[s] to find that such ratemaking treatment should be available only where the justification is strong.”).

<sup>7/</sup> Docket No. UM 2141, Portland General Electric Company Flexible Load Plan, at 136 (Dec. 23, 2020).

<sup>8/</sup> Id.

asset treatment for energy efficiency program spend.”<sup>9/</sup> PGE further notes the introduction of Performance Incentive Mechanisms “in the form of Earnings Adjustment Mechanisms, both programmatic and outcome-based...as well as Non-Wires Solutions incentives based on administratively calculated shared benefits.”<sup>10/</sup> Prior to approving any incentives it is first necessary to determine whether any rate incentives are warranted at all. This determination should be adjudicated in a GRC to ensure all impacts to customers are known. If, after careful consideration and adequate stakeholder involvement overseen by the Commission, it is determined that a rate incentive is appropriate, it must then be determined from which customers PGE recovers the cost of that incentive. Such a rate spread and rate design issue is most appropriately considered within the scope of a GRC.

Given the likely effects on PGE’s customers’ rates and the policy issues to be considered, AWEC respectfully requests that the Commission not approve PGE’s multi-year cost recovery plan outside a GRC. Any decisions related to PGE’s multi-year cost recovery plan must be determined in a GRC to ensure the impacts to customers are viewed holistically.

### **III. CONCLUSION**

AWEC appreciates the opportunity to provide comments on PGE’s FLP and looks forward to working with the Commission and stakeholders to this docket.

Dated this 26th day of March, 2021.

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<sup>9/</sup> Id.  
<sup>10/</sup> Id. at 136-137.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Corinne O. Milinovich

Tyler C. Pepple

Corinne O. Milinovich

1750 SW Harbor Way, Suite 450

Portland, Oregon 97201

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

com@dvclaw.com

Of Attorneys for the

Alliance of Western Energy Consumers