

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 2217**

F. Steven Knudsen  
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January 13, 2023

Oregon Public Utility Commission  
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**Sent via email to:**

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RE: UM 2217 PGE's Application for **REAUTHORIZATION** of Deferral of Revenues Associated with the Change in Federal Energy Regulatory Commission Open Access Transmission Tariff

My name is Steve Knudsen and I have been a Portland General (PGE) ratepayer for 42 years. Pursuant to ORS 757.259(2), I submit the following comments in Docket UM 2217 and request that the OPUC set PGE's Application for Reauthorization of Deferral in this Docket for Hearing.

**PGE'S Application is Missing Required Information**

PGE's Application for Reauthorization is flawed and does not meet the clear requirements of Rule 860-027-0300. In particular, Rule 860-027-0300(4) Reauthorization states that "An application for reauthorization must include the requirements set forth in subsections (3)(a) through (3)(e) of this rule *and the following information* (emphasis added):

- a. A description and explanation of the entries in the deferred account to the date of the application for reauthorization, and
- b. The reason(s) for continuation of the deferred account.

PGE's Application doesn't even acknowledge Rule 860-027-0300(4)(a). PGE's application does not provide any information on amounts deferred to date (i.e., during the first year of deferral).<sup>1</sup> Furthermore, I have reviewed PGE's most recent Form 3Q Quarterly Report to FERC<sup>2</sup> and cannot find evidence that PGE has ever established a deferral account as previously authorized by the Commission. Based upon the fact that PGE's Application for Reauthorization has failed to provide "a description and explanation of the entries in the deferred account to the date of application for reauthorization" as required by Rule 860-027-0300(4)(a), it appears that PGE may have deceived the Commission.

PGE's original justification for this Deferral in the December 27, 2021, (Deferral Application in UM 2217) pointed to Commission Order No. 19-400 in Docket UM 2031 (Reclassification Docket) as the basis for the requested Deferral. Specifically, Order No. 19-400 approved PGE's request to Reclassify approximately \$210,206,896 of net distribution plant-in-service to transmission plant in service. Order No. 19-400 further directed PGE to propose a method to hold all customer classes harmless for the time between the rate effective date in FERC and Commission rate cases that include the reclassified assets to account for any mismatch in timing.<sup>3</sup>

The Commission approved PGE's Deferral request in Order No. 19-400 based on the recommendation in the second Staff Report dated August 4, 2022, in which in which staff proffered a never before revealed description of the Deferral:

"The revenues at issue in the application are those PGE receives from providing wholesale transmission services to third parties using assets paid for by Oregon retail customers".<sup>4</sup>

It is unclear on what basis staff reached this conclusion, a conclusion that is nowhere described in PGE's December 27, 2021, Request in Docket UM 2031 and is nowhere to be found in the first iteration of the Staff Report dated May 20, 2022 in this docket. Further, staffs description points to revenues that are not directly related to the reclassification of assets authorized by the Commission in Order No. 19-400. Notably, in PGE's Application for Reauthorization of the Deferral, PGE does not adopt or acknowledge staff's novel concept that the revenues at issue in this Application for Reauthorization are those revenues PGE receives from providing wholesale transmission services to third parties using assets paid for by Oregon retail customers. Nowhere in docket has PGE proffered such an explanation of the deferral.

On October 28, 2021, PGE filed a Transmission rate case at FERC and PGE further requested FERC to place the proposed transmission rate increase into effect no later than January 1, 2022, without hearing.<sup>5</sup> Although the OPUC did not file comments or otherwise participate in the PGE rate case at FERC, Renewable Northwest did intervene and file comments expressing concern about PGE's proposed 350 percent increase in costs included in the Network Integration Services rate charged to native load (retail) customers of PGE:

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<sup>1</sup> PGE's December 27, 2021, Application for Deferral at page 3 estimated that \$10.2 million in refunds would be recorded to the Deferral account in 2022.

<sup>2</sup> PGE's 3Q 2022 report: <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=B5F16A15-35DC-C9FA-929F-84C440300000>

<sup>3</sup> Order 19-400 p 7

<sup>4</sup> Order 22-311. Appendix A p 2

<sup>5</sup> FERC Docket ER22-233-000

### *Examination of Rate Increase*

RNW appreciates that PGE has not filed a transmission rate case in 20 years. As such, RNW encourages FERC to closely examine all aspects of the requested increase. PGE's proposal will increase long-term firm and short-term firm point-to-point rates by 144%, and their costs included in the Network Integration Services rate are increasing 350%. FERC should ensure that PGE's rate increase will not cause rate shock to its customers.

FERC placed PGE's rate increase into effect on an interim basis effective January 1, 2022, subject to refund, set the rates for hearing, and suspended the hearing to allow time for parties to explore settlement. A settlement was reached, and settlement rates were placed into effect on January 1, 2023 pending final approval of the settlement by FERC.

Although in this Request for Reauthorization PGE acknowledges reaching a Settlement in PGE's October 2021 rate filing at FERC (ER22-233-000 and ER22-233-001)<sup>6</sup>, and although PGE correctly identifies that revised Settlement rates were placed into effect on January 1, 2023, PGE does not provide any description of the Settlement terms, or the implications of the settled rates on the rates of PGE's retail customers or the past and future accruals associated with this ongoing Deferral. This omission of information violates the requirements of Rule 860-027-0300(4)(b) which requires PGE to provide the reason(s) for continuation of the deferred account.

The comment period at FERC on the proposed Settlement expired on January 9, 2023, and no party to the Docket filed an objection to the Settlement. The unopposed Settlement has now gone to the FERC Commissioners for approval meaning the Settlement will shortly become final. It is a "black box" settlement.

I have reviewed the terms of Settlement in FERC Docket ER21-233-001 and have discovered that no party representing the interests of PGE's retail ratepayers participated in settlement negotiations. The OPUC submitted a plain vanilla intervention in PGE's docket at FERC but never filed comments and according to the FERC ALJ, OPUC did not participate in settlement negotiations or file comments on the Settlement. Likewise, CUB and Renewable Northwest intervened in the PGE rate case docket at FERC but neither CUB nor Renewable Northwest participated in settlement negotiations or filed comments on the Settlement.

The only three parties that participated in the negotiation of the Settlement besides FERC staff and PGE were two OATT Point-to-Point customers, Shell and Calpine, plus NIPPC. All three of these parties represent the interests of OATT Point-to-Point (PTP) customers of PGE; the very source of revenues that Commission staff claims without evidence are funding the Deferral and at this point theoretical refunds to PGE's retail customers. It is not surprising therefore that these PTP OATT customers were able to negotiate a large rate reduction on the backs of PGE's retail ratepayers. In fact, the active parties in the Settlement negotiated a \$10 million reduction in PGE's as-filed revenue requirement equating to an approximate 11 percent rate reduction in PGE's PTP rates paid by these OATT customers. (See Attachment 1: Explanation of Settlement).

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<sup>6</sup> [https://elibrary.ferc.gov/eLibrary/docketsheet?docket\\_number=er22-233&sub\\_docket=All&dt\\_from=1960-01-01&dt\\_to=2023-01-13&chklegadata=false&pageNm=dsearch&date\\_range=custom&search\\_type=docket&date\\_type=filed\\_date&sub\\_docket\\_q=Allsub](https://elibrary.ferc.gov/eLibrary/docketsheet?docket_number=er22-233&sub_docket=All&dt_from=1960-01-01&dt_to=2023-01-13&chklegadata=false&pageNm=dsearch&date_range=custom&search_type=docket&date_type=filed_date&sub_docket_q=Allsub)

PGE's original Application for a Deferral filed on December 27, 2021 stated that a prudence review should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filing. PGE reiterates in this filing that the OPUC should perform a prudence review of this reauthorization filing. The facts are that PGE has not provided any meaningful information upon which the Commission staff could conduct an impartial and informed prudence review. PGE's has obfuscated the true particulars of this deferral, and history shows that the OPUC is not informed by or otherwise attentive to PGE's large transmission rate increase recently assessed to PGE's retail customers. The lack of transparency displayed by both PGE and the OPUC, and the lack of relevant information upon which the OPUC could assess the prudence of PGE's transmission rate increase and associated deferral should compel the Commission to set this Reauthorization request for hearing. Public trust in the Commission is at stake.

### **Relief Requested**

ORS 757.259(2) states that "Upon application of a utility or ratepayer or upon the commission's own motion and after public notice, opportunity for comment and a hearing if any party requests a hearing, the commission by order may authorize deferral of the following amounts for later incorporation in rates." Consistent with the statutory rights afforded ratepayers of PGE, and based upon the foregoing justification, I respectfully request that PGE's Application for Reauthorization of Deferral in UM 2217 dated December 22, 2022 be set for hearing.

Dated this 13<sup>th</sup> day of January 2023.

/s/ F. Steven Knudsen

Steve Knudsen

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## **Attachment 1**

PGE FERC Rate Case Settlement Explanatory Statement

[https://elibrary.ferc.gov/eLibrary/filelist?accession\\_number=20221219-5238](https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20221219-5238)