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February 19, 2019

Public Utility Commission of Oregon
201 High Street SE Ste. 100
PO Box 1088
Salem OR 97301

Via: puc.filingcenter@state.or.us

RE: UE 294_2015 and 2018 Audit of Costs Allocated for the Voluntary Portfolio Options Per Stipulation and Order.

Pursuant to the second stipulation filed in OPUC Docket No. UE 294 (PGE's 2016 GRC), PGE is submitting its audit of costs incurred by the voluntary portfolio options programs (i.e. Fixed Renewable Option or Clean Wind, Renewable Usage Option or Green Source, Solar Option, and Habitat Option) in 2017. Of the revenues generated by these programs, five percent are allocated to cover administrative costs for the programs.

OAR 860-038-0220(8)(c) requires that "the portfolio rates must include any additional electric company costs that are incurred when a consumer chooses to be served under the portfolio rate option." Therefore, for the voluntary portfolio options, costs related to the support of these voluntary options are included in the program rates to ensure that non-participating customers are not paying for them. Participating Schedule 7 and 32 Customers in the Green Source Option pay for Renewable Energy Credits (RECs) and administrative fees. Currently, five percent of Green Source customer payments are set aside to pay for the indirect or back-office services PGE provides to the renewable power program (e.g. contracts management, finance and accounting, billing, call center support, marketing including web development, and regulatory affairs).

The origin of the stipulated requirement for this audit, dates to Staff data requests in UE 294, probing what PGE includes in the administrative fee. The goal of the audit is to confirm that portfolio options customers were paying for the full administrative support of the options and there was no subsidy from nonparticipating customers. The stipulation directed:

"Portfolio Options (I-8). To settle issues regarding cost allocation for renewable portfolio options, the parties agree that:

- i. PGE will audit the costs allocated to the voluntary portfolio options programs and customers, and work with Staff and interested parties, including the Portfolio Options Committee, to examine the cost allocation methodology and approach. This will be

done and reviewed with Staff and the Portfolio Options Committee by November 2015. PGE will follow up on audit results with any necessary tariff filing.

ii. Every three years after this audit, or more frequently if requested by Staff or another Stipulating Party, the allocation of costs to these portfolio options will be examined in the same manner.”

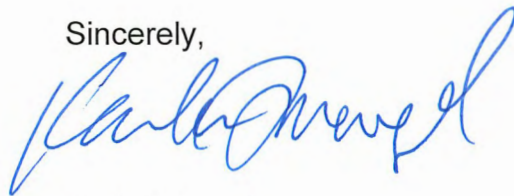
The audit process that PGE performed in 2018 is consistent with what was performed in 2015 for costs incurred in 2014. The self-audit was conducted by the program team and then independently reviewed by PGE’s Internal Auditors.

Per conversation with Staff, we are filing both the original 2015 audit and the recent 2018 audit in the docket for UE 294. Attachment A provides the audit performed in 2015 for 2014 costs allocated to the Voluntary Portfolio Options Programs. Attachment B provides the audit performed in 2018 for 2017 costs allocated to the Voluntary Portfolio Options Programs. PGE interprets the “every three years” requirement to be for the audit which is based on data from the year before the audit year. In this case, the audit year is 2018 and the data is 2017. PGE will present this information at the next scheduled Portfolio Options Committee meeting, February 20, 2019.

Attachments A and B are confidential and subject to Protective Order No. 15-036. They will be sent to the PUC via U.S. Mail.

Should you have any questions or comments regarding this filing, please contact Kalia Savage at (503) 464-7432. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,



Karla Wenzel
Manager, Pricing and Tariffs

Enclosures

Cc: Thomas Familia and Caroline Moore, OPUC Staff