



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

February 28, 2019

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

RE: UM 1422 PGE's Application for Waiver of OAR 860-038-0640

Enclosed for filing is Portland General Electric Company's Application for Waiver of Oregon Administrative Rule (OAR) 860-038-0640 Compliance Filing Requirements for 2019.

Should you have any questions or comments regarding this filing, please contact me at (503) 464-8718. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

A handwritten signature in black ink, appearing to read "Karla Wenzel". The signature is fluid and cursive, written over a white background.

Karla Wenzel
Manager, Pricing and Tariffs

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Waiver of OAR 860-038-0640,
Compliance Filing Requirements for 2019.

**APPLICATION OF PORTLAND
GENERAL ELECTRIC COMPANY**

Pursuant to OAR 860-038-0001(4), Portland General Electric Company (PGE or Company) hereby requests that the Commission waive the compliance requirement contained in OAR 860-038-0640 that requires that the Company, in odd numbered years, to engage an independent third party reviewer to prepare a report attesting to the Company's compliance with the Code of Conduct contained in OAR 860-038-0500 through 860-038-0620. The rule directs the electric company to file the verified report.

The Division 38 Code of Conduct governs the interactions and transactions among the electric company (i.e. PGE), its Oregon affiliates and its competitive operations. It is designed to protect against market abuses and anti-competitive practices by electric companies in the Oregon retail electricity markets. OAR 860-038-0500. PGE notes that the scope of this required review and reporting is narrow, as PGE does not have any Oregon affiliates (defined as an affiliate engaged in the sale or marketing of electricity services or directly related products in an Oregon retail market), and the scope of its competitive operations are very limited.

As discussed below, good cause exists for a waiver from the verified report filing required in OAR 860-038-0640, and a waiver will cause no harm to PGE's customers, potential competitors, or to the Company. The Company proactively works to maintain an environment of awareness of the rules pertaining to the Code of Conduct and has a strong history of compliance

with the rules. Moreover, PGE has no Oregon affiliates, as defined in the rules, and an immaterial level of three competitive operations; Schedule 54 Large Nonresidential Renewable Energy Certificates Rider, Schedule 320 Meter Information Services, and Schedule 715 Electrical Equipment Services. Hence, the circumstances that would typically warrant the type of audit and report required by the rules simply are not present. In addition, granting a waiver would not affect the Commission's ability to request information or investigate concerns.

A. Discussion

The waiver, if granted, will provide the Company, as well as the Commission, with an opportunity to deploy its resources to other important matters in 2019. Given PGE's demonstrated compliance with the Code of Conduct rules over the years, a 2019 compliance review is not likely to reveal deficiencies with compliance, nor present material opportunities for improved compliance.

The Code of Conduct sets forth specific standards in OAR 860-038-0520 through 860-038-0620, including use of PGE's name and logo by its competitive operations (and accompanying disclaimer), fair treatment of competitors of PGE's competitive operations, prevention of cross subsidization between competitive and regulated operations, transmission and distribution access, and Commission access to books and records.

Culture of Compliance and Division 38 Training

The Company proactively works to maintain a work environment of awareness of, and compliance with, the Code of Conduct rules. The employees in PGE's few competitive operations have an especially heightened knowledge of the Code of Conduct and exercise day to day vigilance in understanding and complying with it. The Company's efforts include providing

biennial Code of Conduct compliance training, in the even numbered years, to identified employees and selected workgroups on the Division 38 rules that pertain to their activities. PGE recently concluded its 2018 training to targeted employees and Responsibility Centers (RC's which are akin to departments).

In addition to the training, the Company has subject matter experts (regulatory and legal) available to assist in answering coworker questions or concerns regarding the requirements of Division 38 Code of Conduct at any time.

In addition to the recently conducted training and the ongoing availability of subject matter experts to coworkers, PGE has repeatedly shown that it complies with the Code of Conduct rules as demonstrated by external third party reviews (and filed reports) in the calendar years of 2003, 2005, 2007, 2011, and 2017. In fact, despite the culture of compliance and ongoing Division 38 training, in 2017, PGE opted for the third party review to “test” its compliance, given that waivers had been received in 2009, 2013 and 2015. With each verified report, the independent auditor/reviewer assessed the Company's compliance with the OARs and the Company submitted the findings to the Commission. Each report shows that PGE has complied with the rules from the time they went into effect in 2001. Additionally, PGE is not aware of any complaints ever being filed with the Commission regarding the Company's compliance with the Code of Conduct rules.

Costs of Obtaining a Third Party Review and Report

To comply with OAR 860-038-0640, the Company must engage the services of an independent third-party reviewer to verify the Company's compliance. This process has, in the past, included steps where key personnel are interviewed by the reviewer, critical business processes reviewed, and the verified results filed in a report to the Commission. The “auditing”

effort has required, on a biennial basis, the Company to reallocate resources from other activities to coordinate, facilitate and engage in this review. Based on previous reporting preparations, an independent review and report is estimated to cost more than \$65,000.00. Additionally, gathering requested material and arranging for interviews with Company personnel is a time-consuming undertaking. Granting a waiver of the 2019 independent review requirement will allow the Company and the Commission to more effectively apply available resources to other important matters.

In summary, given the immaterial level of competitive operations, combined with the Company's proactive efforts to train employees on the code of conduct requirements and the Company's solid compliance history it does not appear that the circumstances are present that might warrant the expense and drain on resource associated with the audit and report. The Company further notes that this waiver would not affect the Commission's ability to request information or investigate concerns.

B. Communications

Communications regarding this application should be addressed to:

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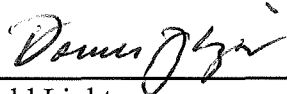
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C. Conclusion

As discussed above, good cause exists to waive the requirements under OAR 860-038-0640. The Company's reporting history, its commitment to on-going training and awareness efforts, and the Commission's review of PGE's compliance reporting in 2003, 2005, 2007, 2011, and 2017 demonstrate the Company's adherence to the Code of Conduct. Moreover, the fact that PGE has no Oregon affiliates and few competitive operations indicates that the circumstances that might warrant the independent report required by the rule are not present. A waiver will allow the Company and Commission Staff to deploy resources to other matters in 2019 and will cause no harm to our customers, potential competitors or to the Company.

For all the reasons described above, the Company requests that Commission approve the request for waiver from the requirements of OAR 860-038-0640 as described herein.

DATED this 28th day of February, 2019.

/s/ 

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