



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

December 23, 2014

**Email / US Mail**

[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon  
**Attn: OPUC Filing Center**  
3930 Fairview Industrial Drive SE  
P. O. Box 1088  
Salem, OR 97308-1088

**Re: UM-1514 PGE's Application for Reauthorization of Deferral of Incremental Costs Associated with Automated Demand Response**

Enclosed are the original signed Application and five copies of Portland General Electric Company's application for reauthorization of deferral of incremental costs associated with Automated Demand Response, with an effective date of January 1, 2015.

PGE originally received permission for deferral of incremental costs associated with Automated Demand Response through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to the OPUC Docket UE-283 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Alex Tooman at (503) 464-7623.

Please direct all formal correspondence, questions, or requests to the following e-mail address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

A handwritten signature in blue ink that reads "Alex Tooman for". The signature is written in a cursive, flowing style.

Patrick G. Hager  
Manager, Regulatory Affairs

*encls.*

cc: Bob Jenks, CUB  
Bradley Van Cleve, ICNU  
Deborah Garcia, OPUC  
Service List: UE 283 / UM 1514

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1514**

**In the Matter of the Application of Portland General Electric Company for an Order Reauthorizing the Deferral of Incremental Costs Associated with Automated Demand Response**

**Application for Reauthorization of Deferral of Incremental Costs Associated with Automated Demand Response**

Pursuant to ORS 757.259, OAR 860-027-0300, and OPUC Order No. 14-019 and 13-059, Portland General Electric Company (“PGE”) hereby requests approval for the continuance of the deferral that is subject to an automatic adjustment clause rate schedule and is associated with the Automated Demand Response Pilot (“ADR Pilot”).

**I. Deferral History**

PGE filed an application for deferral of incremental costs associated with ADR Pilot on December 29, 2010, seeking deferral from January 1, 2011 through December 31, 2011. This deferral and cost recovery tariff (Advice 10-29, Schedule 135) was approved in OPUC Order No. 11-182 on June 1, 2011.

PGE filed and received reauthorization for this deferral, as shown in Table 1 below.

**Table 1**

<b>Filing Date</b>	<b>Renewal Period</b>	<b>Order No.</b>	<b>Approval Date</b>
12/29/2010		11-182	06-01-2011
12/23/2011	1/01/2012 – 12/31/2012	12-062	02-28-2012
12-27-2012	1/01/2013 – 12/31/2013	13-059	02-26-2013
12-11-13	1/01/2014 – 12/31/2014	14-019	01-22-2014

PGE seeks reauthorization for deferral of incremental costs associated with the ADR Pilot for the period commencing January 1, 2015 through December 31, 2015.

## **II. OAR 860-027-0300 Requirements**

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

### **a. Description of Amounts**

Pursuant to ORS 757.259(2)(e), PGE seeks renewal of deferred accounting treatment for the incremental costs associated with an ADR pilot. The approval of the Application will support the continued use of an automatic adjustment clause rate schedule, which will provide for recovery of the incremental costs associated with the ADR pilot through tariff Schedule 135.

In accordance with the stipulated AMI Conditions, PGE developed a 10-year ADR Program, in which PGE would contract with a third-party provider for up to 25 MW of peaking capacity in aggregate among our commercial and industrial customers. The decision in UM-1514 approved PGE's application for deferral of incremental costs associated with ADR Pilot. PGE requests that the deferral continue and be subject to renewal on January 1, 2015, and be amortized under Schedule 135, subject to Commission Order.

### **b. Reasons for Deferral**

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks to continue deferred accounting treatment for the incremental costs associated with the ADR Pilot and initial Pilot authorized by the OPUC through Order 11-082 on June 1, 2011. The granting of this reauthorization application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Without reauthorization, the current authorization to defer costs will expire on December 31, 2014.<sup>1</sup> PGE is filing this reauthorization application for the period commencing January 1, 2015 through December 31, 2015.

c. Proposed Accounting

PGE proposes to record the ADR Pilot deferred costs in FERC Account 182.3 (Regulatory Assets), with the offsetting credit recorded to FERC account 131, (Cash). In the absence of deferral reauthorization, PGE would not receive revenues to recover ADR costs. Consequently, PGE would discontinue the Pilot and incur no additional costs.

d. Estimate of Amounts

PGE estimates the amounts to be deferred for the ADR Pilot in 2015 to be approximately \$1.76 million.

e. Notice

A copy of the notice of application for reauthorization of the deferred accounting treatment is attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving the Notice of Application on the UE 283 Service List, PGE's last general rate case.

**III. The following is provided pursuant to OAR 860-027-0300(4)**

a. Description of deferred account entries

Please see section II (c) above.

b. The reason for continuing deferred accounting

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<sup>1</sup> Deferrals subject to an automatic adjustment clause typically do not require reauthorization. For the ADR pilot, however, the parties agreed that reauthorizations provided an appropriate means to recommend that the Commission cancel the pilot, if evaluations demonstrate that it does not provide capacity benefits at a reasonable cost.

Please see Section II (b) above. PGE is seeking approval to continue the approved deferred accounting treatment for incremental ADR costs pursuant to Commissioner Order No. 13-059 as described above.

#### **IV. PGE Contacts**

Communications regarding this reauthorization application should be addressed to:

Douglas C. Tingey  
Associate General Counsel  
Portland General Electric  
1 WTC1301  
121 SW Salmon Street  
Portland, OR 97204  
Phone: 503.464.8926  
E-mail: doug.tingey@pgn.com

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
1 WTC 0702  
121 SW Salmon Street  
Portland, OR 97204  
Phone: 503.464.7857  
E-mail: pge.opuc.filings@pgn.com

In addition to the names and addresses above the following are to receive notices and communications via the e-mail service list:

Alex Tooman, Project Manager, Regulatory Affairs  
E-mail: alex.tooman@pgn.com.

#### **V. Summary of Filing Conditions**

##### **a. Earnings Review**

The cost recovery for Automated DR pilot program will be subject to an automatic adjustment clause rate schedule and would not be subject to an earnings review under ORS 757.259. If the pilot program is deemed successful, PGE proposes that subsequent ADR costs flow through PGE's Annual Power Cost Update (Schedule 125) and Power Cost Adjustment Mechanism (PCAM – Schedule 126) and would be subject to the earnings review contained within the PCAM.

b. Prudence Review

The methodology used to evaluate the ADR program in PGE's 2009 IRP remains sound. PGE will continue to evaluate demand response resources against the supply-side capacity resource alternatives, such as a simple-cycle CT. This is consistent with the discussion in Commission Order No. 05-584 and is consistent with other PGE analyses for demand side capacity resources in recent years.

c. Sharing

As discussed in the earnings review, if the ADR pilot program is deemed successful, then the proposal is for subsequent costs to flow through PGE's Annual Power Cost Update (Schedule 125) and Power Cost Adjustment Mechanism (Schedule 126). The PCAM is subject to the dead bands and sharing percent's as specified by Commission Order Nos. 07-015 and 10-478.

d. Rate Spread/Rate Design

Per Commission Order No. 11-517, tariff Schedule 135 will allocate the costs of the ADR Pilot on the basis of an equal percent of forecast generation revenues.

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

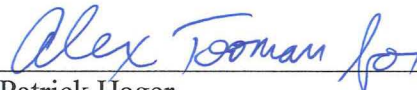
The three percent test measures the annual overall effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

**VI. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer for later rate-making treatment incremental costs associated with the Automated Demand Response Pilot.

DATED this December 23, 2014.

Respectfully Submitted,



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Rates & Regulatory Affairs  
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**UM 1514**

**Attachment A**

Notice of Application for Reauthorization  
To Defer Annual Net Variable Power Cost Variance



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1514**

**In the Matter of the Application of Portland  
General Electric Company for an Order  
Approving the Reauthorization of Deferral  
of Incremental Costs Associated with  
Automated Demand Response**

**Notice of Application for Reauthorization  
of Deferral of Incremental Costs  
Associated with Automated Demand  
Response**

On December 23, 2014, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order reauthorizing the deferral of incremental costs associated with the Automated Demand Response Pilot with the Oregon Public Utility Commission (the “Commission”).

Approval of PGE’s reauthorization application will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the pilot.

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 January 21, 2015.

Dated December 23, 2014.



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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Application for Reauthorization of Deferral of Incremental Costs Associated with an Automated Demand Response Pilot and Notice of Application** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 283 and UM 1514.

Dated at Portland, Oregon, on December 23, 2014.

  
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**SERVICE LIST  
OPUC DOCKET # UE 283**

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**SERVICE LIST**  
**OPUC DOCKET # UM 1514**

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