



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

May 4, 2018

**Email**

*puc.filingcenter@state.or.us*

Public Utility Commission of Oregon  
201 High Street, S.E., Suite 100  
P. O. Box 1088  
Salem, OR 97308-1088

**Attn: Commission Filing Center**

**Re: UM 1708 PGE's Reauthorization Application for Deferral of Expenses Associated with Two Residential Demand Response Pilots**

Enclosed for filing is Portland General Electric Company's (PGE) Application for Reauthorization of Deferral Expenses Associated with Two Residential Demand Response Pilots, with an effective date of June 23, 2018.

PGE received authorization to defer expenses through OPUC Order No. 17-244. A notice regarding this reauthorization application has been provided to the parties on the UM 1708 and the UE 335 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or 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, appearing to read "Stefan Brown".

Stefan Brown  
Manager, Regulatory Affairs

*SB/np*  
*Encls*

cc: Service Lists: UM 1708 and UE 335



**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1708**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Expenses Associated with two Residential Demand Response Pilots

**Reauthorization Application for Deferral of Expenses Associated with Two Residential Demand Response Pilots**

Pursuant to ORS 757.259 and OAR 860-027-0300, and OPUC Commission Order 17-244, Portland General Electric Company (PGE) hereby requests approval for the continuance of the deferral for two residential demand response (DR) pilots, (i.e., the Pricing pilot and Direct Load Control Thermostat pilot). PGE seeks reauthorization to defer costs incurred during 2018 and 2019 (as specified in Section II below), and requests an effective date of June 23, 2018. PGE also requests, as of this reauthorization, that this deferral be subject to an automatic adjustment clause so that cost recovery can transfer to PGE Schedule 135, Demand Response Cost Recovery Mechanism.

**Background**

In June 2011, PGE completed its Advanced Metering Infrastructure (AMI) project, as approved by Commission Order No. 08-245. As part of the Proposed AMI Conditions, PGE developed a Residential Critical Peak Pricing (CPP) Pilot (Schedule 12) program that was effective from November 2011 through October 2013.

As directed by the Commission in Order No. 09-395, PGE filed two reports based on the evaluation of the CPP Pilot. In the Conclusions and Recommendations of the final CPP report (filed May 30, 2014), PGE stated that it would “Evaluate and propose additional pilot alternatives that could help PGE develop a CPP program” (at page 6).

PGE identified and researched two residential pilots that would best inform development of future demand response programs. The Pricing pilot (Flex Pricing or Flex) provides a comparison to CPP and addresses the lessons learned from that pilot. The Direct Load Control Thermostat (DLCT) pilot tests enabling technology and PGE's ability to achieve automated load control among residential customers. The Commission approved the deferral and cost recovery through Order No. 16-292 on August 2, 2016, and Order No. 17-244 on July 11, 2017. PGE seeks reauthorization for deferral of incremental costs associated with the two pilots for the period beginning June 23, 2018. At this point, the pilots are transitioning to programs, but are still subject to considerable change and uncertain cost levels as described below:

*Direct Load Control Thermostats*

The current DLCT Pilot allows customers to “bring-your-own-thermostat” and there are approximately 7,500 PGE households enrolled in the pilot today. Customers with qualifying thermostat and central air conditioners receive a \$25 sign-up incentive and \$25 on-going incentive for each summer season in which they participate. Customers with ducted heat pumps also receive a \$25 sign-up incentive, and are eligible for \$25 for each summer and winter season. Customers must meet participation guidelines requiring them to participate in 50% of the event hours per season to be eligible to receive the incentive.

PGE proposes to expand the DLCT pilot in accordance with Commission Order No. 17-244, Appendix A, page 1: “PGE should look to more aggressively augment the Direct Load Control Thermostat (DLCT) program offering, including exploring system wide direct installation of smart thermostats in partnership with the Energy Trust of Oregon.” PGE proposes to accomplish this by providing turnkey residential thermostat direct installation, where PGE will install the thermostats for PGE residential customers. This incentive is in lieu of the seasonal incentives customers would

receive under the current DLCT pilot. Customers will continue to derive the benefits generated by the thermostats.

### Flex Pricing

PGE proposes to expand Flex Pricing in 2019 as an opt-in, scalable demand response program by developing the appropriate time-of-use prices, peak time rebate, and applicable time periods based on the information and lessons learned to date plus pilot evaluations. Because the final Flex Pricing evaluation is not yet complete, PGE will not have the proposed rates for updating Schedule 6 completed until the first quarter of 2019. Because the final parameters of Schedule 6 are currently unknown and will depend on stakeholder review and final Commission approval, the on-going costs for Flex Pricing are subject to considerable change and uncertainty. Although PGE had initially proposed that Flex Pricing costs be included in its 2019 general rate case (Docket No. UE 335), based on the cost uncertainties described above, we currently believe that Flex Pricing should continue to remain subject to the deferral mechanism. If the Commission approves this application for the on-going deferral of incremental Flex Pricing costs, PGE will remove the amount included in our UE 335 test year forecast.

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

#### **I. The following is provided pursuant to OAR 860-027-0300(3):**

- a. Description of utility expense for which deferred accounting is requested.

Pursuant to ORS 757.259 (2) (e), PGE seeks reauthorization of deferred accounting treatment for the incremental costs associated with the two residential DR pilots: Flex Pricing and DLCT. PGE requests reauthorization for the effective period June 23, 2018 through June 22, 2019.

b. Reasons for deferral

See Background above. The granting of this reauthorization will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. PGE received approval of reauthorization through OPUC Order No. 16-292 for the deferral period beginning June 23, 2016, and OPUC Order No. 17-244, for the deferral period beginning June 23, 2017.

Without reauthorization, the current authorization to defer costs will expire on June 22, 2018. PGE is filing for this reauthorization for the period beginning June 23, 2018 through June 22, 2019. PGE also proposes that the Flex Pricing and DLCT deferral be subject to an automatic adjustment clause so that cost recovery can transfer to PGE Schedule 135, Demand Response Cost Recovery Mechanism.

c. Proposed accounting for recording amounts deferred.

PGE proposes to continue to record the deferred amounts as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC account 456, Other Revenue. In the absence of Commission reauthorization of the two residential DR pilots and the deferred accounting treatment for their costs, PGE would discontinue the pilots.

d. Estimate of amounts to be recorded for the next 12 months.

PGE estimates the total incremental costs of the two residential DR pilots to be approximately \$12.2 million through 2019 as listed in the below table (\$000).

**Table 1**  
**Cost per Pilot by Year (\$000)**

<b>Pilot</b>	<b>Pre-2017 Actuals</b>	<b>2017 Actuals</b>	<b>2018 Estimate</b>	<b>2019 Estimate</b>	<b>Estimated Totals</b>	<b>Notes</b>
Flex Pricing	\$1,141,435	\$624,865	\$2,124,720	\$2,723,925	\$6,614,945	Update Schedule 6 in Q1, 2019
DLCT	\$361,413	\$401,182	\$2,121,871	\$2,678,633	\$5,563,099	Expand for PGE-installed thermostats
Totals	\$1,502,848	\$1,026,047	\$4,246,591	\$5,402,558	\$12,178,044	

e. Notice

A copy of the notice of application for reauthorization of the deferred accounting treatment and a list of persons served with this Notice are provided as Attachment A.

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

a. Description of deferred account entries.

Please see Section I (a) and (b) above.

b. The reason for continuing the deferred accounting.

Please see Section I (b) above. PGE seeks to continue to defer revenues associated with the approved deferred accounting treatment for the incremental residential DR pilots pursuant to Commission Orders No. 16-292 and 17-244 as described above. Without reauthorization this deferral will expire on June 22, 2018.

**III. Summary of filing conditions**

a. Earnings review.

Beginning with this reauthorization, PGE proposes that the Flex and DLCT deferral be subject to an automatic adjustment clause so that cost recovery can transfer to PGE Schedule 135, Demand Response Cost Recovery Mechanism. Therefore, this deferral would not be subject to an earnings review under ORS 757.259. Ultimately, PGE proposes that Schedule 135 should be the cost-recovery tariff for all demand response pilots and programs due to their inherently uncertain opt-in participation levels and associated costs.

b. Prudence review

PGE will submit third-party evaluation reports on the pilots, which will provide cost summaries, estimated curtailment impacts, and results of customer satisfaction surveys. The

Commission Staff can also review applicable cost details.

c. Sharing

All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

The rate spread/rate design will be determined during the proceeding to evaluate the Schedule 135 cost recovery.

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

The amortization of the pilots' deferred costs will be subject to the three percent test in accordance with ORS 757.259(7) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

**IV. PGE Contacts**

The authorized addresses to receive notices and communications in respect to this application are:

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](mailto:doug.tingey@pgn.com)

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
1 WTC 0306  
121 SW Salmon Street  
Portland, OR 97204  
Phone: 503.464.7805  
E-mail: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

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

Alex Tooman, Project Manager, Regulatory Affairs  
E-mail: [Alex.Tooman@pgn.com](mailto:Alex.Tooman@pgn.com)



**V. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer for later ratemaking treatment the expenses associated with the two residential DR pilots, effective June 23, 2018 through June 22, 2019.

DATED this 4<sup>th</sup> day of May 2018.



---

Stefan Brown, Manager  
Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Telephone: 503.464.7805  
Fax: 503.464.7651  
E-Mail: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

**UM 1708**

**Attachment A**

**Notice of Application for Reauthorization of Deferral of Expenses  
Associated with Two Residential Demand Response Pilots**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1708**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Expenses Associated with two Residential Demand Response Pilots

**Notice of Application for Reauthorization of Deferral of Expenses Associated with Two Residential Demand Response Pilots**


On May 4, 2018, Portland General Electric Company (“PGE”) filed an Application for Reauthorization of Deferral of Expenses Associated with Two Residential Demand Response Pilots with the Public Utility Commission of Oregon (the “Commission”).

Approval of PGE’s reauthorization application as proposed will 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 June 4, 2018.

Dated: May 4, 2018.



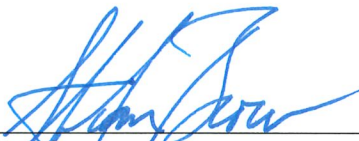
---

Stefan Brown, Manager  
Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Telephone: 503.464.7805  
Fax: 503.464.7651  
E-Mail: pge.opuc.filings@pgn.com

## Certificate of Service

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization of Deferral of Expenses Associated with Two Residential Demand Response Pilots** to be served by electronic mail to those parties whose e-mail addresses appear on the attached service list for OPUC Dockets No. UM 1708 and UE 335.

Dated at Portland, Oregon, this 4<sup>th</sup> day of May 2018.



---

Stefan Brown, Manager  
Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
Telephone: 503-464-7805  
Fax: 503-464-7651  
E-Mail: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

**SERVICE LISTS**  
**OPUC DOCKET NO. UM 1708**

CITIZENS' UTILITY BOARD OF OREGON

610 SW BROADWAY, STE 400  
PORTLAND OR 97205  
dockets@oregoncub.org

STEPHANIE S ANDRUS (C)  
PUC STAFF--DEPARTMENT OF JUSTICE

BUSINESS ACTIVITIES SECTION  
1162 COURT ST NE  
SALEM OR 97301-4096  
stephanie.andrus@state.or.us

ROBERT JENKS (C)  
CITIZENS' UTILITY BOARD OF OREGON

610 SW BROADWAY, STE 400  
PORTLAND OR 97205  
bob@oregoncub.org

MITCH MOORE (C)  
PUBLIC UTILITY COMMISSION OF OREGON

PO BOX 1088  
SALEM OR 97308-1088  
mitch.moore@state.or.us

DOUGLAS C TINGEY  
PORTLAND GENERAL ELECTRIC

121 SW SALMON, 1WTC1301  
PORTLAND OR 97204  
doug.tingey@pgn.com

JAY TINKER  
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST 1WTC-0306  
PORTLAND OR 97204  
pge.opuc.filings@pgn.com

ALEX TOOMAN  
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST - 1WTC-0306  
PORTLAND OR 97204  
alex.tooman@pgn.com

**SERVICE LIST**  
**OPUC DOCKET NO. UE 335**

STEPHANIE S ANDRUS PUC STAFF--DEPARTMENT OF JUSTICE	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
SOMMER MOSER PUC STAFF - DEPARTMENT OF JUSTICE	1162 COURT ST NE SALEM OR 97301 sommer.moser@doj.state.or.us
BRADLEY MULLINS (C) MOUNTAIN WEST ANALYTICS	1750 SW HARBOR WAY STE 450 PORTLAND OR 97201 brmullins@mwanalytics.com
TYLER C PEPPE (C) DAVISON VAN CLEVE, PC	1750 SW HARBOR WAY STE 450 PORTLAND OR 97201 tcp@dvclaw.com
ROBERT SWEETIN (C) DAVISON VAN CLEVE, P.C.	185 E. RENO AVE, SUITE B8C LAS VEGAS NV 89119 rds@dvclaw.com
GREGORY M. ADAMS (C) RICHARDSON ADAMS, PLLC	PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com
GREG BASS CALPINE ENERGY SOLUTIONS, LLC	401 WEST A ST, STE 500 SAN DIEGO CA 92101 greg.bass@calpinesolutions.com
KEVIN HIGGINS (C) ENERGY STRATEGIES LLC	215 STATE ST - STE 200 SALT LAKE CITY UT 84111-2322 khiggins@energystrat.com
KURT J BOEHM (C) BOEHM KURTZ & LOWRY	36 E SEVENTH ST - STE 1510 CINCINNATI OH 45202 kboehm@bkllawfirm.com
JODY KYLER COHN (C) BOEHM, KURTZ & LOWRY	36 E SEVENTH ST STE 1510 CINCINNATI OH 45202 jkyler@bkllawfirm.com
ROBERT D KAHN NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION	PO BOX 504 MERCER ISLAND WA 98040 rkahn@nippc.org
IRION A SANGER (C) SANGER LAW PC	1117 SE 53RD AVE PORTLAND OR 97215 irion@sanger-law.com
SIDNEY VILLANUEVA (C) SANGER LAW, PC	1117 SE 53RD AVE PORTLAND OR 97215 sidney@sanger-law.com
OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
MICHAEL GOETZ (C) OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY STE 400 PORTLAND OR 97205 mike@oregoncub.org

ROBERT JENKS (C)  
OREGON CITIZENS' UTILITY BOARD

610 SW BROADWAY, STE 400  
PORTLAND OR 97205  
bob@oregoncub.org

PACIFICORP, DBA PACIFIC POWER

825 NE MULTNOMAH ST, STE 2000  
PORTLAND OR 97232  
oregondockets@pacificorp.com

MATTHEW MCVEE  
PACIFICORP

825 NE MULTNOMAH  
PORTLAND OR 97232  
matthew.mcvee@pacificorp.com

PGE RATES & REGULATORY AFFAIRS

PORTLAND GENERAL ELECTRIC COMPANY  
121 SW SALMON STREET, 1WTC0306  
PORTLAND OR 97204  
pge.opuc.filings@pgn.com

STEFAN BROWN (C)  
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST, 1WTC0306  
PORTLAND OR 97204  
stefan.brown@pgn.com; pge.opuc.filings@pgn.com

DOUGLAS C TINGEY (C)  
PORTLAND GENERAL ELECTRIC

121 SW SALMON 1WTC1301  
PORTLAND OR 97204  
doug.tingey@pgn.com

JAMES BIRKELUND  
SMALL BUSINESS UTILITY ADVOCATES

548 MARKET ST STE 11200  
SAN FRANCISCO CA 94104  
james@utilityadvocates.org

DIANE HENKELS (C)  
CLEANTECH LAW PARTNERS PC

420 SW WASHINGTON ST STE 400  
PORTLAND OR 97204  
dhenkels@cleantechlaw.com

MARIANNE GARDNER (C)  
PUBLIC UTILITY COMMISSION OF OREGON

PO BOX 1088  
SALEM OR 97308-1088  
marianne.gardner@state.or.us

STEVE W CHRISS (C)  
WAL-MART STORES, INC.

2001 SE 10TH ST  
BENTONVILLE AR 72716-0550  
stephen.chriss@wal-mart.com

STEVE W CHRISS (C)  
WAL-MART STORES, INC.

2001 SE 10TH ST  
BENTONVILLE AR 72716-0550  
stephen.chriss@wal-mart.com





Pilot Expanded View	2015 Actuals	2016 Actuals	2017 Actuals	2018 Estimate	2019 Estimate	Estimated Totals	Notes
Flex Pricing 1.0	\$392,588	\$748,847	\$624,865	\$285,220	\$0	\$2,051,520	Updated Schedule 6 to be filed by 07/2018 with effective date 01/01/2019.
Flex Pricing 1.0 Extension	\$0		\$0	\$375,000	\$50,000	\$425,000	Flex 1.0 Pricing effective through Q1, 2019.
Flex 2.0	\$0		\$0	\$1,464,500	\$2,673,925	\$4,138,425	Flex 2.0 cost to build incurred in 2018.
DLCT-Pilot: NEST	\$29,076	\$332,337	\$319,756	\$667,896	\$1,098,679	\$2,447,744	Total t-stats managed: 13,700 by EOY 2018; 30,000 units by EOY 2019. Budget includes Nest pilot costs as well as operating costs for t-stats customers acquired via direct installation pilot. EOY 2019 are dependent on continued direct installation pilot for t-stats beyond 8,000 units.
DLCT-Pilot: Other			\$81,426	\$259,975	\$395,954	\$737,355	Total t-stats managed: 3,300 by EOY 2018; 8,600 units by EOY 2019. Budget includes BYOT Whiskerlabs pilot costs and operating costs for t-stats customers acquired via direct installation pilot. EOY 2019 are dependent on continued direct installation pilot for t-stats beyond 8,000 units.
DLCT-Pilot: Direct Installation				\$1,194,000	\$1,184,000	\$2,378,000	Installation of up to 8,000 t-stats by April, 2019. T-stats acquired via this channel are already included in customer counts above for DLCT-Pilot: NEST and DLCT-Pilot: Other. Budget is net of Energy Trust incentives applied to product.
Totals	\$421,664	\$1,081,184	\$1,026,047	\$4,246,591	\$5,402,558	\$12,178,044	

Pilot Collapsed View	Pre-2017 Actuals		2017 Actuals	2018 Estimate	2019 Estimate	Estimated Totals	Notes
Flex Pricing	\$392,588	\$748,847	\$624,865	\$2,124,720	\$2,723,925	\$6,614,945	
DLCT-Pilot: NEST	\$29,076	\$332,337	\$319,756	\$667,896	\$1,098,679	\$2,447,744	Total t-stats managed: 13,700 by EOY 2018; 30,000 units by EOY 2019. Budget includes Nest pilot costs as well as operating costs for t-stats customers acquired via direct installation pilot. EOY 2019 are dependent on continued direct installation pilot for t-stats beyond 8,000 units.
DLCT-Pilot: Other	\$0	\$0	\$81,426	\$259,975	\$395,954	\$737,355	Total t-stats managed: 3,300 by EOY 2018; 8,600 units by EOY 2019. Budget includes BYOT Whiskerlabs pilot costs and operating costs for t-stats customers acquired via direct installation pilot. EOY 2019 are dependent on continued direct installation pilot for t-stats beyond 8,000 units.
DLCT-Pilot: Direct Installation	\$0	\$0	\$0	\$1,194,000	\$1,184,000	\$2,378,000	Installation of up to 8,000 t-stats by April, 2019. T-stats acquired via this channel are already included in customer counts above for DLCT-Pilot: NEST and DLCT-Pilot: Other. Budget is net of Energy Trust incentives applied to product.
Totals	\$421,664	\$1,081,184	\$1,026,047	\$4,246,591	\$5,402,558	\$12,178,044	

<b>Pilot</b>	<b>Pre-2017 Actuals</b>	<b>2017 Actuals</b>	<b>2018 Estimate</b>	<b>2019 Estimate</b>	<b>Estimated Totals</b>	<b>Notes</b>
Flex Pricing	\$1,141,435	\$624,865	\$2,124,720	\$2,723,925	\$6,614,945	Update Schedule 6 in Q1, 2019
DLCT	\$361,413	\$401,182	\$2,121,871	\$2,678,633	\$5,563,099	Expand for PGE-installed thermostats
Totals	\$1,502,848	\$1,026,047	\$4,246,591	\$5,402,558	\$12,178,044	