





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

June 15, 2016

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, 2016.

PGE received authorization to defer expenses through OPUC Order No. 15-203. A notice regarding this reauthorization application has been provided to the parties on the UM 1708 and the UE 294 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-8929 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Stefan Brown". The signature is written in a cursive style and is positioned above the printed name.

Stefan Brown
Manager, Regulatory Affairs

Encls

cc: Service Lists: UM 1708 and UE 294

**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 15-203, 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 the Direct Load Control Thermostat (DLCT) Pilot, including deferral of incremental costs associated with developing and operating the pilots projected to run through 2018. PGE will seek reauthorization to defer costs incurred during 2016, 2017, and 2018, and requests an effective date of June 23, 2016. PGE will seek amortization of the deferred amounts in a future Commission proceeding.

I. **Deferral History**

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 would provide a comparison to CPP and will address the lessons learned from that pilot. The 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 OPUC Order 15-203 on June 23, 2015. PGE seeks reauthorization for deferral of incremental costs associated with the two pilots for the period commencing June 23, 2016 through June 22, 2017.

II. OAR 860-027-0300 Requirements

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 the deferred accounting treatment of the incremental costs associated with the two residential demand response (DR) pilots, the Pricing Pilot and the DLCT. As stated above PGE requests a reauthorization effective period of June 23, 2016 through June 22, 2017.

b. Reasons for deferral

See Deferral History 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. On June 10, 2015, PGE filed for application of this reauthorization and received approval through OPUC Order No. 15-203 for the deferral period beginning June 23, 2015.

Without reauthorization, the current authorization to defer costs will expire on June 22, 2016. PGE is filing for this reauthorization for the period commencing June 23, 2016 through June 22, 2017. PGE expects any deferred amount to be recovered or refunded in a manner approved by the Commission.

c. Proposed accounting for recording amounts deferred.

PGE proposes to continue to record the deferred amounts as a regulatory asset in FERC account 182.3001, 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 of 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 incremental costs of the two residential DR pilots to be approximately \$4.0 million as listed in the below table (\$000).

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

Pilot	2015 Actuals	2016 Estimate	2017 Estimate	2018 Estimate	Estimated Totals
Pricing Pilot	\$406,074	\$1,041,464	\$ 543,117	\$ 536,500	\$ 2,476,518
DLCT Pilot	\$ 29,950	\$ 420,562	\$ 548,546	\$ 485,864	\$ 1,535,558
Totals	\$436,024	\$1,462,025	\$ 1,091,663	\$ 1,022,364	\$ 4,012,076

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 attached to the Application as Attachment A.

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

a. Description of deferred account entries.

Please see section II (a) and (b) above.

b. The reason for continuing the deferred accounting.

Please see section II (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 Order No. 15-203 as described above. Without reauthorization this deferral will expire

on June 22, 2016.

IV. Summary of filing conditions¹

a. Earnings review.

The cost recovery for the two residential DR pilots will be subject to an earnings review in accordance with ORS 757.259(5).

b. Prudence review

PGE will submit two combined reports on the pilots, which will provide third-party evaluations, cost summaries, estimated curtailments, and results of customer satisfaction surveys. The Commission Staff can also review applicable cost details during the pilots' operations (i.e., deferral phase) and/or the proceeding to authorize amortization.

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 authorize amortization of the pilots' deferred costs.

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.

V. PGE Contacts

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

¹ Per agreement with the Commission Staff on January 24, 2012.

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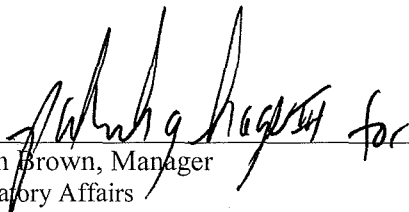
In addition to the names and addresses above, the following are to received notices and communications via the e-mail service list:

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

VI. **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, 2016 through June 22, 2017.

DATED this 15th day of June, 2016.



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um 1708 reauthorization application_2 dr pilots_06-15-16.docx

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

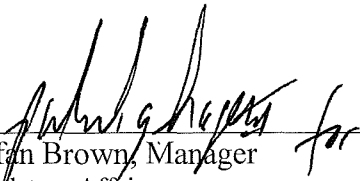
On June 15, 2016, Portland General Electric Company ("PGE") filed an Application for Reauthorization of Deferral of Expenses Associated with Two Residential Demand Response Pilots with the Oregon Public Utility Commission (the "Commission").

Approval for deferred accounting treatment will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

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 July 16, 2016.

Dated: June 15, 2016.

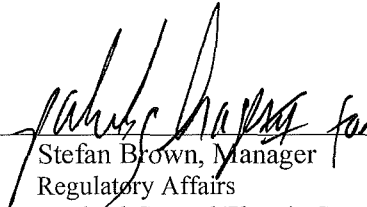


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Certificate of Service

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 294.

Dated at Portland, Oregon, this 15th day of June 2016.



Stefan Brown, Manager
Regulatory Affairs

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OPUC DOCKET NO. UE 294

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SERVICE LISTS
OPUC DOCKET NO. UM 1708

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