



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

December 29, 2023

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1827 PGE's Application to Reauthorize Deferred Accounting of Incremental Costs Associated with the PGE Demand Response Water Heater Pilot

Dear Filing Center:

Enclosed for filing is Portland General Electric Company's (PGE) Application to Reauthorize Deferred Accounting of Incremental Costs Associated with the PGE Demand Response Water Heater Pilot.

A Notice regarding the filing of this application has been provided to the parties on the UE 416 and UM 1827 service lists. Work papers have been submitted to puc.workpapers@puc.oregon.gov

Parties who wish to receive a copy of this Application should review the Public Utility Commission of Oregon (OPUC) website.

Should you have any questions or comments regarding this filing, please call me at (503) 464-7488 or Ben Orndoff at (541) 973-4304. Please direct all formal correspondence and requests to pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jaki Ferchland
Jaki Ferchland
Senior Manager, Revenue Requirement

JF/dm
Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1827

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferred
Accounting of Incremental Costs Associated
with the PGE Demand Response Water Heater
Pilot

**PORTLAND GENERAL ELECTRIC
COMPANY'S REQUEST FOR
DEFERRAL REAUTHORIZATION**

Pursuant to ORS 757.259 and OAR 860-027-0300, Commission Order Nos. 22-115 and 23-332, Portland General Electric Company (PGE) hereby requests reauthorization to defer incremental costs associated with the Demand Response Water Heater Pilot (Pilot). The Pilot is subject to the automatic adjustment clause tariff Schedule 135 and operational tariff Schedule 4. PGE requests that this reauthorization be effective January 1, 2024, through December 31, 2024. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the Pilot.

I. Deferral History

In alignment with the State of Oregon's policy direction of decarbonization, PGE is pursuing efforts as a company to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. The Pilot complies with Oregon's policy direction and supports PGE's decarbonization, electrification, and performance imperatives.

On April 18, 2017, PGE filed for deferred accounting treatment of the Pilot. On April 4, 2022, the Commission adopted¹ Staff's recommendation that PGE maintain the operation of the Pilot under its existing budget and deferral authorization in this docket (UM 1827) until a Commission decision is made regarding the Pilot's treatment after its 2023 expiration. As such, at this time PGE is continuing to seek reauthorization in this docket to defer the incremental expenses associated with the Pilot.

The purpose of this Pilot is to retrofit existing water heaters in multifamily residences with demand response (DR)-enabled technology to help inform an effective design for a water heater DR program, quantify energy consumption that can be shifted to different times, determine appropriate incentive levels for customers, integrate and test different technologies, and implement different DR dispatch strategies. This continues to be an important pilot as it provides system benefits by reducing peak demand.

As of December 1, 2023, the Pilot has installed 13,433 water heater retrofit switches and 39 CTA-2045-enabled Smart Water Heater communication devices across 32 property management companies, encompassing 112 distinct sites.¹ The deployed retrofits are available in two variants: Wi-Fi connected and cellular signal connected. Evaluation data has consistently indicated that the cellular-enabled switches exhibit a superior connectivity rate² throughout the season compared to the Wi-Fi-connected switches, which show consistent signal degradation issues. Due to these issues, retrofitting water heaters with Wi-Fi-connected devices was halted by PGE in October 2019.

In anticipation of the planned code change making CTA-2045-enabled water heaters the new baseline, the Pilot initially aimed to transition away from all retrofits in 2021. However, due

¹ See Order No. 22-115.

to continuous delays in the effective date of the CTA-2045 code, the Pilot extended cellular retrofits through 2022, with the code finally taking effect in July 2023.

Faced with persistent delays of the planned code change making CTA-2045-enabled water heaters the new baseline, the Pilot entered maintenance mode in 2023, focusing on managing the existing fleet of both Wi-Fi and cellular signal-connected switches while preparing for a program redesign.

The strategy for 2024 involves an assessment of the pilot alongside a program redesign, with a specific focus on CTA-2045-enabled water heaters. PGE's objective is to maintain the existing fleet while assessing the implementation services configuration and resource allocation of the pilot. Anticipating readiness to resume installations in the redesign of the Pilot, PGE intends to engage stakeholders, including OPUC staff, to gain a comprehensive understanding of the feasibility of CTA-2045-enabled water heaters. The redesign of the program will be informed by technical insights and market channel learnings.

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

The deferred amounts will be recovered in a manner approved by the Commission and consistent with the terms of Schedule 4 and Schedule 135.

Table 1
UM 1827 Authorizations

Filing Date	Deferral Period	Order No.	Approval Date
4/18/2017	4/18/2017 – 4/17/2018	17-224	6/27/2017
4/17/2018	4/18/2018 – 4/17/2019	18-225	6/19/2018
4/17/2019	4/18/2019 – 4/17/2020	19-282	8/27/2019
4/15/2020	4/18/2020 – 4/17/2021	20-481	12/15/2020
4/12/2021	4/18/2021 – 4/17/2022	21-225	7/13/2021
4/12/2022	4/18/2022 – 4/17/2023	22-346	9/20/2022
4/17/2023	4/18/2023 – 12/31/2023	23-332	9/5/2023

II. OAR 860-027-0300 Requirements

The following is required pursuant to OAR 860-027-0300(3) and (4):

OAR 860-027-0300(3):

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Deferral

PGE seeks reauthorization to defer the incremental expenses associated with the Pilot. Without reauthorization, this deferral will expire on December 31, 2023. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the pilot.

c. Proposed Accounting for Recording Deferred Amounts.

PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

d. Estimate of Amounts to be Recorded for the Twelve Months of 2024.

PGE estimates the incremental costs of the Pilot over the twelve months of 2024 to be approximately \$1.7 million as shown in Table 1 below.

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

2023 Actuals*	2024 Forecast	2-Year Total
\$1,076,668	\$1,681,500	\$2,758,168

** Actuals for January to September and forecasts for October to December*

e. Notice

A copy of the notice of application for reauthorization of deferred accounting treatment and a list of persons served with the notice are provided as Attachment A. In compliance with the provisions of OAR 860-027-0300(6), PGE is serving the notice of application on the UM 1827 and UE 416 Service Lists.

OAR 860-027-0300(4):

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Continuation of Deferred Accounting

See Reason for Deferral above.

III. Summary of Filing Conditions

a. Earnings Review

Cost recovery for the Pilot will be subject to an automatic adjustment clause rate schedule and will not be subject to an earnings review under ORS 757.259.

b. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of this deferral’s annual reauthorization filing or application to update Schedule 135.

c. Sharing

Under deferred accounting, all prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

The deferred costs for this Pilot as recovered through Schedule 135 will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of generation revenue applied on a cent per kWh basis to each applicable rate schedule or in a manner approved by the Commission.²

e. Three Percent Test (ORS 757.259(6))

The amortization of the Pilot's deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) 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:

Kim Burton
Assistant General Counsel III
Portland General Electric Company
1WTC1301
121 SW Salmon Street
Portland OR 97204
(573) 356-9688
E-mail: kim.burton@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
1WTC0306
121 SW Salmon Street
Portland OR 97204
(503) 464-7805
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:

² Special Condition 1 of Schedule 135.

Ben Orndoff, Regulatory Analyst
E-mail: ben.orndoff@pgn.com

VI. Conclusion

For the reasons stated above, PGE requests permission to continue to defer costs associated with the PGE Demand Response Water Heater Pilot, effective January 1, 2024.

DATED this December 29th, 2023.

Respectfully Submitted,

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503.464.7488
E-Mail: jacquelyn.ferchland@pgn.com

UM 1827
Attachment A

**Notice of Application to Reauthorize Deferred Accounting of Costs
Associated with the PGE Demand Response Water Heater Pilot**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1827

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferred
Accounting of Costs Associated with the PGE
Demand Response Water Heater Pilot

**NOTICE OF PORTLAND GENERAL
ELECTRIC COMPANY'S REQUEST
FOR DEFERRAL
REAUTHORIZATION**

On December 29, 2023, Portland General Electric Company (PGE) filed an Application for Reauthorization of Deferral of Costs Associated with PGE's Demand Response Water Heater Pilot with the Public Utility Commission of Oregon (the Commission).

Approval of the deferred accounting treatment 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 Commission website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than January 29, 2024.

Dated this 29th day of December 2023.

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503.464.7488
E-Mail: jacquelyn.ferchland@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **the Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the PGE Demand Response Water Heater Pilot** to be served by electronic mail to those parties whose email addresses appear on the attached service lists for Commission Docket Nos. UE 416 and UM 1827.

DATED at Portland, Oregon, this 29th day of December 2023.

/s/ Jaki Ferchland

Jaki Ferchland

Senior Manager, Revenue Requirement

Portland General Electric Company

121 SW Salmon St., 1WTC0306

Portland, OR 97204

Telephone: 503-464-7488

E-Mail: jacquelyn.ferchland@pge.com

**SERVICE LIST
OPUC DOCKET NO. UE 416**

GUILERMO
CASTILLO (C) (HC)
SMALL BUSINESS UTILITY
ADVOCATES guillermo@utilityadvocates.org

STEVE CHRISS
WALMART
stephen.chriss@wal-mart.com

TERESA GRIFFELS
PORTLAND GENERAL
ELECTRIC teresa.griffels@pgn.com

TONIA L MORO (C)
ATTORNEY AT LAW PC
106 TALENT AVE STE 6
TALENT OR 97540
tonia@toniamoro.com

AWEC

BRENT COLEMAN (C) (HC)
DAVISON VAN CLEVE
1750 SW HARBOR WAY, SUITE
450
PORTLAND OR 97201
blc@dvclaw.com

JESSE O GORSUCH (C) (HC)
DAVISON VAN CLEVE
1750 SW HARBOR WAY STE 450
PORTLAND OR 97201
jog@dvclaw.com

TYLER C PEPPLER (C) (HC)
DAVISON VAN CLEVE
1750 SW HARBOR WAY STE 450
PORTLAND OR 97201
tcp@dvclaw.com

CALPINE SOLUTIONS

GREGORY M. ADAMS (C)
RICHARDSON ADAMS PLLC
515 N 27TH ST
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

**COMMUNITY ENERGY
PROJECT**

KATE AYRES
COMMUNITY ENERGY
PROJECT
106 TALENT AVE STE 6
TALENT OR 97540
kate@communityenergyproject.org

CHARITY FAIN (C)
COMMUNITY ENERGY
PROJECT

2900 SE STARK ST STE A
PORTLAND OR 97214
charity@communityenergyproject.org

CUB

MICHAEL GOETZ (C) (HC)
OREGON CITIZENS'
UTILITY BOARD

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

Share OREGON CITIZENS'
UTILITY BOARD
OREGON CITIZENS'
UTILITY BOARD

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

FRED MEYER

JUSTIN BIEBER (C)
FRED MEYER/ENERGY
STRATEGIES LLC

215 SOUTH STATE STREET, STE
200
SALT LAKE CITY UT 84111
jbieber@energystrat.com

KURT J BOEHM (C)
BOEHM KURTZ & LOWRY

36 E SEVENTH ST - STE 1510
CINCINNATI OH 45202
kboehm@bkllawfirm.com

JODY KYLER COHN
BOEHM KURTZ & LOWRY

36 E SEVENTH ST STE 1510
CINCINNATI OH 45202
jkylercohn@bkllawfirm.com

NEWSUN ENERGY

LESLIE SCHAUER (C)
NEWSUN ENERGY LLC

550 NW FRANKLIN AVE STE 408
BEND OR 97703
leslie@newsunenergy.net

JACOB (JAKE)
STEPHENS (C)
NEWSUN ENERGY LLC

550 NW FRANKLIN AVE STE 408
BEND OR 97703
jstephens@newsunenergy.net

NRDC

CAROLINE CILEK (C) (HC)
GREEN ENERGY INSTITUTE

carolinecilek@lclark.edu

NW ENERGY COALITION

F. DIEGO RIVAS (C) (HC)
NW ENERGY COALITION

1101 8TH AVE
HELENA MT 59601
diego@nwenergy.org

PARSONS BEHLE & LATIMER

JUSTINA A CAVIGLIA
PARSONS BEHLE &
LATIMER

50 WEST LIBERTY ST STE 750
RENO NV 89501
jcaviglia@parsonsbehle.com

PGE

PORTLAND GENERAL
ELECTRIC

pge.opuc.filings@pgn.com

KIM BURTON (C) (HC)
PORTLAND GENERAL
ELECTRIC

121 SW SALMON STREET
PORTLAND OR 97204
kim.burton@pgn.com

JAKI FERCHLAND (C) (HC)
PORTLAND GENERAL
ELECTRIC

121 SW SALMON ST. 1WTC0306
PORTLAND OR 97204
jacquelyn.ferchland@pgn.com

**SMALL BUSINESS UTILITY
ADVOCATES**

DIANE HENKELS (C) (HC)
SMALL BUSINESS UTILITY
ADVOCATES

621 SW MORRISON ST. STE 1025
PORTLAND OR 97205
diane@utilityadvocates.org

SBUA SBUA
SMALL BUSINESS UTILITY
ADVOCATES

9450 SW GEMINI DR. #11200
BEAVERTON OR 97008
britt@utilityadvocates.org

STAFF

STEPHANIE S
ANDRUS (C) (HC)
Oregon Department of Justice

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

MATTHEW
MULDOON (C) (HC)
PUBLIC UTILITY
COMMISSION OF OREGON

PO BOX 1088
SALEM OR 97308-1088
matt.muldoon@puc.oregon.gov

NATASCHA
SMITH (C) (HC)
Oregon Department of Justice

BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301
natascha.b.smith@doj.state.or.us

WALMART

ALEX KRONAUER (C)
WALMART

alex.kronauer@walmart.com

SERVICE LIST
OPUC DOCKET NO. UM 1827

STEPHANIE S ANDRUS Oregon Department of Justice	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@doj.state.or.us
PETER KERNAN PUBLIC UTILITY COMMISSION OF OREGON	PO BOX 1088 SALEM OR 97308-1088 peter.kernan@puc.oregon.gov
Share PGE RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC	PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON STREET, 1WTC0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com
KATHY ZARATE PUBLIC UTILITY COMMISSION OF OREGON	201 HIGH ST SE STE 100 SALEM OR 97301 kathy.zarate@puc.oregon.gov
PGE	
KIM BURTON PORTLAND GENERAL ELECTRIC	121 SW SALMON STREET PORTLAND OR 97204 kim.burton@pgn.com
JAKI FERCHLAND PORTLAND GENERAL ELECTRIC	121 SW SALMON ST. 1WTC0306 PORTLAND OR 97204 jacquelyn.ferchland@pgn.com