



**Portland General Electric**  
121 SW Salmon Street · Portland, Ore. 97204

November 4, 2018

Via Electronic Filing

Public Utility Commission of Oregon  
**Attn: Filing Center**  
201 High Street, Ste. 100  
P.O. Box 1088  
Salem, OR 97308-1088

**RE: UM 1976 PGE's Application for Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot**

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests authorization to defer for later rate-making treatment operation and maintenance costs associated with PGE's Demand Response Testbed Pilot. PGE is currently awaiting Commission action on its initial application to defer Testbed costs.

A Notice regarding the filing of this application has been provided to the parties on the UE 335 service list.

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

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 "Jaki Ferchland". The signature is written in a cursive, flowing style.

Jaki Ferchland  
Manager, Regulatory Affairs

JF/np  
Enclosure.  
Cc: Service List: UE 335



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1976**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot

**Application for Reauthorization of Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot**

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order No. 17-386, Portland General Electric Company (PGE) hereby requests reauthorization to continue to defer for later rate-making treatment operation and maintenance (O&M) costs associated with PGE's Demand Response (DR) Testbed Pilot (Testbed or Pilot) Phase One.<sup>1</sup> PGE requests authorization to continue to defer incremental O&M costs associated with developing and operating the Testbed. We request this reauthorization be effective November 5, 2019 to avoid any potential gap in PGE's ability to defer these costs. Phase One of the Testbed is projected to run for two and a half years and will continue through the first quarter of 2022.

**I. Deferral History**

PGE filed its initial request for deferred accounting treatment of the costs associated with the Phase One of the Testbed in this docket in November 2018. PGE is currently awaiting Commission action on its initial application to defer Testbed costs. Thus, PGE has an unresolved initial deferral application and is now at the 12-month deadline for that deferral, prompting this "reauthorization" filing.

In April 2019, the Commission approved PGE's Schedule 13 which provides enrollment and communication mechanism for the pilot. The PGE Testbed team worked with various PGE

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<sup>1</sup> The Testbed Pilot proposal and associated tariff, Schedule 13 or Opt-out Demand Response Testbed Pilot, was filed for Commission approval on October 25, 2018 in OPUC Docket ADV 859, PGE Advice No. 18-14.

departments (i.e., Customer Insights, Metering, Information Technology (IT), Billing and PGE's Customer Contact Center) to prepare several work streams necessary to support customer enrollment and pilot operations.

During implementation of the program, the PGE Testbed team will be leveraging information from other PGE groups to maximize learnings. For example, one study will include the modeling of each substation in the Testbed to better understand the current real-time state of the Testbed distribution system and how activities may affect it in the future. Additionally, PGE will benefit from information regarding load disaggregation of residential customers. This will provide the team with a complete picture of the mechanical systems used by PGE's customers to provide space heating and cooling, as well as water heating. This data is critical to engage with customers on the Testbed's various Customer Value Propositions (CVPs), understanding gaps in the current/planned product portfolios, and quantifying the technical DR potential of the Testbed substations.

In July 2019, PGE enrolled nearly 14,000 Testbed customers into Peak Time Rebate (PTR). PGE mailed information to customers on the significance of the project, how the community can be involved and specifying that the residential customer had been placed on an opt-out PTR. Similar mailers informed business customers that they are in a Testbed and that opportunities will be presented to them to participate in the project. For each PTR event, the Testbed customers are informed via text and e-mail. Customers were given the option through multiple channels to opt-out of the Testbed activity, Testbed communications and individual PTR events. The PGE Testbed team has also been in the field at local events in Milwaukie, North Portland and Hillsboro. PGE's participation at these events served several purposes: 1) to enhance community awareness, 2) to provide a point of contact for person-to-person inquiry, 3) to promote the customer role in

beneficial grid development, and 4) to educate customers about how they can control their energy costs.

To meet the goal of the Demand Response Review Committee (DRRC)<sup>2</sup> for 25% participation from small and medium sized business (SMB) customers, the Testbed team has a separate outreach strategy. This outreach was designed to address business marketing challenges such as lack of contact information for decision makers, lack of valid e-mail address, and franchise businesses being able to easily make purchase decisions. Like the residential approach, the Testbed SMB customers were sent mailers, e-mails and web content.

PGE issued a Request for Proposals (RFP) for evaluation of the Testbed project after receiving comments and edits on a draft RFP from the Energy Trust of Oregon (ETO) and the Northwest Energy Efficiency Alliance. PGE selected Cadmus to be the Testbed evaluator. As part of the scope of work, Cadmus will be presenting progress and findings to the DRRC in December.

In 2020, PGE plans to test a new CVP called “Giving Back.” Giving Back is the first of the Testbed value proposition to be tested, which are not solely monetary. Over the course of the next two years, the Testbed team will deploy and learn from several other CVPs including renewable integration, carbon mitigation, community performance and a revamped Giving Back CVP. PGE will continue to leverage the Testbed project for additional activities to advance our understanding of DR and distributed flexibility. PGE worked with the ETO and two of their contractors to learn more about energy efficiency, DR and distributed energy resources (DER) impacts on the

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<sup>2</sup> The DRRC is a forum to report on Testbed activity but also one for stakeholders ask questions, raise issues, and work with PGE on continued development of Testbed work. We will be asking for input from the Committee on a series of issues regarding customer value proposition design, community representative engagement and customer outreach and participation. The DRRC is also a forum where Commission Staff can receive regular updates on Testbed activity and inquire about Testbed activity.

distribution system. Additionally, PGE will work with the ETO and Recurve<sup>3</sup> on work related to load disaggregation.

The Testbed will also include demonstration projects to advance a series of interests and learning for PGE and other stakeholders. For example, the PGE Testbed team is in conversations with the ETO and the Community Energy Program non-profit team about smart water heater deployment in the Testbed. A proposal regarding this activity will be brought to the DRRC before filing with the Commission. Additionally, the Testbed team is working with the ETO to identify the capacity and DR value of controllable ductless heat pumps and room air conditioners. A proposal for this activity will be brought before the DRRC. The Testbed team is working with PGE's Distribution Operations to identify a Testbed feeder where lessons could be learned about operations, customer experience, system value and program structure.

In the initial UM 1976 deferral filing, PGE planned a two-and-a-half-year timeline for Phase One of Testbed. PGE is on track with that timeline and will be presenting progress to the DRRC in December 2019.

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

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

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

See Deferral History above.

On November 5, 2018, PGE filed its request for approval of a deferral of expenses associated with PGE's DR Testbed Pilot. PGE has not received a Commission decision on the initial deferral application, but requests reauthorization of this deferral period beginning November 5, 2019 to, and including November 4, 2020.

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<sup>3</sup> Recurve conducts load aggregation work.

b. Reasons for Deferral.

Pursuant to ORS 757.259(2)(e), PGE seeks deferred accounting treatment of the costs associated with Phase One of the Testbed. PGE expects to incur these costs over a two-and-a-half year period and will seek reauthorization of this deferral in future applications. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

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 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 a deferred accounting order from the Commission, PGE would discontinue Testbed implementation.

d. Estimate of Amounts to be Recorded for the Next 12 months.

PGE estimates the total cost of the Testbed to be approximately \$5.9 million spread over a two-and-a-half-year period. For the 12-month period starting on the date of this filing, PGE expects to incur incremental Testbed costs in the amount of approximately \$1.8 million.<sup>4</sup> Table 1 below provides a breakdown of estimated costs related to the Testbed Phase One.

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<sup>4</sup> Expected Testbed Launch costs plus costs incurred in the first 6 months of the Testbed's first year of operations.

**Table 1: Testbed Phase One Estimated Costs (\$000s)**

<b>Budget Category</b>	<b><u>Nov 18-Oct 19</u> <u>Actuals<sup>5, 6</sup></u></b>	<b><u>Nov 19-Oct 20</u> <u>Forecast</u></b>	<b><u>Nov 20- Oct 21</u> <u>Forecast</u></b>	<b><u>Total</u></b>
<b>Development Costs</b>				
Marketing	81	391	309	781
Evaluation & Research	1	165	314	480
Staffing (Internal PGE Sunset)	34	600	590	1,224
Staffing (Contract)	70	41	27	138
<b>Subtotal</b>	<b>186</b>	<b>1,197</b>	<b>1,240</b>	<b>2,623</b>
<b>Operating Costs</b>				
Materials and Equipment	14	221	2,003	2,238
Program incentives	65	402	537	1,004
<b>Subtotal</b>	<b>79</b>	<b>623</b>	<b>2,540</b>	<b>3,242</b>
<b>Testbed Total</b>	<b>265</b>	<b>1,820</b>	<b>3,780</b>	<b>5,865</b>

Development costs are costs to accelerate the implementation of DR as a non-carbon based peak power replacement resource, and operating costs represent costs associated with PGE’s existing DR offerings included in the Testbed, at higher participation rates. In the last forecasted year of Testbed Phase One, costs are expected to increase as PGE promotes Direct Load Control Thermostat (DLCT), invests further in Multifamily DR Water Heater Pilot (MFR) within the Testbed and the incentives costs of Testbed participation in our Pricing Pilot (FLEX) register. PGE’s efforts to accelerate participation in our Energy Partner program for SMB businesses as well as large commercial and industrial customers will register as costs as the customer’s equipment commissioning process has finalized. This process of Energy Partner recruitment in the Testbed has begun. Contracting, equipment commissioning, and performance can take six months. Energy Partner costs may not begin to register within the budget until the latter half of 2020. Thus, the budget spend may appear to be greater in the later months of the Testbed project.

<sup>5</sup> Costs began to incur in July 2019

<sup>6</sup> Costs for 2019 will be updated in January 2020



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 attached to the Application as Attachment A. In compliance with the provisions of 860-027-0300 (6), PGE is serving Notice of Application on the service list for PGE's last general rate case (UE 335) and the Service List for UM 1976.

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

a. Description of Deferred Account Entries

Please see sections II(a) and II(c) above.

b. The Reason for Continuing Deferred Accounting

PGE seeks approval to continue to defer revenues associated with DR Testbed Pilot between November 5, 2019 and November 4, 2020 for the reasons described in II (b) above.

**IV. Summary of Filing Conditions**

a. Earnings Review

PGE proposes that cost recovery associated with the Testbed Phase One be amortized through Schedule 135 and not be subject to an earnings review since it would be subject to an automatic adjustment clause.

b. Prudence Review

PGE will submit third-party evaluation reports on the Pilot, 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 Percentages

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

d. Rate Spread/Rate Design

The rate spread/rate design will be performed in accordance with Schedule 135.

e. Three Percent Test

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 with respect to this

Application are:

Douglas C. Tingey  
Associate General Counsel  
Portland General Electric  
1WTC 1301  
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  
1WTC 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:

Jay Tinker, Director, Regulatory Policy and Affairs  
E-mail : [jay.tinker@pgn.com](mailto:jay.tinker@pgn.com)

**VI. Conclusion**

For the reasons stated above, PGE requests permission to defer the expenses associated with the Testbed as described herein.

DATED this 4<sup>th</sup> day of November, 2019.



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Jaki Ferchland  
Manager, Rates and Regulatory Affairs  
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121 SW Salmon St., 1WTC 0306  
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## **Attachment A**

### **Notice of Application for Reauthorization of Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1976**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot

**Notice of Application for Reauthorization of Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot**

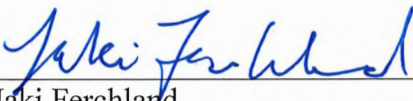
On November 4, 2019, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission) for an Order reauthorizing deferral of expenses associated with PGE's DR Testbed Pilot.

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 Commission website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than December 05, 2019.

Dated: November 4, 2019

  
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Jaki Ferchland  
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Portland General Electric Company  
121 SW Salmon St., 1WTC 0306  
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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 PGE's Demand Response Testbed Pilot** to be served by electronic mail on those parties whose email addresses appear in the attached service lists for OPUC Docket Nos. UM1976 and UE 335.

Dated at Portland, Oregon, November 4, 2019.



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Jaki Ferchland

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