



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

December 30, 2022

***Via Electronic Filing***

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

**RE: UM 1988 PGE's Application for Reauthorization to Defer Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities Commercial Operation Dates**

Filing Center;

Enclosed for filing is Portland General Electric Company's (PGE) Application for Reauthorization of the Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities' Commercial Operation Dates pursuant to Commission Order No. 19-329.

A Notice regarding the filing of this application has been provided to the parties on the UE 394 and UM 1988 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-7488. 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,

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement

JF/dm  
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1988(3)**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Portland General Electric Company  
Application for Deferral of QF Commercial  
Operation Dates Costs

**Application for Reauthorization of Deferral of  
Costs Associated with the Difference Between  
Actual and Forecasted Qualifying Facilities'  
Commercial Operation Dates**

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order Nos. 18-405, 19-329, and 22-039, Portland General Electric Company (PGE) hereby requests authorization to continue to defer for later rate-making treatment the annual difference between actual and forecasted Qualifying Facilities (QFs) costs. This deferral will support the QFs' Commercial Operation Dates (CODs) track and true-up method adopted by the Commission in Order No. 18-405 and revised through Commission Order No. 19-329. PGE requests this reauthorization to be effective January 1, 2023 through December 31, 2023 and continue to be subject to annual renewals.

**I. Deferral History.**

On December 14, 2018, PGE filed a request for authorization to defer the annual difference between actual and forecasted QF costs. The deferral application was filed to support the QF track-and-true-up mechanism as adopted by Commission Order No. 18-405. On October 30, 2019, PGE filed the first request for reauthorization of the QF track-and-true-up mechanism as adopted by Commission Order No. 18-405 and revised through Commission Order No. 19-329. The Commission approved PGE's two most recent deferral requests through Order No. 22-039 for the 12-month deferral periods beginning January 1, 2021 and January 1, 2022.

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

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

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

Under the Public Utility Regulatory Policies Act (PURPA) and through ORS 758.505 et seq., PGE is obligated to enter into Power Purchase Agreements (PPAs) with QFs. The federal government enacted PURPA in 1978 to promote, among other things, energy conservation, increased efficiency in the use of facilities and resources by electric utilities, and equitable rates for electric consumers. To accomplish these goals, PURPA established a new class of generating facilities (i.e., QFs), which would receive special rate and regulatory treatment. QFs are generating facilities that fall within the following two categories: 1) qualifying generation facilities with a capacity of 80 MW or less and whose primary energy source is renewable (hydro, wind, solar, biomass, waste, or geothermal); or 2) qualifying cogeneration facilities that sequentially produce electricity and another form of useful thermal energy (e.g., heat, steam) in a way that is more efficient than the separate production of both forms of energy.

PGE models QF contracts in its annual Net Variable Power Cost (NVPC) forecast to begin production based on the COD specified in the contract, which is selected by the PPA seller. The achievement of commercial operation triggers the applicable on/off-peak, avoided cost prices per the executed contract. New QFs, however, can encounter any number of constraints that might prevent them from achieving their scheduled COD.

To address the issue of QFs not meeting their scheduled COD, Commission Order No. 18-405 adopted a mechanism to track and true up the costs of the actual online dates of newly forecasted QFs with their scheduled CODs that were modeled in PGE's annual NVPC forecast. Subsequently, the Commission revised the QF track-and-true-up mechanism through Order No. 19-329 in Docket No. UE 359 (PGE's 2020 Annual Update Tariff – Schedule 125). Pursuant

to the QF track-and-true-up mechanism, on a going-forward basis, PGE tracks the actual online dates of all newly forecasted QFs with the purpose of either refunding to or collecting from customers the difference between costs associated with forecasted and actual QF online dates. This collection (or refund) amount is then deferred and included in PGE's next scheduled NVPC forecast.<sup>1</sup>

For 2023, the QF tracking mechanism operates as follows:

1. PGE updated the QF CODs through the final (November 15th) 2023 MONET<sup>2</sup> update.
2. PGE derated the expected generation of new QFs that have not been identified as having achieved commercial operation by PGE's final November 2023 MONET update. The energy derate is based on the most recent four-year historical annual average of actual costs versus projected QF costs.
3. PGE files the request for reauthorization to continue to defer the difference between actual and forecasted QF costs in 2023 to recover or refund the variance in QF costs in the 2025 power cost proceeding.
4. The variance to be refunded or collected from customers will be determined by re-running the final November 15<sup>th</sup>, 2023 NVPC MONET forecast and replacing: (1) the estimated QF CODs with actual recorded CODs; and (2) the forecast QF generation for projects subject to the derate in part 2) above with actual QF generation.

b. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) and Commission Order Nos. 18-405, 19-329, and 22-039, PGE seeks to continue to defer the difference between actual and forecasted QF costs to support

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<sup>1</sup> PGE's NVPC forecasts occur as either part of a general rate case or as part of annual update tariff (AUT) filings, for non-rate case years.

<sup>2</sup> PGE's power cost forecasting model.

the QFs COD track-and-true-up mechanism as authorized by Commission Order Nos. 18-405 and 19-329. Because QFs CODs are modeled in each year's NVPC forecast, PGE will continue to seek reauthorization of this deferral in subsequent years. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

c. Proposed Accounting for Recording Amounts Deferred

For collection amounts, PGE proposes to record the deferred amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 555 (Purchased Power). For refund amounts, PGE would record the deferred amount in FERC 254 (Regulatory Liability); debiting FERC 555 (Purchased Power). In the absence of deferral approval, PGE would record QF expenses to the appropriate FERC accounts.

d. Estimate of Amounts to be Recorded Over the Next 12 Months

PGE does not have an estimate of the amount that will be deferred because it is dependent on actual 2023 information that is currently unknown.

e. Notice

A copy of the notice of application for 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 UM 1988 and UE 394 Service Lists.

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

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 the difference between actual and forecasted QF costs to support the QFs COD track-and-true-up method as authorized by Commission Order Nos. 18-405 and 19-329. Because QFs CODs are modeled in each year's NVPC forecast, PGE will seek reauthorization of this deferral in subsequent years. Without reauthorization, this deferral will expire on December 31, 2022.

#### **IV. Summary of Filing Conditions.**

##### a. Earnings Review

There is no earnings review for this deferral. The difference between costs associated with forecasted and actual QF online dates will be deferred and included in PGE's next scheduled NVPC forecast as described in Section II, part a, above.

##### b. Prudence Review

A prudence review should be performed at the time of deferral amortization.

##### c. Sharing Percentages

All prudently incurred differences between costs associated with forecasted and actual QF online dates are to be included in PGE's next scheduled NVPC forecast with no sharing mechanism.

##### d. Rate Spread / Rate Design

The deferred amounts will be spread based on an equal percent of generation revenue applied on a cents per kWh basis, as specified in Schedule 125.

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

The amortization of the deferred QF costs is not subject to the three percent test because the associated refunds or collections will automatically be included in PGE's subsequent year power cost forecast (as incorporated in PGE's prices) in accordance with Commission Order Nos. 18-405 and 19-329.

**V. PGE Contacts**

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

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PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
121 SW Salmon Street  
Portland, OR 97204  
(503) 464-8172  
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:

Ben Orndoff, Regulatory Analyst, Regulatory Affairs  
ben.orndoff@pgn.com

**VI. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer the difference between actual and forecasted QF costs to support the QF CODs track-and-true-up mechanism adopted by Commission Order Nos. 18-405 and 19-329.

DATED this 30th day of December 2022.

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement  
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121 SW Salmon St., 1WTC 0306  
Portland, OR 97204  
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## **Attachment A**

**Notice of Application for Reauthorization for Deferral of Costs Associated  
with the Difference Between Actual and Forecasted Qualifying Facilities'  
Commercial Operation Dates**



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1988**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Portland General Electric Company  
Application for Deferral of QF Commercial  
Operation Dates Costs

**Notice of Application for Reauthorization of  
Deferral of Costs Associated with the  
Difference Between Actual and Forecasted  
Qualifying Facilities' Commercial Operation  
Dates**

On December 30, 2022 Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission or OPUC) for an Order authorizing the continuance of a deferral for the cost difference between actual and forecasted Qualifying Facilities (QFs) to support PGE's method to track and true-up QFs' Commercial Operation Dates (CODs), adopted by the Commission through Order No 18-405 and subsequently revised through Commission Order No. 19-329.

Approval of PGE's reauthorization application will not authorize a change in PGE's rates but will permit PGE to continue its QF CODs track-and-true-up mechanism as adopted by Commission Order Nos. 18-405 and 19-329. 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 25, 2023.

Dated: December 30, 2022

*/s/ Jaki Ferchland*

Jaki Ferchland  
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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 Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities Commercial Operation Dates** to be served by electronic mail to those parties whose email addresses appear in the attached service lists for OPUC Docket Nos. UE 394 and UM 1988.

Dated at Portland, Oregon, this 30th day of December 2022.

*/s/ Jaki Ferchland*

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**SERVICE LIST**  
**OPUC Docket No. UE 394**

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**SERVICE LIST  
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