



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

October 30, 2019

via email

puc.filingcenter@state.or.us

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

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

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 OPUC Order No. 19-239.

A Notice regarding the filing of this application has been provided to the parties on the UE 335 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) 464-7002.

Please direct all formal correspondence, questions, or requests to the following e-mail address: pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink that reads "Jay Tinker". The signature is written in a cursive, flowing style.

Jay Tinker
Director, Regulatory Policy & Affairs

JT/lh

Encls.

cc: Service Lists: UE 335 and UM 1988

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1988

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities Commercial Operation Dates

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, 19-083, and 19-329 (2020 AUT), 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 of deferral begin effective January 1, 2020 and be subject to annual renewals beginning December 31, 2020.

I. Deferral History.

On December 14, 2018 PGE filed a request for authorization to defer for later rate-making treatment the annual difference between actual and forecasted QF costs. The deferral application was filed to support the QFs' Commercial Operation Dates (CODs) track and true-up mechanism adopted by the Commission in Order No. 18-405. The Commission approved PGE's deferral request through Commission Order No. 19-083 for the deferral period beginning January 1, 2019 through December 31, 2019.

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 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). Pursuant to the QF track and true up mechanism, on a going-forward basis, PGE will track 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 would then be deferred and included in PGE's next scheduled NVPC forecast.¹

For 2020, the QF tracking mechanism operates as follows:

1. PGE files the enclosed reauthorization for deferred accounting application to defer the difference between actual and forecasted QF costs in 2020 to recover or credit the variance in QF costs in the 2021 power cost proceeding.
2. PGE will update the QF CODs through the final (November 15th) 2020 MONET update. PGE will update all project CODs through November 1st and make reasonable efforts to update any known changes to QF CODs between November 2nd and PGE's final November MONET update.
3. PGE will derate the expected generation of new QFs that have not been identified as having achieved commercial operation by PGE's final November 2020 MONET update. The energy derate will be based on the most recent four-year historical annual average of actual costs versus projected QF costs.
4. The variance to be refunded or collected from customers will be determined by re-running the final November 15th, 2020 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, 19-083, and 19-329, PGE seeks to continue to defer for the difference between actual and forecasted QF costs to support the QFs COD track and true up mechanism as provided by Commission Order No. 19-329. Because QFs CODs are modeled in each year's NVPC forecast, PGE will seek reauthorization of this deferral in

¹ 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.

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 229 (Accumulated Provision for Rate Refunds); debiting FERC 449.1 (Provision for Rate Refunds). 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 2020 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 UE 335 Service List, PGE's last general rate case.

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 for the difference between actual and forecasted QF costs to support the QFs COD track and true up method as provided by Commission Order No. 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, 2019.

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 I, 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 (OAR 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:

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

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

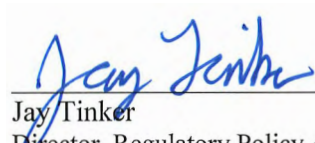
In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Stefan Cristea, Senior Regulatory Analyst
E-mail: stefan.cristea@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 tracking and true up mechanism adopted through Commission Order No 19-329.

DATED this 30 day of October 2019.



Jay Tinker
Director, Regulatory Policy & Affairs
Portland General Electric Company
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
Telephone: 503.464.7002
E-Mail: pge.opuc.filings@pgn.com

Attachment A

Notice of Application for Reauthorization of 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 the Application of Portland General Electric Company for an Order Approving the Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities' Commercial Operation Dates

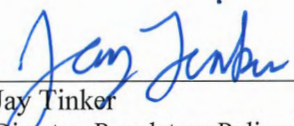
Notice of Application for Reauthorization of Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities' Commercial Operation Dates

On October 30, 2019 Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the 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. 19-239.

Approval of PGE's reauthorization application 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 November 31, 2019.

Dated: October 30, 2019

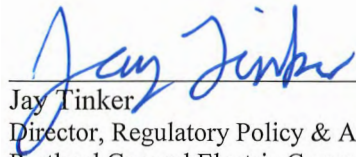


Jay Tinker
Director, Regulatory Policy & Affairs
Portland General Electric Company
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
Telephone: 503.464.7002
E-Mail: pge.opuc.filings@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization of Deferral of 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 No. UE 335 and UM 1988.

Dated at Portland, Oregon, this 30th day of October 2019



Jay Tinker
Director, Regulatory Policy & Affairs
Portland General Electric Company
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
Telephone: 503.464.7002
E-Mail: pge.opuc.filings@pgn.com

**SERVICE LIST
OPUC DOCKET # UE 335**

ROBERT D KAHN
NORTHWEST & INTERMOUNTAIN POWER
PRODUCERS COALITION

PO BOX 504
MERCER ISLAND WA 98040
rkahn@nippc.org

ALBERTSONS

BRIAN BETHKE
11555 DUBLIN CANYON ROAD

250 PARKCENTER BLVD
BOISE ID 83706
brian.bethke@albertsons.com

CHRIS ISHIZU
ALBERTSONS COMPANIES, INC.

250 PARKCENTER BLVD
BOISE ID 83706
chris.ishizu@albertsons.com

GEORGE WAIDELICH
ALBERTSONS COMPANIES' INC.

11555 DUBLIN CANYON ROAD
PLEASANTON OR 94588
george.waidelich@albertsons.com

AWEC UE 335

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

CALPINE SOLUTIONS

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

FRED MEYER

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
jkylerecohn@bkllawfirm.com

NIPPC

CAROL OPATRY
NORTHWEST & INTERMOUNTAIN POWER
PRODUCERS COALITION

18509 NE CEDAR DR
BATTLE GROUND WA 98604
ccopat@e-z.net

IRION A SANGER (C)
SANGER THOMPSON PC

1041 SE 58TH PLACE
PORTLAND OR 97215
irion@sanger-law.com

MARK R THOMPSON (C)
SANGER THOMPSON PC

1041 SE 58TH PLACE
PORTLAND OR 97215
mark@sanger-law.com

OREGON CITIZENS UTILITY BOARD

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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

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

PORTLAND GENERAL ELECTRIC

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

SBUA

JAMES BIRKELUND
SMALL BUSINESS UTILITY ADVOCATES

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

DIANE HENKELS (C)
SMALL BUSINESS UTILITY ADVOCATES

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

STAFF

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

MARIANNE GARDNER (C)
PUBLIC UTILITY COMMISSION OF OREGON

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

SOMMER MOSER (C)
PUC STAFF - DEPARTMENT OF JUSTICE

1162 COURT ST NE
SALEM OR 97301
sommer.moser@doj.state.or.us

WALMART

VICKI M BALDWIN (C)
PARSONS BEHLE & LATIMER

201 S MAIN ST STE 1800
SALT LAKE CITY UT 84111
vbaldwin@parsonsbhle.com

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

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

**SERVICE LIST
OPUC DOCKET # UM 1988**

OREGON CITIZENS' UTILITY BOARD

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

PGE RATES & REGULATORY AFFAIRS

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

STEPHANIE S ANDRUS
PUC STAFF--DEPARTMENT OF JUSTICE

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

STEFAN BROWN
PORTLAND GENERAL ELECTRIC

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

WILLIAM GEHRKE
OREGON CITIZENS' UTILITY BOARD

610 SW BROADWAY STE 400
PORTLAND OR 97206
will@oregoncub.org

MICHAEL GOETZ
OREGON CITIZENS' UTILITY BOARD

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

SABRINNA SOLDAVINI
PUBLIC UTILITY COMMISSION OF OREGON

201 HIGH ST SE
SUITE 100
SALEM OR 97301
sabrinna.soldavini@state.or.us

DOUGLAS C TINGEY
PORTLAND GENERAL ELECTRIC

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