

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: December 14, 2021**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** April 23, 2021

**DATE:** December 6, 2021

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 1938(4))  
Requests reauthorization of deferred accounting of costs and revenues associated with Transportation Electrification and Electric Vehicle Charging Pilots.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) application for deferred accounting of costs and revenues associated with its Transportation Electrification (TE) Charging Pilots for the 12-month period beginning April 23, 2021.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's application for the authorization and reauthorization of deferred accounting of costs and revenues associated with TE Charging Pilots.

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "[i]dentifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuations of rate levels or to

match appropriately the costs borne by and benefits received by ratepayers.”  
ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set the requirements for the contents of deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

## Analysis

### *Background*

On December 27, 2016, PGE filed Docket No. UM 1811, proposing four new pilot programs to accelerate TE. Ultimately, on February 16, 2018, the Commission adopted a stipulation authorizing PGE to undertake three pilot programs to accelerate TE in Order No. 18-054. These TE Pilots include a Trimet pilot, an education and outreach program, and an Electric Avenue pilot program allowing PGE to build six additional utility-owned charging stations.

In the stipulation adopted in Order No. 18-054, PGE also agreed to propose and submit for future consideration two additional pilot programs. The future pilot programs were to include a residential home charging pilot (including rebates for customers installing a connected level 2 charged and going on time-of-use rate schedule), and a workplace charging and/or fleet charging program available to both cost-of-service and direct access customers.

Subsequently, on April 23, 2018, PGE filed its initial application in Docket No. UM 1938 requesting the Commission authorize the use of deferred accounting for the costs and revenues associated with the three TE pilots authorized by the stipulation in Order No. 18-054. This application requested the deferred amounts be subject to an

automatic adjustment clause (AAC) to amortize the deferred balances, as well as an accounting order for the tracking in of capital costs associated with the TE pilots.<sup>1</sup>

#### *TE Pilot Programs*

PGE's TE Pilot programs are part of the Company's efforts to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. In accordance with Commission Order No. 18-054 and OAR 860-087-0030, PGE launched the following three TE pilots:

- Electric Avenue Pilot – incremental costs include procurement, software, engineering studies, outreach, maintenance and process expenses.
- Support of Tri-Met Mass Transit – incremental costs include procurement, management, and maintenance expenses.
- Education and Outreach pilot – expenses include specialized trainings, builders and developers outreach, ride and drive events, and regional market transformation activities.

#### *Reason for Deferral*

PGE seeks to defer the incremental O&M costs associated with its TE Charging pilot in order to minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers.

#### *Proposed Accounting*

PGE proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets, with a credit to FERC Account 456, Other Revenue.

#### *Estimated Deferrals in Authorization Period*

In its application, PGE estimates the net costs of the TE Pilots to be approximately \$0.37 million for the 12-month period beginning April 23, 2021.

#### *Information Related to Future Amortization*

- Earnings Review – Prior to amortization, an earnings review will be conducted pursuant to ORS 757.259(5).
- Three Percent Test (ORS 757.259(6)) – The amortization of the Pilots' deferred costs will be subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (with exceptions) the aggregated

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<sup>1</sup> Docket No. UM 1938, Initial Application, page 2.

deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

- Prudence Review – Prior to amortization, a prudence review will be conducted. The prudence review will include the verification of the accounting methodology used to determine the final amortization balance, as well as a review of all costs and revenues proposed for amortization. For example, in reviewing the prudence of the program evaluation costs, Staff will look for compliance with OAR 860-087-0030 and OAR 860-087-0040, as well as the research questions outlined in Appendix B of Order No. 18-124.
- Sharing - These deferrals are not subject to a sharing mechanism.
- Rate Spread/Rate Design – Costs will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent revenue applied on a cents-per-kWh basis.

### Conclusion

Based on Staff's review of PGE's application, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259. Further, Staff finds that the applications comply with the stipulations adopted in Order Nos. 18-054.

### **PROPOSED COMMISSION MOTION:**

Approve PGE's application for deferred accounting of costs and revenues associated with TE Charging Pilots.