

ORDER NO. 23-077

ENTERED Mar 10 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2184

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Certain Costs
Associated with an Independent Evaluator and
Third-Party Consultants for a Request for
Proposal.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 7, 2023, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 7, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: February 22, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2184)
Application for authorization to defer costs associated with Independent Evaluator and third Party.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric (PGE or Company) Application for authorization to defer costs associated with Independent Evaluator (IE) and Third-Party Consultant for the 12-month period beginning July 14, 2021.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for authorization to defer costs associated with an Independent Evaluator and Third-Party Consultant for PGE's All-Source Request for Proposals (RFPs).

Applicable Rule or Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the

Docket No. UM 2184
February 22, 2023
Page 2

frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

ORS 757.259(2)(e).

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. In OAR 860-027-0300(3) the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and 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).

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. A review of the utility's earnings is required, unless subject to an automatic adjustment clause. With some exceptions, a company's amortization of amounts deferred cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

Under OAR 860-089-0200(3) an electric company is responsible for engaging the services of the IE and is responsible for all fees and expenses associated with engaging the IE's services. The electric company may request recovery of fees and expenses associated with engaging an IE in customer rates.

Analysis

Background

On July 14, 2021, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission) for an Order authorizing deferral of certain expenses associated with an Independent Evaluator and Third-Party Consultants for PGE's 2021 RFP.

PGE seeks authorization to defer the recovery of the RFP IE and Third-Party Consultant related costs for a 12-month period beginning with the date of this application (Deferral Period) and will seek amortization of the deferred amount in a future Commission proceeding. In support of this Application, PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services, and accounting practices are subject to the regulation of the Public Utility Commission of Oregon (Commission).

Docket No. UM 2184
February 22, 2023
Page 3

2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.

In addition, in accordance with PGE's 2019 Integrated Resource Plan (IRP) (Docket No. LC 73) action plan, acknowledged, with additional conditions and directives, through Commission Order No. 20-152, and pursuant to Commission Order No. 21-235, PGE selected Bates White to serve as the IE overseeing PGE's 2021 All-Source RFP for both renewable and non-emitting dispatchable capacity resources to fill PGE's identified 2025 capacity need and engaged third-party experts for site-specific reviews under the Commission's competitive bidding rules.

Reason for Deferral

PGE seeks authorization of this deferral pursuant to ORS 757.259(2)(e), OAR 860-089-0200, and OAR 089-0400(5)(a). This deferral will match appropriately the costs borne and benefits received by customers. Approving this application will not authorize a change in rates but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

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 407.4, Regulatory Credits.

Estimate of Amounts to Be Recorded for the Next 12 Months

PGE estimated incurring costs of approximately \$400,000 over the 12-month period beginning July 14, 2021.

Information Related to Future Amortization

- Earnings Review – No earnings test is recommended to be applied
- Prudence Review – A prudence review will be performed prior to amortization
- Sharing – Non-Applicable
- Three Percent Test (ORS 757.259(6)) – The three percent test applies to limit aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

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.

Docket No. UM 2184
February 22, 2023
Page 4

Further, the Company's application for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, and because the reason for deferral is valid, Staff recommends PGE's application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's Application for authorization to defer Costs associated with an Independent Evaluator and Third Party Consultant for the 12-month period beginning July 14, 2021.

PGE UM 2184 IE Deferral