

ORDER NO. 23-491

ENTERED Dec 29, 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1915(5)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Major Maintenance Expenses.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 28, 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. CA27

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

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

DATE: December 15, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1915(5))
Requests reauthorization to defer Major Maintenance Expenses.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric’s (PGE) Application to defer costs associated with its Major Maintenance Accruals (MMAs) for the 12-month period beginning January 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE’s request for authorization to defer certain costs associated with MMAs for five thermal generating plants for the 12-month period beginning January 1, 2023.

Applicable 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 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).

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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).

In Order No. 17-511, the Commission required the Company to file deferred accounting applications associated with Major Maintenance Accruals annually.

Analysis

Background

PGE was authorized to use MMAs in Order No. 15-511 in Docket No. UE 319. In that docket, PGE stipulated it would file deferred accounting applications associated with MMAs every year beginning on January 1, 2018. PGE is currently authorized to establish MMAs for five generating plants.

Reason for Deferral

Under Order No. 17-511, the Company must seek deferred accounting treatment for the major maintenance expenses and revenues in connection with its MMAs. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

Proposed Accounting

The Company proposes to defer MMA-related expenses by crediting expense Account 553 (Maintenance of Generating and Electric Equipment – Port Westward, PW2, Carty, Coyote Springs, and KB Pipeline); expense Account 513 (Maintenance of Electric Plant – Colstrip) and debiting FERC Account 182.3 (Other Regulatory Assets). Levelized MMA-related revenues will be deferred by debiting FERC Account 456 (Other Electric Revenues), and crediting FERC Account 254 (Other Regulatory Liabilities).

Estimate of Amounts

The KB Pipeline major maintenance estimate of \$720,000 that is currently spread over a five-year period between 2022 and 2026 (i.e., an annual MMA of approximately \$143,000 included in PGE's 2022 GRC Revenue Requirement).

The Company does not have an estimate of the amounts to be deferred because they occur infrequently and can vary from plant to plant depending on the following:

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- 1) the level of major maintenance expenses when incurred; and,
- 2) the accuracy of the projections for determining the annual accrual. As stated above, PGE will not seek amortization of this MMA deferral.

Information Related to Future Amortization

- Earnings review – No earnings review is applicable because the costs associated with the major maintenance accruals are already included in base rates.
- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PGE’s general rate case filings.
- Sharing – No sharing.
- Rate Spread/Design – MMA-related costs will be allocated to each schedule using the applicable schedule’s forecasted energy on the basis of an equal percent of generation revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – The three percent test would not apply because PGE will not seek amortization of the deferred amounts in a future proceeding.

Conclusion

This deferral is filed in compliance with Commission Order No. 17-511, and the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300.

In addition, approving this application will not authorize a change in rates, but will permit PGE to continue using MMA accounting treatment as previously approved in prior Commission orders. For these reasons, Staff recommends PGE’s application be approved.

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

PROPOSED COMMISSION MOTION:

Approve PGE’s Application to defer costs associated with its MMAs for the 12-month period beginning January 1, 2023.