

ORDER NO. 24-470

ENTERED Dec 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1938(7)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization of
Deferred Accounting for Costs and
Revenues Associated with the
Transportation Electrification Plan.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 31, 2024, 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:

Alison Lackey
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: December 31, 2024**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: December 11, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1938(7))
Application to Reauthorize Deferred Accounting of Costs and Revenues
Associated with Transportation Electrification 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 period beginning April 23, 2024 through December 31, 2024.

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 Rule or 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).

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In OAR 860-027-0300(3), the Commission 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, 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).

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

In accordance with Commission Order Nos. 18-054 and 19-385 and OAR 860-087-0030, PGE launched three TE Pilots: Electric Avenue (10 years), TriMet Mass Transit (10 years), and Education and Outreach (3 years), and has and will incur incremental costs, including costs related to evaluations, for the Pilots.

The details of the Pilots are discussed in PGE's supplemental application for transportation electrification programs filed March 15, 2017 (Docket No. UM 1811) and are summarized as follows:

- Electric Avenue Pilot (including procurement, software, engineering studies, outreach, maintenance and payment process expenses);
- Support of Tri-Met Mass Transit (including procurement, management and maintenance expenses);
- Education and Outreach pilot expenses (including specialized trainings, builders and developer outreach, ride and drive events, and regional market transformation activities); and,
- Pilot Evaluation costs.

Due to the COVID-19 pandemic, many of the Education and Outreach events were cancelled as in-person activities were limited. Commission Order Nos. 18-054 and

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19-385 both limit the Education and Outreach activities to three years ending in April 2021.

In the April 23, 2021, application to reauthorize deferred accounting in this docket, PGE requested an extension of education & outreach activities due to the COVID-19 pandemic.

The reauthorization application was approved in Order No. 21-475 without objection to the extension. As of the end of 2021, the education and outreach budget was mostly exhausted and only minor reporting fees were incurred in 2022, marking the conclusion of the Education and Outreach Pilot.

Completed activities for 2023 and the planned activities for 2024 for all three TE Pilots are described in Attachment A¹.

In addition, PGE proposed that the amounts deferred for this program be placed into base rates within the 2025 general rate case filed under Docket UE 435. The Commission approved this change, so this deferral will end December 31, 2024.²

Reason for Deferral

As the Company presented in the UM 1811 Transportation Electrification workshops and in subsequent deferral filings, approval of a cost-recovery mechanism is necessary to proceed with the Pilots because the costs are not included in customer prices or any other recovery mechanism.

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 the appropriate FERC accounts.

Also, when specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC Account 407.4 (Regulatory Credits) will be credited.

Estimated Deferrals in Authorization Period

The Company estimates the net costs of the Pilots to be approximately \$0.4 million for the next 12 months and are included in the calendar year forecasts as presented in Table below.

¹ See, Docket No. UM 1938, Application to Reauthorize Deferred Accounting of Costs and Revenues Associated with Transportation Electrification Pilots, Attachment A "Implementation Detail for Transportation Electrification Pilots."

² See Docket No. UE 435, PUC, Order No. 24-454, December 20, 2024, p 78.

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Note: Forecast amounts for 2025 are included in our 2025 GRC, UE 435.

Pilot O&M Costs (Net of applicable revenues)*								
	2018	2019	2020	2021	2022	2023	2024	
Pilot:	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Total
Electric Avenue	\$2,966	\$(333)	\$538	\$(41,526)	\$(63,591)	\$695,449	\$65,000	\$658,503
Trimet	\$	\$	\$	\$	\$(42,646)	\$	\$(75,000)	\$(117,646)
Education and Outreach	\$46,479	\$69,438	\$155,619	\$135,252	\$7,500	\$	\$	\$414,592
Evaluation	\$40,783	\$83,626	\$	\$210,942	\$70,428	\$90,678	\$36,956	\$533,413
Total	\$90,229	\$152,731	\$156,461	\$304,669	\$(28,310)	\$786,127	\$26,956	\$1,488,862

Information Related to Future Amortization

- Earnings Review – Cost recovery associated with the Pilots will not be subject to an earnings review since it would be subject to an automatic adjustment clause.
- Prudence Review – PGE will submit Pilot evaluation reports that will provide detailed cost summaries.
- Sharing – All prudently incurred costs and benefits would be collected or refunded from or to customers with no 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.
- Three Percent Test – The amortization of the Pilots' deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8).

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 No. 18-054, and later modified by Order No. 19-385 (Docket No. UM 1811).

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

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PROPOSED COMMISSION MOTION:

Approve PGE's application for deferred accounting of costs and revenues associated with TE Charging Pilots for the period beginning April 23, 2024 through December 31, 2024.

PGE UM 1938(7) TE Deferral