



Portland General Electric Company
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portlandgeneral.com

December 30, 2022

Via Electronic Filing

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

Re: UM 2019 PGE's Application to Reauthorize Deferred Accounting of Costs Associated with Wildfire Risk Mitigation Measures

Enclosed for filing is Portland General Electric Company's (PGE) application to reauthorize deferred accounting of costs associated with wildfire risk mitigation measures.

A Notice regarding the filing of this application has been provided to the parties on the UM 2019 and UE 394 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7488 or contact Megan Stratman at megan.stratman@pgn.com.

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

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement

JF/dm

Enclosure
cc: Service Lists: UE 394, UM 2019

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2019

In the Matter of:

PORTLAND GENERAL ELECTRIC
COMPANY

Deferral of Costs Related to Wildfire Risk
Mitigation Measures

**Application to Reauthorize Deferred
Accounting of Costs Associated with
Wildfire Risk Mitigation Measures**

Pursuant to ORS 757.210, 757.259, 757.963(8), OAR 860-027-0300, and Commission Order No. 22-129, Portland General Electric Company (PGE) hereby submits this application to request reauthorization to defer for later rate-making treatment incremental and decremental expenses and capital associated with PGE’s wildfire mitigation activities and the expenses and capital incurred in the development, implementation, and operation of PGE’s wildfire protection plans¹ for the period of January 1, 2023 through December 31, 2023 (WM-related costs). On June 30, 2022, PGE filed an application to update its prior reauthorization request and to reauthorize deferred accounting of WM-related costs for the period of January 1, 2022 through December 31, 2022. On August 19, 2022, PGE submitted an advice filing (Advice No. 22-18) for approval of a rate schedule and automatic adjustment clause with an associated balancing account mechanism consistent with ORS 757.963(8), which was subsequently moved into Docket No. UE 412, currently in progress. Due to the ongoing UE 412 docket, we are asking to reauthorize this deferral beyond the December 31, 2022 date identified in PGE’s June 30, 2022 reauthorization application.

¹ PGE filed its 2022 Wildfire Mitigation Plan on December 30, 2021, in Docket UM 2208. This is the “wildfire protection plan” required by SB 762. PGE uses these terms interchangeably.

In support of the application (Application) PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to the regulation of the Commission.
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 into rates.
3. Written communications regarding this Application should be addressed to:

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

Jaki Ferchland, Manager Revenue Requirement
E-mail: jacquelyn.ferchland@pgn.com

I. Deferral History

In 2019, PGE filed its initial application for the deferral of costs related to wildfire mitigation measures. The initial application sought to defer for later ratemaking treatment the incremental WM-related operating and maintenance (O&M) costs. PGE's initial application indicated that while the development and implementation of a comprehensive wildfire mitigation plan is a multi-year effort, immediate steps could be taken to reduce wildfire risks. PGE filed an application to reauthorize the deferral from July 1, 2020 through June 30, 2021. Then, the 2021 Deferral Application was filed seeking to reauthorize the deferral for the July 1, 2021 through

June 30, 2022 period. On June 30, 2022, PGE filed an application to update its prior reauthorization request and to reauthorize deferred accounting of WM-related costs for the period of January 1, 2022 through December 31, 2022. The Commission has not taken action on these deferral applications. Most recently, on August 19, 2022, PGE submitted Advice Filing 22-18 to create a new Schedule 151 for Wildfire Mitigation Cost Recovery; this request was moved into Docket No. UE 412, currently in progress.

Since PGE first filed its deferral application in 2019, several significant events have occurred. First, the Oregon state legislature passed Senate Bill (SB) 762, which became effective on July 19, 2021. SB 762 directs utilities to develop and implement risk-based wildfire protection plans, to be filed with and evaluated by the Commission.² SB 762 also directs that “[a]ll reasonable operating costs incurred by, and prudent investment made by, a public utility to develop, implement or operate a wildfire protection plan...are recoverable in the rates of the public utility” and that the Commission “shall establish an automatic adjustment clause, as defined in ORS 757.210, or another method to allow timely recovery of the costs.”³

Consistent with the requirements of SB 762, PGE filed its 2022 Wildfire Mitigation Plan (WMP) in December 2021, which was approved by the Commission in Order No. 22-132. PGE filed its 2023 WMP on December 22, 2022, in Docket No. UM 2208.

PGE files this deferral reauthorization application to defer WM-related costs that are incremental and decremental compared to what is included in base rates for the period of January 1, 2023 through December 31, 2023.

² SB 762, Section 2.

³ SB 762, Section 3(8).

II. Deferral of Underspending in Compliance with Commission Order No. 22-129

In Order No. 22-129, the Commission directed PGE to establish a deferral to track underspending. This UM 2019 deferral will track both incremental and decremental spending (that is, unspent amounts relative to test year forecast) compared to base rates for WM-related costs. PGE has not underspent Routine Vegetation Management (that is, non-WM-related) costs in 2022. Section III provides updated information on PGE’s forecasted spending under the 2023 WMP compared to what is included in base rates.

III. Forecasted Calendar Year 2023 Expenses and Capital Incurred in the Development, Implementation and Operation of PGE’s 2023 WMP

This section provides PGE’s forecasted expenses and capital incurred in the development, implementation, and operation of PGE’s 2023 WMP for calendar year 2023. PGE implemented new rates on May 9, 2022 which include the amount of WM-related O&M expenses shown in Table 1.

Table 1
WM-Related O&M Costs Included in Base Rates Effective May 9, 2022 (\$ millions)

Activity	Annualized
Wildfire Mitigation Management	6.6
Advanced Wildfire Risk Reduction (AWRR)	12.8
Enhanced Vegetation Management (EVM)	4.2
TOTAL	23.6

PGE’s 2023 WMP describes the efforts PGE undertakes to reduce the risk that electric utility infrastructure could cause a fire, while limiting the impacts of specific mitigation activities, such as Public Safety Power Shutoff (PSPS) events, on customers. PGE’s WMP discusses PGE’s wildfire risk mitigation assessment, including designation of High Fire Risk Zones (HFRZ), operating protocols, asset management and inspections, WM-related vegetation management

(including the advanced wildfire risk reduction (AWRR) program and Enhanced Vegetation Management (EVM) techniques), community outreach and public awareness, PSPS events, and research and development. As the 2023 WMP makes clear, wildfire-related planning and research are a year-round endeavor and PGE will continually adapt and evolve its practices and actions to mitigate wildfire risk.

Based on the 2023 WMP and related requirements under SB 762, PGE has updated its forecasted expenses and capital to be incurred in the development, implementation, and operation of the 2023 WMP.

A. Forecast of 2023 WM-Related O&M Expenses

Table 2 shows PGE’s total forecast of WM-related O&M expenses for calendar year 2023. The amount of 2023 incremental WM-related O&M costs for inclusion in this deferral is shown in the last row of Table 2.

**Table 2
Forecast of 2023 WM-Related O&M Expenses**

Activity	\$ millions
Wildfire Mitigation Program	4.7
Inspections	3.1
WM-Related Vegetation Management (including AWRR and EVM)	14.8
Support Areas (including Community Resource Centers (CRCs), Communications, Engineering, Portable Battery Pilot)	1.0
Total 2023 WM-Related O&M Forecast	23.6
Total amount included in base rates	23.6
Total Incremental WM-Related O&M Expenses Forecasted for Deferral in 2023	0.0

The “Wildfire Mitigation Program” includes wildfire training to employees and contractors who will be working in the field during fire season; wildfire-related staff; and wildfire analytics and planning and tool development. “WM-Related Vegetation Management” includes the AWRR program which occurs in HFRZ areas and performs annual inspections of overhead line mileage within HFRZ areas, mitigates vegetation based on inspection results, implements enhanced vegetation inspection, trimming and mitigation techniques, performs quality assurance and quality control of vegetation management inspection and mitigation work completed by crews, documents vegetation management activities, and coordinates vegetation management activities with counties, municipalities and external agencies. “Support Areas” includes CRCs, the Portable Battery Pilot, WM-related outreach and education, and engineering. More information on these WM-related programs can be found in PGE’s 2023 WMP.

B. Forecast of 2023 WM-Related Capital Expenditures

We anticipate including capital expenditures consistent with PGE’s 2023 WMP.

IV. OAR 860-027-0300(3) Requirements

The following is provided pursuant to OAR 860-027-0300(3):

A. Description of Utility Expense for Which the Deferred Accounting is Requested.

See Deferral History above. PGE seeks reauthorization to continue to defer costs associated with PGE’s WM-related activities as described above. Without reauthorization this deferral will expire on December 31, 2022. PGE seeks to defer the incremental and decremental WM-related costs, compared to what is included in base rates, for calendar year 2023.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for incremental and decremental WM-related costs. The granting of this

Application will minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers. PGE is separately seeking application of an automatic adjustment clause in Docket No. UE 412.

C. Proposed Accounting for Recording Amounts Deferred.

If the deferred amount is a credit (refund), PGE proposes to record it as a regulatory liability in FERC account, 254 Other Regulatory Liability, with a debit to FERC account 407.3 Regulatory Debits. If the deferred amount is a debit (collection), PGE proposes to record it as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. 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. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

D. Estimate of Amounts to be Recorded for the Next Twelve Months.

PGE estimates that the incremental WM-related O&M costs for the twelve months of January 1, 2023 through December 31, 2023, to be approximately \$0.0 million, as shown in Table 2 above. For the same period, we anticipate including capital expenditures consistent with PGE's 2023 WMP.

E. Notice

A copy of the Notice of Application for deferred accounting treatment and a list of persons served with Notice are attached to the application as Exhibit A. In compliance with the provisions of 860-027-0300(6), PGE is serving notice of application on the service lists of Docket No. UE 394 and UM 2019.

VI. Summary of Filing Conditions

A. Earnings Review

Recovery of incremental WM-related costs will be subject to an earnings review in accordance with ORS 757.259(5) until such time an automatic adjustment clause is approved by the Commission, in which case cost recovery associated with this deferral will not be subject to an earnings review since it would be subject to an automatic adjustment clause.

B. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filings or upon approval of an automatic adjustment clause application to update the relevant schedule.

C. Sharing

All prudently incurred cost and benefits will be collected from or refunded to customers with no sharing mechanism.

D. Rate Spread/Rate Design

The rate spread/rate design will be consistent with the prevailing rate spread/rate design at the time of amortization.

E. Three percent test (ORS 757.259(6))

The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(6), which absent certain exceptions limits aggregated deferral amortizations during a year to no more than three percent of the utility's gross revenues for the preceding calendar year.

VII. Conclusion

For the reasons stated above, PGE requests the authority to continue deferring incremental and decremental, compared to base rates, WM-related expenses and capital costs for calendar year 2023.

DATED this December 30, 2022.

Respectfully Submitted,

/s/ Jaki Ferchland

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Exhibit A

Notice of Application to Reauthorize Deferred Accounting of Costs Associated Wildfire Risk Mitigation Measures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2019

In the Matter of:

PORTLAND GENERAL ELECTRIC
COMPANY

Deferral of Costs Related to Wildfire Risk
Mitigation Measures

**Application to Reauthorize Deferred
Accounting of Costs Associated with
Wildfire Risk Mitigation Measures**

On December 30, 2022, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) seeking an order reauthorizing deferral of costs associated with wildfire risk mitigation.

Approval of PGE's application will not authorize a change in rates.

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 January 30, 2023.

Dated December 30, 2022.

/s/ Jaki Ferchland

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application to Reauthorize Deferred Accounting of Costs Associated Wildfire Risk Mitigation** to be served by electronic mail to those parties whose email addresses appear on the attached service lists for OPUC Docket No. UE 394 and UM 2019.

Dated at Portland, Oregon, this 30th day of December 2022.

/s/ Jaki Ferchland

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