



**Portland General Electric Company**  
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204  
portlandgeneral.com

July 1, 2020

***Via Electronic Filing***

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

**Re: UM \_\_\_\_\_ PGE's Application for Deferral of Costs Related to Wildfire Risk Mitigation Measures**

Dear Filing Center;

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests reauthorization to defer certain costs associated with Wildfire Risk Mitigation Measures.

A Notice regarding the filing of this application has been provided to the parties on the UE 335 service list.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805.

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

Sincerely,

*/s/ Jay Tinker*

Jay Tinker  
Director, Rates & Regulatory Affairs

JT/np  
Enclosures.  
cc: Service List: UE 335, UM 2019

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 2019**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral Related to Wildfire Risk Mitigation Measures

Application for Reauthorization of the Deferral of Costs related to Wildfire Risk Mitigation Measures

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby requests reauthorization to defer for later rate-making treatment incremental costs associated with Wildfire Risk Mitigation Measures (“Wildfire Mitigation”). PGE’s request for authorization to defer Wildfire Mitigation costs for the 12 months beginning May 31, 2019 is currently pending before the Commission. PGE seeks reauthorization of deferral effective July 1, 2020 through June 30, 2021 and be subject to annual renewals.

In support of this 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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PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
1WTC0306  
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Phone: 503.464.7805  
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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:

Stefan Brown, Regulatory Affairs  
E-mail: stefan.brown@pgn.com

### **Deferral History**

PGE filed on May 31, 2019, an application for authorization to defer the incremental Operating and Maintenance (“O&M”) costs related to Wildfire Mitigation. Although PGE believes that a deferral that includes O&M and capital costs associated with Wildfire Risk Mitigation would be a more appropriate treatment, recognizing that the Commission determined in Commission Order No. 18-423 in Docket UM 1909 that it did not have the authority to approve deferral of capital, PGE submitted the original application for deferred accounting treatment of only O&M expenses.

In Commission Order 20-147, the Commission concluded that ORS 757.259(2)(e) does provide the Commission the authority to defer all cost components related to a utility's capital projects, including both depreciation expense and the cost of financing capital projects. Therefore, in this reauthorization request PGE requests authorization to defer capital costs, as well as incremental O&M costs, associated with Wildfire Mitigation beginning July 1, 2020.

PGE seeks reauthorization to defer the incremental Operating and Maintenance (“O&M”) and Capital costs related to Wildfire Mitigation incurred from the date of this application for a

period of up to one year. PGE will seek amortization of the deferred amount in a future Commission proceeding.

PGE understands the urgency to reduce wildfire potential from our system and is taking immediate action. Past practices are not enough in an era of changing climate conditions. PGE is continuing to enhance its Wildfire Mitigation program based on learnings from peers in the energy and forestry industries.

Implementation of a comprehensive Wildfire Mitigation plan is a multi-year effort that includes updating wildfire risk models, asset hardening, vegetation management, and implementation of new protection and control technology. Additionally, annual mitigation measures need to occur to reduce wildfire risk. These Wildfire Risk Mitigation Measure enhancements include: vegetation advanced wildfire risk reduction techniques; pole and equipment inspections and corrections; updates to the wildfire risk model; public safety power shutoff capability enhancements; program coordinator funding; and resiliency improvements to distribution, transmission, and substation facilities.

Approval of this cost-recovery mechanism is necessary to proceed with Wildfire Mitigation because the costs are not included in any other PGE prices or recovery mechanism.

#### **I. 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. For the 12-month period of July 1, 2020 through June 30, 2021 PGE seeks reauthorization to continue to defer costs associated with PGE's Wildfire Mitigation efforts as described above. Without reauthorization this deferral will expire on May 30, 2020.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for Wildfire Mitigation 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. An automatic adjustment clause rate schedule is not being requested as part of this Application.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with credits of the incremental operations and maintenance expense to various FERC accounts including primarily 593.0 Maintenance Overhead Lines (distribution) and 571.0 Maintenance Overhead Lines (transmission). In the absence of a deferred accounting order from the Commission, the costs will remain in the various FERC accounts.

D. Estimate of Amounts to be Recorded for the Next 12 months.

PGE estimates that the incremental O&M costs for the next 12 months related to Wildfire Mitigation to be approximately \$5 million (2020 dollars).

**Table 1: Estimated Costs 2020**

Vegetation Inspections and Clearing in fire risk areas	\$2,000,000
Transmission and Distribution Inspections in fire risk areas	\$600,000
Risk Model and GIS Model Refinement	\$140,000
Enhance PSPS Capabilities	\$40,000
BCEM FTEs	\$140,000
Distribution Resiliency Capital Improvements	\$950,000
Transmission Resiliency Capital Improvements	\$500,000
Substation Resiliency Capital Improvements	\$300,000
Other Capital Improvements (weather stations, cameras, etc.)	\$250,000

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 list of Docket UE 335 (PGE's 2019 general rate case) and UM 2019.

**II. Summary of Filing Conditions**

A. Earnings Review

Cost recovery associated with Wildfire Mitigation will be subject to an earnings review in accordance with ORS 757.259(5).

B. Prudence Review

A prudence review can also be performed prior to amortization of deferred amounts.

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

Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of non-generation revenue, with direct access transmission priced at cost-of-service, applied on a cents-per-kWh basis.

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

The amortization of Wildfire Mitigation deferred costs will be subject to the three percent test in accordance with the ORS 757.259(7) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

**III. Conclusion**

For the reasons stated above, PGE requests permission to defer costs associated with the Wildfire Risk Mitigation Measures.

DATED this July 1, 2020.

Respectfully Submitted,

*/s/ Jay Tinker*

Jay Tinker  
Director, Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
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## **Exhibit A**

### **Notice of Application for Reauthorization of Deferral of Costs Associated with Wildfire Risk Mitigation Measures**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2019**

**In the Matter of the Application of Portland  
General Electric Company for an Order  
Approving the Deferral of Costs Related to  
Wildfire Risk Mitigation Measures**

**Notice of Application for  
Reauthorization of Deferral of Costs  
Associated with the Wildfire Risk  
Mitigation Measures**

On July 1, 2020 Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order reauthorizing deferral of incremental costs associated with Wildfire Risk Mitigation Measures.

Approval of PGE's 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.

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 July 31, 2020.

Dated this July 1, 2020

*/s/ Jay Tinker*

Jay Tinker  
Director, Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Reauthorization of Application of Deferral of Costs related to Wildfire Risk Mitigation Measures** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket UE 335 and UM 2019.

Dated at Portland, Oregon, this 1<sup>st</sup> day of July 2020.

*/s/ Jay Tinker*

Jay Tinker  
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