



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

July 1, 2021

Via Electronic Filing

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

Re: UM 2019 PGE Deferral of Costs Related to Wildfire Risk Mitigation Measures

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests reauthorization for differed accounting of incremental 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 335 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.

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/np

Enclosures.

cc: Service Lists: UE 335, 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 757.259 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 is currently awaiting Commission action on all of its UM 2019 applications to defer incremental costs associated with Wildfire Risk Mitigation Measures for later ratemaking. PGE seeks reauthorization of deferral effective July 1, 2021 through June 30, 2022 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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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

Deferral History

In January of 2019, in response to increased wildfire risks affecting all Oregonians, Governor Brown signed Executive Order 19-01 creating the Governor’s Council on Wildfire Response. In response to the order, PGE filed its initial application in 2019 for authorization to defer the incremental Operating and Maintenance (“O&M”) costs related to Wildfire Risk Mitigation Measures. Currently, PGE is awaiting a Commission decision on all of its UM 2019 applications to defer these incremental costs for later ratemaking treatment. Thus, we have an unresolved initial deferral application and first request for reauthorization and are now at the second 12-month deadline, prompting this reauthorization filing. PGE will seek amortization of the deferred amount in a future Commission proceeding.

The Governor’s executive order and the Special Wildfire Council have signaled that urgency is needed to address and prevent wildfires and issued a report and recommendations in November 2019.¹ PGE understands the need to reduce wildfire risk from our system and has taken immediate action. Because past practices are not enough in an era of changing climate conditions,

¹ See: https://www.oregon.gov/gov/policy/Documents/FullWFCReport_2019.pdf.

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 entails updating wildfire risk models, asset hardening, vegetation management, and implementation of new protection and control technology. In addition, wildfire risk mitigation measures need to occur annually to reduce wildfire risk and 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.

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, 2021 through June 30, 2022, 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 June 30, 2021.

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. PGE will seek amortization of the deferred amount in a future Commission proceeding.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferral 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 12 months.

PGE estimates that the incremental O&M costs for the next 12 months related to Wildfire Mitigation to be approximately \$7 million.

Table 1
Estimated Costs for 2021 (\$ thousands)

Weather Stations/Cameras/etc.	\$24
Field Observer Radios	\$26
Communication Efforts	\$570
Consultant/Contingent Workers	\$1,400
Advanced Wildfire Risk Reduction	\$5,000
Total	\$7,020

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 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 should 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, 2021.

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

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

On July 1, 2021 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 August 1, 2021.

Dated this July 1, 2021

/s/ Jaki Ferchland

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 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 1st day of July 2021.

/s/ Jaki Ferchland

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