



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

April 12, 2022

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

**Re: UM 1827 PGE's Application to Reauthorize Deferred Accounting of Costs
Associated with the PGE Demand Response Water Heater Pilot**

Dear Filing Center:

Enclosed for filing is Portland General Electric Company's (PGE) Application to Reauthorize Deferred Accounting of Costs Associated with the PGE Demand Response Water Heater Pilot.

A Notice regarding the filing of this application has been provided to the parties on the UE 394 and UM 1827 service lists. Work papers have been submitted to puc.workpapers@puc.oregon.gov

Parties who wish to receive a copy of this Application should review the Public Utility Commission of Oregon (OPUC) website.

Should you have any questions or comments regarding this filing, please call me at (503) 464-7488 or Megan Stratman at (503) 464-7805. Please direct all formal correspondence and requests to pge.opuc.filings@pge.com.

Sincerely,

/s/ Jaki Ferchland
Jaki Ferchland
Manager, Revenue Requirement

JF/np
Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1827

In the Matter of
PORTLAND GENERAL ELECTRIC
COMPANY
Application for Reauthorization of Deferred
Accounting of Costs Associated with the PGE
Demand Response Water Heater Pilot

**PORTLAND GENERAL ELECTRIC
COMPANY'S REQUEST FOR
DEFERRAL REAUTHORIZATION**

Pursuant to ORS 757.259 and OAR 860-027-0300, Commission Order Nos. 20-481, 21-225 and 22-023, Portland General Electric Company (PGE) hereby requests reauthorization to defer costs associated with the Demand Response Water Heater Pilot. PGE requests this reauthorization be effective April 18, 2022, through April 17, 2023. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the pilot.

I. Deferral History

In alignment with the State of Oregon's policy direction of decarbonization, PGE is pursuing efforts as a company to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. PGE's filed Demand Response Water Heater Pilot complies with Oregon's policy direction and supports PGE's decarbonization, electrification, and performance imperatives.

On April 18, 2017, PGE filed for deferred accounting treatment of the Demand Response Water Heater Pilot (the "Pilot"). The purpose of this Pilot is to retrofit existing water heaters in multifamily residences with demand response (DR)-enabled technology to help inform an effective design for a water heater DR program, quantify energy consumption that can be shifted to different

times, determine appropriate incentive levels for customers, integrate and test different technologies, and implement different DR dispatch strategies. This continues to be an important pilot as it provides system benefits by reducing peak demand.

In 2018, a vendor for implementation and a Demand Response Management System (DRMS) was selected. Since May 2018, PGE has been successfully testing integration between water heater retrofit switches (a second vendor offering cell-enabled connectivity was selected in October 2019) and the DRMS to control water heaters with the switch.

As of February 2022, the pilot has deployed 11,703 water heater retrofit switches and 39 CTA-2045 enabled new Smart Water Heaters communication devices across 32 property management companies representing 102 distinct sites. The Pilot has two types of retrofit switches in the field: wi-fi connected and cellular signal connected. Evaluation data has identified that cell-enabled switches have a higher connectivity rate¹ (79% season average) than wi-fi connected switches (50% season average). The wi-fi connected switches are showing constant signal degradation. The Pilot is evaluating the most cost-effective approach to handling the connectivity problem for wi-fi connected switches. Due to these issues, PGE stopped retrofitting water heaters with wi-fi connected devices in October 2019.

On January 26, 2022, the Commission issued Order No. 22-023 regarding PGE's request to approve its Flexible Load Multi-Year Plan. This Pilot was not approved for inclusion in the Flexible Load Plan in 2022, instead remaining a standalone pilot. The Commission Order stated that the Pilot could be moved to the Flexible Load Plan (Docket No. UM 2234) as early as 2023. Should this Pilot be accepted as a part of the Flexible Load Plan, PGE will either include it in its

¹ Connectivity rate is the percentage of time that a water heater is connected online and is reachable by the DRMS.

reauthorization of the deferral application in UM 2234 or file a supplemental application in that docket.

The deferred amounts will be recovered in a manner approved by the Commission and consistent with the terms of Schedule 4 and Schedule 135.

II. OAR 860-027-0300 Requirements

The following is required pursuant to OAR 860-027-0300(3) and (4):

OAR 860-027-0300(3):

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Deferral

PGE seeks reauthorization to defer the expenses associated with its Demand Response Water Heater Pilot. Without reauthorization, this deferral will expire on April 18, 2022. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the pilot.

c. Proposed Accounting for Recording Deferred Amounts.

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 the incremental costs of the Demand Response Water Heater Pilot over the next twelve months to be approximately \$2.7 million as shown in Table 1 below.

Table 1
Pilot Cost by Year (\$)

Year	2017 (4 mo.) Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Forecast	Total
Pilot Cost	60,583	1,073,623	2,999,211	1,687,512	2,039,560	2,709,878	10,570,367

e. Notice

A copy of the notice of application for reauthorization of deferred accounting treatment and a list of persons served with the notice are provided as Attachment A. In compliance with the provisions of OAR 860-027-0300(6), PGE is serving the notice of application on the UM 1827 and UE 394 Service Lists.

OAR 860-027-0300(4):

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Continuation of Deferred Accounting

See Reason for Deferral above.

III. Summary of Filing Conditions

a. Earnings Review

An earnings review will not be performed with this deferral because of the automatic adjustment clause and recovery of costs through Schedule 135.

b. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filing or application to updates Schedule 135.

c. Sharing

All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

The deferred costs for this Pilot as recovered through Schedule 135 will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of generation revenue applied on a cent per kWh basis to each applicable rate schedule or in a manner approved by the Commission.²

e. Three Percent Test (ORS 757.259(6))

The amortization of the Pilot's deferred costs will be subject to the three percent test in accordance with 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.

IV. PGE Contacts

The authorized addresses to receive notices and communications in respect to this Application are:

David White
Managing Assistant General Counsel
Portland General Electric
121 SW Salmon Street 1WTC1301
Portland, OR 97204
Phone: 503.464.7701
E-mail: David.White@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric
121 SW Salmon Street 1WTC0306
Portland, OR 97204
Phone: 503.464.7805
E-mail: pge.opuc.filings@pgn.com

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

² Special Condition 1 of Schedule 135.

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

VI. Conclusion

For the reasons stated above, PGE requests permission to continue to defer costs associated with the PGE Demand Response Water Heater Pilot, effective April 18, 2022.

DATED this 12th day of April 2022.

Respectfully Submitted,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
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Attachment A

Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the PGE Demand Response Water Heater Pilot

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1827

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferred
Accounting of Costs Associated with the PGE
Demand Response Water Heater Pilot

**NOTICE OF PORTLAND GENERAL
ELECTRIC COMPANY'S REQUEST
FOR DEFERRAL
REAUTHORIZATION**

On April 12, 2022, Portland General Electric Company (PGE) filed an Application for Reauthorization of Deferral of Costs Associated with PGE's Demand Response Water Heater Pilot with the Public Utility Commission of Oregon (the Commission).

Approval of the deferred accounting treatment will support the use of an automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the pilot.

Persons who wish to obtain a copy of PGE's application will be able to access it on the Commission website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than May 12, 2022.

Dated: April 12, 2022.

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street, 1WTC0306
Portland, OR 97204
Telephone: 503.464.7488
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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 with the PGE Demand Response Water Heater Pilot** to be served by electronic mail to those parties whose email addresses appear on the attached service lists for Commission Docket Nos. UE 394 and UM 1827.

DATED at Portland, Oregon, this 12th day of April 2022.

/s/ Jaki Ferchland

Jaki Ferchland
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121 SW Salmon St., 1WTC0306
Portland, OR 97204
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**UE 394
SERVICE LIST**

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**UM 1827
SERVICE LIST**

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