



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

April 15, 2020

***Via Electronic Filing***

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

**Re: UM 1827 PGE's Reauthorization Application for 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) Reauthorization Application for 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 335 and UM 1827 service lists.

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) 464-7805 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence and requests to [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.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 the Application of Portland General Electric Company for an Order Approving the Deferred Accounting of Costs Associated with the PGE Demand Response Water Heater Pilot**

**Application for Reauthorization of Deferral of Costs Associated with the PGE Demand Response Water Heater Pilot**

Pursuant to ORS 757.259 and OAR 860-027-0300, Commission Order Nos. 18-225 and 19-282, Portland General Electric Company (PGE) hereby requests reauthorization to defer for later ratemaking treatment costs associated with the Demand Response Water Heater Pilot. PGE requests this reauthorization be effective April 18, 2020 through April 17, 2021. 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 not only complies with Oregon’s policy direction, but also supports PGE’s decarbonization, electrification, and performance imperatives.

On April 18, 2017, the Commission approved the original deferral application for PGE’s Demand Response Water Heater Pilot. The purpose of this pilot is to retrofit existing water heaters in multifamily residences (MFRs) 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 the water heater retrofit switch and the DRMS to control water heaters with the switch.

As of March 2020, the pilot has deployed 8,300 water heater retrofit switches across 18 property management companies representing 74 distinct sites. In addition to these 8,300, PGE has nine contracted properties with approximately 900 switches scheduled to be installed by the end of September 2020. PGE has identified that cell-enabled switches have a higher connectivity rate than wi-fi. PGE intends to test a second cell-enabled switch vendor to verify connectivity rates.

Finally, 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):

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, 2020. 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 Amounts Deferred.

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC account 456, Other Revenue. In the absence of a deferred accounting order from the Commission, PGE would charge the costs to the appropriate expense 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 \$3.6 million as listed in the following table.

**Table 1  
Pilot Cost by Year**

<b>Year</b>	<b>2017 (4 mo.) Actual</b>	<b>2018 Actual</b>	<b>2019 Actual</b>	<b>2020 Forecast</b>	<b>2021 Forecast</b>	<b>Total</b>
<b>Pilot Cost</b>	60,583	1,073,623	2,999,211	3,556,223	4,149,283	11,838,923

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 860-027-0300(6), PGE is serving the Notice of Application on the UE 335 Service List, PGE’s 2019 general rate case.

**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

PGE will submit a pilot evaluation report in August 2020 that will provide detailed cost summaries, estimated kilowatt shifting and the results of customer surveys for the evaluation period of winter 2019 – 2020. A prudence review can be performed during the pilot’s operations.

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 is being recovered through Schedule 135, Demand Response Recovery Mechanism in a manner consistent with Special Condition 1 described in Schedule 135.<sup>1</sup>

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:

Douglas C. Tingey  
Associate General Counsel  
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PGE-OPUC Filings  
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<sup>1</sup> Costs recovered through this schedule 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 (Schedule 135).

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

**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, 2020.

DATED this 15<sup>th</sup> day of April, 2020.

Respectfully Submitted,

*/s/ Jaki Ferchland*

Jaki Ferchland  
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## **Attachment A**

### **Notice of Application for Reauthorization of Deferral of Costs Associated with the PGE Demand Response Water Heater Pilot**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1827**

**In the Matter of the Application of  
Portland General Electric Company for  
an Order Approving the Deferral of  
Costs Associated with the PGE Demand  
Response Water Heater Pilot**

**Notice of Application for  
Reauthorization of Deferral of  
Costs Associated with the PGE  
Demand Response Water Heater  
Pilot**

On April 15, 2020, 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 16, 2020.

Dated: April 15<sup>th</sup>, 2020.

*/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 for Reauthorization of 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 list for Commission Docket Nos. UE 335 and UM 1827.

DATED at Portland, Oregon, this 15<sup>th</sup> day of April 2020.

*/s/ Jaki Ferchland*

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