



**Portland General Electric Company**  
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204  
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May 5, 2021

***Via Electronic Filing***

Public Utility Commission of Oregon  
P.O. Box 1088  
Salem, OR 97308-1088

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

Dear Filing Center:

On April 12, 2021 Portland General Electric Company (PGE) submitted an Application to Reauthorize Deferred Accounting of Costs Associated with the PGE Demand Response Water Heater Pilot.

The initial application requests the reauthorization be effective April 18, 2021 through April 17, 2021. Attached for filing is a corrected application to request the reauthorization be effective April 18, 2021 through April 17, 2022.

A Notice regarding the filing of this corrected application has been provided to the parties on the UE 335 and UM 1827 service lists.

Parties who wish to receive a copy of the corrected 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 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/ Alex Tooman for *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

Corrected 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. 18-225 and 19-282, 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, 2021 through April 17, 2022. 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, PGE filed for deferred accounting treatment of the Demand Response Water Heater 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 the 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 March 2021, the pilot has deployed 10,035 water heater retrofit switches across 29 property management companies representing 99 distinct sites. In addition to these 10,035, PGE has 16 contracted properties with approximately 925 switches scheduled to be installed by year end 2021. The Pilot has two types of retrofit switches in the field, those connected via wi-fi and those connected via cellular signal. Evaluation data has identified that cell-enabled switches have a higher connectivity rate<sup>1</sup> (94% season average) than wi-fi connected switches (89% season average). 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

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<sup>1</sup> Connectivity rate is the percentage of time that a water heater is connected online and is reachable by the DRMS system.

PGE seeks reauthorization to defer the expenses associated with its Demand Response Water Heater Pilot. Without reauthorization, this deferral will expire on April 18, 2021. 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 \$2.1 million as listed in the following table.

**Table 1  
Pilot Cost by Year**

<b>Year</b>	<b>2017 (4 mo.) Actuals</b>	<b>2018 Actuals</b>	<b>2019 Actuals</b>	<b>2020 Actuals</b>	<b>2021 Forecast</b>	<b>Total</b>
<b>Pilot Cost</b>	60,583	1,073,623	2,999,211	1,687,512	2,057,455	7,878,385

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 UM 1827 and UE 335 Service Lists.

### **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 of 2021 that will provide detailed cost summaries, estimated kilowatt shifting and the results of customer surveys for the evaluation period of winter 2020 – 2021. 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 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.<sup>2</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.

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<sup>2</sup> Special Condition 1 of Schedule 135.

#### **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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121 SW Salmon Street 1WTC1301  
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PGE-OPUC Filings  
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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:

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, 2021.

DATED this 5<sup>th</sup> day of May, 2021.

Respectfully Submitted,

/s/ Alex Tooman for *Jaki Ferchland*  
Jaki Ferchland  
Manager, Revenue Requirement  
Portland General Electric Company  
121 SW Salmon Street, 1WTC0306  
Portland, OR 97204  
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E-Mail: Jacquelyn.Ferchland@pgn.com

## **Attachment A**

### **Notice of Corrected 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

Corrected 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, 2021, 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).

On May 5, 2021, Portland General Electric Company (PGE) filed a corrected Application. This filing corrected the end date of the deferral reauthorization application from April 17, 2021 to April 17, 2022.

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 corrected 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, 2021.

Dated: May 5<sup>th</sup>, 2021.

/s/ Alex Tooman *Jaki Ferchland*

Jaki Ferchland

Manager, Revenue Requirement

Portland General Electric Company

121 SW Salmon Street, 1WTC0306

Portland, OR 97204

Telephone: 503.464.7488

E-Mail: Jacquelyn.Ferchland@pgn.com



## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **the Notice of Corrected 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 335 and UM 1827.

DATED at Portland, Oregon, this 5<sup>th</sup> day of May 2021.

/s/ Alex Tooman for *Jaki Ferchland*

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**PORTLAND GENERAL ELECTRIC**

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