



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

December 30, 2024

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 435 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/dm
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. 22-115 and 22-346, Portland General Electric Company (PGE) hereby requests reauthorization to defer incremental costs associated with the Demand Response Water Heater Pilot (Pilot). The Pilot is subject to the automatic adjustment clause tariff Schedule 135 and operational tariff Schedule 4. PGE requests this reauthorization be effective January 1, 2025, through December 31, 2025. 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. The 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 Pilot. On April 4, 2022, the Commission adopted Staff's recommendation that PGE maintain the operation of the Pilot under its existing budget and deferral authorization in this docket (UM 1827) until a Commission decision is made regarding the Pilot's treatment after its 2023 expiration. On December 10, 2024 the Commission approved the deferral for the twelve-month period beginning January 1, 2024. As such, at this time PGE is continuing to seek reauthorization in this docket to defer the incremental expenses associated with the Pilot for the twelve-month period beginning January 1, 2025. As of December 1, 2023, the Pilot has installed 13,433 water heater retrofit switches and 39 CTA-2045-enabled Smart Water Heater communication devices across 32 property management companies, encompassing 112 distinct sites¹. The deployed retrofits are available in two variants: Wi-Fi connected and cellular signal connected. Evaluation data has consistently indicated that the cellular-enabled switches exhibit a superior connectivity rate² throughout the season compared to the Wi-Fi-connected switches, which show consistent signal degradation issues. Due to these issues, retrofitting water heaters with Wi-Fi-connected devices was halted by PGE in October 2019. In anticipation of the planned code change making CTA-2045-enabled water heaters the new baseline, the Pilot initially aimed to transition away from all retrofits in 2021. However, due to continuous delays in the effective date of the CTA-2045 code, the Pilot extended cellular retrofits through 2022, with the code finally taking effect in July 2023.

Faced with persistent delays of the planned code change making CTA-2045-enabled water heaters the new baseline, the Pilot entered maintenance mode in 2023, focusing on managing the existing fleet of both Wi-Fi and cellular signal-connected switches while preparing for a program

¹ Since then, due to degradation and defects in the devices, PGE has removed 2,859 wi-fi switches and all 39 CTAs.

² Connectivity rate is the percentage of time that a water heater is connected online and is reachable by the DRMS.

redesign. Faced with persistent delays of the planned code change making CTA-2045-enabled water heaters the new baseline, the Pilot entered maintenance mode in 2023, focusing on managing the existing fleet of both Wi-Fi and cellular signal-connected switches while preparing for a program redesign.

In 2024, PGE assessed the pilot alongside a program redesign, with a specific focus on CTA-2045-enabled water heaters while engaging with the NEEA stakeholder group. In 2025, PGE's objective is to maintain the existing fleet while growing the fleet with cell connected devices, assessing the implementation services configuration and resource allocation of the pilot. Anticipating readiness to resume installations in the redesign of the Pilot, PGE intends to continue to engage stakeholders, including OPUC staff, to gain a comprehensive understanding of the feasibility of CTA-2045-enabled water heaters. The redesign of the program will be informed by technical insights and market channel learnings.

PGE has filed and received reauthorization for this deferral as shown in Table 1, below.

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

Table 1
UM 1827 Authorizations

Filing Date	Deferral Period	Order No.	Approval Date
4/18/2017	4/18/2017 – 4/17/2018	17-224	6/27/2017
4/17/2018	4/18/2018 – 4/17/2019	18-225	6/19/2018
4/17/2019	4/18/2019 – 4/17/2020	19-282	8/27/2019
4/15/2020	4/18/2020 – 4/17/2021	20-481	12/15/2020
4/12/2021	4/18/2021 – 4/17/2022	21-225	7/13/2021
4/12/2022	4/18/2022 – 4/17/2023	22-346	9/20/2022
12/12/2023	1/1/2024 – 12/31/2024	24-436	12/10/2024

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 incremental expenses associated with the Pilot. Without reauthorization, this deferral will expire on December 31, 2024. 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 Twelve Months of 2025.

PGE estimates the incremental costs of the Pilot over the twelve months of 2025 to be approximately \$1.2 million as shown in Table 1 below.

**Table 1
Pilot Cost by Year (\$)**

2024 Actuals*	2025 Forecast	2-Year Total
\$707,322	\$1,170,250	\$1,877,572

** Actuals for January to November and forecasts for December*

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 435 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 update 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.³

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(6) 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:

Kim Burton
Assistant General Counsel III
Portland General Electric Company
1WTC1301
121 SW Salmon Street
Portland OR 97204
(573) 356-9688
E-mail: kim.burton@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
1WTC0306
121 SW Salmon Street
Portland OR 97204
(503) 464-7805
E-mail: pge.opuc.filings@pgn.com

³ Special Condition 1 of 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 January 1, 2025.

DATED this 30th day of December 2024.

Respectfully Submitted,

/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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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 December 30, 2024, 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 January 30, 2025.

Dated: December 30, 2024.

/s/ 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 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 435 and UM 1827.

DATED at Portland, Oregon, this 30th day of December 2024.

/s/ Jaki Ferchland

Jaki Ferchland

Manager, Revenue Requirement

Portland General Electric Company

121 SW Salmon St., 1WTC0306

Portland, OR 97204

Telephone: 503-464-7488

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OPUC Docket No. UE 435

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**UM 1827
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