



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

September 1, 2020

Via Electronic Filing

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

Re: **UM _____ PGE's Application for Deferred Accounting of Costs and Revenues Associated with the Beaverton Public Safety Center (BPSC) Energy Storage Microgrid**

Dear Filing Center:

Enclosed for filing is Portland General Electric Company's application for deferred accounting of Costs and Revenues Associated with the BPSC Energy Storage Microgrid.

A Notice regarding the filing of this application has been provided to the parties on the UE 335 and UM 1856 service lists.

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

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

Jaki Ferchland
Manager, Revenue Requirement

JF/np
Enclosure
cc: Service List: UE 335 and UM 1856

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Costs Associated with Beaverton Public Safety Center Energy Storage Microgrid Pilot

Application for the Deferral of Costs Associated with Beaverton Public Safety Center Energy Storage Microgrid Pilot

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order Nos. 18-290 (Docket No. UM 1856), 20-147 (Docket No. UM 1909), and 20-279 (Docket No. UE 370) Portland General Electric Company (PGE) respectfully requests authorization to defer the costs associated with the Beaverton Public Safety Center (BPSC) Energy Storage Microgrid Pilot (BPSC Pilot or Pilot). In addition, this filing is being made to initiate a deferral that will support an automatic adjustment clause (AAC) rate schedule.

We request this deferral to be effective beginning with the in-service date of the Project.

Pursuant to the partial stipulation adopted by the Commission through Order No. 20-279 in Docket No. UE 370, parties agree to not oppose PGE’s proposed cost recovery mechanism for Microgrids in a new proceeding. The cost recovery mechanism will include the use of deferred accounting and an AAC, restricted to incremental project costs made in compliance with House Bill 2193 (HB 2193), and approved by the Public Utility Commission of Oregon (Commission or OPUC) in Docket No. UM 1856. Although the Pilot will operate for ten years, this deferral and AAC will support the referenced cost recovery until those costs can be incorporated into PGE’s subsequent general rate case.

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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PGE-OPUC Filings
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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
E-mail: Jacquelyn.Ferchland@pgn.com

I. OAR 860-027-0300(3) Requirements

The following is provided pursuant to OAR 860-027-0300(3):

A. Background

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 Energy Storage Proposal not only complies with Oregon legislation, but also supports PGE's decarbonization, electrification, and performance imperatives.

In accordance with HB 2193¹ and Docket No. UM 1751, PGE filed its Energy Storage Proposal and Final Potential Evaluation² on November 1, 2017. PGE's energy storage proposal was evaluated in Docket No. UM 1856 (UM 1856) and approved through Commission Order No. 18-290, subject to conditions.³

PGE aims to create a microgrid program that provides reliability and resiliency to customers while meeting their goals for clean energy solutions. As part of the microgrid program, PGE will install energy storage systems to create two behind-the-meter customer microgrids. The BPSC energy storage microgrid is a 250 kW/4-hour system and the Anderson Readiness Center (ARC) energy storage microgrid is a 500 kW/2-hour system. Both energy storage microgrids will include Battery Energy Storage Systems and on-site solar photovoltaic generating resources and diesel generators. The overnight capital costs are capped at a maximum allowable cost of \$2.0 million for both the BPSC and ARC as approved by Commission Order No. 18-290. This deferral application pertains only to the BPSC Energy Storage Microgrid Pilot.

By implementing this Pilot, PGE will gain knowledge from experience with microgrid planning, installation, operations, maintenance, and informing larger scale microgrid program deployment. As an operational program, this offering could be scaled to other communities, feeder sections, or non-residential customers. PGE expects that both the BPSC and ARC energy storage microgrids will enhance PGE's resource portfolio flexibility and support renewable resources integration.

¹ 2015 Oregon Laws Chapter 312.

² PGE proposed to develop five energy storage pilots: Mid-feeder (Baldock); Coffee Creek Substation; Generation Kick Start (Port Westward 2); Customer and Community Microgrid Resiliency Project; and Residential Battery Energy Storage.

³ See Commission Order No. 18-290, Appendix A, at <https://apps.puc.state.or.us/orders/2018ords/18-290.pdf> for a listing of the stipulated conditions PGE must meet.

To address cost recovery, PGE requests approval to defer incremental operations and maintenance (O&M – including PGE labor) and capital-related costs associated with the Pilot. These costs include, but are not limited to O&M, income taxes, property taxes, return of and return on investment, and other fees and costs associated with the microgrid energy storage pilot. As noted above, PGE also requests an AAC to serve as part of the cost recovery mechanism so as to address “investments made in compliance with House Bill 2193, and approved by the Commission in Docket No. UM 1856.”⁴ More specifically, the AAC and associated deferrals will provide cost recovery for all referenced storage projects from their in-service dates until the costs can be incorporated in a subsequent PGE general rate case.

In accordance with Order No. 18-290, however, no administrative or evaluation costs associated with the entire portfolio of battery storage projects are requested for deferral.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the BPSC Energy Storage Microgrid Pilot. 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. The approval of the Application 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.

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

⁴ See Commission Order No. 20-279, page 8, and Commission Order No. 20-279, Appendix A, page 2.

deferred accounting order from the Commission, PGE would charge the costs to the applicable FERC accounts.

D. Estimate of the Amounts to be Recorded in the Deferred Account for the 12-month Period Subsequent to the Application.

PGE estimates that total capital costs for the BPSC pilot will be approximately \$1.1 million and be amortized over a 10-year period. For the next 12 months, PGE estimates that the deferred amount will reflect an approximate annual revenue requirement of \$248,641 as of the project in-service date.

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 Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the service lists of Docket Nos. UM 1856 (Energy Storage) and UE 335 (2019 General Rate Case).

II. Summary of Filing Conditions

A. Earnings Review

Cost recovery associated with the Pilot will not be subject to an earnings review since it would be subject to an automatic adjustment clause.

B. Prudence Review

PGE will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilot's operations.

C. Sharing

All prudently incurred cost and benefits will be collected from 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 on the basis of an equal percent of revenue applied on a cents-per-kWh basis.

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 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 the incremental costs associated with the BPSC Energy Storage Microgrid Pilot.

DATED this day September 1, 2020.

Respectfully Submitted,

/s/ Jaki Ferchland

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Attachment A

Notice of Application for the Deferral of Costs Associated with the Beaverton Public Safety Center Energy Storage Microgrid Pilot

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Costs Associated with the Beaverton Public Safety Center Energy Storage Microgrid Pilot

Notice of Application for the Deferral of Costs Associated with the Beaverton Public Safety Center Energy Storage Microgrid Pilot

On September 1, 2020, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order authorizing deferral of incremental costs associated with the **Beaverton Public Safety Center** Energy Storage Microgrid Pilot proposed in Docket No. UM 1856.

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 October 1, 2020.

Dated this September 1, 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 the Deferral of Costs Associated with the Beaverton Public Safety Center Energy Storage Microgrid Pilot** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service lists for OPUC Dockets UE 335 and UM 1856.

Dated at Portland, Oregon, this 1st day of September 2020.

/s/ Jaki Ferchland

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