



**Portland General Electric**  
121 SW Salmon Street · Portland, Ore. 97204  
PortlandGeneral.com

November 15, 2018

**Email / Fed Ex**  
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Public Utility Commission of Oregon  
201 High St SE, Suite 100  
Salem, OR 97301

**RE: UE 335 Revenue Requirement Estimate Update and November 15, 2018 MONET Update**

Filing Center:

Enclosed is a revised revenue requirement estimate for Docket No. UE 335. This revenue requirement includes PGE's November 15, 2018 final MONET update, which contains 2019 electric and gas forward prices based on a five-day average of the November 1, 2018 through November 2, 2018 and November 5, 2018 through November 7, 2018 forward curves. PGE provides this final revenue requirement as information only, and will file new tariffs consistent with Order No. 18-405 and the Commission's pending final order on all non-power cost issues for Docket No. UE 335.

*Revised Revenue Requirement Estimate*

PGE's revised revenue requirement estimate shown in the table below incorporates the November 15, 2018 MONET update and the stipulations filed with the Commission in Docket No. UE 335 on July 16, 2018, July 22, 2018, July 29, 2018, and September 6, 2018 along with an update to rate base to reflect the expected change in PGE's streetlight pole assets based on the UP 378 streetlight pole sale.

**Revised Revenue Requirement (\$ millions)**

Original Filing	\$85.9
March 30, NVPC Update	\$4.2
June Load Forecast Update	(\$19.6)
July 6, NVPC Update	\$4.9
July 16, Stipulation	(\$4.7)
July 22, NVPC Stipulation	(\$5.1)
July 29, Stipulation	(\$11.2)
Sept. 4, Pension Update	(\$2.0)
Sept. 6, Stipulation	(\$21.0)
Sept. Load Forecast Update	(\$7.0)
Sept. 28, NVPC Update	(\$12.3)
Sept COS Load to Reflect Long-term Opt-Out	\$2.5
Nov. 6, NVPC Update	(\$8.3)
Nov. 15, NVPC Update	\$2.3
UP 378 Streetlight and Pole Sale	(\$0.1)
Total	\$8.6*

\*Numbers may not sum due to rounding

MONET Update

The MONET update results in a Net Variable Power Cost (NVPC) forecast of \$361.5 million, an increase of approximately \$2.2 million from the November 6, 2018 power cost update filing.<sup>1</sup> This increase is due to the change in electric and natural gas forward prices.

Summary of Attachments

As part of this update, PGE is including three attachments.

1. Attachment 1 provides PGE's revised revenue requirement as described above.
2. Attachment 2 is one (1) CD containing the non-confidential MFRs.
3. Attachment 3 is one (1) CD containing the confidential Minimum Filing Requirements (MFRs).

Attachment 3 is protected information and subject to Protective Order No. 18-047.

If you have any questions, please contact me at (503) 464-7805 or Greg Batzler at (503) 464-8644. Please direct all formal correspondence and requests to the following e-mail address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,



Stefan Brown  
Manager, Regulatory Affairs

SB/np  
enclosure

CC: UE 335 Service List

<sup>1</sup> See PGE's letter dated November 6, 2018 and filed in Docket No. UE 335. NVPC for revenue requirement purposes was reported to be \$359.4 million.

**UE 335**

**2019 PGE Annual Power Cost Update  
November 15, 2018**

**Attachment 1**

**Provided in Electronic Format Only**

Revised Revenue Requirement

**UE 335**

**2019 PGE Annual Power Cost Update  
November 15, 2018**

**Attachment 2**

**Provided Electronically (CD) Only**

Minimum Filing Requirements  
Non-Confidential Supporting Documents and Work Papers

**UE 335**

**2019 PGE Annual Power Cost Update  
November 15, 2018**

**Attachment 3**

**Provided Electronically (CD) Only**

**Protected Information Subject to Protective Order No. 18-047**

Minimum Filing Requirements  
Supporting Documents and Work Paper

**Portland General Electric Company**  
**2019 Revenue Requirement Summary**  
**(\$000)**

	Rev Req	Percent
Total Increase:	8,593	0.47%
Base Business	Blank	Total
2018		Results
(1)	(2)	(3)
1 Sales to Consumers	1,831,381	1,831,381
2 Sales for Resale	-	-
3 Other Revenues	25,327	25,327
4 Total Operating Revenues	1,856,708	1,856,708
5 Net Variable Power Costs	361,528	361,528
6 Production O&M (excludes Trojan)	164,013	164,013
7 Trojan O&M	115	115
8 Transmission O&M	15,798	15,798
9 Distribution O&M	135,321	135,321
10 Customer & MBC O&M	76,339	76,339
11 Uncollectibles Expense	5,977	5,977
12 OPUC Fees	5,881	5,881
13 A&G, Ins/Bene., & Gen. Plant	158,606	158,606
14 Total Operating & Maintenance	923,577	923,577
15 Depreciation	302,569	302,569
16 Amortization	66,465	66,465
17 Property Tax	71,578	71,578
18 Payroll Tax	16,637	16,637
19 Other Taxes	2,501	2,501
20 Franchise Fees	46,473	46,473
21 Utility Income Tax	80,543	80,543
22 Total Operating Expenses & Taxes	1,510,344	1,510,344
23 <b>Utility Operating Income</b>	346,364	346,364
24 <b>Rate Base</b>		
25 Avg. Gross Plant	10,145,497	10,145,497
26 Avg. Accum. Deprec. / Amort	(4,781,174)	(4,781,174)
27 Avg. Accum. Def Tax	(685,811)	(685,811)
28 Avg. Accum. Def ITC	-	-
29 <b>Net Utility Plant</b>	4,678,513	4,678,513
30 Misc. Deferred Debits	9,294	9,294
31 Operating Materials & Fuel	78,945	78,945
32 Misc. Deferred Credits	(79,843)	(79,843)
33 Working Cash	57,801	57,801
34 <b>Rate Base</b>	4,744,710	4,744,710
35 <b>Rate of Return</b>	7.300%	7.300%
36 <b>Implied Return on Equity</b>	9.500%	9.500%
37 Effective Cost of Debt	5.100%	5.100%
38 Effective Cost of Preferred	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%	0.000%
41 Weighted Cost of Debt	2.550%	2.550%
42 Weighted Cost of Preferred	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%	50.000%
44 State Tax Rate	7.580%	7.580%
45 Federal Tax Rate	21.000%	21.000%
46 Composite Tax Rate	26.988%	26.988%
47 Bad Debt Rate	0.326%	0.326%
48 Franchise Fee Rate	2.538%	2.538%
49 Working Cash Factor	3.827%	3.827%
50 Gross-Up Factor	1.370	1.370
51 ROE Target	9.500%	9.500%
52 Grossed-Up COC	9.056%	9.056%
53 OPUC Fee Rate	0.3211%	0.3211%
Utility Income Taxes		
54 Book Revenues	1,856,708	1,856,708
55 Book Expenses	1,429,801	1,429,801
56 Interest Deduction	120,990	120,990
57 Production Deduction	-	-
58 Permanent Ms	(22,619)	(22,619)
59 Deferred Ms	63,378	63,378
60 Taxable Income	265,158	265,158
61 Current State Tax	20,099	20,099
62 State Tax Credits	(10)	(10)
63 Net State Taxes	20,089	20,089
64 Federal Taxable Income	245,068	245,068
65 Current Federal Tax	51,464	51,464
66 Federal Tax Credits	-	-
67 ITC Amort	(8,115)	(8,115)
68 Deferred Taxes	17,105	17,105
69 Total Income Tax Expense	80,543	80,543
70 Regulated Net Income	225,374	225,374
71 Check Regulated NI		225,374

**Portland General Electric Company**  
**2019 Revenue Requirement - Base Business**  
**(\$000)**

	Rev Req	Percent
Total Increase:	8,593	0.47%

	At Current Rates (1)	Sept. Load Forecast Delta (2)	GRC Change for RROE (3)	Proposed 2018 (4)	Non-NVPC Adjustments (5)	NVPC Adjustments (6)	Total Results (7)
1 Sales to Consumers	1,798,713	24,074	61,834	1,884,622	(38,955)	(14,286)	1,831,381
2 Sales for Resale	-			-	-	-	-
3 Other Revenues	25,327			25,327	-	-	25,327
4 Total Operating Revenues	1,824,041		61,834	1,909,949	(38,955)	(14,286)	1,856,708
5 Net Variable Power Costs	375,309			375,309	-	(13,781)	361,528
6 Production O&M (excludes Trojan)	165,665			165,665	(1,652)	-	164,013
7 Trojan O&M	115			115	-	-	115
8 Transmission O&M	15,798			15,798	-	-	15,798
9 Distribution O&M	136,180			136,180	(858)	-	135,321
10 Customer & MBC O&M	78,739			78,739	(2,400)	-	76,339
11 Uncollectibles Expense	6,171		295	6,466	(127)	(47)	5,977
12 OPUC Fees	5,776		276	6,052	(125)	(46)	5,881
13 A&G, Ins/Bene., & Gen. Plant	174,655			174,655	(16,049)	-	158,606
14 Total Operating & Maintenance	958,407		571	958,978	(21,211)	(13,874)	923,577
15 Depreciation	305,531			305,531	(2,962)	-	302,569
16 Amortization	66,965			66,965	(500)	-	66,465
17 Property Tax	71,578			71,578	-	-	71,578
18 Payroll Tax	16,637			16,637	-	-	16,637
19 Other Taxes	2,501			2,501	-	-	2,501
20 Franchise Fees	45,644		2,180	47,825	(989)	(363)	46,473
21 Utility Income Tax	62,226		22,571	84,797	(3,956)	(10)	80,543
22 Total Operating Expenses & Taxes	1,529,491		25,322	1,554,812	(29,618)	(14,246)	1,510,344
23 <b>Utility Operating Income</b>	294,550		60,586	355,137	(9,338)	(40)	346,364
				355,137			346,364
24 <b>Average Rate Base</b>							
25 Avg. Gross Plant	10,221,818			10,221,818	(76,321)	-	10,145,497
26 Avg. Accum. Deprec. / Amort	(4,761,822)			(4,761,822)	(19,352)	-	(4,781,174)
27 Avg. Accum. Def Tax	(679,665)			(679,665)	(6,146)	-	(685,811)
28 Avg. Accum. Def ITC	-			-	-	-	-
29 <b>Avg. Net Utility Plant</b>	4,780,331		-	4,780,331	(101,818)	-	4,678,513
30 Misc. Deferred Debits	9,294			9,294	-	-	9,294
31 Operating Materials & Fuel	78,945			78,945	-	-	78,945
32 Misc. Deferred Credits	(74,554)			(74,554)	(5,289)	-	(79,843)
33 Working Cash	62,143		1,029	63,172	(1,133)	(545)	57,801
34 <b>Average Rate Base</b>	4,856,160		1,029	4,857,189	(108,241)	(545)	4,744,710
35 <b>Rate of Return</b>	6.065%			7.312%		7.300%	7.300%
36 <b>Implied Return on Equity</b>	7.008%			9.500%		9.500%	9.500%





**NVPC Adjustment Detail**

	3/30/2018 NVPC Update	7/6/2018 NVPC Update	8/22/2018 Stipulation	9/28/2018 NVPC Update	11/6/2018 NVPC Update	11/15/2018 NVPC Update	Total NVPC Adjustments
	(1)	(2)	(3)	(4)	(5)	(6)	
1 Sales to Consumers	4,223	4,915	(5,108)	(12,275)	(8,291)	2,251	(14,286)
2 Sales for Resale							-
3 Other Revenues							-
4 Total Operating Revenues	4,223	4,915	(5,108)	(12,275)	(8,291)	2,251	(14,286)
5 Net Variable Power Costs	4,074	4,741	(4,928)	(11,842)	(7,999)	2,172	(13,781)
6 Production O&M (Excludes Trojan)							-
7 Trojan O&M							-
8 Transmission O&M							-
9 Distribution O&M							-
10 Customer & MBC O&M							-
11 Uncollectibles Expense	14	16	(17)	(40)	(27)	7	(47)
12 OPUC Fees	14	16	(16)	(39)	(27)	7	(46)
13 A&G, Ins/Bene., & Gen. Plant							-
14 Total Operating & Maintenance	4,101	4,773	(4,961)	(11,921)	(8,052)	2,187	(13,874)
15 Depreciation							-
16 Amortization							-
17 Property Tax							-
18 Payroll Tax							-
19 Other Taxes							-
20 Franchise Fees	107	125	(130)	(312)	(210)	57	(363)
21 Utility Income Tax	3	3	(3)	(8)	(6)	2	(10)
22 Total Operating Expenses & Taxes	4,211	4,901	(5,094)	(12,241)	(8,268)	2,245	(14,246)
23 <b>Utility Operating Income</b>	12	14	(14)	(34)	(23)	6	(40)
24 <b>Average Rate Base</b>							
25 Avg. Gross Plant							-
26 Avg. Accum. Deprec. / Amort							-
27 Avg. Accum. Def Tax							-
28 Avg. Accum. Def ITC							-
29 <b>Avg. Net Utility Plant</b>	-	-	-	-	-	-	-
30 Misc. Deferred Debits							-
31 Operating Materials & Fuel							-
32 Misc. Deferred Credits							-
33 Working Cash	161	188	(195)	(468)	(316)	86	(545)
34 <b>Average Rate Base</b>	161	188	(195)	(468)	(316)	86	(545)
35 <b>Rate of Return</b>	7.300%						7.300%
36 <b>Implied Return on Equity</b>	9.500%						9.500%
37 Effective Cost of Debt	5.100%	5.100%	5.100%	5.100%	5.100%	5.100%	5.100%
38 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
41 Weighted Cost of Debt	2.550%	2.550%	2.550%	2.550%	2.550%	2.550%	2.550%
42 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
44 State Tax Rate	7.580%	7.580%	7.580%	7.580%	7.580%	7.580%	7.580%
45 Federal Tax Rate	21.000%	21.000%	21.000%	21.000%	21.000%	21.000%	21.000%
46 Composite Tax Rate	26.988%	26.988%	26.988%	26.988%	26.988%	26.988%	26.988%
47 Bad Debt Rate	0.326%	0.326%	0.326%	0.326%	0.326%	0.326%	0.326%
48 Franchise Fee Rate	2.538%	2.538%	2.538%	2.538%	2.538%	2.538%	2.538%
49 Working Cash Factor	3.827%	3.827%	3.827%	3.827%	3.827%	3.827%	3.827%
50 Gross-Up Factor	1.370	1.370	1.370	1.370	1.370	1.370	1.370
51 ROE Target	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%
52 Grossed-Up COC	9.056%	9.056%	9.056%	9.056%	9.056%	9.056%	9.056%
53 OPUC Fee Rate	0.321%	0.321%	0.321%	0.321%	0.321%	0.321%	0.321%
Utility Income Taxes							
54 Book Revenues	4,223	4,915	(5,108)	(12,275)	(8,291)	2,251	(14,286)
55 Book Expenses	4,208	4,898	(5,091)	(12,233)	(8,263)	2,244	(14,236)
56 Interest Deduction	4	5	(5)	(12)	(8)	2	(14)
57 Production Deduction							-
58 Permanent Ms							-
59 Deferred Ms							-
60 Taxable Income	10	12	(13)	(30)	(21)	6	(35)
61 Current State Tax	1	1	(1)	(2)	(2)	0	(3)
62 State Tax Credits							-
63 Net State Taxes	1	1	(1)	(2)	(2)	0	(3)
64 Federal Taxable Income	10	11	(12)	(28)	(19)	5	(33)
65 Current Federal Tax	2	2	(2)	(6)	(4)	1	(7)
66 Federal Tax Credits							-
67 ITC Amort							-
68 Deferred Taxes							-
69 Total Income Tax Expense	3	3	(3)	(8)	(6)	2	(10)
73 Regulated Net Income	8	9	(9)	(22)	(15)	4	(26)

Category A Advertising  
Adjust Result to 1/8 of 1% per OAR

9090001 CustSvc-InformAdvertisingExp	2,203,771
Less: Legally Mandated Advertising	26,479
	2,177,292
2016 Total Revenue Requirement	1,831,381
Factor per OAR	<u>0.125%</u>
Presumed Reasonable Cat A Costs	2,289,226
Total Adjustment	-

**Adjust OPUC Fee to exclude gross-up on incremental RevReq**  
(\$000)

OPUC Fee rate with gross-up	0.3211%
OPUC Fee rate without gross-up	0.3000%
Delta Fee Rate	-0.0211%
Incremental RevReq	8,593
OPUC Fee Adjustment	(1.813)

**Production Tax Credits (PTCs) in 2019 Net Variable Power Cost**

Grossed Up for Taxes	(49,086)
Gross Up Factor	<u>1.373</u>
PTCs	(35,759)