



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

September 28, 2018

Email / Fed Ex
puc.filingcenter@state.or.us

Public Utility Commission of Oregon
201 High St SE, Suite 100
Salem, OR 97301

RE: UE 335 Revenue Requirement Estimate Update and PGE's September 28th MONET Update

Filing Center:

Enclosed is a revised revenue requirement and price impact estimate for Docket No. UE 335. This revision includes PGE's September 28, 2017 MONET update, which contains contracts and electric and gas forward curves as of August 31, 2018. PGE provides this estimate as information only and does not seek any action by the Commission.

Revised Revenue Requirement Estimate

PGE's revised revenue requirement estimate shown in the table below incorporates the September 28, 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 the update to pension expense reflecting the two-week average discount rate as of August 31, 2018. The impact to prices resulting from this estimate is provided as Attachment 5.

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)
Total	\$12.2

MONET Update

The MONET update results in a Net Variable Power Cost (NVPC) forecast of \$367.4 million, a decrease of approximately \$16.8 million from the July 6, 2017 power cost update filing.¹ This decrease is largely due to: 1) incorporation of the July 22, NVPC Stipulation, and 2) updated electric and gas curves. Please note, there are two additional electric and gas curve updates scheduled in this proceeding.

Summary of Attachments

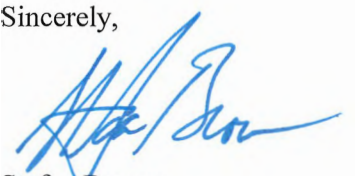
As part of this update, PGE is including five attachments.

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. Confidential Attachment 3 is one (1) CD containing the confidential Minimum Filing Requirements (MFRs).
4. Confidential Attachment 4 is one (1) CD containing the load forecast work papers.
5. Attachment 5 provides PGE's Price Impact Update. Related non-confidential work papers are provided on one (1) CD.

Attachments 3 and 4 are 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.

Sincerely,



Stefan Brown
Manager, Regulatory Affairs

SB/np

enclosure

CC: UE 335 Service List

¹ See PGE's letter dated July 6, 2017 and filed in Docket No. UE 335. NVPC for revenue requirement purposes was reported to be \$384.1 million.

UE 335

**2019 PGE Annual Power Cost Update
September 28, 2018**

Attachment 1

Provided in Electronic Format Only

Revised Revenue Requirement

UE 335

**2019 PGE Annual Power Cost Update
September 28, 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
September 28, 2018**

Attachment 3

Provided Electronically (CD) Only

Protected Information Subject to Protective Order No. 18-047

Minimum Filing Requirements
Supporting Documents and Work Papers

UE 335

**2019 PGE Annual Power Cost Update
September 28, 2018**

Attachment 4

Provided Electronically (CD) Only

Protected Information Subject to Protective Order No. 18-047

PGE Energy and Load Forecast Work Papers
SSEP18E

UE 335

**2019 PGE Annual Power Cost Update
September 28, 2018**

Attachment 5

Provided in Electronic Format Only

PGE Energy Price Impact Update

UE 335

**2019 PGE Annual Power Cost Update
September 28, 2018**

Work Papers

Provided Electronically (CD) Only

Work Papers Supporting PGE Energy Price Impact Update

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

	Rev Req	Percent
Total Increase:	12,191	0.67%
	Blank	Total Results
	(1)	(2)
	(1)	(2)
	(3)	(3)
1 Sales to Consumers	1,837,500	-
2 Sales for Resale	-	-
3 Other Revenues	25,327	25,327
4 Total Operating Revenues	1,862,827	-
5 Net Variable Power Costs	367,354	367,354
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	5,997	-
12 OPUC Fees	5,900	-
13 A&G, Ins/Bene., & Gen. Plant	158,605	158,605
14 Total Operating & Maintenance	929,443	-
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	46,629	-
21 Utility Income Tax	80,562	-
22 Total Operating Expenses & Taxes	1,516,384	-
23 Utility Operating Income	346,443	-
24 Rate Base		
25 Avg. Gross Plant	10,146,844	10,146,844
26 Avg. Accum. Deprec. / Amort	(4,781,622)	(4,781,622)
27 Avg. Accum. Def Tax	(685,852)	(685,852)
28 Avg. Accum. Def ITC	-	-
29 Net Utility Plant	4,679,371	-
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	58,032	-
34 Rate Base	4,745,799	-

	Base Business 2018	Blank	Total Results
	(1)	(2)	(3)
35 Rate of Return	7.300%		7.300%
36 Implied Return on Equity	9.500%		9.500%
37 Effective Cost of Debt	5.100%	5.100%	5.100%
38 Effective Cost of Preferred	0.000%	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%	0.000%	0.000%
41 Weighted Cost of Debt	2.550%	2.550%	2.550%
42 Weighted Cost of Preferred	0.000%	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%	50.000%	50.000%
44 State Tax Rate	7.580%	7.580%	7.580%
45 Federal Tax Rate	21.000%	21.000%	21.000%
46 Composite Tax Rate	26.988%	26.988%	26.988%
47 Bad Debt Rate	0.326%	0.326%	0.326%
48 Franchise Fee Rate	2.538%	2.538%	2.538%
49 Working Cash Factor	3.827%	3.827%	3.827%
50 Gross-Up Factor	1.370	1.370	1.370
51 ROE Target	9.500%	9.500%	9.500%
52 Grossed-Up COC	9.056%	9.056%	9.056%
53 OPUC Fee Rate	0.3211%	0.321%	0.321%
Utility Income Taxes			
54 Book Revenues	1,862,827	-	1,862,827
55 Book Expenses	1,435,822	-	1,435,822
56 Interest Deduction	121,018	-	121,018
57 Production Deduction	-	-	-
58 Permanent Ms	(22,619)	-	(22,619)
59 Deferred Ms	63,378	-	63,378
60 Taxable Income	265,228	-	265,228
61 Current State Tax	20,105	-	20,105
62 State Tax Credits	(10)	-	(10)
63 Net State Taxes	20,095	-	20,095
64 Federal Taxable Income	245,134	-	245,134
65 Current Federal Tax	51,478	-	51,478
66 Federal Tax Credits	-	-	-
67 ITC Amort	(8,115)	-	(8,115)
68 Deferred Taxes	17,105	-	17,105
69 Total Income Tax Expense	80,562	-	80,562
70 Regulated Net Income	225,425		225,425
71 Check Regulated NI			225,425

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

	Rev Req	Percent
Total Increase:	12,191	0.67%

	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	26,596	59,313	1,884,622	(38,876)	(8,246)	1,837,500
2 Sales for Resale	-			-	-	-	-
3 Other Revenues	25,327			25,327	-	-	25,327
4 Total Operating Revenues	1,824,041		59,313	1,909,949	(38,876)	(8,246)	1,862,827
5 Net Variable Power Costs	375,309			375,309	-	(7,955)	367,354
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)	(27)	5,997
12 OPUC Fees	5,776		276	6,052	(125)	(26)	5,900
13 A&G, Ins/Bene., & Gen. Plant	174,655			174,655	(16,050)	-	158,605
14 Total Operating & Maintenance	958,407		571	958,978	(21,212)	(8,008)	929,443
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	(987)	(209)	46,629
21 Utility Income Tax	62,226		22,571	84,797	(3,941)	(6)	80,562
22 Total Operating Expenses & Taxes	1,529,491		25,322	1,554,812	(29,601)	(8,223)	1,516,384
23 Utility Operating Income	294,550		60,586	355,137	(9,275)	(23)	346,443
				355,137			346,443
24 Average Rate Base							
25 Avg. Gross Plant	10,221,818			10,221,818	(74,974)	-	10,146,844
26 Avg. Accum. Deprec. / Amort	(4,761,822)			(4,761,822)	(19,800)	-	(4,781,622)
27 Avg. Accum. Def Tax	(679,665)			(679,665)	(6,187)	-	(685,852)
28 Avg. Accum. Def ITC	-			-	-	-	-
29 Avg. Net Utility Plant	4,780,331		-	4,780,331	(100,961)	-	4,679,371
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)	(315)	58,032
34 Average Rate Base	4,856,160	1,029	4,857,189	(107,382)	(315)	4,745,799
35 Rate of Return	6.065%		7.312%		7.300%	7.300%
36 Implied Return on Equity	7.008%		9.500%		9.500%	9.500%

41 Weighted Cost of Debt	2.550%	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%	0.000%
43 Equity Share of Cap Structure	50.000%	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%	7.580%
45 Federal Tax Rate	21.000%	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%	26.988%
47 Bad Debt Rate	0.326%	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%	2.538%
49 Working Cash Factor	3.827%	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	1.370
51 ROE Target	9.500%	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%	9.056%
53 OPUC Fee Rate	0.321%	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)	-	-	-	(8,246)
55 Book Expenses	4,208	4,898	(5,091)	(12,233)	-	-	-	(8,217)
56 Interest Deduction	4	5	(5)	(12)	-	-	-	(8)
57 Production Deduction								-
58 Permanent Ms								-
59 Deferred Ms								-
60 Taxable Income	10	12	(13)	(30)	-	-	-	(20)
61 Current State Tax	1	1	(1)	(2)	-	-	-	(2)
62 State Tax Credits								-
63 Net State Taxes	1	1	(1)	(2)	-	-	-	(2)
64 Federal Taxable Income	10	11	(12)	(28)	-	-	-	(19)
65 Current Federal Tax	2	2	(2)	(6)	-	-	-	(4)
66 Federal Tax Credits								-
67 ITC Amort								-
68 Deferred Taxes	-	-	-	-	-	-	-	-
69 Total Income Tax Expense	3	3	(3)	(8)	-	-	-	(6)
73 Regulated Net Income	8	9	(9)	(22)	-	-	-	(15)

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		1,837,500
	Factor per OAR	<u>0.125%</u>
	Presumed Reasonable Cat A Costs	2,296,875
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	12,191
OPUC Fee Adjustment	(2.572)

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

Grossed Up for Taxes	(46,936)
Gross Up Factor	<u>1.373</u>
PTCs	(34,192)

**TABLE 1
PORTLAND GENERAL ELECTRIC
ESTIMATED EFFECT ON CONSUMERS' TOTAL ELECTRIC BILLS
2019**

CATEGORY	RATE SCHEDULE	Forecast SSEP18E19		TOTAL ELECTRIC BILLS		Change	
		CUSTOMERS	MWH SALES	CURRENT	PROPOSED	AMOUNT	PCT.
				w/ Sch. 125, 122, 146	w/ Sch. 125, 122, 146		
Residential	7	782,981	7,568,918	\$947,435,349	\$964,675,425	\$17,240,076	1.8%
Employee Discount				(\$944,818)	(\$962,599)	(\$17,781)	
Subtotal				\$946,490,531	\$963,712,826	\$17,222,295	1.8%
Outdoor Area Lighting	15	0	15,774	\$3,459,005	\$3,445,886	(\$13,119)	-0.4%
General Service <30 kW	32	93,765	1,633,156	\$184,212,064	\$189,140,074	\$4,928,010	2.7%
Opt. Time-of-Day G.S. >30 kW	38	383	31,475	\$4,170,414	\$4,136,579	(\$33,834)	-0.8%
Irrig. & Drain. Pump. < 30 kW	47	3,061	21,633	\$4,269,396	\$4,369,298	\$99,902	2.3%
Irrig. & Drain. Pump. > 30 kW	49	1,274	64,540	\$9,348,582	\$9,328,715	(\$19,866)	-0.2%
General Service 31-200 kW	83	11,529	2,884,961	\$262,184,861	\$262,169,058	(\$15,803)	0.0%
General Service 201-4,000 kW							
Secondary	85-S	1,175	2,143,036	\$171,600,593	\$168,689,339	(\$2,911,254)	-1.7%
Primary	85-P	189	613,240	\$46,215,962	\$45,354,123	(\$861,839)	-1.9%
Schedule 89 > 4 MW							
Primary	89-P	12	447,055	\$28,781,161	\$28,250,272	(\$530,889)	-1.8%
Subtransmission	89-T	5	62,759	\$4,676,168	\$4,626,945	(\$49,223)	-1.1%
Schedule 90	90-P	4	1,861,066	\$108,051,394	\$106,181,168	(\$1,870,226)	-1.7%
Street & Highway Lighting	91/95	203	50,583	\$10,987,111	\$11,142,219	\$155,108	1.4%
Traffic Signals	92	16	2,496	\$205,446	\$205,571	\$125	0.1%
COS TOTALS		894,597	17,400,694	\$1,784,652,687	\$1,800,752,072	\$16,099,385	0.9%
Direct Access Service 201-4,000 kW							
Secondary	485-S	224	574,488	\$14,428,408	\$13,083,369	(\$1,345,039)	-9.3%
Primary	485-P	47	309,522	\$6,679,582	\$5,986,845	(\$692,737)	-10.4%
Direct Access Service > 4 MW							
Secondary	489-S	1	13,482	\$350,904	\$281,030	(\$69,874)	-19.9%
Primary	489-P	14	915,154	\$17,859,584	\$16,068,012	(\$1,791,572)	-10.0%
Subtransmission	489-T	3	187,171	\$1,337,864	\$1,329,537	(\$8,327)	-0.6%
DIRECT ACCESS TOTALS		289	1,999,817	\$40,656,342	\$36,748,792	(\$3,907,550)	
COS AND DA CYCLE TOTALS		894,886	19,400,511	\$1,825,309,030	\$1,837,500,865	\$12,191,835	0.7%