BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 435

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	**Portland General Electric Company's Position Statement**

Pursuant to the Administrative Law Judge's Ruling adopting the new procedural schedule filed September 27, 2024, Portland General Electric Company (PGE), submits the following prehearing position statement identifying PGE's position on the issues to be resolved by the Commission.

Cost of Capital

(PGE Exhibits 600, 1800, 2900)

Figure 1: Recommended ROE and Reasonable Ranges[1]

Party	Recommended ROE	Low Range	High Range	Recommended Equity %
PGE/Figueroa[2]	**9.65%**	**10.25%**	**11.25%**	**50.0%**
OPUC Staff Rebuttal[3]	n/a	9.22%	9.46%	50.0%
OPUC Staff Direct[4]	n/a	8.96%	9.41%	50.0%
Kaufman (AWEC)[5]	9.25%	7.6%	9.3%	44.6%
Jenks (CUB)[6]	9.2%	9.2%	9.4%	n/a
Perry (Walmart)[7]	n/a	n/a	n/a	n/a

1. What should be PGE's authorized Return on Equity (ROE)?

(PGE Exhibits 600,1800, 2900)

[1] PGE/2900, Figueroa-Liddle/5, Figure 1.
[2] PGE/1800, Figueroa – Liddle/9. *Note*, in the initial Figueroa-Liddle Testimony, the Company requested an allowed ROE of 9.75% but as described in Reply Testimony the Company's updated requested allowed ROE is 9.65%.
[3] Staff/2800, Muldoon/34.
[4] Staff/2800, Muldoon/5, 7.
[5] AWEC/400, Kaufman/75.
[6] CUB/400, Jenks/70-71.
[7] *Note*, Walmart does not offer a specific ROE or capital structure recommendation. *See* Walmart/100, Perry/13-14.

Background: PGE's currently authorized Return on Equity is 9.5%. In opening testimony, PGE requested an authorized ROE of 9.75% but lowered its request in reply testimony to 9.65%. Staff recommends an ROE range of 9.22% to 9.46%, while AWEC recommends an ROE of 9.25%.

PGE Position: PGE requests the Commission authorize a Return on Equity of 9.65% based upon existing market dynamics. This requested ROE is reasonable, conservative and appropriately accounts for changes to the cost of equity and the higher business risks faced by PGE due to wildfire risks and the company's smaller size.

The recommended ROEs put forth by parties are too low and fail to reflect market indicators or recently authorized returns for vertically integrated electric utilities and are derived from problematic ROE estimation methodologies.[8] Even the July 2024 Regulatory Research Associates (RRA) article cited by Staff shows that the average authorized ROE for vertically integrated electric utilities in the first half of 2024 was 9.74%.[9]

2. What should be PGE's Capital Structure?

(PGE Exhibits 600,1800, 2900)

Background: PGE proposes a capital structure comprised of 50% common equity, 50% long-term debt and 0% preferred equity. Staff supports a 50/50 capital structure. AWEC recommends 44.6% equity.

PGE Position: PGE's proposed 50/50 capital structure will support the Company's credit metrics and better ensure continued access to capital markets while balancing costs for customers and shareholders.[10] Not only is this structure supported by Staff, but a 50/50 capital structure is consistent with the average of PGE's annual actual average regulated capital structure for the past 10 years. AWEC's proposal to use PGE's actual 2023 accounting equity percentage is inconsistent with Commission precedent,[11] does not reflect how actual equity is calculated as an average of averages for regulatory results of operations, and fails to recognize that PGE's actual capital structure will fluctuate given the timing and sizing of debt and equity issuances.[12]

3. What should be PGE's authorized cost of long-term debt?

(PGE Exhibits 600,1800, 2900)

Background: PGE's filed opening testimony reflected a cost of debt of 4.628%. In their opening testimony in July, Staff used updated market information to propose a cost of long-term debt of 4.641%. In reply testimony PGE agreed with Staff's value.[13] Staff and PGE both maintained agreement of this value in both rebuttal and surrebuttal testimony.

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[8] PGE/2900, Figueroa-Liddle/5.
[9] PGE/2900, Figueroa-Liddle/6.
[10] PGE/2900, Figueroa-Liddle/26.
[11] PGE/1800, Figueroa-Liddle/60, Fn 223; see also, Docket UE 374, Order No. 20-743 at 24.
[12] PGE/1800, Figueroa-Liddle/59-60.
[13] PGE/1800, Figueroa-Liddle/67.

PGE Position: PGE recommends a cost of long-term debt of 4.641%.[14] This cost of debt best reflects PGE's anticipated weighted cost of debt into the test year, market-based costs and current credit rating.

Rate Base

4. What method should be used to calculate rate base and to calculate depreciation expense?

(PGE Exhibits 1300, 2400)

PGE Position: Rate base should be based on PGE's end-of-period methodology, which PGE has used for a decade. PGE's approach complies with ORS 757.355 and the matching principle. PGE's calculation of depreciation expense is consistent with Commission Order No. 21-463.

Staff's proposal violates the matching principle, that costs in a period should be matched against revenues generated in the same period, by reflecting gross plant balances at 2024 end-of-period levels and accumulated reserves at 2025 average of monthly average levels, artificially reducing rate base. Staff's circular logic that PGE's rate base is inflated because Staff's adjustment has not been made, which requires Staff's adjustment to be made, is incoherent. Staff's method should be rejected.

AWEC's method is reflective of a historical test year, whereas ratemaking is prospective. AWEC's proposal systematically under values and is not representative of the rate base in service to customers over the period that rates are in effect. Staff agrees with PGE that AWEC's proposal is not in line with a future test year.[15] AWEC's method should be rejected.

The Commission should reject Staff and AWEC's proposals to change from the existing methodology because they would erode PGE's ability to earn its authorized ROE and would have the unintended consequence of signaling to investors that PGE is a riskier investment relative to our peers.[16]

5. What amount of Cash Working Capital (CWC) should be included in rate base?

(PGE Exhibits 1300, 2400)

Background: Cash working capital is intended to cover the gap between when expenses are incurred and when revenues are collected.[17] PGE included a 4.222% working cash allowance factor in this docket, which was the factor used in UE 416.[18]

PGE Position: PGE's calculation of CWC should not be altered. PGE's rate base assumes that this D&A expense has been recovered from customers on day one of the rate effective date.

[14] PGE/2900, Figueroa-Liddle/28.
[15] Staff/3000, Stevens/24.
[16] PGE/1302 at 10-25.
[17] PGE/2400, Batzler-Meeks/26 at 12.
[18] PGE/1300, Batzler-Meeks/43 at 20.

However, the actual recovery of this D&A expense will occur over the test period, creating a gap between when PGE has incurred the expense (i.e., the day one reduction to rate base) and collected the revenue. Thus, there is a short-term gap between revenue and expense. In rebuttal testimony, Staff disagreed with PGE's inclusion of depreciation and amortization (D&A) in the calculation of CWC arguing that the risk of investment is properly reflected in PGE's ROE. PGE disagrees with Staff and supports the inclusion of D&A expense in the calculation of CWC because it accounts for the lag between the collection of D&A expenses incurred and the collection of amounts as a credit to PGE's rate base with the recovery of the costs.[19]

As PGE points out in surrebuttal testimony, despite what Staff asserts, there is no assumption of the lag between the reduction to rate base and collection of D&A expense reflected in PGE's ROE.[20] Therefore, PGE requests no change to the calculation of CWC amounts included in rate base. Alternatively, if the Commission is concerned with what is included in PGE's lead lag study or the amounts used to calculate CWC, PGE would support a review by an outside expert prior to the filing of PGE's next general rate case.[21]

6. What is the appropriate amount for PGE to recover in rate base of fuel stock?

(PGE Exhibits 1300, 2400)

Background: PGE is seeking recovery in rate base for $14.5 million associated with natural gas fuel stock at North Mist and approximately $7.5 million associated with Beaver oil fuel stock. PGE agreed in reply testimony to remove the CO2 allowances from the fuel stock recovery request.[22]

a. Should a year-end or average balance method be used to set the amount of fuel stock?

PGE's Position: PGE's year-end method is appropriate for setting the rate base balance of fuel stock. It is aligned with the rest of PGE's rate base and accurately includes the value of this stock that will be in service to customers over the prospective test year. The average 2024 value proposed by Staff does not align with the benefits provided to customers in 2025 and is not the used and useful amount of gas within PGE's test year.[23]

b. Should PGE be required to conduct an analysis to show economic value of holding a minimum of 1.2 million dth of natural gas at North Mist?[24]

PGE's Position: PGE is open to reviewing the economics but notes any financial analysis must recognize that there are essential non-financial reasons to maintain reliability reserves. PGE's reliability reserves at North Mist directly insure customers from runaway market prices and

[19] PGE/1300, Batzler-Meeks/44-45.
[20] PGE/1300, Batzler-Meeks/43-44.
[21] PGE/2400, Batzler-Meeks/26-28.
[22] PGE/1300, Batzler-Meeks/53 at 18-22.
[23] PGE/1300, Batzler-Meeks/48.
[24] PGE/2400, Batzler-Meeks/30-36.

supply disruptions.[25]

c. Should fuel stock be valued at "actual price at time of purchase" or should fuel stock be valued at weighted average cost?

PGE's Position: Fuel stock should continue to be valued at weighted average cost. Weighted average cost is the industry standard and accounting rules specify that only gas classified as "cushion gas" can be valued at original cost. PGE does not hold any "cushion gas" at North Mist. [26]

d. What is the appropriate way to value Beaver oil fuel stock?

PGE's Position: PGE requests recovery of $7.5 million for oil fuel stock at the Beaver generating facility. PGE maintains a level of oil stock for reliability purposes to hedge against supply disruptions and/or runaway market prices. All of PGE's oil fuel stock is still able to be used at Beaver and will continue to be used and useful through the test year. PGE values oil fuel stock using weighted average cost (WAC), which is lower than the market cost of the fuel. PGE disagrees with Staff's position that PGE's oil stock is overvalued, suggesting EIA crude oil data as a more appropriate comparator than NYMEX heating oil futures.[27] However, crude oil is not comparable to the oil used in PGE's Beaver facility, instead No. 2 Heating Oil is the correct comparator. When compared to the appropriate oil type and market data, PGE's oil stock is not overvalued.[28]

Furthermore, Staff makes the erroneous assumption that PGE will lose its oil burning capability in 2025 at Beaver.[29] This is factually incorrect, as Staff misunderstood a data request, and should be disregarded.[30]

7. What is the appropriate method to determine the amount for PGE to recover in rates for Materials and Supplies?

(PGE Exhibits 1300, 2400)

Background: PGE is seeking recovery for $84.9 million for materials and supplies in rate base.[31]

PGE Position: PGE requests the Commission approve full recovery for materials and supplies. PGE's method of using a forecast year-end 2024 balance is appropriate for determining the amount in rate base. PGE's actual materials and supplies balance as of June 30, 2024 is greater than the amount PGE included in this case; a fact Staff did not address in their rebuttal testimony. Staff was unable to cite any precedent supporting their proposal to calculate this

[25] PGE/1300, Batzler-Meeks/49 at 7-12.
[26] PGE/2400, Batzler-Meeks/35.
[27] Staff/1400, Dyck/21.
[28] PGE/2400, Batzler-Meeks/37-38.
[29] Staff/3600, Dyck/21-22.
[30] PGE/2400, Batzler-Meeks/39.
[31] PGE/2400, Batzler-Meeks/ 39-41.

component of rate base using a historical average. As such, Staff's proposal should be rejected, and PGE should be allowed full recovery of its materials and supplies as proposed.[32]

Revenues

8. What is the appropriate amount of Other Revenue for Joint Pole Attachments and Steam Revenue?

(PGE Exhibits 200, 1300, 2400)

Background: PGE is reflecting $16.9 million of other revenue for Joint Pole Attachments and Steam Revenue within the proposed revenue requirement.[33]

PGE's Position: PGE's forecast of Joint Pole and Steam Sales revenue represents the most accurate expectation of these revenues in the test period. Staff's method using a three-year average is inappropriate and includes significant non-normal events, which skews the average. PGE's forecast includes current customer information representing the better source for the future test year.[34] PGE requests that the Commission maintain PGE's other revenue as proposed by PGE in this case.

Compensation

9. What adjustments, if any, should be made to the following employee compensation items?

(PGE Exhibits 300, 1400, 2500)

Background:

PGE's total compensation request includes $597 million of expenses, including wages and salaries, incentives, and employee benefits.

a. Labor expense as they related to FTE count, union expenses, non-union expenses, and contract labor expenses

PGE Position: PGE's 2025 labor expense request, when viewed holistically, is $470.4 million representing a 4.3% annualized increase from 2023. This request is more than supported by current economic forecasts. Staff's methodology depends on examining three individual aspects of PGE's total labor expense in isolation to propose multiple adjustments that are simply not supportable when labor is examined as one expense.[35]

b. Annual Cash Incentives

PGE Position: PGE is seeking recovery of $14.3 million dollars of Annual Cash Incentives (ACI), which represents 50% of all non-officer ACI – an adjustment PGE makes in accordance with

[32] PGE/2400, Batzler-Meeks/ 40-41
[33] PGE/2400, Batzler-Meeks/ 42-43.
[34] PGE/1300, Batzler-Meeks/57-59.
[35] PGE/2500, Mersereau – Van Oostrum – Batzler/8-14.

Commission precedent. PGE's recovery of this expense should remain at 50%, consistent with the multiple prior Commission orders supporting recovery at that level. Additionally, Staff's proposal to reduce ACI based on an average of actual expenses ignores that PGE's forecast is built utilizing a forecasted headcount and targeting market median pay and is thus more accurate.[36]

c. Capitalized Incentives (from 2024)

PGE Position: No adjustment should be made to PGE's requested $3.7 million of incentives placed into capital in the 2024 year. These amounts were adjusted in a manner consistent with Commission Order No. 14-422, as such no further adjustments should be applied.[37]

d. Stock Incentives

PGE Position: No adjustment should be made to PGE's requested $3.7 million of stock incentives. This long-standing, market commensurate compensation allows PGE to incentivize retention of key employees through restricted stock units, while also promoting business decisions that support the long-term health of PGE for all stakeholders, not just shareholders.[38]

e. Incentives overheads

PGE Position: No adjustment should be made to PGE's requested Incentives overheads allocation credit, as the credit is appropriately applied to reflect the removal of 50% of non-officer ACI and Stock incentives. Any assertion otherwise is inaccurate, as such no adjustment should be applied.[39]

f. Costs related to the above compensation amounts, i.e., payroll taxes and key customer management department costs.

PGE Position: No adjustment should be made to compensation amounts above, as PGE has recommended no adjustment to these other items and any change to incentives would be de minimus (see Issue 42).

10. Should the Commission adopt AWEC's recommendation to split director's fees and expense between shareholders and ratepayers.

(PGE Exhibits 1400, 2500)

Background: PGE seeks to recover approximately $3.7 million of expense related to Directors' expense, including compensation in the form of stock.

PGE Position: PGE should be able to recover all Directors' and Officers' (D&O) expense – these expenses are directly related to PGE's publicly traded status, which benefits customers in many ways including additional layers of oversight through federal regulation, transparency through reporting requirements, the collective experience and expertise of the board members, and the

[36] PGE/2500, Mersereau – Van Oostrum – Batzler/14-18.
[37] PGE/2500, Mersereau – Van Oostrum – Batzler/19-22.
[38] PGE/2500, Mersereau – Van Oostrum – Batzler/18-21.
[39] PGE/2500, Mersereau – Van Oostrum – Batzler/20-21.

access to cost effective capital.

Capital Projects

11. Should PGE be required to provide project attestations for plant put in service by December 31, 2024? If attestations are required:

(PGE Exhibits 1300, 2400)

PGE Position: While PGE does not agree with the necessity of an attestation process, PGE is amenable to discussing a fair and balanced attestation process for a subset of its capital additions in this docket.[40]

a. What should the project value threshold be?

PGE Position: A $5 million threshold is the optimal benchmark for the project attestation as it strikes a reasonable balance between customer rate impacts and administrative workload. Further, a $5 million threshold would include 85% of our overall capital request in this case. Though a $5 million threshold is optimal, PGE would be open to a $3 million cut-off. This move would result in a relatively manageable increase in the number of projects (approximately 20 additional projects) but it would include over 92% of overall capital requested for inclusion in rate base in this case as of January 1, 2025.[41]

b. What in-service dates should be covered?

PGE Position: PGE proposes that a fair and balanced attestation approach would include projects placed in-service between October 1 and December 31.[42] This in-service period fits with Parties historic concerns about projects that have expected completion dates near the end of the year and the risk that these projects might miss the price effective date. Also, for any project placed in service before October 1, parties have had ample opportunity to ask about the to-date status of projects to assess prudence.[43]

c. What should the attestation timing be?

PGE Position: A one-time, 45-day attestation process would allow PGE to have finalized transfers to plant accounting while limiting any exposure to ratepayers for plant not in service. Given what we believe to be a relatively small amount of project variance in comparison to the total revenue requirement and the short amount of time from rate effective date to attestation, we would not expect a significant impact on any customer bill.[44]

d. Should the attestation process be allowed for both over and under-budget amounts in this rate proceeding?

PGE Position: PGE stipulates that any fair and balanced attestation process would reflect a

[40] PGE/1300, Batzler-Meeks/62.
[41] PGE/2400, Batzler-Meeks/48.
[42] PGE 1300, Batzler-Meeks/62.
[43] PGE/2400, Batzler-Meeks/48.
[44] PGE 2400, Batzler-Meeks/50-51.

neutral over/under budget to actual cost position, particularly given Parties ability to review the actions PGE had taken on projects throughout this proceeding. A one-sided attestation process would run counter to the balanced regulatory compact equation assumed by those who are funding these projects.[45] Furthermore, Parties have had since February to review most of the projects in this case and since May to review the few project updates that were made at that time.[46] Any issues of imprudence should have been reviewed and identified during the proceeding. PGE requests the Commission agree with PGE's position that a fair and balanced attestation process includes both over and under-budget amounts.

12. What is the appropriate level for contingency funds? What adjustments, if any, should be made to the contingency funds from forecasted capital costs?

(PGE Exhibits 1600, 2700)

Background: PGE's T&D capital project costs included contingency amounts of $29,203,451.[47]

PGE Position: PGE's entire contingency fund request should be included as project contingencies allow PGE to plan in an uncertain environment and accounts for some of the timing and cost risk inherent in large projects.[48]

13. Has the Company demonstrated that the actual project costs for the three transmission and distribution capital investments, Horizon-Keeler BPA #2 230kV Line, Shute WJ1 and WJ2 Upgrade, and Shute Feeder Reconfiguration, identified by Staff are prudent?

(PGE Exhibits 1600, 2700)

Background: PGE provided updated project costs estimates through July 2024 for the three T&D capital investments identified by Staff, which PGE seeks to recover.[49]

PGE Position: Yes, PGE demonstrated the updated projects costs are prudent and PGE recovery of the final plant in service amounts for these three projects is based on the projects' actual final values as of December 1, 2024.[50] These actual final values clearly demonstrate that the three project costs are prudent and should be approved by the Commission.

14. Should the Commission remove forecasted investment for Diesel Particulate Filter Installations that are not complete by the rate effective date?

(PGE Exhibits 500, 1700, 2800)

Background: PGE is seeking recovery of capital costs associated with its Diesel Particulate Filter

[45] PGE/2400, Batzler-Meeks/50-51.
[46] PGE/2400, Batzler-Meeks/48-49.
[47] PGE/1600, Cloud-Albi-Putnam/31.
[48] PGE/1600, Cloud-Albi-Putnam/31-33.
[49] PGE/1600, Cloud-Albi-Putnam/29 Section VI.
[50] PGE/1600, Cloud-Albi-Putnam/29 Section VI.

Project. This project installs Diesel Particulate Filters at various Distributed Standby Generation (DSG) sites in accordance with the Department of Environmental Quality's Mutual Agreement Order guidance and makes it possible for PGE to meet contingency reserve obligations (CRO) by using non-spinning reserves as a result of changes through NERC. This CRO change allows PGE customers to realize a $1.9 million benefit, assuming this capital project is completed. Staff modified their previous recommendation from a $17.8 million reduction to proposing a capital attestation process.[51]

PGE Position: PGE is generally agreeable to the concept of an officer attestation for a capital project of this size, which is similar to the proposal that PGE lays out in Issue 11. This proposal states that PGE will file an attestation 45 days after the rate effective date.[52]

15. What amount should be included in rate base for IT capital additions?

(PGE Exhibits 300, 1400, 2500)

Background: PGE is seeking recovery of capital costs associated with IT projects. These projects include the Zero Trust Program, EMS Upgrade, Network Fitness, and CTO Desktop Fitness.

a. Should PGE recover its investments in the Zero Trust Program and EMS update in rate base at the lower of the forecasted amount in PGE's filing ($5.7 million and $4.3 million, respectively), or the actual cost?

PGE Position: PGE should recover at the actual cost. These projects support critical utility business functions such as cyber security and provide the workspaces and tools PGE employees need to complete their work. Additionally, the EMS Upgrade project fulfills multiple federal regulatory requirements. PGE is amendable to Staff's proposal to require an attestation for these projects consistent with PGE's position on an attestation process as identified in Issue 11.

b. Should PGE recovery of its investments in Network Fitness and CTO Desktop Fitness in rate base be reduced to the three-year average of expenditure?

PGE Position: PGE is seeking recovery of capital costs associated with two blanket funds: Network Fitness and CTO Desktop Fitness. These funds support critical security and operational functions across PGE's entire utility business, tying recovery for these funds to the three-year average of expenses ignores the yearly variances resulting from different rates of asset retirements and the increasing complexity of many of the products PGE utilizes. PGE's request for recovery should be included because PGE has demonstrated the prudence of these projects and supported its original forecast.[53]

Constable and Seaside Energy Storage Projects

16. Constable Battery Project:

[51] PGE/2800, Powell – Clark – Mead/11-12.
[52] *Ibid.*
[53] PGE/2800, Powell-Clark-Mead/23-24.

(PGE Exhibits 500, 1700, 2800)

Background: Constable is a lithium-ion BESS with 75 MW nameplate capacity and four-hour storage capability (i.e., 300 MWh discharge over four hours) that will be located in Hillsboro, Oregon. Constable has an expected in-service date on or around December 31, 2024. PGE's May 1 capital update supports $157.6 million in capital costs that PGE expects to close to plant by December 31, 2024. PGE also requested a precautionary tracker coinciding with an office attestation for Constable's revenue requirement impacts.

a. If PGE's Constable investment is not operating prior to the rate effective date of this rate case, should the Commission authorize PGE's proposed tracker for the Constable project? If so, what if any conditions should be included?

PGE Position: Yes. PGE believes that its tracker proposal is a prudent way to include a large resource that will benefit customers. PGE is open to adopting Staff's proposals for the Constable tracker while modifying the attestation deadline to February 28, 2025, which is consistent with prior practices.[54] PGE recommends that the Commission allow the Constable tracker as a fair method for PGE to manage potential significant regulatory lag.[55]

b. If the Constable project is included in rates through a tracker or otherwise, should the Commission adopt Staff's recommended $14 million reduction to rate base?

PGE Position: No. As demonstrated in PGE Exhibit 2800, Staff's comparative analysis of RFP amounts and GRC amounts left out key RFP costs,[56] leading to the incorrect conclusion that a reduction was necessary. PGE recommends that the Commission reject Staff's $14 million adjustment for Constable as it is based on incomplete and faulty analysis.[57]

17. Seaside Battery Project:

(PGE Exhibits 500, 1700, 2800)

Background: Seaside is a lithium-ion BESS with 200 MW nameplate capacity and four-hour storage capability (i.e., total capacity of 800 MWh) that will be located in North Portland. Seaside is expected to be placed into service in June 2025. PGE also requested a tracker for Seaside in order to include the plant within the UE 435 filing, given Seaside will not be placed in service until mid-2025.

a. Should the Commission approve PGE's request for a tracker? If so, what conditions should be included?

PGE Position: Yes. PGE offers to include detail regarding all capital net of accumulated depreciation up to the rate effective date of Seaside to show that customers will not be overpaying relative to actual total rate base. Additionally, PGE will only include in customer prices the revenue requirement included in this case and supported in PGE Exhibit 2800. PGE

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[54] PGE/2200, Liddle-Kliever/13-22.
[55] PGE/2200, Section III, pages 14-25.
[56] PGE/2800, Powell-Clark-Mead/17-19.
[57] PGE/2800, Powell-Clark-Mead/13.

also offers to provide an attestation once the plant is in service. PGE recommends that the Commission allow the Seaside tracker as a fair method for PGE to manage against regulatory lag while ensuring that customers do not overpay.[58]

b. If the tracker for the Seaside Battery Project is approved, should the Commission adopt Staff's recommended $44 million reduction to rate base?

PGE Position: No. As demonstrated in PGE Exhibit 2800, Staff's comparative analysis of RFP amounts and GRC amounts left out key RFP costs, leading to the incorrect conclusion that a reduction was necessary. PGE recommends that the Commission reject Staff's $44 million adjustment for Seaside as it is based on incomplete and flawed analysis.[59]

18. What amortization period and treatment should apply to ITCs for Constable and Seaside?

(PGE Exhibits 500, 1300, 2400)

Background: PGE's Constable and Seaside battery projects are eligible for Investment Tax Credits, which can be monetized. The resulting benefit can be returned back to customers to help offset the costs of these new plants.

PGE Position: The current methodology proposed by PGE and supported by Staff and CUB is to include the ITCs within the revenue requirement of the plants as a decrease to tax expense and rate base that is amortized consistent with the depreciable life of these assets.[60]

a. Should the ITC reduce rate base within the revenue requirement or be amortized through a separate schedule?

PGE Position: In accordance with Staff and CUB's proposals, PGE currently argues that the ITC should be used to decrease rate base instead of being amortized through a separate schedule.

b. Should the ITC be amortized over the life of Constable and Seaside or five years?

PGE Position: In accordance with Staff and CUB's proposals, the ITCs should be amortized over the life of the corresponding plant.

c. Should the value of the ITC to refund to customers be equal to the actual value of the ITCs received net of the cost to sell up to 10% of the sale value?

PGE Position: Yes. While AWEC brings up a new argument in rebuttal testimony, PGE asserts that it has consistently identified the ten percent discount factor throughout our rounds of testimony.[61] This discount factor was previously agreed upon by Parties to sell production tax credits.

d. Should the Commission condition a finding that the Constable and Seaside projects are prudent on PGE's agreement to opt out of Investment Tax Credit (ITC) normalization for ITCs associated with Seaside.

[58] PGE/2200, Section III, pages 14-25.
[59] PGE/2800, Powell-Clark-Mead/19 at 6-10.
[60] PGE/2400, Batzler-Meeks/15-18.
[61] PGE/1300, Batzler-Meeks/31-32 and PGE/500, Felton/31.

PGE Position: PGE does not think this is an issue that needs to be addressed by the Commission since PGE stated in surrebuttal testimony that it "does not believe we need to opt out of normalization if we are selling the credits."[62] It is PGE's understanding that IRS publications for 26 CFR Part 1 [TD 9993] explains that if the taxpayer (PGE) sells tax credits, they are no longer subject to normalization rules, which moots the need to opt out of a specific accounting treatment. PGE did state in surrebuttal testimony that to the extent an opt out is required, "PGE agrees that we would opt out of normalization in order to obtain the treatment of the ITCs as proposed."[63]

Non-labor Operations and Maintenance (O&M) expense

19. What is the appropriate amount of recovery for PGE's Virtual Power Plant (VPP) O&M expense? What adjustments, if any, should be made to the amount proposed by PGE? How should VPP items be addressed in the future?

(PGE Exhibits 400, 1600, 2700)

Background: PGE seeks recovery of $4.0 million incremental spend associated with implementing the VPP program. These costs enable the Company to effectively orchestrate distributed energy resources (DERs) and flexible loads to provide substantial benefits for customers.[64]

PGE Position: The full incremental spend associated with the VPP should be approved, as PGE has demonstrated the effectiveness and consistent progress of the VPP to date in providing ratepayer savings. PGE also believes a standalone VPP filing is not necessary as VPP issues are well covered in the General Rate Case and PGE's Distribution System Plan.[65]

20. What adjustments, if any, should be made to the amount proposed by PGE for non-labor generation O&M?

(PGE Exhibits 500, 1700, 2800)

Background: PGE seeks recovery of $93.7 million of non-labor generation O&M expense in 2025 to support PGE's generation plants and their maintenance expense.

PGE Position: PGE has demonstrated that that it is on track to spend its 2024 budget and has escalated from its 2024 budget using nuanced escalators for each cost element and adjusting this for known and measurable changes, as opposed to AWEC's method of unnuanced escalation. PGE recommends that the Commission reject AWEC's non-labor generation O&M adjustment on the basis that the underlying analysis is flawed, and that PGE has formulated its

[62] PGE/2400, Batzler-Meeks/16 at 9-15.
[63] *Id.*
[64] PGE/1600, Section V.
[65] PGE/2700, Section V.

2025 forecast as accurately as reasonably possible.[66]

a. **What adjustments, if any, should be made to the amount proposed by PGE for the following corporate support (A&G) items [b-d]:**

(PGE Exhibits 300, 1400, 2500)

Background: PGE seeks recovery of approximately $221.7 million of A&G expense.

b. General A&G category reduction

PGE Position: PGE seeks recovery of approximately $221.7 million of A&G expense. These expenses are critical to the daily operation of PGE's utility business, and PGE has demonstrated that its current 2024 expense is on track to exceed both the 2024 budget and 2025 forecast.[67]

c. FERC Account 921 (office supplies)

PGE Position: PGE seeks recovery of approximately $18.8 million of non-labor expense in FERC account 921 (Office Supplies). The single largest driver of this expense is training relating to new systems PGE has already or will be implementing in the test year. PGE expects this type of expense to be an ongoing expense due to the ongoing transition to new and upgraded systems.[68]

d. Directors' and Officers' expense

PGE Position: PGE seeks full recovery of approximately $3.6 million of Director and Officers' expense including stock compensation. These expenses are critical for federal compliance and the guidance of a well-qualified Board of Directors supports PGE customers in many ways.[69]

21. What is the appropriate amount of recovery for the following insurance expense:

(PGE Exhibits 300, 1400, 2500)

Background: PGE is seeking recovery of $25.5 million of insurance expense related to property insurance and general liability insurance.

a. Property insurance expense - What adjustments, if any, should be made to the amount proposed by PGE?

PGE Position: PGE seeks recovery of $4.9 million for property insurance expense representing the known and measurable 2024 property insurance expense escalated at a rate recommended by Staff of 7.0%.[70]

b. Casualty Insurance expense - What is the appropriate amount of recovery for General & Auto Liability? What adjustments, if any, should be made to the amount proposed by PGE?

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[66] Staff/2800, Powell – Clark – Mead/5-10.
[67] PGE/2500, Mersereau – Van Oostrum – Batzler/28-31.
[68] PGE/2500, Mersereau – Van Oostrum – Batzler/26-27.
[69] PGE/2500, Mersereau – Van Oostrum – Batzler/29-31.
[70] PGE/2500, Mersereau – Van Oostrum – Batzler/31-32.

PGE Position: PGE seeks recovery of $20.6 million for General & Auto liability. Maintaining a prudent liability insurance package is critical to PGE's long-term financial health and benefits customers greatly through the stability it can provide. While Staff notes that this expense is increasing, this amount was reached through work with PGE's third-party broker to ensure the most cost-effective solution that fits PGE and its customers' needs.[71]

c. What adjustments, if any, should be made related to insurance rebates and credits?

PGE Position: PGE proposes that no adjustments be made to insurance rebates and credits. These rebates and credits are not guaranteed, and Staff's methodology for applying this adjustment would limit PGE's ability to seek insurance at the lowest cost for customers.[72]

22. What adjustments, if any, should be applied to the recovery of the following:

(PGE Exhibits 1400, 2500)

Background: PGE includes $3.5 million dollars of expense in this rate case related to Revolver Fees, Margin Net Interest, and Broker Fees. AWEC and Staff propose that these expenses be removed from the rate case and stating that these expenses were better suited for recovery through the AUT process.

a. Revolver fees

b. Margin net interest

c. Broker fees

PGE Position: PGE recommends no changes in the method of recovery of Revolver Fees, Margin Net Interest, and Broker fees. This would leave these expenses to be recovered within GRCs, consistent with the stipulation between PGE, Staff, and Parties in UE 215 and adopted through Commission Order No. 10-410.[73]

d. Membership expense

PGE Position: PGE asks the Commission to reject Staff's proposed adjustment to membership expense for the same reasons as discussed in item 26, below.

T&D

23. What is the appropriate amount to set in Test Year expense for Routine Vegetation Management O&M? What adjustments, if any, should be made to the amount proposed by PGE?

(PGE Exhibits 400, 1600, 2700)

Background: PGE seeks recovery of $4.8 million in increased vegetation management expenses

[71] PGE/2500, Mersereau – Van Oostrum – Batzler/31-34.
[72] PGE/2500, Mersereau – Van Oostrum – Batzler/35.
[73] PGE/2500, Mersereau – Van Oostrum – Batzler/36-39.

for the 2025 Test Year, largely driven by increased contract labor costs.[74]

PGE Position: PGE has demonstrated the effectiveness of our RVM efforts and has agreed with Staff on the calculation of outside crew costs.[75] Staff has not demonstrated a sufficiently defendable argument for the reduction in costs based on historical analysis of contact violations and RVM spend, which was a new argument introduced for the first-time during rebuttal testimony.[76]

24. What is the appropriate amount to set in Test Year expense for Utility Asset Management? What adjustments, if any, should be made to the amount proposed by PGE?

(PGE Exhibits 400, 1600, 2700)

Background: PGE seeks recovery of $5.8 million in increased UAM O&M expenses for the 2025 Test Year, largely driven by increased contract labor costs and increased volume of inspections/ corrections work across PGE's system.[77]

PGE Position: This Test Year amount is justified as shown by the specific information PGE has provided on the justification for our increase.[78] PGE has also provided extensive and detailed responses to Staff's specific data requests regarding our requested increase supporting inclusion of this Test Year amount.[79]

25. What is the appropriate amount to set in Test Year expense for Customer Accounts and Service O&M? What adjustments, if any, should be made to the amount proposed by PGE?

(PGE Exhibits 1500, 2600)

Background: PGE requests $26.2 million in non-labor O&M for Customer Accounts and Service, which is aligned with the 2024 Rate Review, aside for an increase for $2.2 million DSG amortization.[80] Staff and AWEC both propose adjustments, $2.0 million and $2.6 million respectively, for Customer Accounts; and $1.5 million and $5.3 million respectively, to Customer Service. Staff and AWEC proposals reduce the non-labor O&M amount back to the 2021-2023 historical average amount.

PGE's Position: No adjustment should be made to PGE's requested Customer Accounts and Service non-labor O&M, which is reasonable, justified, and supports needed activities for customer service billing, customer programs, and information on how customers can

[74] PGE/400, Bekkedahl-Felton/8.
[75] PGE/2700, Cloud-Albi-Baranski/7-8.
[76] PGE/2700, Cloud-Albi-Baranski/9-10.
[77] PGE/400, Bekkedahl-Felton/8-10.
[78] PGE/2700, Cloud-Albi-Baranski/6-7.
[79] PGE/2700, Cloud-Albi-Baranski/7.
[80] PGE/2600, Rowden-Nestel/Lawrence/4-7

participate in PGE programs and offerings. PGE kept non-labor O&M in the Customer area at 2024 levels, with the single largest driver of the increase in 2025 compared with 2024 is related to a Distributed Standby-Generation (DSG) amortization, which is the expense offset to the requested additional expansion of DSG as a capacity resource to serve customers ($2.2 million). Other increases in 2024 and 2025 reflect higher billing expense and customer service, for a growing customer base; customer offerings, the incorporation of Sch 109 Energy Efficiency into base rates ($0.9 million), agreed upon in 2024 rate review; and an informational campaign to increase customer awareness of, and participation in program offerings, also approved in the 2024 rate review.[81]

26. What is the appropriate amount to set in Test Year expense for memberships and dues? What adjustments, if any, should be made to the amount proposed by PGE?

(PGE Exhibits 1400, 2500)

Background: PGE seeks to recover $254,637 of membership expense.[82]

PGE Position: These memberships support PGE customers in a multitude of ways. However, the largest expense represented here are related trade organizations, which allow PGE access to the best possible knowledge and resources to provide increasingly clean energy for PGE customers efficiently and effectively.[83] Staff's proposed reduction should be rejected as it is based upon their misunderstanding of PGE's 2023 EEI invoice.[84]

Taxes

27. How should Production Tax Credit ("PTC") carryforwards be considered in revenue requirement considering that PGE received approval to sell PTCs in Docket UP 426?

(PGE Exhibits 1300, 2400)

Background: PGE requests $35.7 million in accumulated deferred income taxes associated with PTC carryforwards forecast on December 31, 2024.[85] AWEC proposes the removal of the entirety of PGE's PTC carryforward balance.[86]

PGE Position: PGE's adjusted amount in this case is the appropriate amount of PTC carryforwards. This equals PGE's expected December 31, 2024 balance, which assumes utilization during the year and the sale of 2024 generated PTCs on behalf of customers. AWEC's proposal to remove all PTC carryforwards based on their expectation of the balance at the end of 2025, is not consistent with PGE's current forecast and is using a point in time inconsistent

[81] PGE/1500, McFarland-Lawrence/6-13.
[82] PGE/2500, Mersereau–Van Oostrum–Batzler/35-36.
[83] *Id.*
[84] *Id.*
[85] PGE/2400, Batzler-Meeks/21-23.
[86] AWEC/300, Mullins/39.

with PGE's rate base in this case and inconsistent with other time periods proposed by AWEC in this case. AWEC's proposal should be rejected.[87]

28. Should the accumulated deferred income taxes ("ADIT") associated with the emergency wildfire and storm deferrals be considered in rate base?

(PGE Exhibit 1300, 2400)

PGE Position: It is not appropriate to include to include an ADIT benefit in base rates for these deferred amounts. The major storms docket UE 408 was resolved through Commission Order No. 22-435, which resolved "all issues related to the 2021 deferred costs for the wildfire and ice storm events," and represented a compromise between the parties. Additionally, the balance and amortization of costs associated with this deferral are all included within a supplemental schedule and not included in base rates. No other treatment is needed.[88]

29. How should the rate base and amortization benefit of the Anderson Readiness Center investment tax credits ("ITCs") be considered in revenue requirement?

(PGE Exhibit 2400, 2401)

PGE Position: PGE proposes the following treatment within the test year to begin reflecting the ITCs for the Anderson Readiness Center benefit within customer prices, which is reflected in PGE's updated revenue requirement provided as PGE Exhibit 2401: An amortization credit amount of $49,344, reflected as a reduction to tax expense, which represents 1/10th of the ITC; A deferred credit within rate base of $415,308, to reflect the unamortized deferred ITC as of December 31, 2024; and, An offsetting increase to rate base of $493,436 for the Deferred Tax Asset associated with the unutilized ITC as of December 31, 2024. The deferred credit will amortize, straight-line over the depreciable life of the asset, while the deferred tax asset would decline based upon PGE's ability to utilize the credit within its tax return, which we do not currently forecast to occur in 2024.[89]

Grants

30. What is the appropriate amount that PGE should recover for O&M costs related to PGE's Federal Grant request for the Grid Edge Computing Grant? What adjustments if any should be made to the amount proposed by PGE?

(PGE Exhibits 1300, 2400)

[87] PGE/2400, Batzler-Meeks/23.
[88] PGE/2400, Batzler-Meeks/24-25.
[89] PGE/2400, Batzler-Meeks/19-20.

Background: PGE has included in its request for recovery $600,000 in O&M associated with the federal Grid Edge Computing Grant.[90] PGE's current estimate is that approximately $956,000 of non-reimbursable O&M costs will be incurred in support of this program during 2025.[91]

PGE Position: As PGE will not be reimbursed for this portion of the grant cost and The Grid Edge Computing project will offer important grid benefits to customers, no adjustment should be made to PGE's forecast of O&M costs.[92]

Rate Spread/Rate Design

31. What proposed changes, if any, should apply to the generation marginal cost study?

(PGE Exhibits 800, 1900, 3000)

PGE Position: PGE agrees to use the tuned ELCC value for a 4-hour battery from PGE's 2023 IRP and agrees to adjust weights on wind, solar, and market energy to sum to 100% in the Generation Marginal Cost study.

PGE does not agree to the following AWEC proposals:

a. Remove the capacity value from the cost of wind and solar resources when estimating the cost of energy and not remove the capacity value of wind and solar from battery resources in the generation marginal cost model.[93]

AWEC erroneously claims that their proposed method is the standard method and their only basis for that claim is that PGE used this methodology in the UE 394 generation marginal cost study that relies on a combined cycle combustion turbine (CCCT) as the marginal long-run generation resource, which is used to provide both energy and capacity.[94] PGE's legacy approach of isolating the CCCT's embedded capacity value from its total cost is not instructive to PGE's proposed model which improves our ability to accurately calculate the marginal cost of generation as we plan for a carbon free future. A CCCT brings both energy and capacity value to PGE's system and therefore provides a different starting point for PGE's legacy methodology. The same resource provides 100% of capacity and energy need, so for the purpose of a generation marginal cost study, its cost is divided into energy and capacity using a proxy capacity resource, the single cycle combustion turbine (SCCT). PGE's proposed model is reflective of future resources that are non-carbon emitting. The capacity factor of the renewables determines the amount of renewables needed to produce enough electricity across the year to equal the CCCT's annual production. The ELCC of the renewables is used to determine the amount of batteries needed to serve the capacity need not provided by the renewables.

b. Use tuned effective load carrying capacity (ELCC) under firm transmission for all

[90] PGE/2400, Batzler-Meeks/44-45.
[91] PGE/2400, Batzler-Meeks/45.
[92] PGE/2400, Batzler-Meeks/46.
[93] AWEC/200, Kaufman/1 at 16-17.
[94] AWEC/200, Kaufman/11 at 7-10.

resources.[95]

Even though PGE includes the cost of PGE owned transmission resources when calculating the cost of energy resources, which does not eliminate the risk of conditional firm transmission. The proxy energy resources would still go over BPA's system, meaning it is still possible they would get a decrement from conditional firm transmission. It is very difficult to procure firm transmission in the current environment. In a long-run marginal cost study it would be inappropriate to assume 100% firm transmission.

c. Use local wind and solar resources when modeling the cost of energy, or alternatively, use Clearwater wind transmission costs for the Montana wind resource, which provides a more precise estimate of transmission costs, and 100% ELCC for the Mead solar resource.[96]

PGE selected Montana wind and Mead solar because they offer high-capacity factors and diverse seasonal output compared to PGE's current resource portfolio. Higher capacity factors mean greater energy benefits, and less correlation with existing resources boosts capacity benefits. Furthermore, additional transmission options are needed to maintain reliability while meeting future load growth and emissions targets. This is a 20 year long-run marginal cost study, which underlines the need to include diverse proxy resources and additional transmission.

It is inappropriate to use the Clearwater transmission cost to model the cost of a new wind resource as AWEC suggests because there is no additional transmission currently available.

AWEC erroneously recommends combining the ELCC of a solar resource with market access. Proxy resource ELCCs should reflect the capacity contribution of the proxy resource, not of the energy market plus the resource. Forecasted market purchases are included separately in PGE's model and separately account for the contribution of market access in the calculation of the cost of energy. One can easily intuit that it would be impossible for any solar resource to supply 100% of PGE's capacity need.

d. Use flat Mid-C prices from PGE's Green House Gas (GHG) model. [97]

PGE's methodology is a more accurate estimation of the cost of market purchases than AWEC's recommendation of an unweighted annual average price. PGE calculates forecasted average market energy prices in its model using 2025 Mid-C on and off-peak prices shaped by PGE's historical loss of load by hour. The loss of load shaping reflects the price of market energy when energy purchases are needed.

e. Do not remove flexibility value from battery cost to calculate the net cost of capacity.[98]

The flexibility value should be excluded from the cost of capacity in part because capacity need is significantly higher than the flexibility need, flexibility need is not considered a driver of

[95] AWEC/200, Kaufman/1 at 18.
[96] AWEC/200, Kaufman/1-2.
[97] AWEC/200, Kaufman/2 at 4-5.
[98] AWEC/200, Kaufman/2 at 6-7.

resource additions within current IRP modeling.[99] Furthermore, flexibility value represents a benefit value stream that fast-acting dispatchable resources such as batteries and certain DERs should receive for addressing flexibility adequacy, not capacity need.[100]

32. Should the Commission adopt proposed adjustments to PGE's cap to customer class rate increases? If so a cap and/or floor for customer class rate increases as a percentage of the overall (or average) increase? If so, what should be the parameters?

(PGE Exhibits 900, 2000, 3100)

Background: PGE is proposing to implement a CIO for Schedules 38, 47, and 49 at 1.5 times the proposed overall average price increase (excluding Low Income Assistance and the Public Purpose Charge) by allocating the increases to the lowest impact schedule, which is Schedule 90.

PGE Position: This is the same method that PGE used to implement a CIO in UE 416 which parties agreed to via Stipulation. The total dollars reallocated to Schedule 90 from this use of the CIO is approximately $924 thousand[101] and with a CIO for these schedules, they have an estimated rate impact of 12.8%.

The Commission should reject Staff's proposed 125% cap and 89.4% floor significantly shifts costs to other schedules because it appears arbitrary and lacking in analysis to support the proposal. Furthermore, it overrides much of the cost causation principles on which utility ratemaking is premised because it unjustifiably will materially divorce customer rates from cost causation of the class and their share of system costs.

33. Should the Commission adopt PGE's revisions to the Customer Impact Offset (CIO) to equalize the distribution charge for lighting schedules?

(PGE Exhibits 900, 2000, 3100)

Background: PGE has equalized the distribution charge within the lighting schedules via the CIO in every rate review since UE 215 in 2011. PGE does this for area and street lighting because the services provided are so similar in nature.

PGE Position: Although AWEC stated in opening testimony that they oppose the CIO because it would "equalize distribution charges by shifting revenue requirement away from [Schedules 15, 91 and 95] and towards Schedule 90…."[102] PGE does not shift revenue away from lighting schedules towards Schedule 90 or any other Schedule outside of the Lighting rate class. Staff

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[99] *See* LC 80, PGE's 2023 Integrated Resource Plan Addendum: Portfolio Analysis Refresh at 3 (June 30, 2023).
[100] *See* LC 80, PGE's 2023 Clean Energy Plan and Integrated Resource Plan at 128 (Mar 31, 2023).
[101] PGE/3100, Macfarlane/Pleasant 17 at 2-6.
[102] AWEC/200, Kaufman/29 at 4-5.

indicated in rebuttal testimony that they do not agree with AWEC and agree with PGE that the CIO is necessary to temper the range of increases in the rate spread.[103]

34. Should the Commission adopt PGE's proposed increase to its residential basic charge?

(PGE Exhibits 900, 2000, 3100)

Background: PGE proposes an increase to the Residential Basic Charge by $2, from $13 to $15 monthly for single-family and $10 to $12 monthly for multi-family. Embedded customer costs suggest a Basic Charge of approximately $30. The proposed $2 increase to the Basic Charge is then offset by a 0.25 cent/kWh decrease to the proposed distribution charge. The impact of these adjustments is decreased bills when customers use more than the residential average amount (~800 kWh) and up to a $2 increase when customers use less than the residential average.

PGE Position: PGE's proposal allows for proportional increases to fixed and volumetric charges, while keeping the charge below the embedded customer costs. Many customers will experience this proposal as moderating bills during high bill seasons despite slight increases during temperate months when bills are naturally lower. This smoothing can be helpful for lower income customers with more variable usage season to season.[104]

35. Has PGE established that its proposed revisions to the load following credit for Schedule 90 are warranted?

(PGE Exhibits 900, 2000, 3100)

Background: PGE is proposing to update the load following/integration price to 4.89 mills/kWh based on the flexibility value of a 4-hour battery in Docket LC 80, PGE's most recently acknowledged 2023 Integrated Resource Plan (IRP). The current price of 1.13 mills/kWh was set over ten years ago via a Partial Stipulation in PGE's 2014 GRC, Docket UE 262. The flexibility value was based on the costs PGE avoids for ancillary services between flat load and variable load in the day ahead, hour ahead and real-time energy markets.[105]

PGE Position: Yes. PGE's largest customer on Schedule 90 bring value to the rest of PGE's system by the stability of their loads. They do not have variations in load moment to moment within the hour, thus their load does not create nor contribute to forecast error when PGE's Balancing Authority is matching the real-time load to the expected forecasted load for the hour. This in turn helps fix problems that other customers that have variations within the minute and hour otherwise cause to PGE's system if Schedule 90's load was not stable. This is the flexibility value Schedule 90 brings to PGE's system.[106]

[103] Staff/3000, Stevens/10 at 7.
[104] PGE/3100, Macfarlane/Pleasant/4 at 9-18.
[105] PGE/3100, Macfarlane/Pleasant/13 at 2-7.
[106] PGE/3100, Macfarlane/Pleasant/15 at 8-11.

36. Should PGE be required to apply Time of Use (TOU) to Schedule 90 customers?

(PGE Exhibits 900, 2000, 3100)

Background: Staff recommends that PGE's proposed creation of a mid-peak within the TOU rate structure for energy charges in Schedules 38, 83, 85 and 89 also be implemented for Schedule 90.

PGE Position: The current Schedule 90 rate already aligns its costs with the rate they are charged since Schedule 90 customers have a load shape that is relatively flat. These customers typically have monthly load factors in the 90-100% range. PGE plans for these customers' load in our long-term power planning and PGE does not incur higher costs to serve this load in high-demand periods because the actual load is unlikely to exceed the forecast. [107] It is preferable to incentivize Schedule 90 customers to maintain a flat load which PGE can plan for in our long-term power planning. This benefits all customers by reducing PGE's short-term power costs needs, which are based on fluctuating loads day-to-day or seasonally.[108]

Transportation Line Extension Allowance (TLEA)

37. Should the Commission adopt PGE's proposal to make the Transportation Line Extension Allowance program a permanent offering? If so, what adjustments, if any, should apply?

(PGE Exhibits 900, 2000, 3100)

Background: PGE's TLEA currently operates as a pilot with a cap on funding renewed in 2-year cycles through the Transportation Electrification Plan. When the funding allocated for TLEA is reached, customers wait on a backlog of until more funding is released for TLEA, creating uncertainty in timing of projects and ability to participate.

PGE's Position: PGE's proposal makes the TLEA a permanent offering with the addition of a claw back provision, should customer project and load not meet conditions of the TLEA. The permanent program is based heavily on the existing, successful pilot, and has a benefit cost ratio that is extremely close to 1 in the most conservative case. Making the program permanent will give participating customers stability and more certainty which allows PGE to be more planful about grid and resource planning rather than grappling with backlogs caused by lapses in funding, contingent on TE Plan and proceeding, that are difficult to manage within the existing construct. PGE will adjust the TLEA over time to respond to changing market conditions to ensure that the incentive levels are appropriate.[109]

Transportation Electrification & PGE Fleet

(PGE Exhibits 1500, 1700, 2600, 2800)

38. How much should PGE recover for the following customer-related transportation

[107] PGE/3100, Macfarlane/Pleasant/12 at 3-8.
[108] PGE/3100, Macfarlane/Pleasant/12 at 15-17.
[109] PGE/3100, Macfarlane-Pleasant/19-22.

electrification items?

Background: PGE is requesting rate base recovery across several TE-customer projects. These projects are prudent and for the benefit of customers as they pursue transportation electrification. Separate from the above TLEA pricing proposal in Issue 37, PGE is requesting the rate base recovery of line extension allowances given to customers for TE-related projects over the past six years. These customer TE projects were included in UE 394 and UE 416 where they were included in black box settlements which Staff is now proposing disallowance of, is why amounts from six years are in this request.

a. UM 1811 pilots rate base

PGE's Position: No adjustments should be made to PGE's requested amount which reflects the total project costs for TriMet and Electric Avenue UM 1811 pilots (overnight capital, overheads, and allocations, and AFUDC). The UM 1811 pilot project requested overnight capital costs are within the overnight capital cost cap allowed in UM 1811 and should be approved as requested. PGE and Staff have a fundamentally different perspective on which costs are subject to the cap. Overhead costs are indirect costs that are difficult to calculate at early project stages and are allocated costs such as pension allocation, etc. These overheads and allocations were not in the project cost when discussed in UM 1811 nor in the estimate when cap amounts were set.[110] Staff's $0.35 million proposed adjustment and including these costs in the cap now applies hindsight to values unknown and not contemplated when the caps were set.

b. Electric Island rate base

PGE's Position: No adjustments should be made to PGE's Electric Island project. The Commission specifically directed PGE to seek cost recovery for Electric Island in a general rate case, as stated in Order No. 21-375. This project is critical for supporting PGE's transportation electrification goals and provides valuable insights into medium- and heavy-duty vehicle charging infrastructure. Electric Island aligns with PGE's approved Transportation Electrification (TE) Plan and serves as a test bed for new technologies and charging solutions. The project's costs are prudent and necessary as it provides essential data on high-power charging, supports fleet operators in their transition to electric vehicles, and helps identify challenges in deploying high-power charging infrastructure. Staff's recommendation to disallow these costs contradicts the Commission's previous order and fails to recognize the project's ongoing value. The Commission should approve the full costs associated with Electric Island, consistent with its previous directive and to ensure continued progress in transportation electrification.[111]

c. TE database rate base

PGE's Position: No adjustments should be made to PGE's request of $177 thousand in rate base for the Transportation Electrification (TE) Database project. This investment is critical for effectively managing and supporting the growing electric vehicle ecosystem in our service territory. The TE Database will serve as a central repository for EV-related data, enabling more efficient customer support, providing valuable insights for grid planning, supporting data-driven

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[110] PGE/2600, Rowden-Nestel-Lawrence/9-11.
[111] PGE/2600, Rowden-Nestel-Lawrence/12-14.

decision-making for future TE investments, and enhancing our ability to report on TE progress. The costs are prudent and necessary to support PGE's ongoing TE efforts and to meet evolving customer needs as EV adoption accelerates. This project aligns with PGE's approved TE Plan goals and the state's broader electrification objectives. Disallowing these costs would hinder PGE's ability to efficiently manage and support transportation electrification.[112]

d. Line extension rate base amounts related to customer TE projects from 2019 to 2023

PGE's Position: No adjustments should be made to PGE's requested recovery of TE-related LEAs because the line extension amounts related to customer TE projects from 2019 to 2023 were reasonable and prudent as they were calculated based upon the best available knowledge at the time using the LEA practices in place. When the LEAs were granted, TE in the private sector was still nascent and there was limited information available about the differences between TE load from more traditionally known end-uses. PGE has gained knowledge about the characteristics of TE customers over time and has adjusted the calculation methodology accordingly.[113]

e. TE plan and program development expense (TE department O&M)

PGE's Position: No adjustments should be made to PGE's proposed amount for Transportation Electrification (TE) department non-labor O&M. The requested TE O&M is necessary to support PGE's ongoing TE efforts and to meet the evolving needs of customers as transportation electrification accelerates. Staff's recommendation to disallow all TE O&M not explicitly approved in a TE Plan is overly restrictive and fails to recognize that some base TE business activities are appropriately considered in a general rate case as embedded activities of the utility. These activities are fundamental to PGE's role in supporting transportation electrification and are distinct from specific programs that require pre-approval. Disallowing these costs would hinder PGE's ability to effectively support and facilitate the transition to electric transportation and develop the TE Plan.

39. For the following PGE fleet-related items, what adjustments, if any, should be adopted?

(PGE Exhibits 1500, 1700, 2600, 2800)

Background: PGE's own fleet electrification efforts include the gradual build-out of Fleet charging infrastructure at PGE locations, acquisition of electric fleet vehicles, and an EV Field Operations department, which specializes in the certified installation and maintenance of charging equipment both for PGE and customer locations. In this proceeding, PGE is requesting EV Fleet purchases, charging installation, and O&M expense for maintenance of PGE Fleet and workplace charging infrastructure. These charging infrastructure investments represent six years' worth of charging investment at PGE workplace and operations centers which have been included in prior rate cases in blackbox settlements.[114]

a. PGE Fleet EV purchases

[112] PGE/2600, Rowden-Nestel-Lawrence/14-17.
[113] PGE/2600, Rowden-Nestel-Lawrence/23-26.
[114] PGE/2800, Powell-Clark-Mead/20-25.

PGE's Position: No adjustment should be made related to PGE Fleet EV purchases. These purchases were made consistent with PGE Fleet program investment and aligned with PGE's long-term operational decarbonization goals. No adjustment should be made to PGE Fleet in relation to the premature replacement of PGE Fleet vehicles, as PGE has demonstrated that all vehicles being replaced due to age and mileage more than meet the criteria that the state's own fleet utilizes to maintain a safe, efficient, and usable fleet of motor vehicles. Staff opposes these investments on the basis that PGE did not include them in the TE Plan. PGE's position is that the TE Plan reflect customer-focused TE programs.

b. PGE Fleet EV Charger rate base

PGE's Position: No adjustments should be made related to PGE's rate bae investments in Fleet EV chargers. The gradual build-out of EV charging infrastructure at PGE facilities is a necessary investment to support Staff's proposal to remove these amounts is limited to the fact that these were once in black box settlements, however PGE notes that these investments align PGE with state policy on the matter of transportation electrification and allow PGE's transition to an electrified fleet which will unlock O&M savings beyond these expenses. Staff opposes these investments on the basis that PGE did not include them in the TE Plan. PGE's position is that the TE Plan reflect customer-focused TE programs.

c. PGE EV Charger Maintenance expense

PGE's Position: No adjustments should be made to PGE's proposed amount for EV Field Operations O&M for charging maintenance. This O&M is necessary to maintain PGE's existing electric vehicle charging infrastructure, ensuring its reliability and availability for customers. The proposed O&M covers essential activities such as regular inspections, repairs, software updates, and replacement of worn components. The EV Field Operations department was created to develop expertise for customer (public) charging network, including Electric Avenue sites and other company-owned charging stations as well as PGE's own workplace and Fleet. These maintenance activities are distinct from capital investments and are required regardless of future TE Plan approvals. Proper maintenance is crucial for customer satisfaction, safety, and the overall success of transportation electrification efforts. Reducing these costs would limit PGE's expertise in charging maintenance. Therefore, the Commission should approve PGE's full requested amount for EV Field Operations O&M for charging maintenance.

Customer Service Issues

40. What other party proposals, if any, related to bill design, and sharing of information with customers, should the Commission require? If so, should the Commission adopt CUB's proposed disallowance related to billing information?

(PGE Exhibits 1200, 3100)

Background: CUB makes multiple proposals for changes to PGE's bill design, including additional information summarizing the charges shown by type of charge and a single cost per kWh on the bill (see Issue 64). Related to bill design, CUB proposes a $8.45 million reduction to residential customer billing-related revenue requirement based on CUB's perceived failings of

PGE’s current bill design. PGE’s bills comply with all Oregon Administrative Rules (OARs) and have not been at issue.

PGE’s Position: The Commission should reject CUB's proposed $8.45 million disallowance associated with bill design and approve PGE's proposed changes to improve bill transparency. PGE's current bill design complies with all OARs and provides customers with detailed information on all charges. The proposed disallowance is punitive and unwarranted, given PGE's compliance and existing methods for customers to view and compare rates on paper bill and with online tools. PGE agrees to a simplified breakdown of basic charges, volumetric charges, and percentage fees, with necessary adjustments for specific rate schedules. PGE plans to gather feedback on this prototype from CUB and customer focus groups in early 2025. PGE disagrees with CUB's recommendation for a single per-unit cost (Issue 64), as this would oversimplify PGE's complex rate structure and potentially confuse customers due to monthly variations unrelated to actual price changes. PGE's bills already show both old and new prices for each changed item, providing transparency on price adjustments.[115]

41. What adjustments, if any, should be made to the amount proposed by PGE for non-labor Customer Accounts O&M?

See Issue 25 for Background and PGE’s position.

42. What adjustments, if any, should be made to the amount proposed by PGE for Key Customer Management labor O&M?

(PGE Exhibits 1500, 2600)

Background: The Key Customer Management team consists of 12 Key Customer Managers (KCM), and three support positions. This team is responsible for building and maintaining long-term relationships with large customers, supporting their energy needs. KCMs are a large customer’s first point of contact and provide a critical customer service by helping to coordinate and implement solutions for complex issues across a variety of areas including but not limited to construction projects, planned and unplanned outages, billing, contract negotiation and administration, and program enrollment. AWEC proposed a $0.7 million reduction for KCM labor O&M.[116]

PGE’s Position: No adjustments should be made. The increase in labor costs is due to three additional positions- two added in 2024 and one transferred from another department in 2025. The position transferring from another department is budget neutral, the increase in this department is more than offset with the corresponding decrease in another department. The net two incremental employees are needed to support high-growth large industrial customers, the increasing complexity of new construction projects and expansions, and the need for more

[115] PGE/3100, Macfarlane-Pleasant/25-28.

[116] PGE/1500, McFarland-Lawrence/14-17.

innovative and complex solutions as industry decarbonization and system constraints evolve.[117] AWEC's proposed $0.7 million reduction is based on a misunderstanding of the department headcount and fails to account for these positions and expanded scope to support large customers. AWEC's proposed reduction is also duplicative of other proposed overall labor reductions and AWEC failed to address PGE’s reply testimony.

Affordability, Income Qualified Bill Discount, and other Environmental Justice Issues

(PGE Exhibits 1200, 2300)

43. What changes, if any, should be adopted in this docket to PGE’s Schedule 18 Income Qualified Bill Discount (IQBD) Program discount levels and structure?

PGE’s Position: No changes should be made. PGE separately proposed a change to IQBD via a tariff update[118] to create a new bill discount option for master-metered facilities. The current IQBD approach provides meaningful discounts that reduce energy burden for eligible households while using self-attestation as the basis for enrollment and increasingly automated re-enrollment. PGE has assessed enhanced discounts focusing on the lower income tiers consistent with a recommendation from its Energy Burden Assessment but does not believe the increase in program costs is prudent at this time.[119] Rather than increasing financial support to already-enrolled customers, PGE is prioritizing outreach and enrollment goals and co-deployment of energy efficiency with Energy Trust of Oregon. To the extent Parties’ proposals – including changes to discount levels, eligibility, and enrollment – warrant further assessment, UM 2211’s Rates workstream is the appropriate venue.

44. What changes, if any, should be adopted regarding post-enrollment verification or income verification?

PGE’s Position: No changes should be made in this docket. PGE separately proposed a change to current post-enrollment verification (PEV) practices via a tariff update filed on September 27, 2024,[120] which would implement a more focused approach to PEV in accordance with an EBA recommendation. PGE has committed to engage Staff, stakeholders and the CBIAG to inform its approach. However, because IQBD enrollment is based solely on self-attestation, verification is an important program element that should not be paused or eliminated. Conversely, PGE did not support AWEC’s initial proposal to require income verification at the time of enrollment for all IQBD participants, which would create a barrier to streamlined enrollment and increase program administration costs.[121] AWEC subsequently withdrew its proposal for changes to

[117] PGE/2600 Rowden-Nestle-Lawrence/8.
[118] See OPUC ADV 1645.
[119] See OPUC UM 2211, PGE’s Update to EBA Recommendations.
[120] See OPUC ADV 1645.
[121] PGE/1200 Sheeran-Wise/13-14.

verification.[122]

45. What changes, if any, should be adopted in this docket to PGE's disconnection policies, generally or as related to IQBD customers specifically?

PGE's Position: No changes should be made. Following the Covid-19 disconnection moratorium, PGE's disconnection levels have returned to a level consistent with their historic range.[123] The current situation does not warrant changes to PGE's disconnection policies, which are fully compliant with applicable rules updated in AR 653 just two years prior. If Parties are seeking further changes to Division 21 rules, this topic is within scope of the active UM 2211 Arrearage and Disconnection workstream and should be grounded in an investigation of baseline data via UM 2211's Energy Burden Metrics Reporting workstream.

46. What changes, if any should be adopted in this docket to PGE's arrearage policy and fees, generally or as related to IQBD customers specifically?

PGE's Position: No changes should be made. PGE's residential arrearage customer counts and total balances have been mostly stable since recovering from pandemic highs,[124] countering Parties' calls for urgency to adopt proposals that waive late fees, provide arrearage relief to IQBD customers, create broader arrearage management programs, or halt additional debt accumulation. These and related proposals are all most appropriately considered in the UM 2211 Arrearage and Disconnection workstream.

47. What changes, if any, should be adopted in this docket to PGE's bill due date for residential customers?

PGE's Position: No changes should be made. The timing of bill due dates and disconnection notices was considered in 2022 in AR 653, leading to a Commission decision to extend the disconnection notification window in lieu of changes to bill due dates.

48. What proposals by parties for additional reporting, stakeholder engagement, or customer engagement should PGE be directed in this docket for PGEs IQBD program, disconnections, arrearage, or related issues? If required, what should be included and what are the parameters?

PGE's Positions: No new direction on regular reporting should be provided through this proceeding. If Parties continue to seek additional data points in RE 195 IQBD reports or other new reporting, these recommendations should be considered in the UM 2211 Data workstream, where reporting definitions and expectations are actively being consolidated,

[122] AWEC/400 Kaufman/21.
[123] PGE/2300 Sheeran-Latu-Newman/4-5.
[124] PGE/2300 Sheeran-Latu-Newman/3.

standardized, and revised into a new Energy Burden Metrics Report. Data sharing with Staff or implementation partners related to energy efficiency deployment could be considered within the Programs track of UM 2211, as well as PGE's co-deployment framework with Energy Trust of Oregon.

No new direction on customer, stakeholder and/or partner engagement should be provided through this proceeding. PGE is already committed to continuing to engage its CBIAG on topics related to energy burdens and disconnections. PGE is also engaging with Energy Trust of Oregon, Community Action Partner (CAP) agencies, and other providers to identify and prioritize strategies to increase customer awareness of opportunities and reduce enrollment barriers, including through development of a neighborhood-level approach.[125] Finally, PGE is actively coordinating with stakeholders to identify engagement needs for topics of interest not immediately within scope of UM 2211, such as post-enrollment verification approaches for IQBD.

49. Should there be a rate design change related to any increase basic charge?

PGE Position: While PGE does not support broad changes to rate design, PGE is open to Verde's suggestion that basic charge not be increased for IQBD participants. PGE made an alternative proposal in surrebuttal testimony that should our proposed $2 increase for residential basic change be approved,[126] IQBD participants would receive a $2 credit through Schedule 18 to offset an increase to the residential basic charge.[127]

50. What, if any, proposed adjustments to Schedule 118 allocation methodology should be adopted? (IQBD Recovery)

Background: Schedule 118 is the recovery schedule for costs incurred for the Income Qualified Bill Discount Program, Schedule 18. In PGE's previous general rate case, UE 416, the Commission adopted the Fifth Non-Unanimous Stipulation which included a 20 million kWh cap per month for Schedule 118 cost recovery purposes, applied at the site level. PGE's filing in this case did not propose an adjustment to the cost allocation method for Schedule 118.

PGE Position: Cost allocation methods should not be adjusted from a per-site to a per-customer cap, which would introduce billing system set-up and maintenance complexity. AWEC suggests aggregating load under a "parent company" entity before application of a cap. PGE cautions the difficulty in defining a parent company entity for this purpose as it would be a new aggregation of load that does not currently exist in PGE's system.[128]

PGE does not take a position on AWEC's alternate proposal to shift from an energy-based allocation to a revenue-based allocation, provided the revenue-based allocation maintains non-bypassability consistent with AWEC's modified proposal. However, PGE has shown that AWEC's

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[125] PGE/1200, Sheeran – Wise/9-11.
[126] See PGE's Position on Issue 34.
[127] PGE/3100, Macfarlane – Pleasant/9.
[128] PGE/2300, Sheeran-Latu-Newman/16-17.

proposal would shift a higher share of program costs onto residential and small commercial customers.[129]

51. Should the Company convert its ductless heat pump program pilot program into a fully funded program and increase coordination with ETO?

PGE Position: PGE does not offer a ductless heat pump pilot; this recommendation appears to refer to a pilot program offered by Energy Trust of Oregon. Funding levels for the pilot were recently increased from $5M to $7M in part due to recognition of the technology's ability to reduce energy burden. PGE continues to support Energy Trust development of new measures and programs and did not oppose this funding increase. No action on this topic is appropriate in this docket; the UM 2211 Programs workstream may be a venue to consider the appropriate treatment of measure exception requests.

52. Should the Company expand weatherization efforts and services, amend its schedules to recognize the long term, system-wide cost-efficiencies and implement targeted outreach to IQBD customers.

PGE Position: No new requirements should be adopted. PGE funds weatherization services through the Public Purpose Charge and other pass-through funds to Community Action Partner agencies and Energy Trust of Oregon; PGE does not provide weatherization services or have responsibility for program design. Within this role, PGE is pursuing actions to improve outreach and test new approaches through the co-deployment framework with Energy Trust of Oregon. Consideration of wider policy changes, outreach strategies, or program designs to deploy weatherization are most appropriately addressed in the UM 2211 Programs workstream or through direct engagement with Energy Trust of Oregon.

53. Should the Commission require PGE to center energy efficiency for low-income households in its rate scheme as a condition of any rate increase.

PGE Position: No. Requirements to center energy efficiency is an inappropriate request for this docket. Numerous other active dockets are specifically concerned with centering efficiency, including LC 80 (PGE Integrated Resources Plan), UM 1893 (energy efficiency cost-effectiveness), UM 1158 (Energy Trust of Oregon performance measures), and UM 1696 (Energy Trust of Oregon cost-effectiveness exceptions), not to mention volumetric pricing that provides customer value proposition for energy efficiency. PGE is supporting acquisition of unprecedented amounts of energy efficiency, including low-income energy efficiency.

54. Should the Commission require PGE to implement neutral (i.e., third-party) technical support related to rate case "walk-throughs" and other quasi-technical stakeholder

[129] PGE/2300 Sheeran-Latu-Newman/19.

engagement, in order to appropriately bolster PGE's procedural equity efforts, prioritizing this for CBIAG most immediately?

PGE Position: No, such a requirement is unnecessary. See PGE's response to Issue 48 addressing new engagement recommendations generally. Prescriptive requirements on how PGE engages with its Community Benefits and Impacts Advisory Group (CBIAG) should not be issued in this docket. PGE works closely with a third-party expert with extensive facilitation experience for community advisory groups, who works closely with PGE develop agenda topics, presentation materials and visualizations.

Other issues

55. Should PGE's rate filing be rejected due to the following:

a. Failure to meet requirements of ORS 757.210(1)(a) by not providing sufficient evidence that proposed rates are just, reasonable and in the public interest.

PGE Position: No. AWEC's proposal is based on the notion that there is a requirement to provide pro forma financial statements based on actual financial results from a prior year and there is no such requirement to provide a base year of information in this method or to build a future test year of expenses using this method.[130] PGE's use of its 2024 budgetary expenses, which is based on the revenue requirement submitted and approved under the final Commission order of UE 416 is the most current and relevant starting point for this proceeding. Furthermore, PGE has demonstrated that PGE's actual expenses to date in 2024 are consistent with the 2024 budget provided, and they are inconsistent with PGE's 2023 actual expenses.[131]

Furthermore, PGE provided ample evidence to support the requested increase. The information PGE has submitted in the docket through three rounds of testimony and exhibits in addition to over 1,100 data requests, resulting in more than 1,800 pages of support for PGE's rate proposal.[132] PGE has met its initial burden showing that its proposed rates are fair, just and reasonable.

b. A collateral attack of issues resolved in Docket UE 416?

PGE Position: No. This item was requested to be added as an issue by Verde, however based on the record and the Commission's decision in Order No. 24-110, PGE does not think this is an appropriate request for Commission decision. "A collateral attack of issues resolved in Docket UE 416?" was at no point an identified or argued reason for rejecting PGE's rate filing throughout the five rounds of testimony. Verde stated in testimony that, "It is unacceptable and presents a procedural justice issue for PGE to suggest an issue that may mitigate any rate increase, whether the last or a new one, is not at issue. I am not a lawyer but if PGE wants to

[130] PGE/2100, Ferchland-Liddle/25.
[131] PGE/2100, Ferchland-Liddle/26.
[132] PGE/2100, Ferchland-Liddle/27.

effectively treat recommendations to the IQBD program as a collateral challenge, then perhaps it is appropriate to revisit CUB's motion to dismiss this entire proceeding"[133]

PGE has not stated that recommendations for IQBD or other affordability programs should be explicitly prohibited from this docket. PGE's position on these issues has evolved throughout this docket as initiatives outside of this docket advanced, including PGE's Energy Burden Assessment and Docket UM 2211. PGE has made several recommendations that issues raised in this case would more appropriately be addressed in other venues, including UM 2211's new Arrearage and Disconnection workstream.[134]

56. Should the Commission adopt CUB's proposed tracker to delay the rate effective date of PGE's rate request?

PGE Position: No, the Commission should reject this proposal as it is both unreasonable and unsupported by law. First, this proposal is not a tracker, as a tracker is a mechanism meant to ensure a matching between benefits experienced by customers with the prices that they pay. CUB's proposed mechanism is designed to intentionally create a mismatch between these two factors by artificially reducing base rates at the conclusion of a rate case.

Second, CUB's request to delay the effective date of PGE's rate request from January 1, 2025 to the date that the Seaside project comes into service, estimated to be mid-year, is beyond the statutory timeframe set in ORS 757.215(1) and is unlawful and unreasonable. The law sets a maximum timeframe of ten months from the date of the utility's tariff filing for implementation of new rates to go into effect. ORS 757.215(1). CUB's suggestion that a Commission could approve rate levels that do not take effect for an additional six months following such a deadline would functionally void the statutory timeframe.

Third, CUB's request would result in the non-recovery of prudently incurred costs (approximately $95 million in under-recovery if delayed to July 1, 2025). This is an untenable amount of regulatory lag on PGE after PGE has already borne over $150 million of return of- and on lag since 2022.[135]

Once the Commission determines that rates are just and reasonable, it cannot delay or phase in rates and deny the utility the opportunity to recover its prudently incurred costs. Such a delay would necessarily prevent the Company from timely recovering prudently incurred costs that are necessary to provide essential services. Finally, it is also contrary to the cost-of-service regulatory paradigm.

As an alternative to a January 1, 2025 rate effective date, PGE is open to the Commission allowing PGE the full recovery of its approved 2025 test year revenue requirement to be spread from April 1, 2025 to December 31, 2025. This will result in a decrease in base rates to the

[133] Verde/200, Segovia Rodriguez/7.
[134] PGE/1200, Sheeran-Wise/12.
[135] PGE/1100, Kliever-Liddle/26; PGE/2100, Ferchland-Liddle/28; PGE/2200, Liddle-Kliever/10.

annualized 2025 revenue requirement come January 1, 2026.[136]

57. Should the Commission apply an overall or residential rate cap to address rate shock? If so, what parameters should there be for the rate cap?

(PGE Exhibits 1200, 2100)

PGE Position: No. Staff[137] and CUB's[138] rate cap proposals deny cost recovery for prudently incurred costs, which is inconsistent with the cost-of-service regulatory framework and the setting of fair and reasonable rates established in ORS 756.040. The Commission considers rate shock in developing rate spread and rate design, not in determining revenue requirement.[139] This is because it is unlawful for the Commission "to use rate shock as a tool to authorize a revenue requirement that is unreasonably low."[140] Based on that precedent, the Commission should not limit the Company's revenue requirement based on rate shock concerns. Based on prior Commission decision, addressing rate shock is not appropriate in the determination of a utility's revenue requirement.[141] To the extent Staff's proposed rate spread is used to address rate impact for a single customer class, a rate cap would cause further divergence from cost causation principles, increasing uncertainty for non-residential customer prices.

58. Should the Commission adopt CUB's rate shock proposal?

(PGE Exhibits 1200, 2100)

PGE's Positions: No. In addition to the reasons described in PGE's Position concerning Issue 57, CUB's proposal is a complex and confusing rate cap proposal for residential customers. Additionally, while CUB dismisses PGE's concerns about rate caps limiting recovery of prudent investments, suggesting that such caps might only delay small amounts of capital recovery, any delay in cost recovery effectively denies recovery of prudently incurred costs, potentially distorting price signals and limiting necessary revenue. This could lead to pancaking future rate changes and impact the utility's ability to maintain and upgrade its system. CUB's suggestion that costs exceeding the rate cap could be managed to stay below the cap or face only small delays supports PGE's position that rate caps could delay necessary capital projects. Limiting

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[136] PGE/2100, Ferchland-Liddle/8-9; PGE/2200, Liddle-Kliever/23.
[137] Staff proposes some combination of revenue requirement reductions and rate spread design, so that "the residential class" should experience "an increase of no more than three percent of revenue requirement." Staff/200, Scala/38.
[138] CUB proposes limiting residential rate increases such that if rates increase above ten percent or seven percent plus CPI, then the Commission should "require application of tools to mitigate that shock"—namely, (1) deferring/phasing in rate increases; (2) setting rates at the lowest reasonable rate; and (3) requiring the utility to propose and implement other unspecified rate mitigation measures. CUB/100, Jenks/72-73, 75.
[139] *In re Portland General Electric Company's Proposal to Restructure and Reprice Its Services in Accordance with the Provisions of SB 1149*, Docket UE 115, Order No. 01-777 at 4 (Aug. 31, 2001) (affirmed on reconsideration in Order No. 01-988 (Nov. 20, 2001)).
[140] Docket UE 115, Order No. 01-988 at 5.
[141] *In the Matter of Portland General Electric Company's Proposal to Reprice its Service in Accordance with the Provisions of SB 1149*, Docket UE 115, Order 01-842 at 4 (Sep 28, 2001).

capital would reduce the ability to address aging infrastructure, system growth, and decarbonization goals. In a high-investment environment, rate caps could chill investment by limiting timely cost recovery. CUB downplays the financial impacts of rate caps, but PGE contends that even small delays in revenue collection could burden the utility's balance sheet and impact credit ratios.[142] CUB's rate cap proposal should be rejected.

59. Should the Commission require PGE to amortize the deferral related to PGE's Clearwater project starting January 1, 2025?

(PGE Exhibit 2400)

PGE Position: Since Staff filed their rebuttal testimony, the timing in UE 427 has been further delayed, such that a Commission order will not be issued until the first quarter of 2025. Based on this updated information, PGE recommends filing to begin amortization of the deferral in 2025 following a Commission order in UE 427. PGE agrees with the one-year period recommended by Staff.[143]

60. What revenue requirement treatment should apply to the reflection of ITCs for the Anderson Readiness Center?

PGE Position: Please see PGE's response to the similar question 29 above.

61. Should the Commission address PGE's request to modify the Renewable Automatic Adjustment Clause (RAAC) to allow PGE to recover costs of stand-alone batteries at the transmission level in this docket or in a separate investigation?

(PGE Exhibit 500, 1700, 2800)

Background: PGE initially requested a Commission-decision on the definition of "associated energy storage" in this docket. While this was dropped in subsequent rounds of testimony, Staff has reasserted this request.

PGE's Position: Staff has requested that the Commission address the RAAC in this docket or consider in a separate investigatory docket. PGE is in alignment with that request.[144] PGE requests that the Commission recognize in this rate case proceeding PGE's proposed definition of "associated energy storage" which includes standalone energy storage resources connected at transmission voltage as "associated energy storage" for purposes of PGE's RAAC Schedule 122.[145]

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[142] PGE/2200, Liddle-Kliever/27-28.
[143] PGE/3400, Batzler-Meeks/3-5.
[144] PGE/2800, Powell-Clark-Mead/26 at 1-8.
[145] PGE/500, Felton/33.

62. Should the Commission open a docket investigating a framework for multi-year rate cases?

(PGE Exhibit 1100, 2200)

Background: In opening testimony, PGE proposed an Investment Recovery Mechanism (IRM) that would allow for the review and recovery of a limited category of capital projects while avoiding increases for O&M and the recovery for all capital projects common in general rate cases. PGE's proposal was rejected by parties and to be responsive PGE indicated in reply testimony that it was withdrawing its request,[146] and would potentially explore the use of a multi-year rate case in the future. No further details were provided.

PGE Position: No. PGE disagrees that a resource intensive investigation is necessary at this time, particularly since PGE made no actual proposal or confirmation that a multi-year case would be filed by PGE. PGE recommends that the Commission decline to convene a new investigation into multi-year rate cases, and instead reaffirm the Commission's willingness to flexibly consider utility-specific proposals as they may arise.[147]

63. Should the Commission require PGE to file a public version of its rate increase forecasts, including forecasts contained in Monet updates and bench request, which has been designated as confidential?

(PGE Exhibit 1200 and 2100)

PGE Position: No. As PGE provided in testimony, the average customer and the media is likely to be confused by filings that are not final,[148] as evidenced by the media's repeated assertion that PGE's filing was for a 10.9% total rate increase, which it was not.[149]

64. Should the Commission require PGE to provide information on customer bills showing average cost of electricity in a cents/kwh basis?

(PGE Exhibit 3100)

PGE's Position: No. PGE is currently working to address design changes in the bill design to better share information with customers while complying with the Commission's regulatory requirements in OAR 860-021-0120. However, PGE does not support CUB's proposal because it fails to account for charges that are flat charges or vary based upon usage with limits of recovery, such as Schedule 102 (Federal Columbia River Benefits Supplied by Bonneville Power Administration) which is limited to the first 2,000 kWhs. Nor does it consider customers on time-of-day pricing, which will require PGE to list more than one price, resulting in a very complex bill.[150] PGE recommends the Commission reject this proposal.

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[146] PGE/1000, Ferchland-Liddle/7 at 11-16.
[147] PGE/2200, Liddle-Kliever/24-25.
[148] PGE/1200, Sheeran-Wise/34 at 14-19.
[149] PGE/1200, Sheeran-Wise/34 at 1-17.
[150] PGE/3100, Macfarlane-Pleasant/26.

65. Should the Commission require PGE, when PGE seeks to increase a residential rate schedule, to file a plan for how it intends to communicate the rate change to residential customers?

(PGE Exhibit 1200)

PGE's Position: No. It would negatively impact the ability of a utility to determine when it seeks to submit a rate change. Furthermore, the Commission already addresses the requirements for announcements of utility tariff changes in OAR 860-022-0017(2). Furthermore, proponents for this issue failed to demonstrate that there is a need to communicate a rate increase due to lack of public awareness in this docket. PGE recommends the Commission reject this proposal.

DATED this 8th day of October, 2024.

Respectfully submitted,

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