

	2020	2021	Total
(a) Direct Costs Net Benefits	\$ (954,719)	\$ (1,464,978)	\$ (2,419,697)
(b) Waived Late Fees	\$ 2,965,567	\$ 4,242,722	\$ 7,208,289
(c) Bad Debt Expense	\$ 583,445	\$ 1,194,866	\$ 1,778,311
(d)-(e) Foregone Reconnection Fees Apr 2021-Sep 2022	\$ 238	\$ -	\$ 238
(f) COVID AMP Expenses	\$ -	\$ 10,819,673	\$ 10,819,673
Total Net Costs	\$ 2,594,530	\$ 14,792,283	\$ 17,386,814

1 **Q. Why does Staff believe that some of the costs of the Company's AMP**
2 **should not be deemed prudent?**

3 A. Staff has concerns that there are some customers receiving AMP funds that
4 are not receiving funds for truly residential purposes. Staff concern is rooted in
5 the lack of effort the Company has made to ensure that high-usage residential
6 customers receiving AMP funds are indeed residential customers.

7 **Q. Why would customers under a residential schedule not actually be**
8 **residential customers?**

9 A. There are a variety of reasons why a household under a residential schedule
10 may not truly be a residential customer. A residential customer meter may be
11 used to power an at-home business or an energy-intensive agricultural crop
12 and not be identified as a commercial customer. The Company's Oregon
13 territory is largely in southern Oregon, where there have been notable
14 problems with illegal agricultural operations.²⁰ Dr. Curtis Dlouhy brings up this

²⁰ <https://www.opb.org/article/2021/12/16/oregon-illegal-cannabis-farms-marijuana-grows-state-legislature-relief/>.

1 threshold to mitigate the probability that any AMP funds are improperly deemed
2 imprudent.

3 **Q. What is the effect of withholding recovery of AMP funds directed**
4 **towards bills over 10,000 kWh?**

5 A. Using the Company's response to Staff DR 427²⁴, withholding these 255 bills
6 results in a reduction of \$376,593 to the UM 2063 balance.

7 **Q. Does Staff have any other concerns about the prudence of UM 2063?**

8 A. Not currently.

9 **Q. What is the total value of the UM 2063 through 2021 after Staff's**
10 **adjustment to the AMP?**

11 A. The following table contains the balance of the UM 2063 after Staff's
12 adjustment.

	2020	2021	Total
(a) Direct Costs Net Benefits	\$ (954,719)	\$ (1,464,978)	\$ (2,419,697)
(b) Waived Late Fees	\$ 2,965,567	\$ 4,242,722	\$ 7,208,289
(c) Bad Debt Expense	\$ 583,445	\$ 1,194,866	\$ 1,778,311
(d)-(e) Foregone Reconnection Fees Apr 2021-Sep 2022	\$ 238	\$ -	\$ 238
(f) Foregone Reconnection Fees for Disconnections Prior to Mar 13, 2021	\$ -	\$ 10,443,080	\$ 10,443,080
Total Net Costs	\$ 2,594,530	\$ 14,415,690	\$ 17,010,221

13 **Q. Please discuss the requirement for an earnings review prior to**
14 **amortization.**

²⁴ Additional data regarding 2020 was provided in response to DR 530. Staff is reviewing this information and may propose additional adjustments in rebuttal testimony.

1 results in favor of amortizing an estimated amount through
2 December 31, 2022, in this case.

3 **Q. Does Staff also recommend estimation and amortization of the UM 2063**
4 **COVID-19 deferrals for 2022?**

5 A. No. Ongoing COVID deferrals are not as stable as fly ash revenues. Staff
6 recommends amortization of the deferred COVID amounts for 2020 and 2021
7 in this case. Accordingly, Staff notes that additional proceedings in the
8 UM 2063 docket will be necessary to resolved amounts deferred in 2022 and
9 beyond.

10 **Q. Please discuss Staff's proposed earnings thresholds for COVID-19**
11 **amounts deferred in 2020 and 2021.**

12 A. Staff proposes the following earnings thresholds for the following elements
13 identified and discussed in the UM 2114 Stipulation, Paragraph 25²⁶::

- 14 • Category (a), Authorized ROE (9.50 percent) less 50 basis points or
15 nine percent.
- 16 • Category (b) through (f): Staff proposes full recovery of these amounts.

17 **Q. Why does Staff propose authorized ROE less 50 basis points for item**
18 **a?**

19 A. The Commission has clarified that "the earnings test, coupled with deferral and
20 amortization, is designed to ensure that utilities do not receive the
21 extraordinary relief of retroactive rate making for added costs

²⁶ See *In the Matter of Investigation into the Effects of the COVID-19 Pandemic on Utility Customers*, Docket UM 2114, [Order No. 20-401](#), Appendix A at 19 (November 5, 2020).

	2020	2021	Total
a) Higher bad debt expense due to lower customer collections;	\$ 583,445	\$ 1,194,866	\$ 1,778,311
b) Bill payment assistance program (AMP)	\$ -	\$ 10,819,673	\$ 10,819,673
c) Increased labor and additional facilities to enable social distancing;	\$ 628,843	\$ -	\$ 628,843
d) Personal protective equipment, cleaning supplies and contact tracing;	\$ 270,112	\$ 344,199	\$ 614,311
e) Technology costs to allow employees to work from home;	\$ 141,804	\$ -	\$ 141,804
f) Reduced employee expenses such as travel and training	\$ (1,995,478)	\$ (1,742,695)	\$ (3,738,173)
g) CARES Act savings		\$ (66,482)	\$ (66,482)
Total net costs	\$ (371,274)	\$ 10,549,561	\$ 10,178,287
h) Waived late fees (lower revenue)	\$ 2,965,567	\$ 4,242,722	\$ 7,208,289
i) Foregone reconnection fees	\$ 238	\$ -	\$ 238
	\$ 2,594,530	\$ 14,792,283	\$ 17,386,814

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 12 and not be identified as a commercial customer. The Company's Oregon
 13 territory is largely in southern Oregon, where there have been notable

Staff Adjustments	2020	2021	Total
a) Higher bad debt expense due to lower customer collections;	\$ 583,445	\$ 1,194,866	\$ 1,778,311
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Total net costs	\$ (371,274)	\$ 10,172,968	\$ 9,801,694
		\$ -	
h) Waived late fees (lower revenue)	\$ 2,965,567	\$ 4,242,722	\$ 7,208,289
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Total Net Costs	\$ 2,594,530	\$ 14,415,690	\$ 17,010,221

1 **Q. Please discuss the requirement for an earnings review prior to**
2 **amortization.**

3 A. ORS 757.259(5) states that unless subject to an automatic adjustment clause,
4 amounts deferred under ORS 757.259 shall be allowed in rates only to the
5 extent authorized by the Commission in a proceeding under ORS 757.210 to
6 change rates, and upon review of the utility's earnings at the time of
7 application, to amortize the deferral. The earnings test need not be used to
8 affect the amount to be recovered or returned to ratepayers. How the earnings
9 test is applied is on a case-by-case basis to further the specific purpose of the
10 deferral on consideration of relevant factors.²⁵

²⁵ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision*, Docket No. UE 394, [Order No. 22-129](#), at 44; *In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Mechanism for Recovery of Environmental Remediation Costs*, Docket No. 1635, [Order No. 15-049](#), at 17; and *In the Matter of the Revised Tariff Sheets Filed by PORTLAND GENERAL ELECTRIC COMPANY to Implement the Provision of Order No. 91-1781*, Docket No. UE 82, [Order No. 93-257](#), at 11.

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11 **amounts deferred in 2020 and 2021.**

12 A. Staff proposes the following earnings thresholds for the following elements
13 identified and discussed in the UM 2114 Stipulation, Paragraph 25²⁶:~~testimony~~
14 ~~of Dr. Curtis Dlouhy:~~

- 15 • Category (a), UM 2114 Stipulation, Paragraph 25²⁷: Authorized ROE
16 (9.50 percent) less 50 basis points or nine percent.
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19 **a?**

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