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October 28, 2024

Via Electronic Filing

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

Re: UE 435 – In the Matter of Portland General Electric, Request for a General Rate Revision

Dear Colleague:

Attached please find the Opening Brief on Behalf of Walmart Inc. to be filed in this docket.

If you have any questions or concerns, please do not hesitate to contact me directly.

Sincerely,

PARSONS BEHLE & LATIMER

/s/ Justina A. Caviglia

Justina A. Caviglia

JAC:rs
Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of

Docket No. UE 435

PORTLAND GENERAL ELECTRIC
COMPANY,

Request for a General Rate Revision.

OPENING BRIEF

ON BEHALF OF

WALMART INC

October 28, 2024

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I. INTRODUCTION

Pursuant to the Administrative Law Judge’s ruling issued October 11, 2024, Walmart Inc. (“Walmart”) hereby files its opening brief. Portland General Electric’s (“PGE”) return on equity (“ROE”) should not be set any higher than its currently approved ROE of 9.5 percent.¹ PGE’s final request for a ROE of 9.65 percent is not just and reasonable.²

II. LEGAL STANDARD

PGE has the burden of proof to establish that its proposed rate increase is just and reasonable.³ Additionally, the Commission has the independent responsibility to ensure that PGE’s customers are only charged just and reasonable rates.⁴ PGE has the legal burden of proof and persuasion during the proceeding, which does not shift to any other party.⁵

III. ARGUMENT

1. *What should be PGE’s authorized return on equity?*

In their opening testimony, PGE recommended an ROE range of 10.25 percent to 11.25 percent.⁶ However, PGE reduced their requested ROE to 9.75 percent.⁷ Even with the reduction from their ROE range, the Parties did not support this request. The Alliance of Western Energy Consumers (“AWEC”) recommended Commission authorize a return on equity of 9.25 percent;⁸ Staff recommended that the Commission select a ROE from within a range of 9.02 percent to 9.46 percent, with a mean ROE of 9.34 percent;⁹ the Citizens Utility Board (“CUB”) recommended that the Commission set a ROE 9.2 percent if the increase is in January, or between 9.2 percent and 9.4

1 Walmart/100, Perry/14.

2 PGE 1800, Figueroa-Liddle/2.

3 ORS § 757.210(1); Pac. Nw. Bell Tel. Co. v. Sabin, 21 Or App 200, 213-14 (1975).

4 ORS § 756.040(1); Pac. Nw. Bell Tel. Co., 21 Or App at 213.

5 Re PGE, Docket No. UE 228, Order No. 11-432 at 3 (Nov. 2, 2011).

6 PGE/600/Figueroa-Liddle/17.

7 *Id.*

8 AWEC/400 Kaufman/24:20

9 Staff/100, Muldoon/9; Staff/3000, Muldoon)

percent if the increase is established in June;¹⁰ Verde argues that the Commission set a ROE at the lowest level possible that still allows the Company a reasonable return, which would be 8.96 percent based upon staff's testimony;¹¹ and Walmart recommended that the Commission maintain PGE's current ROE of 9.5 percent.¹² After seeing Staff and the intervenors testimony, PGE once again reduced their requested ROE to 9.65 percent in rebuttal.¹³ However, even with the reduction, the requested 9.65 percent is simply not just and reasonable.

PGE has argued that Staff and the intervenor's recommendations are simply too low.¹⁴ However, as provided in its testimony, Walmart demonstrated that the average ROE nationwide is 9.5 percent¹⁵ and the average ROE for vertically integrated utilities authorized from 2021 through the present is 9.62 percent¹⁶, below PGE's proposed ROE of 9.65 percent. Furthermore, PGE's proposed 9.65 percent ROE is also counter to recent Commission actions regarding ROEs for other investor-owned electric utilities in Oregon, where the Commission has ordered 9.5 percent in Docket Nos. UE 394, UE 399 and UE 416.¹⁷

Based upon the testimony of the parties, including that of Walmart, PGE's originally proposed 9.75 percent ROE, and its amended proposed ROE of 9.65 percent is counter to broader electric industry trends and should not be approved by the Commission. PGE has not adequately justified increasing their ROE beyond their currently approved ROE of 9.5 percent, and testimony from parties such as Staff, AWEC and CUB has demonstrated that an ROE less than their currently approved 9.5 percent may be appropriate in this docket.

10 CUB/100, Jenks/69.

11 Verde/100, Segovia Rodriguez/30.

12 Walmart/100, Perry/10

13 PGE 1800, Figueroa-Liddle/2.

14 PGE 1800, Figueroa-Liddle/11.

15 Walmart/100, Perry/11.

16 Walmart/100, Perry/11.

17 Walmart/100, Perry/9.

IV. CONCLUSION

PGE bears the burden of proving that the rates they are seeking in this docket are just and reasonable. However, PGE's continued request for an ROE above the national average and well above the models and calculations completed by AWEC, Staff and CUB, is not just nor reasonable. Walmart requests that the Commission deny PGE's request for an ROE of 9.65 percent and set an ROE that is equal or less than the current ROE of 9.5 percent based upon testimony from AWEC, Staff and CUB.

DATED this 28th day of October, 2024.

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