Davison Van Cleve PC
Attorneys at Law
TEL (503) 241-7242 ● FAX (503) 241-8160 ● nmm@dvclaw.com
107 SE Washington St., Suite 430
Portland, OR 97214

November 8, 2024

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of Portland General Electric Company
Request for a General Rate Revision
Docket No. UE 435

Dear Filing Center:

Please find enclosed the Closing Brief on behalf of the Alliance of Western Energy Consumers ("AWEC") in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Nannette M. Moller
Nannette M. Moller

Enclosures

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UE 435

In the Matter of	)
	)
PORTLAND GENERAL ELECTRIC COMPANY,	)
	)
	)
Request for a General Rate Revision	)

CLOSING BRIEF

ON BEHALF OF THE

ALLIANCE OF WESTERN ENERGY CONSUMERS

November 8, 2024

TABLE OF CONTENTS

I. INTRODUCTION 1

II. ARGUMENT 1

A. Cost of Capital 3

1. Issue 1: If the Commission does not reject PGE's rate filing, it should establish the Company's return on equity at 9.25% 3

2. Issue 2: If the Commission does not reject PGE's rate filing, it should establish a capital structure for PGE with 47% equity and 53% long-term debt. 4

3. Issue 3: AWEC accepts PGE's cost of debt 5

B. Rate Base 5

1. Issue 4: If the Commission does not reject PGE's rate filing, the Commission should reject PGE's hybrid rate base valuation method in favor of an average-of-monthly averages over the 2024 in-service year. 5

C. Compensation 9

1. Issue 9(a): If the Commission does not reject PGE's rate filing, the Commission should adopt the 2023 actual FTE levels, with known and measurable wage rate increases through 2025. 9

2. Issue 9(d): If the Commission does not reject PGE's rate filing, the Commission should remove all stock incentives from revenue requirement. 10

3. Issue 9(e): If the Commission does not reject PGE's rate filing, the Commission should remove the reduction to the allocation credit amount associated with incentives overheads from revenue requirement. 11

D. Capital Projects 11

1. Issue 11: If the Commission does not reject PGE's rate filing, the Commission should require project attestations for plant put in service by December 31, 2024. 11

E. Constable and Seaside Energy Storage Projects 12

1. Issue 16(a): Authorization of PGE's proposed tracker for the Constable Battery Project would constitute unfair single-issue ratemaking and should be rejected. 12

2. Issue 17(a): Authorization of PGE's proposed tracker for Seaside Battery Project would constitute unfair single-issue ratemaking and should be rejected. 13

3. Issue 18(a)-(b): The amortization period included in PGE's initial filing should apply to ITCs for Constable if it is included in the final revenue requirement; The ITC should not be amortized through a separate schedule; and The ITC should be amortized over five years. 15

4. Issue 18(c): The value of the ITC to be refunded to customers should be the full amount 18

5. Issue 18(d): PGE has agreed to opt out of Investment Tax Credit (ITC) normalization for ITCs associated with Seaside. 20

F. Non-labor Operations and Maintenance (O&M) expense 20

1. Issue 20: The amount proposed by PGE for non-labor generation O&M should be reduced by $5,790,011. 20

2. Issue (20)(a)-(b): The amount proposed by PGE for general A&G expenses should be reduced by $4,585,715. 23

G. Transmission & Distribution 24

1. Issue 23: the Commission should require PGE to hold its non-labor routine vegetation management budget flat between 2024 and 2025. 24

H. Taxes. 25

1. Issue 27: The Commission should order PGE to remove Production Tax Credit ("PTC") carryforwards from rate base. 25

2. Issue 28: The accumulated deferred income taxes ("ADIT") associated with the emergency wildfire and storm deferrals should be considered in rate base. 26

3. Issue 29: The Commission should order PGE to consider both the rate base and the amortization benefit of the Anderson Readiness Center investment tax credits ("ITCs") in revenue requirement. 28

I. Rate Spread/Rate Design 29

1. Issue 31: The Commission should adopt AWEC's five changes to PGE's generation marginal cost study. 29

2. Issue 32: The Commission should not adopt a cap or floor for class rate impacts. 33

3. Issue 35: The Commission should adopt PGE's proposed revisions to the load following credit for Schedule 90. 34

4. Issue 36: PGE should not be required to apply Time of Use (TOU) to Schedule 90 customers. 34

J. Customer Service Issues 35

1. Issue 41: PGE's proposed amount for non-labor Customer Accounts O&M should be reduced by $5,253,818. 35

K. Affordability, Income Qualified Bill Discount and other Environmental Justice Issues 35

1. Issue 50: Opposing parties have failed to advance any reasonable argument against AWEC's recommended changes to IQBD cost recovery 35

L. Other issues. 38

1. Issue 55(a): The Commission should reject PGE's rate filing in its entirety for the Company's failure to meet the requirements of ORS 757.210(1)(a) by not providing sufficient evidence that proposed rates are just, reasonable and in the public interest. 38

III. CONCLUSION 41

I. INTRODUCTION

Pursuant to Administrative Law Judge Mapes' September 27, 2024, and October 11, 2024, Rulings in the above captioned docket, the Alliance of Western Energy Consumers ("AWEC") files this Closing Brief with the Oregon Public Utilities Commission ("Commission").

In this Closing Brief, AWEC maintains its primary recommendation that the Commission reject PGE's filing on the basis that it has failed to carry its burden to demonstrate not only that its rate request is just and reasonable, but also that its current rates are unjust and unreasonable. In the alternative, AWEC further maintains that it has presented compelling evidence in opposition of PGE's proposal and therefore requests that the Commission adopt the adjustments set forth in AWEC's Opening Brief and testimony, thereby resulting in a rate decrease for PGE customers. Additionally, AWEC stands by its positions set forth in its Opening Brief for issues not specifically identified herein.

II. ARGUMENT

The fundamental flaw in PGE's case is that it has failed to demonstrate, under applicable legal standards, that its existing rates are unjust and unreasonable. PGE points to the "1,541 pages of testimony," its "32 witnesses" and its responses to "1,187 data requests" as evidence that it has met its burden of proof,[1] but the volume of evidence is not relevant, only the quality of that evidence. PGE does not dispute that its requested revenue requirement is based on a capital forecast that mismatches plant in service and depreciation expense and, unlike all other Oregon utilities, relies on a budget as evidence for its expenses rather than actual costs. These are not solid evidentiary foundations on which to establish a revenue requirement, a conclusion with which both

---

[1] PGE Opening Brief at 155.

Staff and CUB agree.[2]

Staff argues that dismissal is nevertheless not necessary because parties have generally not "challenged the prudence of pre-January 1, 2025, capital investment[s]",[3] but this is only one component of the inquiry. As is well established, the test is whether PGE's rates are just and reasonable overall, not whether PGE is recovering the cost of a discrete item.[4] PGE is also earning on a higher rate base that does not reflect accumulated depreciation beyond the rate effective date of the last rate case,[5] and its projected revenues have grown since the last rate case by over 15%.[6] While PGE can point to its 2023 results of operations ("ROO") to claim that it is under-earning,[7] the Commission does not set rates based on the ROO. If it did that, then there would be no need for a general rate case filing and an evidentiary process; the Commission could just adjust the utility's revenue requirement based on the ROO. Instead, the Commission establishes PGE's revenue requirement at a level necessary to give the Company the opportunity to earn a reasonable return but guarantees nothing. That is why PGE earns a return in the first place, as it holds the risk of operating circumstances between rate cases, just as other private enterprises bear the risk of their operations. Investors are clearly aware of PGE's returns, and the Company's stock nevertheless continues to trade above book value.[8] This demonstrates that it has access to capital at reasonable terms under its existing rates. The Commission should dismiss PGE's rate filing.

---

2 Staff Opening Brief at 75-76; CUB Opening Brief at 74.
3 Staff Opening Brief at 75:26-76:1.
4 Docket No. UM 1712, Order No. 15-161 at 5-6 (May 27, 2015).
5 *See* Docket No. UM 1909, Order No. 20-147 at 13 (Apr. 30, 2020).
6 *Compare* Docket No. UE 416, PGE/201, Batzler-Ferchland/1:5 (base rate total operating revenue) *with*, Docket No. UE 435, PGE/201, Batzler-Ferchland/1 (base rate total operating revenue).
7 PGE Opening Brief at 157.
8 AWEC/200, Kaufman/43:7-44:21; *see also* Zack, *Portland General Electric (POR)* (Nov. 7, 2024) *available at:* Portland General Electric (POR) Price Book Value - Zacks.com.

A. Cost of Capital

1. Issue 1: If the Commission does not reject PGE's rate filing, it should establish the Company's return on equity at 9.25%.

In its opening brief, PGE reduces its ROE request to its currently authorized 9.5%.[9] AWEC appreciates PGE's movement on this issue, but it still does not go far enough. AWEC articulated in its Opening Brief the flaws in PGE's derivation of its ROE range. PGE's Opening Brief does not provide arguments on the technical aspects of the parties' ROE modeling beyond what is in its testimony, so AWEC will rely on its Opening Brief and its testimony for its evidence supporting the reasonableness of its ROE range.

PGE also supports its recommended 9.5% ROE by reference to what it states is the average ROE awarded to other vertically integrated utilities as of September 2024, 9.82%.[10] The Company uses this evidence to complain that AWEC's and Staff's recommended ROEs create a "substantial gap of 36-60 basis points" and are therefore "not aligned with prevailing market conditions and investor expectations."[11] The Company's position here is significantly undermined by the fact that *PGE itself* is now asking for an ROE that is 32 basis points below what it asserts is evidence of prevailing market conditions and investor expectations. If PGE actually believed that an ROE in the range of 9.8% was necessary for it to attract capital it would not be requesting a substantially lower number.

In any event, the Commission has previously, and rightly, rejected attempts to establish ROEs based on reference to other utilities, finding that "[c]apital market conditions, not regulatory decisions, determine a utility's cost of equity."[12] This is because "a review of past decisions

---

9 PGE Opening Brief at 5.
10 *Id*. at 6.
11 *Id.*
12 Docket No. UE 116, Order No. 01-787 at 32 (Sept. 7, 2001).

cannot replace an independent analysis of current market conditions and how they affect the particular utility."[13] This makes sense as utility ROEs are established under all sorts of conditions that may or may not be applicable to PGE. The Company does not identify how many of the other utility ROEs it compares itself to were established via stipulation, for instance, where parties engage in numerous gives and takes; or how many were established over a year ago, when inflation and interest rates were higher than they are today. In this case, the evidence indicates, and the Company now agrees, that PGE does not need an increase to its authorized ROE. Rather, as AWEC's testimony shows, a decrease is warranted.

In addition, PGE's assertion that being awarded a lower ROE than its "peers" could "harm PGE's ability to attract capital and maintain its financial health, which could ultimately lead to higher costs for customers,"[14] is divorced from the evidence. PGE offers nothing to support the likelihood of these speculative statements. Indeed, the Company was unable to identify a single instance in which it was unable to attract capital on reasonable terms since 2020, even though it has earned below its authorized return in each of those years.[15] This further supports AWEC's primary recommendation that the Commission reject PGE's rate filing for failure to demonstrate that its requested rate increase is warranted.

2. Issue 2: If the Commission does not reject PGE's rate filing, it should establish a capital structure for PGE with 47% equity and 53% long-term debt.

In testimony and in its Opening Brief,[16] AWEC showed that PGE has no plans to achieve a capital structure with the 50% equity that it requests, either in the test year or in subsequent years. AWEC also explained why it is important not to establish a hypothetical capital structure for a

---

13 *Id.*
14 PGE Opening Brief at 7.
15 AWEC/517 (PGE Response to AWEC Data Request 217); *see also* Docket No. RE 119, PGE Regulated Results of Operations Reports for years 2020-2023.
16 AWEC Opening Brief at 12-14.

utility with more equity than it actually has, as this creates no incentive for the utility to achieve the amount of equity assumed in the capital structure and results in windfall profits for the utility.[17]

PGE addresses none of this in its Opening Brief and instead asserts that its 50/50 capital structure is: (1) supported by utility industry peer data; (2) helps offset leverage and risk PGE will likely encounter over the next few years; (3) helps offset the leverage imputed by rating agencies on purchased power agreements; and (4) offsets risks in the banking environment due to PGE's relatively small size.[18] The Company's arguments do not speak to why it is just and reasonable to provide PGE with higher equity in its capital structure and instead effectively admit that this will increase its earnings for shareholders.

3. Issue 3: AWEC accepts PGE's cost of debt

Since PGE raised AWEC's previous opposition to its cost of debt in its Opening Brief, AWEC states here for clarity that it no longer opposes PGE's requested long-term cost of debt of 4.641%.

B. Rate Base

1. Issue 4: If the Commission does not reject PGE's rate filing, the Commission should reject PGE's hybrid rate base valuation method in favor of an average-of-monthly averages over the 2024 in-service year.

As described in testimony and Opening Briefs, both AWEC and Staff object to PGE's method of calculating rate base.[19] While AWEC and Staff propose different revisions to PGE's method, both parties conclude that PGE's method inflates depreciation expense and both parties recommend that the Commission require PGE to use an average-of-monthly averages ("AMA") methodology rather than an end-of-period ("EOP") methodology.[20] AMA values PGE's "rate

---

[17] *Id.* at 13-14.
[18] PGE Opening Brief at 10.
[19] AWEC Opening Brief at 14-16; Staff Opening Brief at 9-12.
[20] *Id.* at 14-16; *Id.* at 9.

base using the average balance measured on a monthly basis over a test period."[21] By contrast, the EOP method "establish[es] rate base at the end of a test period …."[22] As this Commission has previously found:

> The use of the average of monthly averages for determining the rate base more accurately relates the plant which is added at various times during the test year to the revenues received and expenses incurred during the test year. Furthermore, the effects of any inperiod adjustments that must be made to revenue and expenses can be more accurately related to the property put in service during that test period.[23]

PGE argues that AWEC's and Staff's rate base valuation methods would "distort how rate base is calculated by mismatching either (1) year-end with average values; or (2) historic average information with future test year data."[24] In fact, it is PGE that distorts the calculation of rate base by mismatching the timing of capital additions and the calculation of depreciation expense on those capital additions. Specifically, as PGE admits, it calculates rate base by starting "with plant in service as of December 31, 2023, and adds capital additions through December 31, 2024."[25] It then "annualizes depreciation expense for the 2024 plant additions in order to reflect a full year of depreciation expense for these assets."[26] In other words, PGE assumes a full year of depreciation on the assets that it puts into service throughout 2024, even though those assets are not all placed in service on January 1, 2024. Thus, these assets should accrue less than a full year of depreciation. PGE frames this as a benefit to customers because it reduces PGE's rate base below what it otherwise would be,[27] but PGE ignores the fact that its method artificially increases

---

21 AWEC/100, Mullins/11:2-3.
22 *Id.* at 11:9-10.
23 *Re Pacific Northwest Bell Telephone Co.*, Docket No. UF 2749, Order No. 46501, 1969 Ore. PUC LEXIS 1 at *35 (Dec. 22, 1969).
24 PGE Opening Brief at 12.
25 *Id.*
26 *Id.* at 13.
27 PGE/1300, Batzler-Meeks/20:1-4.

depreciation *expense*, which has "approximately 10 times the impact to revenue requirement as the incremental accumulated depreciation."[28]

PGE argues that the Commission has consistently used "end-of-period" rate base for calculating rates over the past ten years. As support for this statement, PGE cites generally to PacifiCorp's 2022 general rate case, a case that settled, with the order approving the settlements saying nothing about AMA or EOP rate base.[29] PGE further states that "AWEC identifies no Commission precedent since PGE began using the EOP methodology in 2015 that validates its assertion that PGE's methodology is not a standard and frequently utilized method for calculating rate base."[30] This is a convenient argument given that PGE's rate cases have uniformly settled since 2015, so the Commission has never had this issue before it as a litigated question. In fact, the Commission has not ruled on "end of period" rate base as compared to "average of monthly averages" rate base in decades and has never approved PGE's hybrid method that mismatches plant additions and depreciation.

PGE acknowledges that AWEC's alternative measurement of rate base is consistent with a methodology the Commission previously used but advances two arguments against this method. First, it argues that AWEC's method does not reflect the level of rate base PGE will experience in 2025.[31] Second, it argues that AWEC's method is old.[32]

With respect to the first argument, PGE argues that AWEC's method uses average 2024 rate base to set prices for the 2025 test year and that "[a]ny test year, in theory, should be representative of the period during which rates will be in effect."[33] PGE does not cite anything to

---

[28] AWEC/300, Mullins/12:4-7.
[29] PGE Opening Brief at 12 (*citing* Docket No. UE 399).
[30] *Id.* at 17.
[31] PGE Opening Brief at 17-18.
[32] *Id.* at 18.
[33] *Id.* at 17.

support this statement, and nothing in Oregon statutes or the Commission's rules requires the use of a future test year. Other state utility commissions use an historic test year, including Washington, New York, Colorado, Maryland, and Missouri.[34] The benefit of AWEC's method is that it properly matches costs and benefits of resources and includes known and measurable costs in rates, rather than relying on projections of future costs.

With respect to the second argument, it is true that the Commission has not expressly approved an AMA approach to calculating rate base in several years, but it has also not, to AWEC's knowledge, issued any order expressly approving an EOP methodology as superior to an AMA methodology generally as a matter of policy. Like the order quoted above, the Commission's orders on this issue, while dated as PGE notes, express the superiority of an AMA approach over an EOP approach.[35] PGE has been pursuing an EOP rate base valuation since at least the time of these orders which previously rejected its requests,[36] so it is no wonder the

---

[34] *See* WAC 480-07-510 and Washington Utilities and Transportation Commission, Docket Nos. UE-090704 and UG-090705, Order 11, at 11:23 (Apr. 2, 2010) ("Thus, in Washington, we use a modified historic test year approach."); *See also* New York Public Service Commission, Case 22-E-0668, Order at 5-10 (June 23, 2023) (Discussing adjustments and the utility's use of a Historic Test Year); Colorado Public Utilities Commission, Proceeding No. 24AL-0275E, Decision No. C24-0489 at 6 (July 3, 2024) ("Section 40-3-102.5(1)(b), C.R.S., and Rule 3109(f), require the Commission to certify that a filing from an electric or gas utility to modify its base rates is complete. To make this certification, the Commission must determine whether the base rate tariff filing includes sufficient information both to compare test years presented by the utility and prospective parties in the case to what is commonly called a 'historic test year' and whether the filing includes sufficient information to satisfy other purposes as established by the Commission."); Maryland Public Service Commission, PC51 Case No. 9618, Order No. 89226 at 6 (Aug. 9, 2019) ("To determine 'just and reasonable rates' for electric and gas distribution, the Commission has primarily relied on a cost of service methodology using a historic test year."); Public Service Commission of the State of Missouri, File No. EW-2016-0313, Order at 4 (Dec. 6, 2016) ("The modern/modified historic test year rate case also now includes processes to update and true-up expense items well past the end of the formal test year.").

[35] Docket No. UF 2749, Order No. 46501, 1969 Ore. PUC LEXIS 1 at *35; *Re Continental Telephone Co. of the Northwest, Inc.*, Docket No. UF 3162, Order No. 76-061, 1976 Ore. PUC LEXIS 5 at *10-*13 (Jan. 24, 1976); *Re Portland General Electric Co.*, Docket No. UF 2811, Order No. 70-797, 1970 Ore. PUC LEXIS 2 at *14-*15 (Dec. 11, 1970).

[36] *Re Portland General Electric Co.*, Docket No. UF 2811, Order No. 70-797, 1970 Ore. PUC LEXIS 2 at *14-*15.

Company would prefer that the Commission ignore its past precedent on this issue.

C. Compensation

1. Issue 9(a): If the Commission does not reject PGE's rate filing, the Commission should adopt the 2023 actual FTE levels, with known and measurable wage rate increases through 2025.

In its Opening Brief, AWEC detailed why, in the alternative to rejecting PGE's rate filing outright, the Commission should adopt the 2023 actual FTE levels, with known and measurable wage rate increases through 2025 given that PGE's $470.4 million compensation request is justified in relation to its 2024 budget. In its Opening Brief, PGE maintains its request and provides no new justification in support. Rather, PGE argues that AWEC "fails to analyze PGE's total labor expense in a holistic manner"[37] and that "[b]ecause the Commission has previously rejected a generic inflation-escalator approach and PGE has demonstrated the reasonableness of our request, AWEC's proposed adjustment should be rejected."[38] The record before the Commission does not support this statement. AWEC has shown in pre-filed testimony and its Opening Brief that PGE's request cannot be objectively evaluated for reasonableness. Additionally, a review of the Commission precedent cited by PGE clearly does not support its recommendation to reject AWEC's proposed adjustment. Specifically, PGE cites to Order No. 01-777 in Docket No. UE 115.[39] There, the Commission rejected an adjustment because it was "based solely on three lines of testimony" and lacked explanation.[40] Unlike the record in Docket No. UE 115, here AWEC has supported its compensation adjustment with two rounds of testimony, data requests, workpapers and in its Opening Brief. Contrary to PGE's assertion, Docket No. UE 115 does not support its argument. Because PGE has failed to provide any

---

[37] PGE Opening Brief at 33.
[38] *Id.* at 34 *citing* UE 115, Order No. 01-777 at 16.
[39] PGE Opening Brief at 34.
[40] *Id.* at 64 (internal citations omitted).

evidence or relevant Commission precedent, the Commission should reject the Company's recommendation.

Finally, PGE asserts that it "considered" reducing its compensation request as proposed by AWEC but "ultimately decided not to recommend these reductions in light of the likely impact on [its] ability to maintain current service levels, restoration times, and reliability."[41] PGE presents this assertion for the first time in its Opening Brief and provides no evidence beyond conclusory and speculative statements in support. Specifically, PGE states that it "*may* struggle to maintain current service levels" and "*may* struggle to implement new technologies," and that adopting AWEC's adjustment "*could* lead to longer restoration times."[42] Given the speculative nature of PGE's statements and the lack of supporting evidence, the Commission should disregard PGE's assertion that it "considered" adopting AWEC adjustment but "sees a high degree of risk associated with an expected significant reduction to its workforce."[43]

2. <u>Issue 9(d): If the Commission does not reject PGE's rate filing, the Commission should remove all stock incentives from revenue requirement.</u>

In its pre-filed testimony and Opening Brief, AWEC explained that removal of all stock incentives from revenue requirement is necessary from both a financial accounting perspective and because stock incentives are designed to align the interests of employees with the interests of shareholders. PGE asserts that AWEC's description of the relationship between shareholders and customers as is relates to revenue requirement is a "grossly oversimplified example."[44] PGE further asserts that stock represents "an expenditure and thus should not be included in the revenue requirement. Equity has a cost, even if there is not a direct cash outlay,

---

41 *Id.* at 34 (emphasis original).
42 *Id.* (emphasis added).
43 *Id.*
44 *Id.* at 41.

and that cost must be recovered."[45] Finally, PGE argues that the manner in which it "accounts for these expenses is aligned with both Accounting Standards Codification (ASC) and FERC accounting standards and requirements."[46] PGE fails to provide citations to either the ASC or FERC accounting standards and requirements such that this statement may be verified. Accordingly, the Commission should remove all stock incentives from revenue requirement.

3. Issue 9(e): If the Commission does not reject PGE's rate filing, the Commission should remove the reduction to the allocation credit amount associated with incentives overheads from revenue requirement.

AWEC continues to recommend that the Commission remove the reduction to the allocation credit amount associated with incentives overheads from revenue requirement. PGE argues that no adjustment should be made because "PGE's accounting practices are consistent with precedent and prior stipulated agreements and reflect an accurate and appropriate recovery of this expense."[47] First, PGE fails to provide any citations in support of this statement. Additionally, stipulations are often compromised positions of the settlement parties and therefore insufficient evidence to support PGE's proposal. Comparatively, in pre-filed testimony and supported by workpapers, AWEC explained that PGE reduces the allocation credit associated with incentives overheads, but did not reduce the incentive overheads themselves.[48] The Commission should adopt AWEC's recommendation to remedy this flaw in PGE's revenue requirement proposal.

D. Capital Projects

1. Issue 11: If the Commission does not reject PGE's rate filing, the Commission should require project attestations for plant put in service by December 31, 2024.

PGE argues that "[i]f capital project attestations are needed for projects that are completed

---

45 *Id.* at 41-42 (internal citations omitted).
46 *Id.* at 42 (internal citations omitted).
47 *Id.* at 42.
48 AWEC/100, Mullins/48:7-16; AWEC/300 Mullins/37:7-8.

before new rates go into effect, a fair and balanced process should be established that is not overly burdensome or duplicative of review performed during this proceeding."[49] In pre-filed testimony and its Opening Brief, AWEC explained that PGE's proposed attestation parameters will result in the exclusion of projects placed into service prior to October 1, 2024 from capital review.[50] Such an outcome is contrary to Oregon's used and useful mandate.[51]

In its Opening Brief PGE again attempts to argue that its proposed parameters "recognize[] that projects placed in service before October 1 have already undergone extensive review through data requests and the evidentiary process."[52] As AWEC explained in its Opening Brief, this is incorrect. Parties filed Opening testimony in July 2024 and the most up-to-date capital forecast at that time was based information available through May 1, 2024,[53] and PGE was unable to provide actual transfers to plant beyond August 2024 by the time of the hearing.[54] Ultimately, adoption of PGE's proposed parameters will result in the Company recovering potentially imprudent costs from ratepayers, and therefore, should be rejected.

E. Constable and Seaside Energy Storage Projects

1. Issue 16(a): Authorization of PGE's proposed tracker for the Constable Battery Project would constitute unfair single-issue ratemaking and should be rejected.

PGE maintains its recommendation of adopting Staff's Constable tracker proposal with a modified attestation deadline.[55] PGE asserts that the Constable tracker "is a prudent way to include a large resource that will benefit customers"[56] and argues that the tracker is a "fair method

49 PGE Opening Brief at 3.
50 AWEC Opening Brief at 21; AWEC/300, Mullins/19:10-17.
51 ORS § 757.355(1).
52 PGE Opening Brief at 44.
53 PGE/2400, Baltzar-Meeks/48:6-10.
54 AWEC/521 (PGE Response to AWEC Data Request 229 and Attachment A).
55 PGE Opening Brief at 51.
56 *Id.*

for PGE to manage potential significant regulatory lag."[57]

PGE's argument fails for two reasons. First, PGE failed to address in any way AWEC's single-issue ratemaking concerns regarding the Constable tracker. Second, PGE cites no legal authority in support of its position. Comparatively, in its Opening Brief, AWEC explained that the Constable tracker is a form of single-issue ratemaking that violates Commission precedent.[58] AWEC further explained that "[t]he Commission has recognized that 'regulatory lag is a regular aspect of utility ratemaking, and does not necessarily prevent a utility from maintaining a healthy credit rating or attracting capital.'[59] For this reason, '[t]he risk and extent of the effect of regulatory lag is commonly evaluated and understood by those who invest capital in utilities.'"[60] While the Commission certainly has authorized single-issue ratemaking in certain circumstances (such as PGE's annual power cost update in which PGE is allowed to annually update the single largest and most unpredictable expense it incurs), any special consideration to depart from standard ratemaking principles is inapplicable here, where PGE is seeking such consideration based on its own decision to time its rate case filing such that the rate effective date does not encompass Constable's likely online date. Accordingly, because authorization of PGE's proposed tracker for Constable would constitute unfair single-issue ratemaking and because parties have successfully rebutted PGE's regulatory lag arguments, PGE's proposal should be rejected.

2. Issue 17(a): Authorization of PGE's proposed tracker for Seaside Battery Project would constitute unfair single-issue ratemaking and should be rejected.

AWEC, Staff, and CUB oppose the Seaside tracker and argue that approval of PGE's proposal would constitute single-issue ratemaking in violation of Commission precedent.[61] PGE

---

57 *Id.*
58 AWEC Opening Brief at 24 *citing* Docket No. UM 2026, Order No. 20-015 at 8 (Jan. 15, 2020).
59 *Id.* at 25 *citing* Docket No. UM 1909, Order No. 20-147 at 13 (Apr. 30, 2020).
60 *Id.*
61 AWEC/300, Mullins/43:22; AWEC Opening Brief at 26; Staff Opening Brief at 34:14-21.

fails to address parties' concern regarding single-issue ratemaking in any meaningful way. Rather, PGE states that it has "offered two additional data points and conditions…First, PGE provided additional details to show that customers will not be overpaying for this resource…[and] Second, PGE offered to agree that only the revenue requirement included in this case be included in customer prices."[62] However, PGE's two additional data points do not address the "risks and shortcomings in the regulatory process" presented by single-issue ratemaking, nor the "increased risks to customers that rates depart from being cost-based and subject to the normal reviews for overall reasonableness."[63]

In response to AWEC's argument that approval of the Seaside tracker would violate Oregon's used and useful requirements, PGE argues that "[t]he Commission has previously allowed the use of a tariff rider to allow for the recovery in rates of the Carty plant up to seven months after the rates for a general rate case went into effect."[64] In making this argument, PGE conveniently omits any discussion explaining that the Carty plant tracker was agreed to in settlement. Parties can, of course, agree to a variety of ratemaking treatments as part of the give-and-take of settlement, but such settlements, including the specific one covering Carty, expressly disclaim any agreement "that any provision of this Stipulation is appropriate for resolving issues in any other proceeding."[65]

PGE further asserts that if the Seaside tracker is not approved, "PGE has few options to address the resulting regulatory lag. PGE would either need to file another rate case promptly to ensure timely cost recovery or adjust the utilization of the plant to reflect the fact that its costs are

---

62 PGE Opening Brief at 53-54.
63 Docket No. UM 2026, Order No. 20-015 at 11 (Jan. 15, 2020).
64 PGE Opening Brief at 55-56 (internal citations omitted).
65 Docket No. UE 294, Order No. 15-356, Appen. A ¶ 6 (Nov. 3, 2015).

not currently being recovered from customers."[66] First, PGE's regulatory lag argument is without merit for the reasons described above with respect to the Constable tracker. Second, PGE is free to file a rate case if the Company determines such is necessary. Regarding PGE's second stated option, PGE cites to testimony in which the Company asserts that such treatment would "be consistent with the terms of the stipulation filed September 26, 2024 within Docket UE 436."[67] As a party to the Docket No. UE 436 settlement, AWEC does not dispute the terms of the first partial stipulation which clearly states actions to be taken if the Seaside tracker is not authorized in this proceeding.[68] Taken together, PGE has failed to successfully rebut the arguments put forth by parties in opposition to the Seaside tracker. In fact, PGE has presented two paths forward if the Commission does not adopt the Seaside tracker. Accordingly, based on the record before the Commission, PGE's proposal should be rejected.

3. Issue 18(a)-(b): The amortization period included in PGE's initial filing should apply to ITCs for Constable if it is included in the final revenue requirement; The ITC should not be amortized through a separate schedule; and The ITC should be amortized over five years.

In pre-filed testimony, AWEC demonstrated that PGE's proposal to recover ITCs through a separate tracker schedule was inequitable because it: 1) provided a lower carrying cost on the tax funds due to ratepayers; and 2) resulted in an inequitable mismatch between the rate base valuation of the underlying battery storage plant and the rate making balance of the ITCs.[69] Considering the issues AWEC identified with PGE's ITC tracker proposal and for other reasons

---

66 PGE Opening Brief at 56 *citing* PGE/2200, Liddle-Kliever/20.

67 *Id.*

68 Docket No. UE 436, First Partial Stipulation at 3(c) (Sep. 26, 2024) ("If PGE is not authorized to recover costs of either Seaside and Constable or both in rates determined in UE 435 or a tracker authorized at the time UE 435 rates are established, the costs and revenues of the project or projects excluded from UE 435 rates will be excluded from the calculation of PGE's 2025 NVPC and, consequently, the respective power cost adjustment mechanism.").

69 *See* AWEC Opening Brief at 27.

presented in testimony, parties are in agreement that the most equitable accounting method for ITCs is to include them base rates.[70] Parties are also in agreement that PGE should opt-out of normalization so that ratepayers will not be burdened by the punitive IRS ITC normalization requirements.[71] Accordingly, the only remaining issues for the Commission to resolve with respect to ITCs are: 1) the amortization period over which to return the ITC benefits to ratepayers; and 2) whether it is reasonable for PGE to discount the value of the ITC benefits included in revenue requirement by 10%, prior to the commencement of any potential sale of the ITC.

AWEC recommends that the amortization period for Constable ITCs be based on the five-year amortization schedule PGE proposed in its initial filing.[72] While PGE found this amortization period to be reasonable in its initial filing, it is no longer supporting it. PGE now states that AWEC's recommendation with respect to the amortization schedule "differs from PGE's initial plan."[73] This, however, is not accurate as AWEC is in fact recommending the amortization schedule PGE proposed in its initial filing. PGE further states that its initial plan was "tied to the Seaside tracker and front-loaded the ITCs with gradual annual reductions through a supplemental schedule that would be updated annually to prevent a sudden, steep price increase for customers."[74] This statement, however, is irrelevant as it conflates multiple issues surrounding the battery storage systems and accounting for ITCs, which are unrelated to the reasonableness of the amortization schedule at issue.

In addition, mitigating the steep price increase at issue in this case is the principal reason why AWEC continues to recommend adhering to the initially filed amortization schedule.

---

[70] *See* PGE Opening Brief at 94-95.
[71] *Id.* at 96.
[72] AWEC Opening Brief at 27-28.
[73] PGE Opening Brief at 94-95.
[74] *Id.*

PGE appears to confuse its agreement to withdraw its proposal for an inequitable ITC tracker with the amortization period used for ITCs, when the reasonableness of the two issues is unrelated. Regardless of whether the ITC benefits are included in base rate revenue requirement or a tracker, an amortization period must be selected, and the reasonableness of the amortization period is not impacted by one or the other approach. If the five-year amortization schedule is reasonable in the context of an ITC tracker it should also be reasonable in the context of the ITCs included in base rates. Effectively, PGE is asserting that because it is not receiving a windfall through the ITC tracker – as AWEC demonstrated would occur in its pre-filed testimony – the shorter amortization period is no longer reasonable.[75] PGE's receipt of windfall benefits through a tracker was not the justification for the five-year amortization schedule. The justification was the unprecedented rate pressures that ratepayers are under as a result of this and other ongoing proceedings. There is no dispute that the Commission may apply a shorter period to amortize the ITCs.[76] It is also indisputable that doing so will mitigate the steep price increases that ratepayers are experiencing. Therefore, it continues to be reasonable to adopt the five-year amortization schedule PGE proposed in its initial testimony.

PGE's Opening Brief also makes a claim that retaining its initially filed amortization schedule would result in a mismatch, stating that AWEC's proposal "appears to opportunistically create a mismatch in base rate treatment of these assets in which, for depreciation purposes, the asset value is recovered over the life of the asset but the reduction of expense and rate base associated with the credit value is compressed into a much shorter time period."[77] To be clear, the amortization schedule was originally proposed by PGE, not AWEC. Further, this

[75] AWEC/100, Mullins/66:8-67:2.
[76] AWEC/512 (PGE Response to AWEC Data Request 211).
[77] PGE Opening Brief at 95.

assertion is a red herring and not supported by any evidence in the proceeding. Any appearance of mismatch in recovery is reasonable because of the rate relief that results from the steep increases that are driven by major capital investments necessary for the battery storage systems. Regardless of the amortization schedule adopted, the ITCs will mitigate the rate impact associated with these investments, and providing those benefits over a shorter schedule than the underlying depreciation expense is reasonable because the revenue requirement of the investments will decline over time.

4. Issue 18(c): The value of the ITC to be refunded to customers should be the full amount.

Another notable change that PGE has made over the course of this proceeding is to assert that 10% of the benefits of ITCs should be withheld from ratepayers. Again, this change appears to be prompted by PGE's acknowledgment of the unreasonableness of the ITC tracker proposed by the Company. Since PGE is no longer receiving the windfall benefits from a tracker, the Company now insists that ratepayers should not receive the full benefits of ITCs. PGE's proposal should be rejected.

The only viable way to handle a potential sale of the ITCs is to determine the value of any the discount and the associated accounting at the time the sale is made. While PGE asserts that a 10% discount is necessary due to the likelihood that it will sell the ITCs, no sale has occurred and the actual discount that might potentially result from such a sale is not known. It could be 2%, it could be 15%, or it could be possible that no sale is required. That information will only be known at the time that PGE executes a transaction.

PGE's Opening Brief supports the 10% discount for ITCs as applied in revenue requirement based on the Stipulation provision surrounding PTCs in Docket No. UE 416. [78]

[78] PGE Opening Brief at 95.

PGE's arguments, however, are both contradictory and based on assertions that are not supported by evidence on the record. Under the terms of the stipulation in Docket No. UE 416, parties agreed to remove the 100%, not 90% of the rate base associated with the PTC carryforwards that PGE planned to sale pursuant to the Inflation Reduction Act.[79] The 10% figure in the stipulation was not a discount applied to PTCs. It was a performance commitment by PGE that it would only seek to recover the costs of the discount if it was equal to or less than 10%.[80] The treatment of the discount on those sales was to be determined at the time the sale was made, which is the approach AWEC recommends in this case. PGE's assertion that it is proposing to apply the same treatment for ITCs as was agreed for PTCs in UE 416 is therefore plainly false.

Further, ITCs are significantly different from PTCs, and therefore the accounting treatment must inherently be different between the two. Specifically, ITCs are a lump sum tax benefit received at the onset of a capital investment. For accounting purposes these benefits are capitalized as a reduction to rate base, and subsequently amortized as a reduction to tax expense over time. In contrast, PTCs are a periodic benefit, received in the tax period when an eligible generation facility produces energy. Because of these differences, any discount on the sale of ITCs will need to apply different accounting than PTCs. PGE's assertion that the accounting will be the same further undermines the Company's proposal.

Additionally, the accounting method for a potential sale of ITCs needs to be determined at the time the sale is made and must consider the unique facts and circumstances surrounding the underlying transaction. Further, the prudence of such a transaction will also need

---

79 Docket No. UE 416, Order No. 23-386, Second Partial Stipulation ¶ 4(a)(iii) (Oct. 30, 2023).

80 *Id.* at ¶ 4(a)(iv).

to be considered based on the actual contract terms, and further consider PGE's underlying tax liability and other factors that will only be known at that time of the sale.

PGE's proposal for ratepayers simply to accept a *back of the envelope*, 10% haircut on the ITC benefits from Constable is unreasonable, not based on any actual discount that has been accrued, and not informed by a prudence review of the underlying transaction. PGE's proposal should therefore be rejected.

5. Issue 18(d): PGE has agreed to opt out of Investment Tax Credit (ITC) normalization for ITCs associated with Seaside.

In its Opening Brief, PGE reaffirmed that the Company would opt-out of ITCs as necessary to avoid the harsh implications of IRS ITC normalization. With respect to this issue, it is still necessary to highlight the prudence of PGE's potential decision to sell ITCs has not been established. PTCs and ITCs are different and there may be circumstances when it is more beneficial for ratepayers to simply opt-out of normalization, rather than selling the ITCs at a discount. By necessity, the prudence of PGE's ultimate decision needs to be made based on its actual actions, after a decision has been made, and at the time that PGE either sells ITCs or opts out of normalization. Such a prudent determination cannot occur in the context of this case, and therefore, all issues surrounding the potential sale of those credits must be resolved in a future proceeding after the decision is made.

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

1. Issue 20: The amount proposed by PGE for non-labor generation O&M should be reduced by $5,790,011.

Throughout this proceeding, AWEC has highlighted the fundamental flaw with PGE's requested revenue increase – that it is based on a method of calculation that is unverifiable

and contrary to Commission precedent. PGE opposes this assertion and maintains that its request of $93.7 million of non-labor generation O&M expense is reasonable.

PGE presents two arguments in opposition of AWEC's adjustment of $5,790,011 to non-labor generation O&M. First, PGE reiterates its argument that its 2024 budget, established in Docket No. UE 416 through settlement, is a reasonable starting point to determine its 2025 forecast.[81] According to PGE, AWEC's method, whereby AWEC reviewed the Company's actual non-labor O&M expense incurred in 2023 and then compared those expenses to PGE's budgeted expenses for 2025, is "an inappropriate attempt to relitigate the results of UE 416, which established 2024 rates."[82] AWEC,[83] Staff,[84] and CUB[85] have all demonstrated why this argument is baseless. As AWEC explained in rebuttal testimony, the resolution of Docket No. UE 416 through settlement in no way resulted in Commission approval of PGE's 2024 budget as just and reasonable, and nothing that was agreed in the UE 416 stipulations prevented AWEC from reviewing PGE's actual costs and making recommendations based on its review in the current proceeding.[86]

Second, PGE argues that AWEC's adjustment should be rejected because the "underlying analysis is flawed. Unlike PGE's uses of nuanced escalators for each cost element and adjustments for known and measurable changes, AWEC uses a blanket escalator for all categories of expenses."[87] AWEC successfully addressed this same argument in its Opening Brief, explaining that, unlike PGE's method of calculation, AWEC's adjustment is based on actuals, not

---

[81] PGE Opening Brief at 62.
[82] *Id.* at 62-63.
[83] AWEC/300, Mullins/22:14-23:4.
[84] Staff/3500, Mondragon/13:11-14:2.
[85] CUB/400, Jenks/34:21-35:3.
[86] AWEC/300, Mullins/22:22-23:1.
[87] PGE Opening Brief at 63 *citing* PGE/2800, Powell-Clark-Mead/7.

a budget. Further, PGE's cites to Docket No. UE 115, Order No. 01-777 in support of its argument that "[t]he Commission has previously rejected proposed adjustments where little or no supporting evidence is provided and rejected the use of a general inflation adjustor approach for non-labor O&M."[88] However, a plain reading of the Commission's order makes clear that PGE's argument is misplaced at best.[89] There, the Commission explained that an adjustment "based solely on three lines of testimony, is not sufficient."[90] Here, AWEC has supported its adjustment with multiple rounds of testimony, data requests, workpapers, and its Opening Brief.

Finally, PGE states, for the first time in its Opening Brief, that it "considered accepting AWEC's reduction to non-labor generation O&M to lower the total impact of the price change to customers," but did not do so because the "risk was deemed too high to accept this reduction through testimony."[91] PGE offers no specific evidence in support of this purported risk beyond conclusory and speculative statements that reducing costs "could *potentially* compromise the integrity of PGE's plant" and that "[t]his, in turn, *may* lead to an increased risk of unplanned and costlier outages."[92]

Accordingly, based on the record before the Commission, AWEC's adjustment that is based on actuals – rather than a budget – is reasonable. Therefore, the Commission should order PGE to limit its budget, with the exception of Clearwater O&M and the major maintenance accrual, to the annual rate of inflation.

---

88 PGE Opening Brief at 63 (internal citations omitted).
89 *Id.* at 63-64 *citing* UE 115, Order No. 01-777 at 16.
90 Docket No. UE 115, Order No. 01-777 at 16 (Aug. 31, 2001).
91 PGE Opening Brief at 64.
92 *Id.* (emphasis added).

2. Issue (20)(a)-(b): The amount proposed by PGE for general A&G expenses should be reduced by $4,585,715.

PGE opposes AWEC's adjustment to A&G expense, stating that it is "redundant and inconsistent."[93] PGE again argues that AWEC is relitigating UE 416 "[b]y asking PGE to use 2023 as the basis for rate making in this case."[94] AWEC, Staff, and CUB have successfully rebutted this argument throughout this proceeding, as explained above. PGE further asserts that AWEC has not provided the evidence necessary to oppose the proposed expenses or costs that PGE has submitted in this proceeding,[95] and that AWEC "cannot provide any detail showing how these expenses are imprudent despite have been provided significant and requested data to review."[96] PGE's claims are unsupported by the record in this proceeding. AWEC has shown through its pre-filed testimony and Opening Brief that PGE's increase to non-labor A&G expense is based on a budget and is therefore an unreasonable starting point to determine the Company's proposed increase. As noted in AWEC's Opening Brief, PGE's arguments are tantamount to claiming that its actual costs are reasonable because they are in line with its budget – a circular justification that allows PGE alone "to establish what a reasonable expense level is."[97]

Finally, and similar to PGE's response to Issues 9(a) and 20(a),[98] PGE asserts again for the first time in this proceeding and without a single supporting citation, that it "considered accepting AWEC's reduction to non-labor A&G O&M to lower the total impact of the price change to customers."[99] PGE states that AWEC's adjustment "could *potentially* compromise" various areas of the Company's business and that the "*potential* negative impact on these critical

---

93 *Id.* at 65.
94 PGE Opening Brief at 67.
95 *Id.* at 67-68 (internal citations omitted).
96 *Id*. at 68 (internal citations omitted).
97 AWEC Opening Brief at 51.
98 *See* PGE Opening Brief at 34, 64.
99 PGE Opening Brief at 68.

areas outweighed any perceived benefits of the reduction."[100] PGE's support for this statement is conclusory, vague, and speculative. Further, PGE is mistaken that the benefits associated with AWEC's adjustment are "perceived." It is inarguable that PGE's customers would benefit from a reduction to the Company's requested $221.7 million of A&G expense.

G. Transmission & Distribution

1. Issue 23: the Commission should require PGE to hold its non-labor routine vegetation management budget flat between 2024 and 2025.

PGE opposes AWEC's recommendation that the Commission order PGE to hold its non-labor routine vegetation management ("RVM") budget flat between 2024 and 2025, for a reduction of $4.29 million,[101] and further asserts that AWEC "fails to identify any specific issues with the RVM budget."[102] However, PGE fails to address AWEC's argument – that PGE's request to increase routine vegetation management expenses should be rejected because it is based on a budget and therefore unverifiable, and that, when comparing to actual 2023 costs, PGE is requesting a 94% increase in this expense category.[103] PGE takes issue with AWEC's recommendation that the Company identify further areas to reduce its budget, stating that AWEC "recognizes that RVM costs are legitimately going up but punts it to PGE to make cuts elsewhere."[104] There is no disagreement as to whether RVM costs are increasing; however, this is another example in which PGE's spending is being dictated by its budget in a way that makes it difficult, if not impossible, to determine whether the level of spending PGE is actually incurring is prudent. Given the sharp increase in costs in this area, AWEC maintains that it is reasonable for PGE to search for opportunities to prioritize other expenditures to offset those major increases, as

---

[100] *Id.* (emphasis added).
[101] PGE Opening Brief at 87.
[102] *Id.* (internal citations omitted).
[103] AWEC/100, Mullins/29:8-11.
[104] PGE Opening Brief at 87.

such actions further the public interest.

H. Taxes

1. <u>Issue 27: The Commission should order PGE to remove Production Tax Credit ("PTC") carryforwards from rate base.</u>

Considering the fact that PGE is recovering the discount on its sale of PTCs on a dollar-for-dollar basis from ratepayers, AWEC has recommended removing all PTC carryforwards from rate base. PGE disagrees with this approach and asserts that, when setting rate base in this proceeding, the Commission should ignore any future sales of PTCs. Unlike ITCs, PGE has already contracted to sale these credits and received Commission approval of a transaction to sell credits in 2024 and 2025 in Docket No. UP 426. PGE's argument that it will have a $35.7 million PTC tax credit carryforward as of December 31, 2024, is largely beside the point. This amount is an estimate of what the balance could be. PGE's federal tax return for 2024 is not due, including extensions, until around September 2025. Accordingly, the actual tax credit balances for 2024 will not be known until that time.

The December 31, 2024, balance, however, is not the issue. This issue is that, following the conclusion of this rate case, the future sales that PGE has already contracted to make will reduce the Company's tax credit carryforward balance, and its rate base. If the status quo treatment is approved and the forecasted December 31, 2024, balance used, ratepayers will pay 100% of the discount associated with the contracted sales for 2024. However, ratepayers will not recognize any of the rate base benefits derived from those sales after the December 31, 2024, date. Accordingly, AWEC continues to recommend that PTC carryforwards be excluded from rate base in this proceeding.

Otherwise, AWEC recommends that PGE be required to bear the cost of the discounts of any PTC sales that occur in 2025, given that PGE will benefit from the reduction rate

base and the reduction in carrying costs following the pendency of this proceeding, not ratepayers. Alternatively, a deferral could be used to provide those rate base benefits to ratepayers.

Finally, AWEC continues to support its quantification of the impact of its recommendation, which relative to PGE's initial filing, reduces revenue requirement by $10,183,870.[105] PGE's adjustment reversed the $18.4 million impact of its imprudent trading losses on the PTC carryforward amount,[106] which AWEC did not consider in its analysis. This concern was only raised in PGE's surrebuttal testimony, and thus, AWEC had no opportunity to respond in testimony. Simply stated however, AWEC does not believe PGE should be allowed to recover the costs associated with its imprudent trading activities.

2. Issue 28: The accumulated deferred income taxes ("ADIT") associated with the emergency wildfire and storm deferrals should be considered in rate base.

In its Opening Brief, PGE continues to assert that "[i]t is not appropriate to include an [accumulated deferred income taxes ("ADIT")] benefit in base rates for deferred amounts."[107] PGE supports its assertion based on the claim that "all parties reached a stipulation resolving all issues associated with the deferrals and agreed to support amortization of those deferred amounts over a seven-year period."[108]

While it is true that parties reached an agreement on the deferred amounts and the amortization period for those amounts in Docket No. UE 408, the stipulation in question did not address the ADIT associated with these deferrals. Therefore, PGE's assertion to the contrary is false. Nor was such an agreement necessary. The determination of ADIT occurs in the context of a general rate case, not necessarily in the context of an amortization request. Thus, in the absence

105 *See* AWEC/100, Mullins/50:18-51:6.
106 PGE/1300, Batzler-Meeks/37.
107 PGE Opening Brief at 98.
108 *Id.*

of any resolution of the ADIT impacts, it must be assumed that the treatment of the ADIT remains an open issue for determination in future rate case proceedings.

Importantly, PGE does not take issue with the merits of AWEC's recommendation, which are simple. Ratepayers are reimbursing PGE for 100% of the deferred costs from the 2020 emergency wildfire and 2021 ice storm. Therefore, ratepayers, not PGE, should receive 100% of the ADIT benefits associated with those deferred expenditures through a reduction to rate base.

Further, PGE's assertion that AWEC's position on the UE 408 deferrals is "inconsistent with AWEC's own position on PTCs,"[109] is plainly not true. In fact, AWEC's position on the two issues is the same. The issue AWEC identified for PTCs involves tax credit carryforwards that are being sold at a discount, at the expense of ratepayers, and without providing ratepayers with the corresponding ADIT rate base benefit from the sale. The issue in the UE 408 deferrals involves funds that are being paid for by ratepayers, and without providing ratepayers with the corresponding ADIT rate base benefit from the payments. PGE has not considered the tax benefits of either of these proposals, both of which are tracked "outside of revenue requirement" and AWEC recommends, in both instances, that the benefits be provided to ratepayers. PGE appears to be confused on this point because in order to provide the benefits for PTC carryforwards, it is necessary to *remove* the associated tax asset from the ADIT calculation. In contrast, providing the benefit of UE 408 deferrals involves the *addition* of an ADIT liability balance into the ADIT calculation. Removal of a tax asset and the addition of a tax liability result in the same impact on PGE's rate base and PGE's disregard for the credits and debits involved in these nearly equivalent proposals demonstrates a lack of understanding of how tax assets and liabilities impact rate base.

---

[109] PGE Opening Brief at 99.

Finally, PGE's Opening Brief makes a particularly concerning statement when the Company concludes that "[i]ncluding the proposed tax credit in rate base without the corresponding regulatory assets would create mismatches in timing and interest rates."[110] This statement deserves to be highlighted for several reasons. First, PGE refers to the ADIT benefits as tax credits. This is factually inaccurate. These are not tax credits, the benefits in question are ADIT. These benefits account for the financing benefits associated with the timing difference of when PGE was able to deduct the UE 408 expenditures and when the expenditures are recovered from ratepayers. Second, PGE is currently recovering the regulatory assets associated with these deferrals, including financing costs, and implications to the contrary are not accurate. Finally, PGE's only evidentiary source for its statement is a reference to AWEC's opening testimony. Rather than supporting PGE's position, however, the cited testimony clearly demonstrated the exact opposite of what PGE asserted. AWEC's testimony demonstrated that PGE receives a financing benefit for the ADIT associated with these deferrals and that it is appropriate to consider that benefit in revenue requirement, lest PGE is provided a windfall at the expense of ratepayers.[111]

3. Issue 29: The Commission should order PGE to consider both the rate base and the amortization benefit of the Anderson Readiness Center investment tax credits ("ITCs") in revenue requirement.

In its Opening Brief, PGE states that it will "accommodate AWEC's position on the ITCs associated with the Anderson Readiness Center."[112] It is not entirely clear what PGE means when it states that it will "accommodate" AWEC's position. In fact, PGE has not accommodated AWEC's position at all. AWEC's position is that ratepayers should receive 100% of the revenue requirement benefits from the Anderson Readiness center ITCs, just like AWEC is recommending

---

110 *Id.* (internal citations omitted).
111 AWEC/100, Mullins/53:12-54:17.
112 PGE Opening Brief at 96.

for the Constable ITCs. PGE, on the other hand, continues to propose "[a]n 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 [a]n offsetting increase to rate base of $493,436 for the Deferred Tax Asset associated with the unutilized ITC as of December 31, 2024."[113] PGE provides no evidence why this approach is reasonable and, accordingly, AWEC continues to recommend that the Commission require PGE's to provide 100% of the rate base and amortization benefit of the Anderson Readiness Center ITCs in revenue requirement.

I. Rate Spread/Rate Design

1. Issue 31: The Commission should adopt AWEC's five changes to PGE's generation marginal cost study.

In pre-filed testimony and its Opening Brief, AWEC recommended five changes to PGE's generation marginal cost study. AWEC's first recommendation, that the Commission should require PGE to 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, continues to be an appropriate modification. Nonetheless, PGE argues that "PGE's legacy approach of isolating the CCCT's embedded capacity value from its total cost is not instructive to PGE's proposed model and changed circumstances. PGE's proposal improves our ability to accurately calculate the marginal cost of generation as we plan for a carbon free future."[114] Both PGE's and AWEC's models rely on non-emitting resources, however, and thus reflect a carbon free future. The relevant issue is not whether to include non-emitting resources, but how to model non-emitting resources.

[113] PGE Position Statement at 18.
[114] PGE Opening Brief at 104.

On this issue, PGE's model mistreats capacity contributions, which leads to the nonsensical result of zero capacity costs. PGE appears to agree that zero capacity costs is nonsensical, asserting "PGE's model does not calculate capacity costs as zero."[115] PGE admits, however, that its model results in a finding of zero capacity costs in the event of modeling a high ELCC resource, concluding that "[a] resource with a 100% ELCC would provide 100% of capacity and energy need, so PGE's proposed generation marginal cost study methodology would not apply."[116] But one of the resources PGE itself models, the Mead Solar resource, has a 100% ELCC in PGE's IRP because it is paired with market access.[117] It should therefore be assigned a 100% ELCC in the cost study. If the Commission agrees with AWEC's reasoning, PGE's admission means that PGE's cost model is inapplicable. Moreover, the math underlying the non-sensical results of a 100% ELCC energy resource is the same in the model for energy resources with ELCC less than 100%, and thus the model is also inapplicable for energy resources with ELCC less than 100%. Inductive reasoning demonstrates that if PGE's model is inapplicable for resources with 100% ELCC, it is inapplicable for resources with less than 100% ELCC.[118]

In response to AWEC's second recommendation, that PGE should use firm transmission for all resources assumed in the marginal cost study, PGE asserts that "AWEC ignores the reality of transmission constraints and oversimplifies the complex interplay between firm and conditional firm transmission in PGE's long-term resource planning."[119] However, PGE's 2023 IRP Preferred Portfolio and Action Plan include no mention of conditional firm

115 *Id.* at 105.
116 *Id.*
117 AWEC/200, Kaufman/13:8-16.
118 AWEC/400, Kaufman/4:14-5:9.
119 PGE Opening Brief at 105.

transmission.[120] The reality of PGE's long-term resource planning is that conditional firm transmission plays little role in PGE's future resource acquisitions, and therefore should not be considered in its long-run marginal cost study.

PGE opposes AWEC's third recommendation to require PGE to use local wind and solar resources when modeling the cost of energy, arguing that the "proposed changes to wind and solar resources used leads to unrealistic capacity assumptions."[121] However, AWEC's proposal aligns PGE's cost model with PGE's IRP because the IRP selects geographically local resources before distant resources.[122] AWEC's recommended resources reflect reality, and thus they lead to more realistic capacity assumptions than PGE's resources.

AWEC also testifies that if a Mead solar resource is modeled, the resource should be paired with a 100% ELCC to be consistent with PGE's IRP.[123] PGE responds that "proxy resource ELCCs in PGE's model 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."[124] PGE's response is irrelevant because Mead Solar is not a resource in PGE's IRP. The IRP resource is "Mead Solar with Market Access".[125] In other words, for this particular resource, market access is an invisible attribute of the resource. It is inappropriate to model the full cost of the resource without also modeling the full benefits. Moreover, while PGE's marginal cost model includes market access in the calculation of energy cost, the function of the Mead

---

120 PGE's 2023 IRP, Docket No. LC 80, PGE's 2023 Clean Energy Plan and Integrated Resource Plan at 308 and 329-330. (Mar 31, 2023).
121 PGE Opening Brief at 106.
122 AWEC/200, Kaufman/14:9-15:8.
123 *Id.* at 15:4-8.
124 PGE Opening Brief at 107.
125 AWEC/200, Kaufman/13:13-16.

market access is to provide capacity, not energy. Thus, PGE's inclusion of market access is irrelevant to the issue of the appropriate ELCC for the Mead Solar resource.

PGE opposes AWEC's fourth recommendation not to reduce the capacity costs of storage resources by their flexibility value by arguing that "AWEC's (sic) misunderstands the distinction between capacity and flexibility needs and overlooks that PGE's model already incorporates day-ahead capacity value in flexibility calculations …."[126] PGE offers no explanation for its assertion that AWEC misunderstands the distinction between capacity and flexibility needs. Instead, PGE observes that flexibility need is not considered a driver of resource additions within current IRP modeling.[127] This observation supports AWEC's recommendation, because if PGE is correct, PGE's battery acquisitions are made to serve capacity, not flexibility needs. AWEC observed that the basis for PGE's flexibility value is the avoidance of arbitrarily high priced day-ahead capacity products, and that cost of these day-ahead capacity products are not included as a cost in PGE's generation cost model.[128] The fact that the day-ahead prices are arbitrarily high means that the estimate of flexibility value is speculative.[129] The fact that day-ahead capacity purchases are not included as a cost in PGE's generation cost model means PGE's model does not reflect 100 percent of the cost of generation.[130] PGE also fails to address the fact that flexibility needs are driven by capacity needs, and thus any costs associated with meeting flexibility needs should be treated as a capacity cost.[131]

Finally, PGE opposes AWEC's fifth recommendation, which is to require PGE to use the Intermediary GHG market prices to price Mid-C purchases in the cost of service model and

[126] PGE Opening Brief at 108.
[127] *Id.*
[128] AWEC/400, Kaufman/11:12-12:3.
[129] *Id.* at 11:10-11.
[130] *Id.* at 11:19-20.
[131] *Id.* at 12:4-14.

modify the weights on wind, solar, and Mid-C energy costs to total 100%. PGE claims that its model "escalates the cost of all resources by inflation" and that there "is no support that market prices should not be escalated."[132] However, PGE forecasts *declining* market prices, which is very strong support that market prices should *not* be escalated.[133]

PGE further argues that "it 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."[134] PGE claims that its "methodology is a more accurate estimation of the cost of market purchases than AWEC's recommendation of an unweighted annual average price."[135] However, loss of load does not reflect an energy need, it reflects a capacity need. Any market purchases made to avoid a loss of load are capacity purchases and do not reflect the cost of energy.[136] The function of the cost of generation study is to distinguish between capacity and energy costs, not to estimate the cost of market purchases. PGE's market prices, which are erroneously high due to the failure to consider forward price curves, are also inappropriately high because they reflect capacity-related market purchases rather than energy-related market purchases.

2. Issue 32: The Commission should not adopt a cap or floor for class rate impacts.

AWEC has presented compelling evidence in this proceeding that PGE's rate filing should be rejected in its entirety.[137] Furthermore, and in the alternative, AWEC has presented compelling evidence that a rate decrease is justified. As such, because AWEC maintains its

---

[132] PGE Opening Brief at 107.
[133] AWEC/200, Kaufman/19 (Figure 2).
[134] PGE Opening Brief at 107.
[135] *Id.*
[136] AWEC/200, Kaufman/17:3-7.
[137] Every non-Company party that addressed Issue 55 in opening briefs agrees that PGE has failed to carry its burden of proof regarding the Company's proposed rate increase.

recommendations set forth in its Opening Brief, it follows that establishing caps and floors would be unnecessary and would be overly stringent if the Commission adopts AWEC's recommendations or approves only a modest rate increase.

3. Issue 35: The Commission should adopt PGE's proposed revisions to the load following credit for Schedule 90.

The record supports the Commission's adoption of PGE's proposed revisions to the load following credit for Schedule 90. Staff and CUB oppose PGE's proposal.[138] Staff argues both that "PGE has not provided a convincing rationale for why the flexibility value of a lithium-ion battery is appropriate to use as a benchmark for this benefit" and also that "PGE has not provided sufficient rationale to support the existence of the Load Following Credit at all."[139] Foremost, the existence of the Load Following Credit is not at issue in the proceeding, which no party has expressly opposed. Rather, PGE's proposed increase to that credit is. Additionally, Staff's argument that PGE's revisions are unjustified is contrary to the record. PGE has explicitly addressed Staff's concerns.[140] Notably, CUB offers nothing more than conclusory statements for its recommendation.[141] Because both AWEC and PGE have presented compelling evidence in pre-filed testimony and Opening Briefs explaining why the revision is justified, the Commission should adopt PGE's revisions.[142]

4. Issue 36: PGE should not be required to apply Time of Use (TOU) to Schedule 90 customers.

Staff has provided no additional evidence as to why PGE should be required to

[138] Staff Opening Brief at 58:2-3 (internal citations omitted); CUB Opening Brief at 54.
[139] Staff Opening Brief at 58:5-9.
[140] *See* AWEC Opening Brief at 43-44.
[141] *See* CUB Opening Brief at 54.
[142] *See* AWEC/400, Kaufman/14:11-17 (internal citations omitted); UE 435/PGE/3100, Macfarlane-Pleasant/16:15-21; PGE/2000, Macfarlane-Pleasant/17:10; AWEC Opening Brief at 42-45; PGE Opening Brief at 115.

apply TOU for Schedule 90 customers. As AWEC has highlighted in pre-filed testimony, Staff has failed to provide a specific TOU design proposal. Therefore, neither AWEC nor the Commission can evaluate the validity of a Schedule 90 TOU rate as recommended by Staff. As such, because AWEC and PGE have presented evidence that it is preferable to incentivize Schedule 90 customers to maintain a flat load rather than introduce a TOU rate, and because there is no specific TOU proposal before the Commission, Staff's recommendation should be rejected.

J. Customer Service Issues

1. Issue 41: PGE's proposed amount for non-labor Customer Accounts O&M should be reduced by $5,253,818.

PGE maintains that the UE 416 budget adopted through stipulation is a reasonable starting point to determine its proposed amount for non-labor Customer Accounts O&M.[143] In opposition to AWEC's recommendation, PGE merely states that the "outside service expense[s]…are actually key efforts that develop programs and benefit customers by informing them how their participation in energy management has an impact on cost, reliability, and sustainability."[144] This may be true, but it provides no justification for the level of expense PGE identifies in this case. Accordingly, PGE has not provided sufficient evidence to demonstrate the reasonableness of its non-labor Customer Accounts O&M costs.

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

1. Issue 50: Opposing parties have failed to advance any reasonable argument against AWEC's recommended changes to IQBD cost recovery.

Staff, CUB, and Verde oppose AWEC's recommended changes to IQBD cost recovery that would move it to a revenue-based allocation and create a per-customer cap for Schedule 90. PGE,

---

143 PGE Opening Brief at 91.
144 *Id.* at 91-92.

while not opposing AWEC's recommendation, notes that it will "shift program costs currently recovered from larger customers to residential and small non-residential customers."[145] Staff opposes AWEC's recommendation for solely for this reason,[146] while CUB opposes it because it disagrees with AWEC's analogy of the IQBD program to the public purpose charge.[147] The parties' arguments against AWEC's recommendations are meritless and should be rejected.

AWEC concedes that its proposal would shift a portion of current cost recovery from large customers to smaller customers, but what Staff and PGE fail to acknowledge is that this occurs primarily because large customers are paying *more* for the IQBD program than smaller customers.[148] Staff's position is particularly perplexing because AWEC's recommendation achieves what Staff states is its goal with respect to IQBD cost recovery better than the status quo. Specifically, Staff testified that it was interested in exploring a "percentage of bill cost recovery structure that reflects current rate spread models," and that "it is important to look towards an equitable distribution for all customers paying into the bill discount program. Under a percentage of bill approach, the issue of applicable kWh cap is removed."[149] Furthermore, in defending the current cost recovery mechanism in PGE's last rate case, the parties that agreed to this mechanism, including Staff, PGE, and CUB, argued that it was reasonable because "the Stipulation ensures that PGE's largest customers will contribute to the IQBD program in a manner that is roughly commensurate – *from a percentage of total utility bill perspective* – with other customers on PGE's system."[150]

---

145 PGE Opening Brief at 149-50.
146 Staff Opening Brief at 73-74.
147 Verde opposes AWEC's recommendation but does not articulate a rationale. Verde Opening Brief at 1.
148 AWEC/504 (PGE IQBD Model).
149 Staff/1900, Ayres/44:6-11.
150 Docket No. UE 416, Stipulating Parties' Response to Objections of AWEC to Fifth Partial Stipulation at 3 (Nov. 9, 2023) (emphasis added) (internal citations omitted).

AWEC's recommendation achieves the parties' stated goal better than the current method. While it does result in a lower bill percentage for Schedule 90 (but not a lower per-customer cost), all other customer classes pay *exactly* the same percentage for the IQBD program.[151] It is disingenuous for the parties objecting to AWEC's recommendation to argue that an equal percentage of bill approach is the most equitable cost recovery method but then object to that precise method when it results in smaller customers paying slightly more than they are currently.

Meanwhile, CUB's stated opposition is simply irrelevant. CUB concedes that both the public purpose charge and the IQBD program "are public policy goals" but argues that "they are different in purpose and application."[152] The only argument CUB advances in support of this conclusion is that the public purpose charge law requires its collection on a revenue basis while the law authorizing the IQBD program does not.[153] Obviously that does not mean that IQBD program costs cannot or should not be recovered based on revenue as well. CUB offers no policy reason for why these costs should be recovered as an energy charge and falls back on the statement that IQBD costs should be recovered from "*all* retail customers."[154] But as demonstrated above, AWEC's recommendation does precisely that. All customer classes pay the same amount on a percentage-of-bill basis other than Schedule 90 and direct access.[155] Direct access pays more as a percentage-of-bill because they are treated as if they were cost-of-service customers, thus ensuring that they do not avoid this cost. Schedule 90 pays less as a percentage-of-bill, but still pays more by far on an individual customer basis than any other customer class due to the anomalous size of the customers on this rate schedule.[156]

---

151 AWEC/504 (PGE IQBD Model).
152 CUB Opening Brief at 73 (internal citations omitted).
153 *Id.*
154 *Id.* (emphasis original).
155 AWEC/504 (PGE IQBD Model).
156 *Id.*

The parties opposing AWEC's recommended changes to IQBD cost recovery have simply failed to articulate any rational legal or policy argument against it. AWEC recommends that the Commission adopt these changes.

L. Other issues.

1. Issue 55(a): The Commission should reject PGE's rate filing in its entirety for the Company's failure to meet the requirements of ORS 757.210(1)(a) by not providing sufficient evidence that proposed rates are just, reasonable and in the public interest.

PGE states that the Company has "met its burden of proof to show the proposed rates are just and reasonable and the determination ripe for the Commission is what level of recovery should be set."[157] As AWEC has shown in pre-filed testimony and its Opening Brief, PGE is incorrect. Accordingly, and based on the record before the Commission, PGE's rate filing should be rejected in its entirety for the Company's failure to meet the requirements of ORS 757.210(1)(a) by not providing sufficient evidence that its rate request is just and reasonable, and also that its current rates are unjust and unreasonable. As further evidence, every non-Company party that addressed issue 55 in Opening Briefs agrees that PGE has failed to carry its burden of proof regarding the Company's proposed rate increase.[158]

In support of its argument, PGE notes the evidence it has provided in this proceeding, including "over 1,541 pages of testimony supported by 32 witnesses…files of workpapers for

---

157 PGE Opening Brief at 156

158 Staff's Opening Brief at 75:13-14 ("Staff agrees with AWEC that it is within the Commission's authority to conclude that PGE failed to carry its burden of proof with respect to its proposed rate increase. In fact, Staff argues PGE has failed to carry its burden of proof with respect to most of PGE's requested increase in O&M expense."); CUB's Opening Brief at 74 ("The Commission should reject components of the filing where PGE has not met its burden of proof to show the proposed rates are just, reasonable and in the public interest or that are a collateral attack on issues resolved in Docket UE 416. CUB agrees with AWEC that a utility test year should be based on actual results, not an annual budget."); Verde Opening Brief at 4, 10 (internal citations omitted) ("[T]here are reasons this rate case should be dismissed as argued by other parities… PGE has not met its burden to show that its request for a return on equity (ROE) increase is warranted or reasonable.") (internal citations omitted).

parties to review and responded to 1,187 data requests from multiple parties."[159] AWEC does not dispute these numbers. However, the underlying and inexcusable flaw with PGE's filings remains; the Company's proposed revenue requirement relies on a budget established in its previous rate case instead of starting with actual verifiable expenses. As such, because the testimony, workpapers and responses to data requests are based on a budget, it is insufficient evidence to support PGE's filing.

PGE's focus on AWEC's use in testimony of the term "traditional pro forma study" is misguided at best. Specifically, PGE asserts that "AWEC's definition of a 'traditional pro-forma study' is not a defined term within Oregon utility regulation and not a requirement under ORS 757.210(1)(a)."[160] First and foremost, AWEC witness Mr. Mullins never stated that he was defining the term "traditional pro forma study," nor did AWEC argue that a pro forma study, *per se*, was a requirement under Oregon law. Nevertheless, the Commission has a statutory obligation "to determine whether the rate or schedule is fair, just and reasonable."[161] So, while PGE claims that AWEC's analogy to proceedings before the Washington Utilities and Transportation Commission ("WUTC") is misplaced because WUTC regulations require utilities to file a results of operations statement with pro forma adjustments, this regulation merely identifies the means by which the WUTC implements the same statutory requirement in Washington that applies to this Commission – a requirement to affirmatively determine that a requested rate change is just and reasonable.[162] That the Commission's regulations do not contain the same level of specificity does not alter the burden the utility holds. Nor should it be unclear that this evidentiary burden requires

159 PGE Opening Brief at 155 (internal citations omitted).
160 *Id.* at 156.
161 ORS 757.210(1)(a).
162 RCW 80.28.020.

a comparison to actual historical costs, not a budget determined by the utility itself through its own internal and non-transparent processes. This is evident from the fact that every other Oregon utility begins its revenue requirement calculation with a reconciliation back to historical actual costs.[163]

PGE further maintains that its 2024 budget that is based on a stipulated revenue requirement from its previous rate case is a "valid and reasonable starting point for a 2025 future Test Year"[164] and argues that AWEC's assertion that a budget is effectively a black box amount "implies that PGE does not financially plan in a detailed and comprehensive manner, based on the amount of revenue authorized by the Commission." AWEC has no reason to doubt that PGE expends significant effort preparing its budget forecasts, but this misses the point. The point is that establishing rates based on a budget allows PGE itself to determine the reasonableness of its rates. This is evident from the fact that certain cost increases look relatively modest when compared to PGE's 2024 budget but look significantly larger when compared to historical actual costs. This includes a 94% increase to distribution non-labor O&M as compared to PGE's representation of a 9.1% increase relative to its 2024 budget,[165] and a 20% increase to labor expenses compared to 2023 actuals,[166] which PGE reported as a 4% increase for non-bargaining employees relative to the 2024 budget.[167] Only by comparison to historical actuals can the reasonableness of PGE's expense increases be determined, and that comparison in this case demonstrates that they are not reasonable.

PGE further argues that its rate revision should not be rejected because "AWEC had

---

[163] AWEC Opening Brief at 50-51.
[164] PGE Opening Brief at 157.
[165] AWEC/100, Mullins/29:2-15.
[166] *Id.* at 37, Table 9.
[167] PGE/200, Batzler-Ferchland/10:6.

adequate time to discover if PGE's 2024 Actuals varied significantly from PGE's 2024 Budget."[168] As noted above and in AWEC's Opening Brief, the consistency between PGE's actual spending and its budget tells the Commission nothing about whether that spending is reasonable because the only measuring stick for such a determination are the numbers that PGE itself created. Such a process effectively writes a blank check to PGE and gives the Commission no ability to set rates in a manner that both encourages and requires PGE to manage its costs.

For these reasons, AWEC continues to recommend that the Commission reject PGE's rate filing outright due to the Company's failure to satisfy its burden of proof.

III. CONCLUSION

For the foregoing reasons, AWEC recommends the Commission reject PGE's filing on the basis that it has failed to carry its burden to demonstrate not only that its rate request is just and reasonable, but also that its current rates are unjust and unreasonable. In the alternative, AWEC has presented compelling evidence in opposition of PGE's proposal and therefore requests that the Commission adopt the adjustments presented herein. The adoption of AWEC's adjustments would result in rates that are just, reasonable, and in the public interest.

Dated this 8th day of November 2024.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

<u>/s/ Tyler C. Pepple</u>
Tyler C. Pepple
Corinne O. Olson
107 SE Washington St., Suite 430
Portland, OR 97214
tcp@dvclaw.com

[168] PGE Opening Brief at 157.

coo@dvclaw.com
(503) 241-7242 (phone)
(503) 241-8160 (facsimile)
Attorney for the Alliance of Western Energy Consumers