PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE

DATE: December 31, 2024

TO: Caroline Moore through Scott Gibbens

FROM: Curtis Dlouhy, Luz Mondragon, Will Wheeler, Jean Falconer, Charles Lockwood, and Ted Drennan

SUBJECT: Verification of Portland General Electric, (PGE, or Company) Tariff Rates Effective January 1, 2025, informed by:
Compliance Filing Advice No. 24-039, and work papers thereto.

In Order No. 24-454, entered December 20, 2024, in Docket No. UE 435 (Order) the Commission addressed more than 60 contested issues. There were no stipulations filed in this proceeding.

On December 23, 2024, PGE provided draft work papers for rate changes in this docket. On December 24, 2024, the Company filed an updated Compliance Filing that corrected some initial errors. On December 27, 2024, and December 30, 2024 PGE filed two Supplemental Filings to Advice No. 24-039 with updated tariff pages (Advice) to reflect the Order. The December 27 Supplemental Filing remedied some housekeeping changes and corrected the Schedule 7 On-Peak and Mid-Peak Transmission and Distribution Charges. The December 30 Supplemental Filing cleaned up various lighting charges that were incorrectly written and included Schedules 129 and 139, which were incorrectly omitted from the initial filing.

As a result of the Order, PGE's revenue requirement is set to increase by $188.0 million or 6.3 percent on a billed revenue basis for all customer types combined when accounting for changes to power costs and supplemental schedules. For a typical single-family residential customer, using 950 kilowatt-hours per month, and not participating in a bill discount program, their monthly bill on average would increase by $8.50 or 5.4 percent to $164.46 a month. This filing will affect about 950,000 Oregon utility customers.

When broken down, this $188.0 million increase in revenue requirement is the result of $101.8 million approved through the Company's general rate case in UE 435, $56.5 million approved in the Company's power cost filing in UE 436, and the remainder coming from Supplemental Schedules.

The increases described above are only marginally different than the 6.2 percent overall increase directed in the Order due to rounding.

Drivers for the rate increase include capital investments in infrastructure and the approval of one of the two battery projects that the Company requested in its rate case filing.

Staff reviewed the Advice filing and finds it complies with the Commission's Order No. 24-454 following the Supplemental filings made by PGE. The checks and analytic tasks required to affirm the accuracy of rates were extensive and included:

- Confirm the revenue target is correctly calculated in the Company's revenue requirement work papers based on the Commission directed amounts found within the Order.
- Confirm that the load forecast uses appropriate values.
- Confirm from the Rate Spread and Design spreadsheet and work papers that the proposed tariff prices are calculated to produce revenues in accordance with the Order.
- Confirm that the Company's formula inputs for pricing are consistent and accurate.
- Verify accurate implementation of all changes, including tariff language changes, authorized by the Commission.
- Confirm that the tariff sheets are properly updated with the rates present in the Rate Spread and Design worksheet, advice number, revision number, date, and other appropriate language changes.
- Confirm Constable Battery is in service and reflected in rates.
- Confirm that the lighting schedules were properly calculated.
- Confirm that the updated non-residential Time Of Use (TOU) rates were properly applied to the appropriate schedules.

Staff verified that the specific impacts authorized by the Order will be achieved by the changed tariff pages as filed.

Attestations: PGE Senior Vice President of Finance, Joseph R. Trpik attested that the various infrastructure projects were in place or expected to be completed by the end of the calendar year and that the Constable Battery Energy Storage was completed on December 20.

Staff utilized the provided work papers and held multiple meetings and other discussions with the Company regarding the work papers and Advice to verify the accuracy of the tariffs.

Staff raised concerns with the Company in Staff's review and reached the following resolutions:

1. Staff found typos in the Company's lighting tariff that were ultimately resolved in the Company's December 30 Supplemental Filing.
2. Language changes to Schedule 125 were made so that Schedule 125 would collect the full power cost amounts rather than the net difference between base rates and updates to net power costs in non-rate case years. Staff exchanged emails with the Company and reviewed testimony confirming that this was the intent and that this was unopposed by parties within UE 435.
3. Incentives:
   Staff discussed with the Company how to properly calculate the adjustment for Issue 9b, Annual Cash Incentives. Annual Cash Incentive expenses are models as

a percentage of the Company's overall wages and salaries expenses. While the Company applied the Order stating that it may recover only 25 percent of cash incentives to the originally requested amount, Staff felt that the 25 percent would be more appropriately applied to the wages and salaries amount used to calculate the final revenue requirement. While Staff disagrees with the Company, Staff ultimately found that the Company's modeling choice technically complied with the Commission's order and resulted in just and reasonable rates. Staff found that the difference between the Company's and Staff's approach did not have a significant impact on the overall rate change in this case.

4. Language was added into Schedules 38, 83, and 85 discussing what would be done for customers that do not have interval meters installed and how a customer would be billed for its TOU rates in the absence of interval meters. The Company explained to Staff that this language was necessary because some customers still do not have this metering equipment, which is necessary to properly implement the new mandatory TOU rates for these schedules. The Company further clarified that a customer would be billed using its actual usage per time period if possible, its historical usage by TOU window scaled to the current billing period's total usage if actual usage is not available, or the historic TOU window usage for the entire rate schedule applied to the current billing period of neither of the previous two data sources are available. Staff found this to be reasonable.

Staff confirmed that the Company's new tariff sheets will produce rates that conform to the Commission's Order. Therefore, Staff recommends that an acknowledgement letter be sent and that rates go into effect January 1, 2025.