

ELLEN F. ROSENBLUM
Attorney General



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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

June 22, 2015

Public Utility Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
P.O. Box 1088
Salem, OR 97308-1088

Re: *In the Matter of: Portland General Electric 2015 General Rate Case*
PUC Docket No.: UE 294
DOJ File No.: 860115-GB02680-14

Dear Filing Center:

Enclosed for filing, please find corrected pages 2, 3, 6, and 8 of Staff Exhibit 700 (opening testimony of Staff witness Marianne Gardner). This filing includes red-line edits depicting the changes and a clean copy of the revised pages. On the redline copy, the correction to page 2 is in the last row of Table A, the correction to page 3 on lines 6-7, the correction to page 6 is on line 11 and the edit to page 8 is on pages 4-5.

In the Opening Testimony filed by Industrial Customers of Northwest Utilities (ICNU), an ICNU witness proposes reductions in rate base, thereby reducing revenue requirement. Exhibit UE 294 ICNU/200, Mullins/18-27. Staff's revised testimony on revenue requirement, acknowledges that some rate base items may be reduced or removed.

Thank you for your assistance.

Sincerely,

Johanna M. Riemenschneider
Assistant Attorney General
Of Attorneys for Public Utility Commission
of Oregon Staff

JMR: /DM6591197
Enclosure

CASE: UE 294
WITNESS: MARIANNE GARDNER

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 700

REVISED OPENING TESTIMONY

June 1522, 2015

1 **Q. Please state your name and business address.**

2 A. My name is Marianne Gardner. My business address is 3930 Fairview
3 Industrial Dr. SE, Salem, Oregon 97302.

4 **Q. Please describe your educational background and work experience.**

5 A. I am a Senior Revenue Requirement Analyst employed in the Energy Rates,
6 Finance, and Audit Division of the Public Utility Commission of Oregon
7 (OPUC). My Witness Qualification Statement is found in Exhibit Staff/701.

8 **Q. What is the purpose of your testimony?**

9 A. I am the revenue requirements summary witness for the Public Utility
10 Commission of Oregon Staff (Staff) in this proceeding. As such, I explain
11 my adjustments and summarize the other Staff-sponsored adjustments and
12 issues regarding Portland General Electric's (PGE's or Company's) filing in
13 this docket, identified as UE 294, that remains contested. In addition, I
14 provide some detail regarding the partial settlement reached in principal in
15 the docket.

16 **Q. Did you prepare an exhibit for this docket?**

17 A. Yes. I prepared Exhibit Staff/702, consisting of 1 page.

18 **Q. How is your testimony organized?**

19 A. My testimony is organized as follows:

20 Part I – Revenue Requirement

21 Part II – Contested Issues

22 **Part I – Revenue Requirement**

23 **Q. Please provide a list of the rate case topics that Staff reviewed, identify**

24 **the Staff analyst who reviewed the topic, and the status of the topic.**

1 A. Listed in Table A is the requested information.

2 **Table A**

Staff	Settled	Contested	No Adjustment Required
Andrus B.		Portfolio Options Program	
Breish	Energy Efficiency		
Bahr	Medical Benefits, Pensions		Affiliated Interest Charges, Taxes Other Than Income
Bhattacharya		Marginal Generation Costs & Load Forecast	
Boyle	Fee Free Bankcard		
Compton	R&D	LRIC, Rate Spread and Rate Design	
Fonner		Marginal Customer Cost, Postage, and Load Forecast	
Gardner	Revenue Sensitive Rates, Uncollectible Expense, Escalation, Workforce Levels, Wages and Salaries, Incentives & Bonuses	Revenue Requirement, Interest Synchronization	Amortization Expense, Income Taxes, Accumulated Deferred Income Taxes, Working Capital, Miscellaneous Labor, Budgeting Process
Johnson	Construction Overheads, Sponsorships, Memberships, Dues and Donations	Trojan Refund - Schedule 143	Generation Expenses, Transmission and Distribution O&M Expense, Fuel Stock, Material and Supplies, Miscellaneous Deferred Debits, IT Projects, Environmental Remediation
Moore	Advertising		Marketing, Promotional Activities, Concessions, PCB Transformer Testing Project
Muldoon		Cost of Capital	
Ordonez	Carty Generation Station, Grassland Switchyard, Clackamas Surface Collector Project		Other Electric Plant Acquisitions
Wittekind	Various A&G and D&O	<u>Existing Plant, Miscellaneous Rate Base, Rate Base Reductions</u>	<u>Existing Plant, Miscellaneous Rate Base, Rate Base Reductions</u>

1 **Q. Please describe Table A.**

2 A. Table A describes three categories of issues. The first category is for settled
3 topics, and Staff will present separate testimony on those topics in support of
4 the partial stipulation in July. The second category is for contested issues, and
5 Staff is presenting individual testimony on those issues in its opening testimony
6 and/or in responsive testimony as warranted. The list of contested issues
7 could change dependent on testimony filed by other parties. The third category
8 is for those topics that Staff investigated and concluded no adjustment was
9 necessary. For all three categories, Staff reviewed the Company's filing,
10 including the standard data request responses, initiated an additional 347 data
11 requests, and reviewed responses to parties data requests.

12 **Q. Is there any other rate case topic that is not listed in Table A?**

13 A. Yes. Power Costs are included in PGE's requested base revenue
14 requirement. However, this issue has a separate schedule within Docket
15 UE 294 for which John Crider is the responsible Staff analyst.

16 **Q. Is there a difference between the revenue requirement for base rates**
17 **requested by PGE and the amount Staff proposed?**

18 A. Yes. To summarize, PGE requested an increase in revenue requirement
19 related to base rates of approximately \$38.75 million. This \$38.75 million
20 revenue requirement amount does not include PGE's requested revenue
21 requirement for the Carty project. For purposes of settlement, Staff proposed
22 15 adjustments to PGE's requested revenue requirement, 14 of which change
23 revenue requirement. Additionally, Staff identified several other issues with

1 PGE's filing. A partial settlement has been reached on some of Staff's
2 proposed adjustments. However, a proposed revenue requirement amount is
3 unavailable at this time.

4 **Q. Which parties have agreed to the partial settlement?**

5 A. PGE, Citizens Utility Board of Oregon (CUB), Industrial Customers of
6 Northwest Utilities (ICNU), Kroger Co. (Kroger), and Staff have agreed to the
7 settlement in principal. There may be other parties to the settlement as well.

8 **Q. Has a formal settlement agreement been filed with the OPUC?**

9 A. Not yet. However, the parties are currently drafting an agreement and will be
10 drafting supporting testimony as well.

11 **Q. Please list Staff's settled issues to the Company's filed general rate
12 case, and the associated adjustments.**

13 A. I have prepared the following two lists. Table B contains issues S-4, S-6,
14 S-8, S-11, and S-15, which stipulating parties settled collectively for
15 ratemaking purposes. For these issues, stipulating parties agreed that test
16 year expense will be reduced by a total of \$8 million, and rate base will be
17 reduced by \$9 million. Other terms will be fully explained in the partial
18 settlement. Staff's allocation of these amounts in Table B represents Staff's
19 perspective on the issues for illustrative purposes only, and does not
20 necessarily reflect the positions or views of the other parties to the partial
21 settlement regarding allocation of the agreed-upon reductions. I base this
22 assignment on the Commission's past practices and policies as applied in
23 previous rate cases and as applied by Staff in the current rate case.

1 Listed in Table C are the remaining settled issues, S-1, S-5, S-7, S-9, S-12,
2 S-13, and S-14, for which stipulating parties agreed to as well. Staff
3 assigned to these issues will explain each issue more fully in their
4 respective testimonies supporting the partial settlement.

Table B

Item	Staff	Description	Settled Collectively Adjustments (\$000)		
			Revenue	Expense	Rate Base
S-4	Gardner	Wages & Salaries		(\$4,326)	(\$1,824)
S-6	Wittekind	Various A&G		(\$1,195)	
S-8	Bahr	Pensions		(\$1,300)	(\$7,176)
S-11	Gardner	Escalation		(\$778)	
S-15	Boyle	Fee Free Bankcard		(\$401)	
		TOTAL		(\$8,000)	(\$9,000)

Table C

Item	Staff	Description	Settled Individually Adjustments (\$000)		
			Revenue	Expense	Rate Base
S-1	Gardner	Uncollectibles (rate = 0.4032%)		\$0	
S-5	Moore	Advertising		(\$70)	
S-7	Bahr	Medical Benefits		(\$992)	
S-9	Johnson	Dues and Donations		(\$194)	
S-12	Breish	Energy Efficiency		(\$237)	
S-13	Compton	R&D		(\$1,100)	
		TOTAL		(\$2,593)	

7 **Q. Will Staff provide testimony on the above settled items?**

8 A. Yes. I and other Staff will submit separate testimony in support of the settled
9 items in July.

1 **Q. Are there any other matters in PGE's UE 294 initial filing not resolved**
2 **through the above-described settled items that will impact 2016**
3 **revenues?**

4 A. Yes. There are three additional subjects presented in the filing that impact
5 revenues. The first is Power Costs. Power Costs are included in PGE's
6 requested base revenue requirement. However, this issue has a separate
7 schedule within Docket UE 294. Parties have filed the first round of testimony.
8 Staff witness John Crider filed opening testimony and Staff exhibits 100-105 on
9 May 28, 2015. The next step in the Power Cost schedule is PGE's filing of
10 reply testimony.

11 The second matter is regarding ~~capital or rate base additions~~. Parties have
12 settled certain terms regarding capital additions, Clackamas Surface Collector
13 Project, Grassland Switchyard, and Carty. Parties have agreed to remove the
14 Grassland Switchyard capital costs from the Company's base business case,
15 and include these costs with Carty's gross plant. The Clackamas Surface
16 Collector Project will be included in the Company's rate base pending a PGE
17 officer attestation when Clackamas Surface Collector Project is placed in
18 service prior to January 1, 2016. Staff witness Ordonez will further explain in
19 his opening testimony, Exhibit 900.

20 Lastly, PGE has reduced their base revenue requirement request by \$56.2
21 million. Staff issued Data Request No. 181 and requested from the Company
22 further explanation of this reduction described as "Changes in Supplemental

1 Schedules” at the top of page 3 of PGE’s Executive Summary.¹ The
 2 Company’s response entitled “Estimated Changes in Supplemental
 3 Schedules:2016” is appended as Staff Exhibit 702. The revenue from these
 4 supplemental schedules is independent of the base revenue requirement
 5 request and base rates.

6 **Q. Does Staff agree with PGE’s proposed changes as shown in Exhibit**
 7 **702?**

8 A. No. Staff questions PGE’s proposal concerning the Trojan nuclear fuel credit
 9 contained in Schedule 143, Spent Fuel Adjustment. Staff witness Judy
 10 Johnson offers testimony regarding this subject in Exhibit 800.

11 **Q. Does this conclude your testimony on the partial settlement?**

12 A. Yes.

13 **Part II – Contested Issues**

14 **Q. Please provide a listing of the responsible Staff witnesses for each**
 15 **contested issue and the associated exhibit number.**

16 A. The table below provides the requested list.

17 **Table D**

Item	Staff Witness	Description	Status	Exhibit No.
S-0	Matt Muldoon	Cost of Capital	Contested	200
S-3	Marianne Gardner	Interest Synchronization	Contested	700
S-10	Jorge Ordonez	Capital Additions	Partial Settlement	900

¹ The Executive Summary is included with PGE’s initial filing of UE 294 Request for a General Rate Revision, February 12, 2015.

I-1	George Compton	LRIC, Rate Spread and Rate Design	Contested	300
I-4	Suparna Bhattacharya	Marginal Generation Costs & Load Forecast	Contested	400
I-5	Robert Fonner	Load Forecast	Contested	500
I-6	Robert Fonner	Marginal Customer Costs & Postage	Contested	500
I-8	Brittany Andrus	Portfolio Options Program	Contested	600
Sch. 143	Judy Johnson	Nuclear Fuel Credit	Contested	800

1 **Q. Will each Staff witness provide testimony on each of the above items?**

2 A. Yes. Staff witness identified in Table D will provide individual testimony on
 3 each contested item for which they are responsible that will clarify Staff's
 4 position. In addition, Staff will likely be filing responsive testimony regarding
 5 rate base later on in this docket.

6 **Q. Has Staff provided estimated adjustments to the 2015 test revenues,**
 7 **expenses, or rate base dollars for any of these contested issues?**

8 A. Yes. Staff provides the following estimates. The proposed adjusted
 9 amounts for the remaining contested items are still pending a final
 10 determination. Staff witnesses will explain the amounts more fully in each of
 11 their respective testimonies.

12 **Table E**

Item	Staff Witness	Description	Status	Proposed Adjustment (\$000)		
				Revenue	Expense	Rate Base
S-0	Muldoon	Cost of Capital	(Contested)	(\$32,074)		
S-3	Gardner	Interest Synchronization	(Contested)	\$2,694		
I-6	Fonner	Marginal Customer Cost/Postage	(Contested)			

Sch. 143	Johnson	Nuclear Fuel Credit	(Contested)	(\$17,344)		
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1 **Q. Briefly describe the contested adjustment for Item S-3, Interest**

2 **Synchronization, for which you are responsible.**

3 A. According to long-standing Commission policy, for ratemaking purposes, Staff
4 routinely synchronizes interest expense to reflect changes to the regulated
5 utility's cost of capital as initially filed in a general rate case. This is consistent
6 with the treatment in PGE's last general rate case, UE 283. The Item S-3
7 adjustment depends on Staff witness Matt Muldoon's proposed adjustment
8 S-0, Cost of Capital. Mr. Muldoon has recommended in S-0 an adjustment to
9 the Company's filed cost of capital, of which the weighted cost of debt is a
10 component. Because interest expense on long-term debt is tax deductible, Mr.
11 Muldoon's proposed weighted cost of debt impacts income tax expense for
12 ratemaking purposes. Once parties agree on the weighted cost of debt,
13 interest must be coordinated or synchronized to determine the related
14 adjustment for the income tax calculation.

15 The amount is calculated on the base year as follows:

16 + Net Rate Base

17 X Staff's Recommended (or Authorized) Weighted Cost of Debt

18 = Allowable Interest Deduction

19 - Company's Reported Interest Deduction

20 = Interest Coordination Adjustment

21 **Q. Does this conclude your testimony?**

22 A. Yes.

CASE: UE 294
WITNESS: MARIANNE GARDNER

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 700

REVISED OPENING TESTIMONY

June 22, 2015

1 **Q. Please state your name and business address.**

2 A. My name is Marianne Gardner. My business address is 3930 Fairview
3 Industrial Dr. SE, Salem, Oregon 97302.

4 **Q. Please describe your educational background and work experience.**

5 A. I am a Senior Revenue Requirement Analyst employed in the Energy Rates,
6 Finance, and Audit Division of the Public Utility Commission of Oregon
7 (OPUC). My Witness Qualification Statement is found in Exhibit Staff/701.

8 **Q. What is the purpose of your testimony?**

9 A. I am the revenue requirements summary witness for the Public Utility
10 Commission of Oregon Staff (Staff) in this proceeding. As such, I explain
11 my adjustments and summarize the other Staff-sponsored adjustments and
12 issues regarding Portland General Electric's (PGE's or Company's) filing in
13 this docket, identified as UE 294, that remains contested. In addition, I
14 provide some detail regarding the partial settlement reached in principal in
15 the docket.

16 **Q. Did you prepare an exhibit for this docket?**

17 A. Yes. I prepared Exhibit Staff/702, consisting of 1 page.

18 **Q. How is your testimony organized?**

19 A. My testimony is organized as follows:

20 Part I – Revenue Requirement

21 Part II – Contested Issues

22 **Part I – Revenue Requirement**

23 **Q. Please provide a list of the rate case topics that Staff reviewed, identify**
24 **the Staff analyst who reviewed the topic, and the status of the topic.**

1 A. Listed in Table A is the requested information.

2 **Table A**

Staff	Settled	Contested	No Adjustment Required
Andrus B.		Portfolio Options Program	
Breish	Energy Efficiency		
Bahr	Medical Benefits, Pensions		Affiliated Interest Charges, Taxes Other Than Income
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Ordonez	Carty Generation Station, Grassland Switchyard, Clackamas Surface Collector Project		Other Electric Plant Acquisitions
Wittekind	Various A&G and D&O	Existing Plant, Miscellaneous Rate Base, Rate Base Reductions	

1 **Q. Please describe Table A.**

2 A. Table A describes three categories of issues. The first category is for settled
3 topics, and Staff will present separate testimony on those topics in support of
4 the partial stipulation in July. The second category is for contested issues, and
5 Staff is presenting individual testimony on those issues in its opening testimony
6 and/or in responsive testimony as warranted. The list of contested issues
7 could change dependent on testimony filed by other parties. The third category
8 is for those topics that Staff investigated and concluded no adjustment was
9 necessary. For all three categories, Staff reviewed the Company's filing,
10 including the standard data request responses, initiated an additional 347 data
11 requests, and reviewed responses to parties data requests.

12 **Q. Is there any other rate case topic that is not listed in Table A?**

13 A. Yes. Power Costs are included in PGE's requested base revenue
14 requirement. However, this issue has a separate schedule within Docket
15 UE 294 for which John Crider is the responsible Staff analyst.

16 **Q. Is there a difference between the revenue requirement for base rates
17 requested by PGE and the amount Staff proposed?**

18 A. Yes. To summarize, PGE requested an increase in revenue requirement
19 related to base rates of approximately \$38.75 million. This \$38.75 million
20 revenue requirement amount does not include PGE's requested revenue
21 requirement for the Carty project. For purposes of settlement, Staff proposed
22 15 adjustments to PGE's requested revenue requirement, 14 of which change
23 revenue requirement. Additionally, Staff identified several other issues with

1 PGE's filing. A partial settlement has been reached on some of Staff's
2 proposed adjustments. However, a proposed revenue requirement amount is
3 unavailable at this time.

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6 Northwest Utilities (ICNU), Kroger Co. (Kroger), and Staff have agreed to the
7 settlement in principal. There may be other parties to the settlement as well.

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10 drafting supporting testimony as well.

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12 case, and the associated adjustments.**

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14 S-8, S-11, and S-15, which stipulating parties settled collectively for
15 ratemaking purposes. For these issues, stipulating parties agreed that test
16 year expense will be reduced by a total of \$8 million, and rate base will be
17 reduced by \$9 million. Other terms will be fully explained in the partial
18 settlement. Staff's allocation of these amounts in Table B represents Staff's
19 perspective on the issues for illustrative purposes only, and does not
20 necessarily reflect the positions or views of the other parties to the partial
21 settlement regarding allocation of the agreed-upon reductions. I base this
22 assignment on the Commission's past practices and policies as applied in
23 previous rate cases and as applied by Staff in the current rate case.

1 Listed in Table C are the remaining settled issues, S-1, S-5, S-7, S-9, S-12,
2 S-13, and S-14, for which stipulating parties agreed to as well. Staff
3 assigned to these issues will explain each issue more fully in their
4 respective testimonies supporting the partial settlement.

5 **Table B**

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S-11	Gardner	Escalation		(\$778)	
S-15	Boyle	Fee Free Bankcard		(\$401)	
		TOTAL		(\$8,000)	(\$9,000)

6 **Table C**

Item	Staff	Description	Settled Individually Adjustments (\$000)		
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S-7	Bahr	Medical Benefits		(\$992)	
S-9	Johnson	Dues and Donations		(\$194)	
S-12	Breish	Energy Efficiency		(\$237)	
S-13	Compton	R&D		(\$1,100)	
		TOTAL		(\$2,593)	

7 **Q. Will Staff provide testimony on the above settled items?**

8 A. Yes. I and other Staff will submit separate testimony in support of the settled
9 items in July.

1 **Q. Are there any other matters in PGE's UE 294 initial filing not resolved**
2 **through the above-described settled items that will impact 2016**
3 **revenues?**

4 A. Yes. There are three additional subjects presented in the filing that impact
5 revenues. The first is Power Costs. Power Costs are included in PGE's
6 requested base revenue requirement. However, this issue has a separate
7 schedule within Docket UE 294. Parties have filed the first round of testimony.
8 Staff witness John Crider filed opening testimony and Staff exhibits 100-105 on
9 May 28, 2015. The next step in the Power Cost schedule is PGE's filing of
10 reply testimony.

11 The second matter is regarding rate base. Parties have settled certain terms
12 regarding capital additions, Clackamas Surface Collector Project, Grassland
13 Switchyard, and Carty. Parties have agreed to remove the Grassland
14 Switchyard capital costs from the Company's base business case, and include
15 these costs with Carty's gross plant. The Clackamas Surface Collector Project
16 will be included in the Company's rate base pending a PGE officer attestation
17 when Clackamas Surface Collector Project is placed in service prior to January
18 1, 2016. Staff witness Ordonez will further explain in his opening testimony,
19 Exhibit 900.

20 Lastly, PGE has reduced their base revenue requirement request by \$56.2
21 million. Staff issued Data Request No. 181 and requested from the Company
22 further explanation of this reduction described as "Changes in Supplemental

1 Schedules” at the top of page 3 of PGE’s Executive Summary.¹ The
2 Company’s response entitled “Estimated Changes in Supplemental
3 Schedules:2016” is appended as Staff Exhibit 702. The revenue from these
4 supplemental schedules is independent of the base revenue requirement
5 request and base rates.

6 **Q. Does Staff agree with PGE’s proposed changes as shown in Exhibit
7 702?**

8 A. No. Staff questions PGE’s proposal concerning the Trojan nuclear fuel credit
9 contained in Schedule 143, Spent Fuel Adjustment. Staff witness Judy
10 Johnson offers testimony regarding this subject in Exhibit 800.

11 **Q. Does this conclude your testimony on the partial settlement?**

12 A. Yes.

13 Part II – Contested Issues

14 **Q. Please provide a listing of the responsible Staff witnesses for each
15 contested issue and the associated exhibit number.**

16 A. The table below provides the requested list.

17 **Table D**

Item	Staff Witness	Description	Status	Exhibit No.
S-0	Matt Muldoon	Cost of Capital	Contested	200
S-3	Marianne Gardner	Interest Synchronization	Contested	700
S-10	Jorge Ordonez	Capital Additions	Partial Settlement	900

¹ The Executive Summary is included with PGE’s initial filing of UE 294 Request for a General Rate Revision, February 12, 2015.

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I-5	Robert Fonner	Load Forecast	Contested	500
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I-8	Brittany Andrus	Portfolio Options Program	Contested	600
Sch. 143	Judy Johnson	Nuclear Fuel Credit	Contested	800

1 **Q. Will each Staff witness provide testimony on each of the above items?**

2 A. Yes. Staff witness identified in Table D will provide individual testimony on
3 each contested item for which they are responsible that will clarify Staff's
4 position. In addition, Staff will likely be filing responsive testimony regarding
5 rate base later on in this docket.

6 **Q. Has Staff provided estimated adjustments to the 2015 test revenues,
7 expenses, or rate base dollars for any of these contested issues?**

8 A. Yes. Staff provides the following estimates. The proposed adjusted
9 amounts for the remaining contested items are still pending a final
10 determination. Staff witnesses will explain the amounts more fully in each of
11 their respective testimonies.

12 **Table E**

Item	Staff Witness	Description	Status	Proposed Adjustment (\$000)		
				Revenue	Expense	Rate Base
S-0	Muldoon	Cost of Capital	(Contested)	(\$32,074)		
S-3	Gardner	Interest Synchronization	(Contested)	\$2,694		
I-6	Fonner	Marginal Customer Cost/Postage	(Contested)			

Sch. 143	Johnson	Nuclear Fuel Credit	(Contested)	(\$17,344)		
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1 **Q. Briefly describe the contested adjustment for Item S-3, Interest**

2 **Synchronization, for which you are responsible.**

3 A. According to long-standing Commission policy, for ratemaking purposes, Staff
4 routinely synchronizes interest expense to reflect changes to the regulated
5 utility's cost of capital as initially filed in a general rate case. This is consistent
6 with the treatment in PGE's last general rate case, UE 283. The Item S-3
7 adjustment depends on Staff witness Matt Muldoon's proposed adjustment
8 S-0, Cost of Capital. Mr. Muldoon has recommended in S-0 an adjustment to
9 the Company's filed cost of capital, of which the weighted cost of debt is a
10 component. Because interest expense on long-term debt is tax deductible, Mr.
11 Muldoon's proposed weighted cost of debt impacts income tax expense for
12 ratemaking purposes. Once parties agree on the weighted cost of debt,
13 interest must be coordinated or synchronized to determine the related
14 adjustment for the income tax calculation.

15 The amount is calculated on the base year as follows:

16 + Net Rate Base

17 X Staff's Recommended (or Authorized) Weighted Cost of Debt

18 = Allowable Interest Deduction

19 - Company's Reported Interest Deduction

20 = Interest Coordination Adjustment

21 **Q. Does this conclude your testimony?**

22 A. Yes.