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May 13, 2019

Public Utility Commission of Oregon
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Re: UM 1817 PGE Deferral of Storm Related Restoration Costs

On March 12, 2019 Portland General Electric Company (PGE) requested the Commission establish contested case procedures in docket UM 1817. In accordance with Order No. 19-085 and the procedural schedule set March 13, 2019, PGE submits the following:

- PGE Exhibit 200 – Rebuttal Testimony of Bill Nicholson, Larry Bekkedahl, and Alex Tooman.

If you have questions or comments regarding this testimony, please contact Alex Tooman at (503) 464-7623.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com.

Thank you,

Stefan Brown
Manger, Regulatory Affairs

SB/np
Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION

OF THE STATE OF OREGON

UM 1817

Deferral of Excess Costs Associated
with 2017 Level III Storm Restoration

PORTLAND GENERAL ELECTRIC COMPANY

Rebuttal Testimony of

Bill Nicholson
Larry Bekkedahl
Alex Tooman, Ph.D.

May 13, 2019

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I. Introduction

Q. Please state your names and positions with Portland General Electric Company (PGE).

A. My name is Bill Nicholson. I am Vice President of Utility Technical Services. My qualifications were provided in PGE Exhibit 100.

My name is Larry Bekkedahl. I am Vice President of Grid Architecture, Integration and Systems Operations. My qualifications were provided in PGE Exhibit 100.

My name is Alex Tooman. I am a Senior Regulatory Consultant for PGE. My qualifications are included at the end of this testimony.

Q. What is the purpose of your testimony?

A. The purpose of our testimony is to address the testimonies of the Staff of the Public Utility Commission of Oregon (OPUC Staff or Staff), the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC), (or collectively as Parties) filed separately in this docket.

Q. How would you summarize the Parties' Reply testimony?

A. The Parties all recommend that the Commission reject PGE's request to defer approximately $8.0 million incurred between January 11, 2017 and year-end 2017 to provide customers with timely service restoration during and following several Level III storms.

Q. Do you accept their recommendation?

A. No. We continue to believe that PGE's request is legitimate and reasonable, and we will respond to each point made by the Parties in the sections that follow.

II. Stochastic Risk and Thresholds

Q. Is there one consistent argument made by the Parties to refute PGE's request?

A. Yes. All Parties state that the storm restoration costs are stochastic in nature, and as a result, should be subject to a substantial threshold in order to be considered for deferred accounting. In summary, the Parties make the following points about stochastic risks:

- Stochastic risk means that there is a distribution around some average.[1]
- The event was modeled or can be modeled and forecasted with some degree of certainty.[2]
- PGE's 2016 Annual Report presented investors with certain risks, including storm risks, which indicates the risks are "part of the normal course of events anticipated by the Company."[3]

Q. Do you agree with the Parties' position regarding stochastic risk?

A. No. We continue to disagree with the Parties on this topic for all the reasons stated in our direct testimony. We agree that PGE's historical storm costs, as with other sets of numerical data, allow for: 1) averaging (hence PGE's stipulating to the 10-year rolling average mechanism), and 2) a calculation of standard deviations. Because Level III events in the Northwest are highly irregular in both timing and severity, however, we believe their unpredictability is more indicative of a paradigm or scenario risk than stochastic. Ultimately, many costs and events can be modeled or averaged but provide no degree of certainty around predictable outcomes.

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[1] AWEC 100, page 11.
[2] Staff/100, page 7.
[3] CUB/100, page 5.

Staff's example of predicting warm temperatures in July or August is informative. Because the recurrence of warm days in July or August is very consistent, we can predict with a reasonably high degree of certainty that warm days will occur in those months as well as a reasonable range of expected temperatures. We might also predict that warm days could occur in winter months, but we have no degree of certainty as to when that could happen or to what level. The same is true for Level III events. They typically occur in the winter months based on snow or ice, but not exclusively. For example, one 2017 PGE event occurred in April and was a wind event. In any given year, we cannot predict if or when Level III events will occur, or to what magnitude, with any degree of certainty.

Another example of an event that can be averaged but provides no basis for predictability is the business cycle. There is an abundance of detailed economic information from which an "average" business cycle can be calculated including the average duration and average magnitude of recessions. Unfortunately, this average provides no indication of when the next recession will occur or how severe it will be.

Finally, CUB's observation regarding the mention of storms in PGE's Annual Report leads to questionable conclusions. PGE's 2016 Annual Report is quoted as discussing not only storm risk, but also other natural disasters "that can cause significant damage to its generation, transmission, and distribution facilities."[4] By CUB's definition, a natural disaster such as a Cascadia earthquake would be a stochastic risk because PGE investors were presented with the risk and "This indicates the risk is part of the normal course of events anticipated by the Company."[5] We disagree. PGE's intent was not to list stochastic risks but

[4] CUB/100, page 4.
[5] CUB/100, page 5.

rather events that can do significant financial harm to the Company and to make investors aware of them. Storms and other natural disasters are risks PGE recognizes and for which we are preparing in meaningful ways, but that does not make them stochastic risks.

Q. What are the implications of the Parties' emphasis of stochastic risk?

A. The Parties all believe that stochastic risk should entail a comparison to a substantial dollar threshold and that amounts below that threshold should not be considered for deferral.

Q. Do the Parties specify the magnitude of that threshold and do you agree with their conclusions?

A. The Parties primarily rely on certain Commission Orders for thresholds, which we address below and, no, we do not agree.

Q. Please elaborate.

A. The amounts and orders that are presented by the Parties are as follows:

- Staff cites Commission Order Nos. 04-108, which references 250 basis points of return on equity (ROE) in relation to power costs; 07-015, which references 150 basis points of ROE in relation to power costs; and 07-049, which references 100 basis points of ROE in relation to power costs.
- AWEC also cites Commission Order No. 07-049, plus Order No. 16-257, which does not reference a specific threshold in relation to Pension costs.
- CUB cites no Commission Order but believes that a 100-basis point threshold is appropriate.

Q. How would you characterize the applicability of the referenced thresholds?

A. Because we do not believe that Level III restoration costs are stochastic, we do not believe that the proposed thresholds are applicable. We also believe that the references are misplaced because they relate primarily to power costs. In addition, it appears the cited thresholds changed as the Commission refined its thinking. For example, in Order No. 04-108, the Commission specifically encouraged the parties to present alternatives to deal with hydro variability and expressed the belief that a PCA (power cost adjustment) mechanism "may be an appropriate way of permanently allocating risks and benefits of hydro variability between shareholders and ratepayers."[6] In other words, the Commission recognized that a more comprehensive method of addressing power cost variability was appropriate. This corresponded with the decline in thresholds from 250 basis points in Order No. 04-108 to 150 basis points in Order No. 07-015 (with the creation of PGE's power cost adjustment mechanism), and then 100 basis points in Order No. 07-049.

Q. You mention that one of the referenced orders did not relate to power costs.

A. That is correct. Order No. 16-257 did not address power costs and did not specify a deadband amount. We believe this relates to the Commission not wishing to apply a one-size-fits-all approach when considering deferrals. More specifically, in Order No. 07-049, the Commission stated, "we find that the measure of normal risk applied to a scenario event should be contextual, reflecting the pertinent range of risk".[7] This approach is also reinforced by the Commission not formally adopting Staff's matrix[8] in Order No. 05-1070, choosing instead to exercise its discretion.

Q. What is a meaningful threshold for Level III restoration costs?

A. Given the nature of the storm restoration costs and PGE's obligation to incur them, we do not believe a deferral threshold is appropriate. We do, however, recognize that with paradigm or

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[6] Docket No. UM 1071, Order No. 04-108 at 11 (March 2, 2004).
[7] Docket No. UM 1234, Order No. 07-049 at 19 (February 12, 2004).
[8] See AWEC/100, page 10, Table 3.

scenario risk, the Commission believes some level of threshold (lower than with stochastic risk) is applicable.

Q. Did AWEC propose an alternative method on which to base a threshold and do you agree with that?

A. AWEC did propose an alternative method, which would base the threshold on the standard deviation of PGE's storm costs. We do not agree with AWEC's calculations, but we appreciate Dr. Hellman's effort to develop and propose an alternative to arbitrary amounts.

Q. On what basis do you disagree with AWEC's proposal?

A. AWEC's calculation of two standard deviations is accurate when using all referenced storm costs, but then adding that to the mean and comparing it to the deferral request of $8 million is inaccurate. In other words, PGE has already deducted a $2.0 million mean[9] from its 2017 storm costs to arrive at the deferral amount. For AWEC's proposal to be accurate, it should either compare its deadband to PGE's total 2017 storm restoration costs or deduct the $2 million from its mean plus two standard deviations. Either way, this produces a deadband amount of $6.5 million. Otherwise, AWEC is effectively double counting the accrual amount to overstate the deadband.

Q. Do you have any other reservations with AWECs proposal?

A. Yes. An alternative way to apply AWEC's approach would be to consider only the years prior to 2017. We suggest this approach because it represents the actual storm costs before the 2017 Level III events occurred. Further, it more closely approximates the basis on which the storm accrual was derived in UE 319 (PGE's 2019 general rate case) because we cannot include current year costs in the calculation.

[9] This is the 2017 accrual of $2.0 million, as determined in Docket No. UE 319.

Q. What is the result of this modified approach?

A. Using the same data set that AWEC used for its calculation, but excluding the years after 2016, the mean is $2.0 million (the same as the accrual in 2017) and one standard deviation is $2.6 million. Because the $2.0 million accrual was applied in 2017, we deduct this from the mean plus two standard deviations to derive a modified deadband of $5.2 million. As before, we do not propose a deadband and appreciate AWEC's efforts, but if the Commission were inclined to consider AWEC's proposal, we believe it should be corrected to one of the two methods described, above.

III. Matching Costs and Benefits

Q. Do any of the Parties question whether PGE's request for deferral meets the requirements of ORS 757.259?

A. Yes. AWEC claims that the proposed deferral would not appropriately match the costs borne and the benefits received by customers.

Q. On what basis does AWEC make this claim?

A. AWEC observes that if PGE were to collect the deferred 2017 storm restoration costs from all distribution customers, then two groups of customers would pay for the costs who did not receive any benefit:

- Customers who did not experience an outage during the deferral period; and
- Customers who moved into the service territory after 2017.

Q. How do you respond to AWEC's concern?

A. We believe that all customers benefit from PGE's efforts to restore outages as quickly as possible regardless of the cause. Because Level III events can impact any customer, feeder, or region, restoration costs should be absorbed by all applicable customers for the following reasons:

- Isolating millions of dollars of costs on an unfortunate fraction of the customer base would be prohibitive and unreasonable.
- Customers who did not experience an outage during the 2017 Level III events could be the ones who have an outage during the next significant event.
- The annual storm accrual is collected from distribution customers on an equal basis, whether or not they have ever had an outage event.

- Distribution system undergrounding, which significantly limits Level III outages, is included in rate base. This means that customers with overhead distribution facilities pay for average rate base that includes the higher cost of undergrounding for other customers. Consequently, customers with underground distribution facilities should share in paying for the costs associated with restoring overhead facilities.
- If we were to take AWEC's point to its logical conclusion, should we differentiate the costs among customers who were restored first and those who were restored later (i.e., should early restoration result in higher charges because of speedier restoration or lower charges because less was incurred up to that point)?

IV. Other Issues

Q. Did the Parties cite any other issues with your request for deferral?

A. Yes. A general theme among the Parties relates to deferrals representing single-issue ratemaking, which should be used in limited circumstances. AWEC also connects this concept to the number of active PGE deferrals.

Q. How do you respond to the first concern about single issue ratemaking?

A. We agree. Deferrals should be limited because most costs and risks are embedded in PGE's revenue requirement and associated prices. One method developed in Docket No. UM 1147 to limit deferrals was the stochastic/scenario risk matrix, which we discuss above and in our direct testimony. Ultimately, we believe the requested deferral of 2017 storm restoration costs does not abuse that limitation for the reasons already stated and rely on the Commission to adjudicate this disagreement.

Q. Based on AWEC Exhibit 102, page 9, which lists 19 deferrals, plus the two you mention on PGE Exhibit 100, page 13, lines 17-19, how can you state that this deferral does not abuse the concept on limiting deferrals?

A. The reason is that there are two fundamental categories of deferrals. Referencing AWEC Exhibit 100, Table 3, there are: 1) the deferrals that fall under the Stochastic/Scenario Risk column; and 2) the deferrals that fall under the Commission Approved column. Only the two deferrals cited on PGE Exhibit 100, page 13, lines 17-19 (including this deferral) relate to the Stochastic/Scenario Risk column. All the deferrals listed on AWEC Exhibit 102, page 9, fall under the "Commission Approved" column of the matrix.

Q. AWEC questions whether many of the latter deferrals reflect an initial approval for deferred accounting.[10] How do you respond?

A. AWEC appears to be drawing a distinction without a difference. In AWEC Exhibit 102, page 9,[11] PGE provided the authority for undertaking each cost and requesting approval for deferred accounting treatment.[12] In every instance where deferred accounting has been approved, the Commission accepted it as the appropriate treatment given the nature of the costs. Consequently, these costs fall under the "Commission Approved" column.

Q. What do you mean about the nature of the costs?

A. What this means is that Commission approved costs also fall under two fundamental categories: those that typically belong in base prices as determined in general rate cases (GRCs) and those that are typically collected in supplemental schedules. Ultimately, base prices reflect regular, on-going costs that remain in place until the prices from the next GRC go into effect. Supplemental schedules, which also amortize deferred amounts, reflect costs that are irregular or more temporary in nature.

An example of how this distinction was made took place in PGE's 2002 GRC, Docket No. UE 115. Prior to UE 115, PGE included a forecast of gains or losses from property sales in base prices. In UE 115, PGE stipulated to increase amortization expense by $477,000 to remove the forecast of net gains from its revenue requirement. This stipulation reflected the understanding that property sales were irregular and variable and were better removed from base prices and instead reflected in a supplemental schedule.

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[10] See AWEC/100, pages 20-21.

[11] PGE's response to AWEC Data Request No. 010, Attachment A.

[12] PGE did not misrepresent the nature of these authorizations as AWEC implies. PGE Exhibit 100 did not indicate that we inferred specific authority to defer costs "without its being expressly granted." (AWEC/100, page 20, lines 12-13.

Q. Do all the deferrals listed on AWEC Exhibit 102, page 9 reflect this concept?

A. Yes. Taking one of AWEC's specific examples, PGE is not pursuing DER testbeds just because a Commission order "simply acknowledged PGE's action plan to acquire a certain amount of demand response."[13] We are doing so because Commission Order No. 17-386 specifically directed PGE to "establish a Demand Response Testbed no later than July 1, 2019."[14] Costs related to this type of activity are not only temporary, but also difficult to estimate with accuracy. This is true for most pilots because they implement services that are new and not fully formulated, and for which participation levels are only targeted. This is also why pilots are rigorously evaluated – to understand whether the activity would prove to be cost effective and with what revisions, and whether the methods used to recruit and keep participants were successful or need to be modified.

Q. How do you respond to CUB's suggestion that deferrals are inherently biased toward the utilities?

A. We disagree with this characterization for several reasons:

- As noted above, PGE has only two deferrals that fall under the Stochastic/Scenario Risk category. All the others relate to the Commission Approved category, which as described above, are temporary, irregular, and with costs that can be difficult to estimate. These costs are appropriately deferred because we only defer actual costs and do not rely on estimated forecasts.
- If PGE were to use an asymmetry of information as suggested by CUB, we would be able to over-earn our actual ROE, compared to authorized ROE, on a regular basis. In

[13] AWEC/100 page 20, lines 14-17.
[14] Docket No. LC 66, Order No. 17-386, Appendix B at 16 (October, 9, 2017)

fact, a review of PGE's annual Results of Operations Reports shows PGE has under-earned its ROE in 23 of the past 32 years. This also means that dividend growth is not the only or best measure to determine the impact to investors.[15]

- PGE's UM 1817 same-day filing for the January 11, 2017 storm was not an example of this asymmetry of information.[16] Instead, it was simply indicative of preparedness. PGE had a shelf filing for such an event because: 1) the winters of 2014-2016 had already been severe; 2) our Level III reserve had been depleted by those storms; 3) particularly severe weather was being forecasted as imminent; 4) a significant Level III event would otherwise cost PGE many millions of unrecovered costs to restore power to customers as quickly as possible; and 5) deferrals do not apply to costs that are incurred prior to the filing date, so PGE had to be ready to file the storm deferral request on the first day of restoration work.

Q. Would recovery of the 2017 Level III restoration costs entirely shield PGE from weather-related risk as argued by Staff?[17]

A. No. PGE would continue to incur significant weather risk related to mild temperatures that can significantly reduce load and negatively impact earnings. In addition, climate change with increasingly warmer weather is projected to negatively impact hydro conditions with declining snow pack and cause an increase in replacement power costs.[18] Although PGE has a power cost adjustment mechanism (PCAM), the PCAM is atypical and asymmetric and structured with two significant deadbands to ensure it will trigger infrequently. Consequently, PGE would consistently absorb most, if not all, of this weather-related risk.

[15] See CUB/100, page 6, lines 3-6.
[16] See CUB/100, page 6, lines 19-20.
[17] Staff/100, page 18, lines 1-2.
[18] Fourth National Climate Assessment, Chapter 4, Regional Summary.

V. Implications of Approving the Deferral

Q. Do the parties express other reservations regarding PGE being allowed to defer the 2017 storm restoration costs?

A. Yes. Staff and AWEC express additional concerns about PGE being allowed to defer and recover its 2017 storm restoration costs.

Q. What specific issue does Staff raise?

A. Staff believes that if PGE were to defer any of its 2017 storm restoration costs, then PGE would be collecting that amount twice.

Q. Do you agree with their argument?

A. No. Staff's argument rests on the inaccurate belief that PGE benefits from years when storm restoration costs are below the accrual amount. For example, Staff states that the storm accrual allows for complete cost recovery[19] and that with the current storm accrual method, PGE "is made whole over time."[20]

Q. How is this incorrect?

A. It is incorrect because the current mechanism is asymmetrical. Amounts collected for storm restoration costs are booked into a reserve account and used only for storm recovery; PGE shareholders cannot record it as earnings or collect it twice. In addition, when mild winters occur, there are two impacts:

- The reserve grows, but that reserve does not, and will not, offset prior storm costs. Consequently, shareholders absorb the earnings impact of excess storm costs as in 2017.

[19] Staff/100, page 12, lines 14-16.
[20] Staff/100, page 12, line 18, through page 13, line 2.

- In PGE's next GRC, the 10-year rolling average for the accrual will be recalculated and reduced by mild years. For example, assuming there are no major storms during the remainder of 2019, if we were to use the last ten years from page 5 of AWEC Exhibit 102 (i.e., 2010-2019) the rolling average would decline from the current $3.7 million to $2.7 million.

Q. What is the significance of your last point?

A. The significance is that when calculating the ten-year average, years with zero storm costs significantly offset years with positive storm costs so that the potential for double collecting is effectively eliminated. By way of example, Staff asserts that "The average storm cost of $3.3 million over this 23 year period is substantially less than the $3.8 million currently modeled in rates.[21] Because Staff's period includes many years of zero costs, their average is significantly reduced. In fact, using the data from page 5 of AWEC Exhibit 102 and excluding years with zero costs, the average storm cost is $5.2 million over the whole period and $6.8 million for 2014 through 2017.

In summary, because the current mechanism is asymmetrical, PGE's ROE cannot benefit from years with mild weather, but it can be adversely impacted by years with severe Level III events. This impact is also highlighted in the AWEC argument that we address next.

Q. What additional issue does AWEC raise?

A. AWEC cites the Commission Order in Docket No. UM 1234 to claim that "events that do qualify for deferred accounting should not be included in any multi-year average ratemaking mechanism."[22]

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[21] Staff/100, page 16, line 23 through page 17, line 2.
[22] AWEC/100, page 15, lines 8-10.

Q. Do you agree with AWEC?

A. No. We believe AWEC is drawing an erroneous conclusion from Order No. 07-049. The reason for this is that Docket No. UM 1234 and Order No. 07-049 addressed power costs and thermal plants' forced outage rates (FORs). Because the FOR is determined every year and because it is based on four-year rolling averages, it can be impacted by lengthy outages. This would potentially provide a utility the opportunity to benefit from subsequent lower actual forced outages (all else equal) in the subsequent three years based on PGE's asymmetric PCAM (described in Section IV, above). In fact, the Commission addressed this more directly in Docket No. UM 1355 and Order No. 10-414. Because of the perceived potential for utility gains from lengthy FORs followed by years with lower forced outages, Order No. 10-414 established an FOR "Collar" to replace outlier FOR's based on long-term averages.[23]

Q. How does this relate to your previous point about the storm accrual?

A. In summary, FORs and the storm accrual do not require similar treatment because:

- The storm accrual does not automatically update every year with the most current information as does the FOR;[24]
- The storm accrual includes periods of years with zero storm costs, whereas that does not occur with forced outages;[25] and
- A year with zero storm costs would result in a balance carry-forward and not impact PGE's ROE. In contrast, a low level of forced outages would result in reduced actual

[23] Use of the "Collar" or similar treatment has since been applied to PGE's gas and coal plants.
[24] Due to the availability of information, FORs include prior year data in their average, whereas storm accruals comprise actual data from no sooner than two years prior.
[25] Thermal plants do not experience years with zero forced outages. Forced outages can vary in number and magnitude but thermal plants experience them to some degree every year.

power costs (compared to a high unadjusted FOR, all else equal) that would likely fall within the PCAM deadbands and benefit PGE's ROE.

Q. Does AWEC make any other assertions regarding PGE potential recovery of the requested deferral?

A. Yes. AWEC observes that recovery of higher amounts for storm restoration costs and non-recovery of lower costs "would incentivize PGE to incur greater costs in responding to a Level III storm whenever costs are approaching the triggering level where the Commission is supportive of a deferral application."[26]

Q. How do you respond to this opinion?

A. We find this comment to be speculative and cynical. As we stated in PGE Exhibit 100, PGE makes every effort to restore power to customers as quickly as possible under all situations. Further, PGE incurred the 2017 storm restoration costs similar to all other years without regard to potential recovery limits. Even if PGE were inclined to behave as suggested by AWEC, we do not have the ability to know our Level III costs from hour to hour or day to day. We perform the necessary work under severe conditions and only days to weeks later find out the magnitude of the cost.[27]

Q. Does PGE have a response to AWEC's claims that the deferral needs to be tied to climate change?

A. No. We find AWEC to be contradictory on this topic. First, AWEC appears to chide PGE for not addressing climate change[28] but then states that "to the extent that the Commission wishes to examine the connection between storm costs and climate change, it should do so

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[26] AWEC/100, page 17, lines 13-15.
[27] Several days after an event, PGE's accounting system will provide enough detail for only a rough estimate of the total cost. It can take several weeks to receive, input, and compile the data for final actual costs to be available.
[28] See AWEC/100, page 6, lines 16-21.

outside of this docket and limit its inquiry here to the appropriateness of PGE's request to defer $8 million in storm-related costs."[29] In reply, PGE agrees with AWEC's latter view on addressing climate change.

Q. Did the Parties introduce any other topics you wish to address?

A. Yes. AWEC believes that we would have more incentive to "harden" PGE's service equipment if PGE has exposure to Level III storm costs and that "PGE does not testify that it would make the same investments if this risk were eliminated or significantly reduced."[30]

Q. How do you respond?

A. PGE did in fact address this issue in direct testimony noting that we have a "rigorous process based on quantified risks and benefits to customers and would not be disincentivized or otherwise impacted by cost recovery for Level III events."[31] We also described how PGE "employs industry best practices criteria to quantify threats to the grid and evaluate the impacts to customers should portions of the system fail. SAM's[32] risk assessment approach encourages a long-term plan that cost-effectively reduces risks (including reliability, safety, environmental, and cost efficiency) and supports customer demand."[33] This means that PGE is responsibly addressing system reliability and not employing the type of short-term strategizing assumed by AWEC.

Q. How do you respond to AWEC's request that the Commission direct PGE to return the $100,000 that is being over-collected in prices?

[29] AWEC/100, page 6, line 26, through page 7, line 3.
[30] AWEC/100, page 16, lines 6-13.
[31] PGE/100, page 11, lines 1-3.
[32] Strategic Asset Management
[33] PGE/100, page 10, lines 15-19.

A. PGE did inadvertently mis-calculate the 10-year rolling average in Docket No. UE 335, which established the storm accrual currently collected in prices. If the Commission believes that the $100,000 is significant enough to apply AWEC's recommendation, even though the amount would at most carry forward until used to offset Level III events, PGE would have no objection.

Q. Please summarize your request of the Commission.

A. PGE requests that, absent an effective balancing account mechanism, 2017 storm restoration costs should be authorized for deferral because they are prudently incurred and based on uncompromising expectations for rapid service restoration. The 2017 storm restoration costs were significant and unforeseen as evidenced by the fact that they were over five times higher than the amount allowed in prices for Level III work and approximately 60% of the total amount included in prices for all restoration work. Finally, with full recovery of this deferral, PGE's 2017 regulated adjusted ROE would still be 134 basis points below authorized.

VI. Qualifications

Q. Dr. Tooman, please state your educational background and experience.

A. I received a Bachelor of Science degree in Accounting and Finance from the Ohio State University. I received a Master of Arts degree in Economics and a Ph.D. in Economics from the University of Tennessee. I have held managerial accounting positions in a variety of industries and have taught economics at the undergraduate level for the University of Tennessee, Tennessee Wesleyan College, Western Oregon University, and Linfield College. Finally, I have worked for PGE in the Rates and Regulatory Affairs department since 1996.

Q. Does this conclude your testimony?

A. Yes.