



**Portland General Electric**  
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PortlandGeneral.com

November 30, 2018

*Via Electronic Filing*  
puc.filingcenter@state.or.us

Public Utility Commission of Oregon  
Attn: Filing Center  
PO Box 1088  
Salem OR 97308-1088

**Re: UM 1920 - Portland General Electric Company's Reply to Staff Public Meeting  
Memo**

Filing Center,

Enclosed for filing in the above captioned docket are PGE's comments in reply to Staff's Public Meeting Memo for the Public Meeting being held December 4, 2018.

Thank you,

A handwritten signature in blue ink that reads "Alex Tooman for". The signature is written in a cursive, flowing style.

Stefan Brown  
Manager, Regulator Affairs

SB: np

**PGE Reply to Staff Public Meeting Memo**  
**UM 1920**

PGE appreciates Staff's and other parties' efforts (collectively "Parties") to evaluate the 2017-2018 net benefits associated with the tax rules and provisions implemented through the Tax Reconciliation Act, Public Law Number 115-97 (i.e., the Tax Cuts and Jobs Act or "TCJA"). Issues related to income taxes are always complex and the TCJA set of issues was no exception. The Parties engaged in discovery to analyze calculations for the tax refund and held several workshops to discuss and further clarify those details. The result of that process is a settlement characterized by the confidential term sheet that is attached to and explained in more detail in Staff's report.

The term sheet and Staff's report accurately summarize all aspects of the settlement, which, if approved, provides customers a significant reduction in prices beginning January 1, 2019. The settlement is also consistent with the third partial stipulation reached by Parties in the UE 335 general rate case and is consistent with the stipulation regarding direct access in UE 335 which specified the allocation methodology to be used. Parties agree that the refund will be allocated to each schedule on an equal percentage basis using the applicable schedule's forecasted revenues at current prices excluding net variable power costs. Revenues from transition adjustments for long-term opt out customers will be included in the allocation. For purposes of allocation, one-year opt-out customers will be treated as cost-of-service.

Ultimately, the Parties stipulated to a \$45 million refund, which represents a reasonable compromise of all Parties' separate calculations and methods of determining a refund. These varied methods became the basis for robust settlement discussions that lead to the \$45 million stipulated result before the Commission.

Because this tax refund will be subject to deferred accounting, ORS 757.259 specifies an earnings review. To address this, Parties have reviewed PGE's forecasted return on equity (ROE) as part of discovery and PGE agrees that the \$45 million refund will result in a forecast 2018 ROE that is within an acceptable level relative to the rate authorized by the Commission in PGE's 2018 general rate case, Docket No. UE 319 (Order No. 17-511). When PGE files its 2018 Results of Operations Report with the Commission in 2019, those results will reflect the full impact of the tax refund.

The \$45 million refund is a reasonable resolution of the issues brought forward in this proceeding and will result in customer prices that are fair, just, and reasonable. We urge the Commission to approve the settlement.