

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • tcp@dvclaw.com  
1750 SW Harbor Way, Suite 450  
Portland, OR 97201

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## *Via Electronic Filing*

Chair Decker  
Commissioner Bloom  
Commissioner Tawney  
Public Utility Commission of Oregon  
201 High St. SE, Suite 100  
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC CO.  
Application for Authorization to Defer Benefits Associated with the US Tax  
Reconciliation Act – Docket No. UM 1920  
**December 4, 2018 Public Meeting – Regular Agenda Item 2**

Dear Commissioners:

The Alliance of Western Energy Consumers (“AWEC”) supports the Oregon Public Utility Commission (“Commission”) Staff’s recommendation in the above-referenced matter that Portland General Electric Company (“PGE” or “Company”) amortize \$45 million in savings related to the Tax Cuts and Jobs Act over a two-year period beginning January 1, 2019.

AWEC took an active role in reviewing the amount of the Company’s deferred tax savings both in this docket and the concurrent general rate case, Docket UE 335. In UE 335, AWEC’s expert witness, Bradley Mullins, identified a total 2018 interim period tax savings of \$83,066,256 based on the revenue requirement model in UE 319, which was used to develop PGE’s 2018 rates.<sup>1/</sup> Mr. Mullins essentially ran a counterfactual of what PGE’s 2018 rates would have been with the 21% corporate tax rate rather than the assumed 35% rate.

AWEC was a signatory to the Third Partial Stipulation in UE 335 in which the parties agreed that PGE would include an agreed upon estimate of deferred tax savings in rates for 2019, subject to litigation over the amount of such savings, and any resulting adjustment in 2020. Ensuring that PGE passed the 2018 deferred savings to customers concurrently with new rates was an important feature of the settlement to AWEC. During discussions over the estimate to include in rates for 2019, PGE, Staff, and AWEC all developed different estimates of the total

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<sup>1/</sup> Docket UE 335, AWEC/200 at 12-13.

deferred tax savings for 2018. AWEC's estimate relied on the methodology Mr. Mullins used in the rate case, with some refinements.

The Staff Report describes the range of estimates that AWEC, PGE, and Staff had, and the reasons for these differences. As parties discussed these differing estimates, it became apparent that the parties could agree on a mutually acceptable amount to include in rates that would avoid the expense and uncertainty of litigation that only agreeing to a temporary, "interim" amount subject to true-up in 2020 would require. While the \$45 million is less than AWEC's estimate, AWEC understands that, through a litigated proceeding, the Commission could conclude that the methodologies underpinning either PGE's or Staff's estimate of the tax savings, both of which are lower than the agreed upon \$45 million, is more appropriate. Additionally, while it does not believe that applying an earnings test in a manner that would allow PGE to retain some of the 2018 tax savings would be appropriate, AWEC understands that such an outcome was a possibility through litigation. By agreeing to a definitive amount now, PGE was willing to agree that its earnings are sufficient and, therefore, all of the \$45 million will go to customers.

For both of these reasons, AWEC believes that the agreed upon amount of deferred tax savings for 2018 of \$45 million is just and reasonable and in the public interest. The Staff recommendation should be adopted so that customers can begin receiving these benefits on January 1, 2019.

Sincerely,

/s/ Tyler C. Pepple

Tyler C. Pepple

Davison Van Cleve, P.C.

1750 SW Harbor Way, Suite 450

Portland, OR 97204

E-Mail: tcp@dvclaw.com

Telephone: (503) 241-7242

Of Attorneys for the

Alliance of Western Energy Consumers