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Via Electronic Filing

OREGON PUBLIC UTILITY COMMISSION

ATTENTION: FILING CENTER

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SALEM OR 97308-1088

**RE: Docket No. UM 1623 – In the Matter of
PORTLAND GENERAL ELECTRIC COMPANY
Application for Deferral Accounting of Excess Pension Costs
and Carrying Costs on Cash Contributions.**

Attached for filing are electronic copies of Staff's Errata pages of Opening Testimony filed January 22, 2016.

- the numbers in the third column (lightly shaded) in the figure of Staff/100 Bahr/11, has been replaced.
- Staff/100 Bahr 15, Line 19 – 20 "Columbia Crossing" as been changed to "Cascade Crossing", also lightly shaded.

/s/ Kay Barnes

Kay Barnes

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Figure 3. Annual Returns on S&P 500, 1987-2015

<u>Year</u>	<u>Return</u>	<u>Change (percentage points)*</u>
1987	5.81%	
1988	16.54%	10.73
1989	31.48%	14.94
1990	-3.06%	-34.54
1991	30.23%	33.29
1992	7.49%	-22.74
1993	9.97%	2.48
1994	1.33%	-8.64
1995	37.20%	35.87
1996	22.68%	-14.52
1997	33.10%	10.42
1998	28.34%	-4.76
1999	20.89%	-7.45
2000	-9.03%	-29.92
2001	-11.85%	-2.82
2002	-21.97%	-10.12
2003	28.36%	50.33
2004	10.74%	-17.62
2005	4.83%	-5.91
2006	15.61%	10.78
2007	5.48%	-10.13
2008	-36.55%	-42.03
2009	25.94%	62.49
2010	14.82%	-11.12
2011	2.10%	-12.72
2012	15.89%	13.79
2013	32.15%	16.26
2014	13.52%	-18.63
2015	1.36%	-12.16

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*change in returns calculated by Staff

3

Clearly, returns on investments of almost any kind can vary greatly from year

4

to year and are by nature unpredictable. For this precise reason FAS 87

5

expense calculations specify that a long-term forecast of returns should be

1 respectively. During this time, the Company's authorized ROE was 10
2 percent.¹⁷

3 To show the effect of the deferral amounts on PGE's 2012 and 2013 ROE,
4 Staff referred to the Company's annual Statement of Operations from those
5 years. Staff calculated that the proposed deferral amounts, \$2.9 million for
6 2012 and \$13.5 million for 2013, are equal to approximately 18 basis points
7 and 86 basis points of PGE's authorized ROE.¹⁸ These amounts are well
8 within the 250 basis point range that the Commission has concluded
9 represents a reasonable level of risk between rate cases.

10 The Commission has also determined that earning a return less than that
11 authorized by the Commission is not reason alone for deferred accounting.¹⁹

12 *Finally, we note that PGE claims that without deferral, its*
13 *return on equity will drop to 8 percent. That is far from a dire*
14 *figure. We find that the impact of excess hydro costs is not*
15 *significant enough in this case to warrant a deferral.*

16 Though the Company earned less than that authorized by the Commission in
17 2012 and 2013, PGE'S actual ROE in 2012 was only slightly less. From a
18 review of the Company's financial statements, it appears that a major reason for
19 the Company's lower 2013 ROE was expenses attributed to the **Cascade**
20 **Crossing** project.

¹⁷ See PGE/100, Batzler-Hager/6, line 14.

¹⁸ Staff's calculations are included as Exhibit Staff/102, Bahr/1.

¹⁹ See Order 04-108 at page 9.