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February 19, 2016

## *Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem OR 97301

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

Dear Filing Center:

Enclosed for filing in the above-referenced docket, please find the Cross-Examination Exhibits of the Industrial Customers of Northwest Utilities.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1623**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY,	)	CROSS-EXAMINATION EXHIBITS OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
	)	
Application for Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions.	)	
	)	

Pursuant to the Administrative Law Judge’s (“ALJ”) February 16, 2016 Ruling, the Industrial Customers of Northwest Utilities (“ICNU”) submits its cross-examination exhibits. ICNU understands that Portland General Electric Company will stipulate to the admission of ICNU’s cross-examination exhibits.

<u>Cross Examination Exhibit</u>	<u>Description</u>
ICNU/200	Excerpts of PGE’s Form 10-K Annual Reports (2012-2014)
ICNU/201	Exhibit Joint Testimony/200 from Docket No. UM 1633 (Direct Testimony of C. Kenneth Vogl)

ICNU is not with this filing providing a copy of ICNU/201; however, pursuant to OAR 860-001-0490, ICNU will provide the ALJ and other parties with a copy of the exhibit upon request.

Dated this 19th day of February, 2016.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

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Of Attorneys for the Industrial Customers of

Northwest Utilities

# PORTLAND GENERAL ELECTRIC CO / OR/

## FORM 10-K (Annual Report)

Filed 02/22/13 for the Period Ending 12/31/12

Address	121 SW SALMON ST 1WTC0501 PORTLAND, OR 97204
Telephone	5034647779
CIK	0000784977
Symbol	POR
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

PGE's sources of energy, including total system load and retail load requirement, for the years presented are as follows:

	Years Ended December 31,					
	2012		2011		2010	
<b>Sources of energy (MWh in thousands):</b>						
Generation:						
Thermal:						
Coal	3,610	17%	4,125	19%	4,984	23%
Natural gas	2,882	14	2,138	10	4,460	21
Total thermal	6,492	31	6,263	29	9,444	44
Hydro	1,943	9	1,933	9	1,830	9
Wind	1,125	5	1,216	6	833	4
Total generation	9,560	45	9,412	44	12,107	57
Purchased power:						
Term	7,382	35	6,252	29	3,984	19
Hydro	1,728	8	2,897	13	2,417	11
Wind	319	1	269	1	297	1
Spot	2,285	11	2,763	13	2,618	12
Total purchased power	11,714	55	12,181	56	9,316	43
Total system load	21,274	100%	21,593	100%	21,423	100%
Less: wholesale sales	(2,249)		(2,142)		(2,580)	
Retail load requirement	19,025		19,451		18,843	

**Net income attributable to Portland General Electric Company** for the year ended December 31, 2012 was \$141 million , or \$1.87 per diluted share, compared to \$147 million , or \$1.95 per diluted share, for the year ended December 31, 2011 . The \$6 million , or 4% , decrease in net income was primarily driven by the 3% decrease in retail energy deliveries to residential customers, primarily resulting from warmer weather during the heating season, which was partially offset by a 3% decrease in average variable power cost. Decreased average variable power cost was driven by lower wholesale power and natural gas prices. Actual NVPC was \$17 million below the baseline NVPC established in the AUT for 2012, compared to \$34 million below the baseline in 2011. In addition, a higher effective income tax rate and increased pension expense contributed to the decrease in net income. Offsetting these decreases, was the deferral of \$15 million of costs related to four capital projects during 2012.

Net income attributable to Portland General Electric Company for the year ended December 31, 2011 was \$147 million , or \$1.95 per diluted share, compared to \$125 million , or \$1.66 per diluted share, for the year ended December 31, 2010 . The \$22 million , or 18% , increase in net income was primarily due to the combined effects of a 3% increase in total retail energy deliveries, a 4% increase in customer retail prices, and a 9% decrease in average variable power cost. Decreased average variable power cost was driven by the economic displacement of a significant amount of thermal generation with lower cost purchased power and increased energy received from lower cost hydro and wind resources. As a result of decreased NVPC, actual NVPC was \$34 million below baseline NVPC in 2011, compared to \$12 million in 2010. Offsetting these increases to net income were higher employee-related costs.

# PORTLAND GENERAL ELECTRIC CO / OR/

## FORM 10-K (Annual Report)

Filed 02/14/14 for the Period Ending 12/31/13

Address	121 SW SALMON ST 1WTC0501 PORTLAND, OR 97204
Telephone	5034647779
CIK	0000784977
Symbol	POR
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

PGE's sources of energy, including total system load and retail load requirement, for the years presented are as follows:

	Years Ended December 31,					
	2013		2012		2011	
<b>Sources of energy (MWh in thousands):</b>						
Generation:						
Thermal:						
Coal	4,070	19%	3,610	17%	4,125	19%
Natural gas	3,375	16	2,882	14	2,138	10
Total thermal	7,445	35	6,492	31	6,263	29
Hydro	1,646	8	1,943	9	1,933	9
Wind	1,200	5	1,125	5	1,216	6
Total generation	10,291	48	9,560	45	9,412	44
Purchased power:						
Term	6,472	31	7,382	35	6,252	29
Hydro	1,629	8	1,728	8	2,897	13
Wind	311	1	319	1	269	1
Spot	2,547	12	2,285	11	2,763	13
Total purchased power	10,959	52	11,714	55	12,181	56
Total system load	21,250	100%	21,274	100%	21,593	100%
Less: wholesale sales	(2,353)		(2,249)		(2,142)	
Retail load requirement	18,897		19,025		19,451	

**Net income attributable to Portland General Electric Company** for the year ended December 31, 2013 was \$105 million , or \$1.35 per diluted share, compared to \$141 million , or \$1.87 per diluted share, for the year ended December 31, 2012 . The \$36 million , or 26% , decrease in net income was primarily due to the charge to expense in 2013 of \$52 million of previously capitalized costs related to Cascade Crossing, \$17 million of incremental replacement power costs related to three unplanned plant outages, and an industrial customer refund of \$9 million related to cumulative over-billings over a period of several years. These three items are the primary drivers for the reduction in the Company's income tax expense for 2013, which had a favorable impact to net income when compared to 2012. In addition, higher repair costs at the Company's generating plants, higher operating and maintenance costs related to PGE's transmission and distribution system, a 4% increase in average variable power cost per MWh, and higher pension costs all contributed to the decrease in net income. A 3% increase in retail energy deliveries to residential customers primarily resulting from more extreme weather in 2013, an increase in the allowance for debt and equity funds used for construction, as well as lower interest expense partially offset the decreases to net income.

Net income attributable to Portland General Electric Company for the year ended December 31, 2012 was \$141 million , or \$1.87 per diluted share, compared to \$147 million , or \$1.95 per diluted share, for the year ended December 31, 2011 . The \$6 million , or 4% , decrease in net income was primarily driven by the 3% decrease in retail energy deliveries to residential customers, primarily resulting from warmer weather during the heating season, which was partially offset by a 3% decrease in average variable power cost per MWh, which was driven by lower wholesale power and natural gas prices. Actual NVPC was \$17 million below the baseline NVPC established in the AUT for 2012, compared to \$34 million below the baseline in 2011. In addition, a higher effective income tax rate and increased pension expense contributed to the decrease in net income. Offsetting these decreases was the deferral of \$15 million of costs related to four capital projects during 2012.

# PORTLAND GENERAL ELECTRIC CO / OR/

## FORM 10-K (Annual Report)

Filed 02/13/15 for the Period Ending 12/31/14

Address	121 SW SALMON ST 1WTC0501 PORTLAND, OR 97204
Telephone	5034647779
CIK	0000784977
Symbol	POR
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31



PGE's sources of energy, including total system load and retail load requirement, for the years presented are as follows:

	Years Ended December 31,					
	2014		2013		2012	
<b>Sources of energy (MWh in thousands):</b>						
Generation:						
Thermal:						
Coal	4,466	21%	4,070	19%	3,610	17%
Natural gas	3,429	16	3,375	16	2,882	14
Total thermal	7,895	37	7,445	35	6,492	31
Hydro	1,750	8	1,646	8	1,943	9
Wind	1,172	6	1,200	5	1,125	5
Total generation	10,817	51	10,291	48	9,560	45
Purchased power:						
Term	5,926	28	6,472	31	7,382	35
Hydro	1,568	7	1,629	8	1,728	8
Wind	317	2	311	1	319	1
Spot	2,626	12	2,547	12	2,285	11
Total purchased power	10,437	49	10,959	52	11,714	55
Total system load	21,254	100%	21,250	100%	21,274	100%
Less: wholesale sales	(2,520)		(2,353)		(2,249)	
Retail load requirement	18,734		18,897		19,025	

**Net income attributable to Portland General Electric Company** for the year ended December 31, 2014 was \$175 million , or \$2.18 per diluted share, compared to \$105 million , or \$1.35 per diluted share, for the year ended December 31, 2013 . The \$70 million , or 67% , increase in net income was primarily driven by higher average retail prices resulting from the January 1, 2014 price increase authorized by the OPUC in the Company's 2014 GRC, lower net variable power costs, an increase in AFDC resulting from a higher average CWIP balance, and the charge to expense of \$52 million of capitalized costs related to Cascade Crossing Transmission Project in the second quarter of 2013 . A 0.8% decrease in retail energy deliveries driven by a decline in residential energy deliveries, higher operating and maintenance expenses, combined with a n increase in the Company's effective tax rate to 26.0% for 2014 from 16.8% for 2013 partially offset the increases to net income.

Net income attributable to Portland General Electric Company for the year ended December 31, 2013 was \$105 million , or \$1.35 per diluted share, compared to \$141 million , or \$1.87 per diluted share, for the year ended December 31, 2012 . The \$36 million , or 26% , decrease in net income was primarily driven by the charge to expense in 2013 of \$52 million of previously capitalized costs related to Cascade Crossing, \$17 million of incremental replacement power costs related to three unplanned plant outages, and an industrial customer refund of \$9 million related to cumulative over-billings over a period of several years. These three items are the primary drivers for the reduction in the Company's income tax expense for 2013, which had a favorable impact to net income when compared to 2012. In addition, higher repair costs at the Company's generating plants, higher operating and maintenance costs related to PGE's transmission and distribution system, a 4% increase in average variable power cost per MWh, and higher pension costs all contributed to the decrease in net income. A 3% increase in retail energy deliveries to residential customers primarily resulting from more extreme weather in 2013, an increase in the allowance for debt and equity funds used for construction, as well as lower interest expense partially offset the decreases to net income.