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August 11, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 2152 – In the Matter of PGE Detailed Depreciation Study of Electric Utility Properties.

Dear Filing Center:

Enclosed for filing today in the above captioned docket is Portland General Electric Company's Objection to Alliance of Western Energy Consumers' Motion to Suspend Procedural Schedule. This document is being filed by electronic mail with the Filing Center.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Loretta Mabinton".

Loretta Mabinton
Associate General Counsel

LM:al
[Enclosure]

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2152

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Detailed Depreciation Study of Electric
Utility Properties.

**PORTLAND GENERAL ELECTRIC
COMPANY’S OBJECTION TO ALLIANCE
OF WESTERN ENERGY CONSUMERS
MOTION TO SUSPEND PROCEDURAL
SCHEDULE**

I. Introduction

Pursuant to OAR 860-001-0420, Portland General Electric Company (PGE), Staff of the Public Utility Commission of Oregon (Staff), and the Oregon Citizens’ Utility Board (CUB) (collectively, the Stipulating Parties) object to the Alliance of Western Energy Consumers (AWEC)’s Motion to Suspend the Procedural Schedule in this docket (Objection). For the reasons set forth in this Objection, the Stipulating Parties respectfully request that the Public Utility Commission of Oregon (Commission) deny AWEC’s Motion to suspend the procedural schedule and adopt the Stipulating Parties’ proposed procedural schedule for the remainder of this proceeding.

II. Background

ORS 757.140(1) provides that “[e]ach public utility shall conform its depreciation accounts to the rates so ascertained and determined by the commission”. On January 15, 2021, pursuant to Commission Order No. 17-365, issued September 26, 2017, PGE filed with the Commission the results of a detailed depreciation study of its utility properties as of December 31, 2019, which included proposed depreciation lives, curves, and net salvage rates (collectively the “parameters”) and depreciation rates for PGE’s generation, transmission, distribution, and general plant. The

parties, including AWEC, agreed to a procedural schedule which included a target order date of October 29, 2021. The schedule contemplated settlement discussions, and the potential that settlement would not be achieved. PGE responded to numerous data requests from parties to this docket and a workshop was held on April 8, 2021. On May 3, 2021, AWEC filed a motion to compel production of deprecation data in a native format as machine readable files. On June 10, 2021, the Commission granted AWEC's motion to compel, and on June 24, 2021, PGE provided the data in Excel format to AWEC.

On June 24 and 28, 2021, PGE, Staff, CUB and AWEC participated in settlement conferences. The discussions resulted in a compromise settlement between the Stipulating Parties. PGE provided AWEC with the term sheet on July 1, 2021, and the Stipulating Parties held an additional settlement conference with AWEC to try to reach a compromise settlement on July 16, 2021. The parties were unable to reach a compromise and AWEC was not a party to the settlement. The Stipulating Parties filed their stipulation and joint testimony on July 29, 2021. On August 4, 2021, AWEC filed a motion to suspend the procedural schedule in the docket, with an alternative motion to waive the Oregon Administrative Rule requirement to file its objection to the stipulation within 15 days of the filing of the stipulation. On August 5, 2021, Administrative Law Judge Lackey granted AWEC's alternative motion and set a deadline for responses to AWEC's motion to suspend and proposed procedural schedule.

III. Discussion

The Stipulating Parties object to AWEC's motion for two reasons. First, it is inappropriate to delay one proceeding to link it to another, unrelated proceeding. Second, suspending the procedural schedule in this docket will have the dual effect of complicating the record in PGE's general rate revision docket and giving AWEC an unfair advantage in both dockets. AWEC states

in its Motion that the suspension “would allow for the potential that these settlement talks will result in a settlement in the rate case that obviates the need for AWEC to object to the Stipulation in this docket...”¹ In effect, AWEC is asking the Commission to delay action in one proceeding in order to see how another, unrelated, docket, the PGE general rate case, proceeds. In any event, AWEC's concerns about higher short-term depreciation expense for its members are outweighed by the alignment of the depreciation parameters in this proceeding with the public interest.

First, AWEC’s motion to suspend the procedural schedule in this case should be denied because it is inappropriate to delay one proceeding in order to see how an unrelated proceeding progresses. The two proceedings AWEC seeks to link, this docket and PGE’s general rate case, are actually discrete. The Commission has authority over utility rate design and rate spread, which is separate and distinct from its authority over depreciation rates.² ORS 757.140 and the Oregon Administrative Rules require the Commission to “ascertain and determine the proper and adequate rates of depreciation of the several classes of property of each public utility”.³ In its Motion, AWEC improperly seeks to convert a depreciation docket—that seeks to align depreciation curves with the public interest—into a rate design proceeding. AWEC opposes “... the Stipulation because, among other things, it results in higher rates for AWEC’s members...”⁴ The Commission’s responsibility to make a determination under ORS 757.140 is not conditioned on the Commission’s determination in a general rate revision proceeding. The Stipulating Parties believe that the separation between depreciation rates and a general rate revision should remain distinct, and that there is no precedent to support AWEC’s argument.

¹ UM 2152, AWEC’s Motion to Suspend Procedural Schedule of AWEC at 4, filed 8/4/2021.

² See ORS 757.205, ORS 757.210 and ORS 757.225.

³ See ORS 757.140(1), See also OAR 860-027-0350.

⁴ UM 2152, AWEC’s Motion to Suspend Procedural Schedule of AWEC at 2, filed 8/4/2021.

Second, suspending the procedural schedule in this docket will have the dual effect of complicating the record in PGE's general rate case docket and giving AWEC an unfair advantage in both dockets. AWEC is correct that the depreciation rates will not go into effect until the rate effective date of PGE's ongoing general rate case. However, the National Association of Regulatory Utility Commissioners, in its Public Utility Depreciation Practices manual on Depreciation Expense and Its Effect on the Utility's Financial Performance – Revenue Requirement states, “[d]epreciation has a profound effect on the revenue requirement of a utility, and for many utilities, depreciation expense represents a large percentage of total operating expenses. In addition, deferred income taxes, rate base, and cost of capital are all affected by the depreciation practices of a utility.”⁵ With that being said, depreciation rates are a critical input into the general rate case, and it would complicate the record in the general rate case if this docket were to be put on hold. Additionally, allowing AWEC to put this docket on hold gives them an unfair advantage in settlement discussions for the general rate case. Allowing an intervenor to use their procedural ability to oppose a settlement in one docket if they are able to get a favorable settlement in a different docket is prejudicial to all parties in both dockets and is a practice that the Stipulating Parties recommend the Commission disallow.

The Commission's inquiry in resolving this issue should not be the amount of time available before PGE implements its depreciation rates, as AWEC posits. Instead, the Commission should be wary of the impact that holding this proceeding in abeyance may have on the general rate case, and vice versa. As mentioned, this depreciation proceeding and the general rate case are discrete proceedings that call upon different sections of Commission authority. Here, the Commission is tasked with approving depreciation curves and rates it believes furthers the public

⁵ See National Association of Regulatory Utility Commissioners, Public Utility Depreciation Practices, 1996 at 195.

interest. Importantly, the Commission may only render a decision in a contested case proceeding based upon evidence placed on the record in that proceeding. Delaying resolution of this case will not enable the Commission to make a more informed decision. The Stipulating Parties believes the public interest is best served through a timely resolution of this proceeding, which ensures a decision will be made based on the merits addressed herein, and not inappropriately impacted by a separate proceeding.

The Stipulating Parties propose the procedural schedule as follows for the remainder of this proceeding:

EVENT	DATE
Commission Decision on AWEC’s Motion to Suspend	August 16, 2021
AWEC’s Objection to Stipulation	August 31, 2021
Stipulating Parties Reply Testimony	September 10, 2021
Hearing	September 17, 2021
Opening Briefs	September 24, 2021
Reply Briefs	September 29, 2021
Requested Order Date	October 29, 2021

The deliverables above are the same as those agreed to by the parties in this docket and memorialized in the ALJ’s scheduling order on February 25, 2021. The proposed dates are designed to timely and efficiently close out this docket so that parties can focus their resources on other proceedings. AWEC should file its objection to the stipulation no later than August 31, 2021 so that this docket can proceed to conclusion. AWEC has been privy to the terms sheet and timeframe for filing the settlement since early July. Additionally, AWEC had nearly three weeks between the time that they were granted the motion to compel and the final settlement conference. At the final settlement conference, the Stipulating Parties did not see any new analysis or arguments from AWEC, despite accommodation in information format, time, and access to the

settlement terms sheet. AWEC has had significant time to develop its arguments in opposition to the settlement, and the Stipulating Parties believe that this timeframe gives AWEC an adequate amount of time to prepare and file their objection.

IV. Conclusion

WHEREFORE, the Stipulating Parties respectfully request that the Commission issue an order denying AWEC's motion to suspend the procedural schedule and adopting the procedural schedule proposed herein.

DATED this 11th day of August, 2021.

Respectfully submitted,



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