



May 1, 2024

Public Utility Commission of Oregon
 Attention: Filing Center
 P.O. Box 1088
 Salem, OR 97308-1088

Re: PGE’s Regulated Results of Operations for 2023

Filing Center:

Attached is a copy of the Regulated Results of Operations Report for the period January 1, 2023 to December 31, 2023 and, per an OPUC Staff letter dated January 28, 2020, an additional report including: 1) all of PGE’s regulatory assets and liabilities included in rate base; and 2) all of PGE’s regulatory assets and liabilities excluded from rate base but included in PGE’s accounting books. The attachments also include summary work papers. To create the regulated adjusted and pro forma earnings views, we apply the adjustments identified in this report from Commission Order No. 22-129 (Docket No. UE 394) and the OPUC Staff letter dated March 25, 1992 (RE: Semiannual Adjusted Results of Operations Reports).

Table 1: PGE 2023 Financial Results

	Actual Utility Results	Regulated Utility Actuals	Regulated Adjusted Results	Regulated Adjusted with Deferral Reversals	Pro Forma Results
Rate of Return (ROR)	5.34%	5.44%	5.69%	5.66%	5.36%
Return on Equity (ROE)	6.45%	6.65%	7.18%	7.12%	6.45%

PGE’s UE 394 base rates authorized through Commission Order No. 22-129 were effective May 1, 2022.

Actual Utility Results

PGE’s actual utility results come directly from PGE’s general ledger system. The primary drivers of PGE’s 2023 actual utility results are increased revenues fully offset by increased power costs, increased operations and maintenance (O&M) expense, and increased depreciation and amortization expense relative to 2022.

Regulated Utility Actuals

Regulated utility actual results are computed by adjusting actual recorded results for:

- Reclassification of approximately \$483.3 million from revenue to net variable power cost, consisting of sales for resale; steam sales; and resales of gas, oil, and transmission;
- Reversal of approximately (\$1.9 million) in net O&M expense incurred as a result of certain 2020 energy trading losses; and
- Other accounting adjustments, as specified on pages ii and iii of the Report.

The regulated actual return on equity was 6.65%. The regulated utility actuals are used to calculate the “Regulated Adjusted Results of Operations,” which is consistent with the Commission Order in the most relevant rate case (Docket No. UE 394).

Regulated Adjusted Results of Operations

The regulated adjusted results are computed by adjusting the regulated utility actuals of Table 1 for disallowances and adjustments agreed upon in the most recent general rate case, as well as other regulatory adjustments specified on pages iii through iv of the Report. Due to PGE’s Power Cost Adjustment Mechanism (PCAM – approved by Commission Order No. 07-715), we did not normalize power costs or weather because it is not appropriate to assume away the conditions that produce the power cost variance prior to determining the results of the PCAM earnings test. The regulated adjusted ROE is 7.18%.

Regulated Adjusted Results with Deferral Reversals

The regulated adjusted results with deferral reversals are computed by adjusting the regulated adjusted results of Table 1 for certain amounts deferred during 2023. The regulated adjusted ROE after reversal of deferred amounts is 7.12%. This is the appropriate value to use when assessing earnings for purposes of deferred accounts subject to earnings review.

Pro Forma Results

Finally, the OPUC requires utilities to estimate “Pro Forma” results, or a forward look, using the Results of Operations. Utilities are required to:

- Reflect end-of-period rate base (approximately \$251.0 million increase reflecting an increase in utility plant in service, partially offset by an increase in accumulated depreciation);
- Estimate additional costs and revenues that would have occurred if the utility had the year-end number of customers for the entire year. For PGE, this adjustment would increase revenues by approximately \$2.4 million and power costs by \$1.1 million; and
- Remove significant nonrecurring events (OPUC Staff letter dated March 25, 1992):

- Reverse the 2023 annual power cost variance, within the deadbands, calculated under the PCAM, as described above, to reflect normal power costs, which are more indicative of future results; and
- Remove additional nonrecurring events as specified on page vi of the Report.

The impact of these adjustments decreased PGE's regulated ROE from 7.12% (Regulated Adjusted Results with Deferral Reversals) to 6.45% (Pro Forma Basis).

If you have any questions, please call me at (503) 464-7488, or Greg Batzler at (503) 464-8644.

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement

Enclosure

cc: Bob Jenks, CUB
Tyler Pepple, AWEC

REPORT OF OPERATIONS
TABLE OF CONTENTS 2023 REPORT

<u>Description</u>	<u>Page</u>
Description of Report	i
Results of Operations Report	
Summary of all Adjustments	1
Summary of Utility Accounting Adjustments: Type 1	4
Summary of Regulatory Adjustments: Type 1	6
Summary of Regulatory Adjustments: Post PCAM Type 1	8
Summary of Annualizing Adjustments: Type 2	10
Composite Cost of Capital	12

Work papers are included in a separate attachment.

1. Description of Report

The Results of Operations Report (ROO) adjusts the calendar year 2023 operating results that PGE reported to the Securities and Exchange Commission to provide a regulatory perspective reflecting decisions in Docket No. UE 394 from May 1, 2022 through December 31, 2022, and the March 25, 1992 Oregon Public Utility Commission (OPUC or Commission) Staff letter. This provides a "Regulated Adjusted Results of Operation." In addition, to provide a "Regulated Adjusted Results of Operation" that can be used for earnings reviews, we reverse amounts deferred for 2023 that are subject to an earnings review. Finally, consistent with the OPUC's reporting guidelines, we make certain "annualizing adjustments" to show operating results adjusted to period-end.

One original purpose of the ROO was to provide the Commission with operating results on a relatively forward-looking basis. However, because of the potential volatility in power and natural gas markets as well as the unpredictability of variable power resources, the historic operating environment is less useful in forecasting future operating performance.

This report includes Type II adjustments for "Nonrecurring Events." We incorporated these adjustments to "remove recorded entries related to significant nonrecurring events," as required by the OPUC Staff letter dated March 25, 1992 (RE: Semiannual Adjusted Results of Operations Reports, page 3). Our main concern was to eliminate those entries that may materially bias the pro forma results.

PGE's actual utility results (column 1) operating income in 2023 decreased by approximately \$20 million from 2022, reflecting increased operating expenses compared with 2022. The increase to operating expenses is largely driven by increased net variable power costs (NVPC), base operations and maintenance (O&M) expense, and increased depreciation and amortization expense, which are partially offset by operating revenues.

1.1 Recorded Actuals

Columns 1 through 3 on page 1 of the ROO Report present the recorded actual amounts. Column 1 represents PGE's actual utility results; column 3 is PGE's financial statement for regulatory reporting. Section 1.2 discusses the adjustments in column 2.

The General Ledger Detail section of the work papers provides detail for column 1. The first two work paper documents, "Regulated Financial Detail" and "Results of Operations" restate column 1 into a rate case format (versus an external reporting format). Pages 4 and 5 summarize and report all utility accounting adjustments (column 2).

The "General Ledger Detail" section of work papers also includes the monthly detail for constructing the actual capital structure and the average rate base. Please note that the pro forma return on equity (ROE) calculation is based on the end-of-period capital structure. All the data, except for the effective cost of debt, come directly from PGE's general ledger system. The effective cost of debt includes the cost associated with the debt issuance and incorporates any adjustments authorized by the Commission in Order No. 22-129.

1.2 Utility Accounting Adjustments: Type 1

There are eight Type 1 accounting adjustments for 2023. The adjustments are found on pages 4 and 5 and are described below.

- Column 1: Revolving Credit Fees and Interest on Customer Deposits
This adjustment reflects interest costs that would otherwise not appear in utility operating income:
- In Docket No. UE 215, the parties stipulated that PGE would include revolving credit facility fees in Administrative & General (A&G) costs (Commission Order No. 10-410, Appendix A, page 2 of 9). For 2023, the revolving credit facility fees totaled approximately \$2.3 million.
 - Because PGE receives deposits from retail customers, which are included in rate base, we adjust Other Revenue for the interest paid on those amounts. The adjustment of approximately \$53 thousand reflects the net difference of interest paid (\$53 thousand) and received on these deposits (approximately \$0).
- Column 2: Regional Power Act (RPA) Reversal
The effects of the RPA settlement are reversed for regulatory analysis. Since these benefits are a “flow-through” item to customers, their effects on tariffs and Other Revenues are removed.
- Column 3: Steam Sales, Sales for Resale, Transmission, Oil and Gas Resale
Sales for Resale of approximately \$476.7 million plus steam sales and gas, oil, and transmission resales of approximately \$6.6 million are reclassified from revenues to NVPC for regulatory analysis.
- Column 4: Out-of-Period and Other Adjustments
For 2023, we adjust for the following items:
- We credit net variable power costs by approximately \$2.7 million for the following items:
 - \$2.5 million associated with December 2022 power costs that settled in January 2023.
 - (\$0.4 million) associated with the correction of a reversal associated with the amortization of 2021 PCAM collections.
 - \$56 thousand associated with the write-off of an outstanding 2020 invoice amount.
 - \$0.5 million associated with a payment to Umatilla Electric for 2021 transmission and interconnection costs.

- Column 5: Removal of Certain 2020 Energy Trading Loss Impacts
 These adjustments reflect removing impacts from certain 2020 energy trading losses.
- We debit A&G expense by approximately \$1.9 million to reverse 2023 legal expenses, net of insurance recovery proceeds, related to this event.
 - We increase accumulated deferred income tax by approximately \$18.4 million.
- Additional impacts reflected within PGE's Regulated Utility Results include an approximate \$103.9 million adjustment to PGE's average debt, reflecting the cumulative net impact of the above-referenced trading losses to PGE's regulated debt balance.
- Column 6: Utility Tax Adjustment (Interest Adjustment)
 This adjustment accounts for the difference between PGE Consolidated interest expense and PGE (utility only) interest expense. We reduce interest expense and the associated interest deduction for tax purposes to accomplish this. This reduction is made using the proportion of the interest costs exceeding that associated with rate base. The effect of this adjustment is to increase income tax expense. The adjustment is calculated based on the methodology established in Docket No. UE 79 and continued in Docket No. UE 88 and subsequent rate cases.
- Column 7: Remove Capital and Operating Leases from Utility Plant in Service
 This entry removes capital and operating leases from utility plant in service to reflect utility accounting standard practices. PGE does not own the assets for which we incur the capital and operating leases and recovers the lease amounts through lease payments and lease expenses.

1.3 Regulatory Adjustments: Type 1

Pages 6 and 7 contain the regulatory adjustments. Each adjustment is described below with supporting documentation in the appropriate work papers. Due to PGE's Power Cost Adjustment Mechanism (PCAM) approved by Commission Order No. 07-715, Docket No. UE 180, we did not normalize hydro or wind conditions, plant operations, or weather.

- Column 1: Advertising Categories "A" and "C" and Corporate Image
 PGE reduces Customer Service and A&G costs by approximately \$0.8 million as follows:
- Per OAR 860-026-0022 (3)(a) PGE limits its Category A advertising expense to "twelve and one-half hundredths of 1 percent (0.125 percent) ... of the gross retail operating revenues."
 - 100% of Category "C" advertising and corporate image expenditures.

- Column 2: Supplemental Executive Retirement Plan (SERP)
Although the recent rate order (No. 22-129 in Docket No. UE 394) did not specifically exclude this cost from PGE's revenue requirement, we remove it here because it was consistently and fully disallowed in prior Commission decisions. This adjustment removes approximately \$1.2 million in costs from regulated results of operations.
- Column 3: Management Deferred Compensation Plan (MDCP)
Although the recent rate order (No. 22-129 in Docket No. UE 394) did not specifically exclude this cost from PGE's revenue requirement, we remove it here because it was consistently and fully disallowed in prior Commission decisions. This adjustment removes approximately \$4.0 million in costs from regulated results of operations.
- Column 4: Officer Incentive Pay
Although the recent rate order (No. 22-129 in Docket No. UE 394) did not specifically exclude this cost from PGE's revenue requirement, we remove it here because it was consistently and fully disallowed in prior Commission decisions. This adjustment removes approximately \$13.9 million in costs from regulated results of operations.
- Column 5: UE 283 Incentive Adjustment
In accordance with Commission Order No. 14-422 (Docket No. UE 283) a \$0.5 million reduction is applied to amortization expense, reflecting amortization of the incentive-related \$10 million rate base adjustment over 20 years, which is included within PGE's regulated rate base.
- Column 6: UE 394 Rate Base Adjustment
In accordance with Commission Order No. 22-129 (Docket No. UE 394) a \$15.0 million reduction is applied to utility plant in service, reflecting a Bundled Issues settlement agreement.

1.4 Regulatory Adjustments – 2023 Deferred Amounts

Pages 8 and 9 contain the regulatory adjustment made to reflect PGE's earnings with certain 2023 deferred amounts included in expenses. This adjustment is made to reflect PGE's financial results with all costs included and is described below with supporting documentation in the appropriate work papers.

- Column 1: 2023 Deferred Amounts
PGE has debited expense by the amounts deferred for 2023 to reflect PGE's financial results with all applicable costs, including amounts previously deferred in 2023. This provides the earnings test ROE from which deferral amortization can be appropriately determined. The identified deferrals and 2023 amounts:
- Transportation Electrification Pilots Deferral (Docket No. UM 1938) – \$0.5 million;

- Electric Vehicle Charging Pilots Deferral (Docket No. UM 2003) - \$1.7 million;
- Battery Storage Pilot Deferral (Docket No. UM 2078) - \$0.3 million; and
- Microgrid Deferral (Docket No. UM 2113) - \$0.02 million.

1.5 Annualized Adjustments: Type II

Pages 10 and 11 contain the annualizing adjustments. We describe each adjustment below and provide supporting documentation in the work papers.

Column 1: Period-End Rate Base and Escalation

We adjust rate base accounts to show year-end balances, rather than average balances. We also annualized the following expense items with a half-year of escalation. The escalation rate is based on "CPI, All Items, Urban Consumers" in Global Insight's U.S. Economic Outlook.

- * Fixed Plant
- * Transmission
- * Distribution
- * Customer Accounts
- * Customer Service and Sales
- * Administration and General
- * Taxes Other Than Income

The escalation adjustment adds the effects of inflation to those expenses actually incurred by PGE to support its customer base. The escalation of expenses is not designed to account for the increased activities and expenses associated with the addition of new customers throughout the year. End-of-Period Customer costs are discussed in Column 3 below.

Column 2: Nonrecurring Events

PGE applies this adjustment to remove entries related to significant nonrecurring events. Utilities were instructed to do so in the OPUC Staff letter dated March 25, 1992 in order to eliminate those costs and revenues that should not be relied upon on a forward-looking basis. In 2021, we identified the following:

- NVPC: As discussed above, PGE does not normalize actual NVPC because of PGE's PCAM. However, on a forward-looking (pro forma) basis, we project NVPC on a normal basis. Consequently, we removed the annual power cost variance within the deadbands to reflect normal results, which is more indicative of a going-forward basis.¹ The 2023 annual power cost variance is approximately \$4.8 million.

¹ As described on page i, the PCAM variance subject to collection, is recorded as credit directly to PGE's regulated utility actuals and thus, is already normalized for PGE's Type II Pro Forma results.

- 2023 Deferred Amounts: As the deferred expense amounts included within PGE’s Type I Regulatory Deferral Adjustment can be considered significant nonrecurring events, PGE has determined it is not appropriate to include the reversal amounts within the Pro Forma Results.

Column 3: End-of-Period Annualizing Adjustment

This adjustment estimates the additional costs and revenues that would have occurred if PGE had the year-end number of customers for the entire year. Incremental O&M and retail revenues are estimated based on actual average O&M per customer and PGE’s year-end retail rate for 2023. No annualizing cost adjustment is required for large industrial, large commercial, or street-lighting customers.

1.5 Capital Structure

We used the actual average capital structure for the ROE calculation. To fully remove the effects of certain 2020 energy trading losses from PGE’s ROO results, we adjusted average annual debt by the after-tax impact of the 2020 losses. For the pro forma ROE calculation, we estimated the actual end-of-period capital structure adjusted for the effects of the above-mentioned trading activity. The capital structure detail is shown on Page 12. The long-term debt and equity detail are found in the “General Ledger Detail” section of the work papers.

1.6 Costs and Revenues for Meter Information Services

In May 2005, OPUC Staff and PGE stipulated an agreement in Docket No. UE 156 concerning meter information services and the E-Manager program. The stipulation was approved by OPUC Order No. 05-703. Condition No. 7 of the Order (Appendix A, page 3) specifies that PGE will provide the fully allocated costs and revenues of these services in PGE’s Regulated Results of Operation Report.

In 2023, total revenues for meter information services were \$340,123. The fully allocated costs were \$242,558. Table 1 below specifies revenues and costs by FERC account.

Table 1 - Costs and Revenues for Meter Information Services, year 2023

<u>FERC Account No.</u>	<u>Amount (\$)</u>
451	(340,123)
417	-
<i>Total Revenues</i>	<u>(340,123)</u>
903	-
908	14,674
929	(2,040)
417.1	<u>229,924</u>
<i>Total Costs</i>	<u>242,558</u>

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

Page 1

Regulatory adjustments based on Docket UE 394, Order 22-129	Actual Utility Results	Type I Accounting Adjustments	Regulated Utility Results	Type I Regulatory Adjustments	Regulated Adjusted Results	Type I Deferral Reversals	Regulated Adjusted with Deferral Reversals	Type 2 Pro Forma Adjustments	Pro Forma Results
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1+2)		(3+4)		(5+6)		(7+8)
Operating Revenues									
Sales to Consumers	2,446,748	(53)	2,446,695	0	2,446,695	0	2,446,695	2,374	2,449,069
Sales for Resale	476,724	(476,724)	0	0	0	0	0	0	0
Other Operating Revenues	43,079	(6,563)	36,516	0	36,516	0	36,516	0	36,516
Total Operating Revenues	2,966,551	(483,340)	2,483,211	0	2,483,211	0	2,483,211	2,374	2,485,585
Operation & Maintenance									
Net Variable Power Cost	1,270,062	(480,577)	789,485	0	789,485	2,035	791,519	(5,817)	785,702
Total Fixed O&M	374,468	0	374,468	0	374,468	475	374,943	8,471	383,414
Other O&M	317,426	4,165	321,591	(19,868)	301,723	0	301,723	6,247	307,970
Total Operation & Maintenance	1,961,956	(476,413)	1,485,544	(19,868)	1,465,676	2,510	1,468,186	8,901	1,477,087
Depreciation & Amortization	454,741	0	454,741	(500)	454,241	0	454,241	2,049	456,290
Other Taxes / Franchise Fee	161,434	0	161,434	0	161,434	0	161,434	872	162,306
Income Taxes	39,547	6,347	45,895	5,596	51,490	(678)	50,812	(4,103)	46,709
Total Oper. Expenses & Taxes	2,617,679	(470,065)	2,147,614	(14,772)	2,132,841	1,832	2,134,673	7,718	2,142,391
Utility Operating Income	348,872	(13,275)	335,598	14,772	350,370	(1,832)	348,538	(5,344)	343,194
Rate of Return	5.34%		5.44%		5.69%		5.66%		5.36%
Return on Equity	6.45%		6.65%		7.18%		7.12%		6.45%
ROE based on actual capital structure.									
Average Rate Base									
Utility Plant in Service	12,760,903	(340,867)	12,420,036	(15,000)	12,405,036	0	12,405,036	421,801	12,826,837
Accumulated Depreciation	5,698,646	0	5,698,646	0	5,698,646	0	5,698,646	173,726	5,872,372
Accumulated Def. Income Taxes	668,068	18,400	686,468	0	686,468	0	686,468	19,399	705,867
Accumulated Def. Inv. Tax Credit	0	0	0	0	0	0	0	0	0
Net Utility Plant	6,394,189	(359,267)	6,034,921	(15,000)	6,019,921	0	6,019,921	228,676	6,248,598
Deferred Programs & Investments	88	0	88	0	88	0	88	(1,435)	(1,347)
Operating Materials & Fuel	104,183	0	104,183	0	104,183	0	104,183	8,717	112,900
Misc. Deferred Credits	(51,242)	0	(51,242)	0	(51,242)	0	(51,242)	12,297	(38,945)
Unamortized Ratepayer Gains	0	0	0	0	0	0	0	0	0
Working Cash	80,549	514	81,063	(575)	80,489	71	80,560	2,708	83,268
Total Average Rate Base	6,527,766	(358,753)	6,169,014	(15,575)	6,153,439	71	6,153,510	250,963	6,404,473

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

	Actual Utility Results	Type I Accounting Adjustments	Regulated Utility Results	Type I Regulatory Adjustments	Regulated Adjusted Results	Type I Deferral Reversals	Regulated Adjusted with Deferral Reversals	Type 2 Pro Forma Adjustments	Pro Forma Results
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Operating Revenues			(1+2)		(3+4)		(5+6)		(7+8)
1 Residential	1,208,401	57,185	1,265,587	0	1,265,587	0	1,265,587	3,879	1,269,465
2 Commercial	782,971	0	782,971	0	782,971	0	782,971	(1,505)	781,466
3 Industrial	349,379	0	349,379	0	349,379	0	349,379	0	349,379
4 Other	105,997	(57,238)	48,759	0	48,759	0	48,759	0	48,759
5 Sales to Consumers	2,446,748	(53)	2,446,695	0	2,446,695	0	2,446,695	2,374	2,449,069
6a Sales for Resale	476,724	(476,724)	0	0	0	0	0	0	0
6 Other Operating Revenues	43,079	(6,563)	36,516	0	36,516	0	36,516	0	36,516
7 Total Operating Revenues	2,966,551	(483,340)	2,483,211	0	2,483,211	0	2,483,211	2,374	2,485,585
Operation & Maintenance									
8 Steam VPC	45,276	0	45,276	0	45,276	0	45,276	0	45,276
9 Gas / Other VPC	342,069	0	342,069	0	342,069	0	342,069	(4,840)	337,229
10 Production	387,345	0	387,345	0	387,345	0	387,345	(4,840)	382,504
11 Purchased Power	777,351	2,710	780,061	0	780,061	2,035	782,096	(977)	781,118
12 RPA Exchange	0	0	0	0	0	0	0	0	0
13 Sales for Resale	0	(483,287)	(483,287)	0	(483,287)	0	(483,287)	0	(483,287)
14 Wheeling	105,366	0	105,366	0	105,366	0	105,366	0	105,366
15 Net Variable Power Cost	1,270,062	(480,577)	789,485	0	789,485	2,035	791,519	(5,817)	785,702
16 Fixed Plant Cost	155,407	0	155,407	0	155,407	0	155,407	3,213	158,620
17 Transmission	18,827	0	18,827	0	18,827	0	18,827	389	19,217
18 Distribution	200,234	0	200,234	0	200,234	475	200,709	4,869	205,578
19 Total Fixed O&M	374,468	0	374,468	0	374,468	475	374,943	8,471	383,414
20 Customer Accounts / Bad Debt	69,269	0	69,269	0	69,269	0	69,269	1,432	70,701
21 Customer Service	30,201	0	30,201	0	30,201	0	30,201	624	30,826
22 Admin. & General / OPUC Fee	217,955	4,165	222,120	(19,868)	202,252	0	202,252	4,191	206,443
23 Other O&M	317,426	4,165	321,591	(19,868)	301,723	0	301,723	6,247	307,970
24 Total Operation & Maintenance	1,961,956	(476,413)	1,485,544	(19,868)	1,465,676	2,510	1,468,186	8,901	1,477,087
25 Depreciation & Amortization	454,741	0	454,741	(500)	454,241	0	454,241	2,049	456,290
26 Other Taxes / Franchise Fee	161,434	0	161,434	0	161,434	0	161,434	872	162,306
27 Income Taxes (Non-Federal)	25,128	1,785	26,913	1,574	28,487	(191)	28,296	(1,154)	27,142
28 Federal Income Tax Net of ITC	9,248	4,562	13,810	4,022	17,832	(487)	17,344	(2,949)	14,395
29 Deferred Income Taxes	5,172	0	5,172	0	5,172	0	5,172	0	5,172
30 Current/Deferred Taxes True-up	0	0	0	0	0	0	0	0	0
31 I.T.C. Adjustment	0	0	0	0	0	0	0	0	0
32 Total Oper. Expenses & Taxes	2,617,679	(470,065)	2,147,614	(14,772)	2,132,841	1,832	2,134,673	7,718	2,142,391
33 Utility Operating Income	348,872	(13,275)	335,598	14,772	350,370	(1,832)	348,538	(5,344)	343,194

PORTLAND GENERAL ELECTRIC
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RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
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	(1)	(2)	(3)	(4)	(5)	(4)	(5)	(6)	(7)	
Average Rate Base										
34	Utility Plant in Service	12,760,903	(340,867)	12,420,036	(15,000)	12,405,036	0	12,405,036	421,801	12,826,837
35	Accumulated Depreciation	5,698,646	0	5,698,646	0	5,698,646	0	5,698,646	173,726	5,872,372
36	Accumulated Def. Income Taxes	668,068	18,400	686,468	0	686,468	0	686,468	19,399	705,867
37	Accumulated Def. Inv. Tax Credit	0	0	0	0	0	0	0	0	0
38	Net Utility Plant	6,394,189	(359,267)	6,034,921	(15,000)	6,019,921	0	6,019,921	228,676	6,248,598
39	Deferred Programs & Investments	88	0	88	0	88	0	88	(1,435)	(1,347)
40	Operating Materials & Fuel	104,183	0	104,183	0	104,183	0	104,183	8,717	112,900
41	Misc. Deferred Credits	(51,242)	0	(51,242)	0	(51,242)	0	(51,242)	12,297	(38,945)
42	Unamortized Ratepayer Gains	0	0	0	0	0	0	0	0	0
43	Working Cash	80,549	514	81,063	(575)	80,489	71	80,560	2,708	83,268
44	Total Average Rate Base	6,527,766	(358,753)	6,169,014	(15,575)	6,153,439	71	6,153,510	250,963	6,404,473
Income Tax Calculations										
45	Book Revenues		(483,340)		0		0		2,374	
46	Book Expenses		(476,413)		(20,368)		2,510		11,821	
47	Not used		0		0		0		0	
48	Interest Rate Base @ Weighted Cost of Debt		(30,437)		(357)		2		5,751	
49	Schedule M Differences		0		0		0		0	
50	State Taxable Income		23,509		20,725				(15,198)	
51	State Income Tax @ 7.59432870	7.594%	1,785		1,574				(1,154)	
52	Additional Tax Depreciation		0		0		0		0	
53	Federal Taxable Income		21,724		19,151		(2,321)		(14,044)	
54	Fed Tax @ 21%	21.00%	4,562		4,022		(487)		(2,949)	
55	ITC @ 0%	0	0		0		0		0	
56	Current Federal Tax		4,562		4,022		(487)		(2,949)	
ITC Adjustment										
57	Deferral		0		0		0		0	
58	Restoration		0		0		0		0	
59	Deferred Taxes		0		0		0		0	
60	Current/Deferred Taxes True-up		0		0		0		0	
61	Total Income Tax		6,347		5,596		(678)		(4,103)	

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

UTILITY ACCOUNTING ADJUSTMENTS

Type I Adjustments	Revolving Credit Fees and Int. on Cust. Deps	RPA	Steam, Oil, etc. Sales and Sales-for- Resale	Out of Per and Other Adjs	Trading Activity	Utility Tax Adj.	ASC 842 Lease Accounting	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Operating Revenues								
1 Residential		57,185						57,185
2 Commercial		0						0
3 Industrial		0						0
4 Other Revenue	(53)	(57,185)		0	0		0	(57,238)
5 Unbilled Revenues								0
6 Sales to Consumers	(53)	0	0	0	0	0	0	(53)
6a Sales for Resale			(476,724)					(476,724)
7 Other Operating Revenues			(6,563)	0	0			(6,563)
8 Total Operating Revenues	(53)	0	(483,287)	0	0	0	0	(483,340)
Operation & Maintenance								
9 Steam VPC								0
10 Nuclear								0
11 Gas / Other VPC							0	0
12 Production	0	0	0	0	0	0	0	0
13 Purchased Power				2,710				2,710
14 RPA Exchange		0						0
15 Sales for Resale			(483,287)	0	0			(483,287)
16 Wheeling					0			0
17 Net Variable Power Cost	0	0	(483,287)	2,710	0	0	0	(480,577)
18 Fixed Plant Cost							0	0
19 Transmission								0
20 Distribution								0
21 Total Fixed O&M	0	0	0	0	0	0	0	0
22 Customer Accounts								0
23 Customer Service								0
24 Administration & General	2,258			0	1,906		0	4,165
25 Other O&M	2,258	0	0	0	1,906	0	0	4,165
26 Total Operation & Maintenance	2,258	0	(483,287)	2,710	1,906	0	0	(476,413)
27 Depreciation & Amortization				0	0		0	0
28 Taxes Other than Income							0	0
29 Inc. Taxes (Non-Federal)	(176)	0	0	(206)	(113)	1,687	593	1,785
30 Federal Inc. Tax Net of ITC	(449)	0	0	(526)	(288)	4,310	1,515	4,562
31 Deferred Income Taxes	0	0	0	0	0	0	0	0
32 Current/Deferred Taxes True-up	0	0	0	0	0	0	0	0
33 I.T.C. Adjustment	0	0	0	0	0	0	0	0
34 Total Oper. Exp. & Taxes	1,634	0	(483,287)	1,978	1,505	5,997	2,108	(470,065)
35 Utility Operating Income	(1,687)	0	0	(1,978)	(1,505)	(5,997)	(2,108)	(13,275)

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

UTILITY ACCOUNTING ADJUSTMENTS

Type I Adjustments	Revolving Credit Fees and Int. on Cust. Deps	RPA	Steam, Oil, etc. Sales and Sales-for- Resale	Out of Per and Other Adjs	Trading Activity	Utility Tax Adj.	ASC 842 Lease Accounting	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Rate Base								
36 Utility Plant in Service							(340,867)	(340,867)
37 Accumulated Depreciation								0
38 Acc Def. Income Taxes					18,400			18,400
39 Acc Def. Inv. Tax Credit								0
40 Net Utility Plant	0	0	0	0	(18,400)	0	(340,867)	(359,267)
-----								0
41 Deferred Programs & Investments								0
42 Operating Materials & Fuel								0
43 Misc. Deferred Credits								0
44 Unamortized Ratepayer Gains								0
45 Working Cash	64	n/a	n/a	77	59	233	82	514
46 Total Average Rate Base	64	0	0	77	(18,342)	233	(340,785)	(358,753)
Income Tax Calculations								
47 Book Revenues	(53)	0	(483,287)	0	0	0	0	(483,340)
48 Book Expenses	2,258	0	(483,287)	2,710	1,906	0	0	(476,413)
49 Not used.								0
50 Int. R-Base @ Wtd Cost of Debt	1	0	0	2	(420)	(22,210)	(7,809)	(30,437)
51 Schedule M Differences	0	0	0	0	0	0	0	0
52 State Taxable Income	(2,313)	0	0	(2,711)	(1,486)	22,210	7,809	23,509
53 State Income Tax @ 7.5943287011%	(176)	0	0	(206)	(113)	1,687	593	1,785
54 Additional Tax Depreciation	0	0	0	0	0		0	0
55 Federal Taxable Income	(2,137)	0	0	(2,505)	(1,373)	20,524	7,216	21,724
56 Fed Tax @ 21%	(449)	0	0	(526)	(288)	4,310	1,515	4,562
57 ITC @ 0%	0	0	0	0	0	0	0	0
58 Current Federal Tax	(449)	0	0	(526)	(288)	4,310	1,515	4,562
ITC Adjustment								
59 Deferral	0	0	0	0	0	0	0	0
60 Restoration	0	0	0	0	0	0	0	0
61 Deferred Taxes	0	0	0	0	0	0	0	0
62 Current/Deferred Taxes True-up	0	0	0	0	0	0	0	0
63 Total Income Tax	(624)	0	0	(732)	(401)	5,997	2,108	6,347

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

Regulatory adjustments based on
Docket UE 394, Order 22-129

Type I Adjustments	Advertising (1)	SERP (2)	MDCP (3)	Incentive Pay (4)	UE 283 Incentive Adjustment (5)	UE 394 Rate Base (6)	Total Type I Adjustments (7)
Operating Revenues							
1 Residential							0
2 Commercial							0
3 Industrial							0
4 Other Revenue							0
5 Unbilled Revenues							0
6 Sales to Consumers	0	0	0	0	0	0	0
6a Sales for Resale							0
7 Other Operating Revenues							0
8 Total Operating Revenues	0	0	0	0	0	0	0
Operation & Maintenance							
9 Steam							0
10 Nuclear							0
11 Gas / Other VPC							0
12 Production	0	0	0	0	0	0	0
13 Purchased Power							0
14 RPA Exchange							0
15 Sales for Resale							0
16 Wheeling							0
17 Net Variable Power Cost	0	0	0	0	0	0	0
18 Fixed Plant Cost							0
19 Transmission							0
20 Distribution							0
21 Total Fixed O&M	0	0	0	0	0	0	0
22 Customer Accounts	0	0	0	0	0	0	0
23 Customer Service							0
24 Administration & General	(820)	(1,132)	(4,027)	(13,888)			(19,868)
25 Other O&M	(820)	(1,132)	(4,027)	(13,888)	0	0	(19,868)
26 Total Operation & Maintenance	(820)	(1,132)	(4,027)	(13,888)	0	0	(19,868)
27 Depreciation & Amortization	0	0	0	0	(500)		(500)
28 Taxes Other than Income	0	0	0	0	0	0	0
29 Income Taxes (Non-Federal)	62	86	306	1,055	38	26	1,574
30 Federal Income Tax Net of ITC	159	220	782	2,697	97	67	4,022
31 Deferred Income Taxes	0	0	0	0	0	0	0
32 Current/Deferred Taxes True-up	0	0	0	0	0	0	0
33 ITC Adjustment	0	0	0	0	0	0	0
34 Total Oper. Expenses & Taxes	(599)	(826)	(2,939)	(10,136)	(365)	93	(14,772)
35 Utility Operating Income	599	826	2,939	10,136	365	(93)	14,772

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

Type I Adjustments	Advertising (1)	SERP (2)	MDCP (3)	Incentive Pay (4)	UE 283 Incentive Adjustment (5)	UE 394 Rate Base (6)	Total Type I Adjustments (7)
Average Rate Base							
36 Utility Plant In Service				0	0	(15,000)	(15,000)
37 Accumulated Depeiciation							0
38 Acc Def. Income Taxes							0
39 Acc Def. Inv. Tax Credit	0	0	0	0	0	0	0
40 Net Utility Plant	0	0	0	0	0	(15,000)	(15,000)

41 Deferred Programs & Investments							0
42 Operating Materials & Fuel							0
43 Misc. Deferred Credits							0
44 Unamortized Ratepayer Gains							0
45 Working Cash	(23)	(32)	(114)	(394)	(14)	4	(575)
46 Total Average Rate Base	(23)	(32)	(114)	(394)	(14)	(14,996)	(15,575)
Income Tax Calculations							
47 Book Revenues	0	0	0	0	0	0	0
48 Book Expenses	(820)	(1,132)	(4,027)	(13,888)	(500)	0	(20,368)
49 Not used							0
50 Int. R-Base @ Wtd Cost Debt	(1)	(1)	(3)	(9)	(0)	(344)	(357)
51 Schedule M Differences	0	0	0	0	0	0	0
52 State Taxable Income	821	1,133	4,030	13,897	500	344	20,725
53 State Income Tax @ 7.5943287011%	62	86	306	1,055	38	26	1,574
54 Additional Tax Depreciation	0	0	0	0	0	0	0
55 Federal Taxable Income	758	1,047	3,724	12,842	462	318	19,151
56 Fed Tax @ 21%	159	220	782	2,697	97	67	4,022
57 ITC @ 0%	0	0	0	0	0	0	0
58 Current Federal Tax	159	220	782	2,697	97	67	4,022
ITC Adjustment							
59 Deferral	0	0	0	0	0	0	0
60 Restoration	0	0	0	0	0	0	0
61 Deferred Taxes	0	0	0	0	0	0	0
62 Current/Deferred Taxes True-up	0	0	0	0	0	0	0
63 Total Income Tax	222	306	1,088	3,752	135	93	5,596

Type I Deferred Expense Reversal	2023 Deferred	Blank	Total
	Expense (1)	(2)	Deferred Expense Adjustments (3)
Operating Revenues			
1 Residential			0
2 Commercial			0
3 Industrial			0
4 Other Revenue			0
5 Unbilled Revenues			0
6 Sales to Consumers	0		0
6a Sales for Resale			
7 Other Operating Revenues			0
8 Total Operating Revenues	0		0
Operation & Maintenance			
9 Steam			0
10 Nuclear			0
11 Gas / Other VPC			0
12 Production	0		0
13 Purchased Power	2,035		2,035
14 RPA Exchange			0
15 Sales for Resale			0
16 Wheeling			0
17 Net Variable Power Cost	2,035		2,035
18 Fixed Plant Cost			0
19 Transmission			0
20 Distribution	475		475
21 Total Fixed O&M	475		475
22 Customer Accounts			0
23 Customer Service			0
24 Administration & General			0
25 Other O&M	0		0
26 Total Operation & Maintenance	2,510		2,510
27 Depreciation & Amortization	0		0
28 Taxes Other than Income	0		0
29 Income Taxes (Non-Federal)	(191)		(191)
30 Federal Income Tax Net of ITC	(487)		(487)
31 Deferred Income Taxes	0		0
32 Current/Deferred Taxes True-up	0		0
33 ITC Adjustment	0		0
34 Total Oper. Expenses & Taxes	1,832		1,832
35 Utility Operating Income	(1,832)		(1,832)

5/1/2024 1:05 PM PORTLAND GENERAL ELECTRIC OPUC REGULATORY REPORTING Page 9
 RESULTS OF OPERATIONS
 January 1, 2023 - December 31, 2023
 (Thousands of Dollars)

<u>Type I Adjustments</u>	<u>2023 Deferred Expense (1)</u>	<u>Total Type 1 Adjustments (3)</u>
Average Rate Base		
36 Utility Plant In Service	0	0
37 Accumulated Depeiciation		0
38 Acc Def. Income Taxes		0
39 Acc Def. Inv. Tax Credit	0	0
40 Net Utility Plant	<u>0</u>	<u>0</u>

41 Deferred Programs & Investments		0
42 Operating Materials & Fuel		0
43 Misc. Deferred Credits		0
44 Unamortized Ratepayer Gains		0
45 Working Cash	71	71
46 Total Average Rate Base	<u>71</u>	<u>71</u>
Income Tax Calculations		
47 Book Revenues	0	0
48 Book Expenses	2,510	2,510
49 Not used		0
50 Int. R-Base @ Wtd Cost Debt	2	2
51 Schedule M Differences	0	0
52 State Taxable Income	<u>(2,512)</u>	<u>(2,512)</u>
53 State Income Tax @ 7.5943287011%	(191)	(191)
54 Additional Tax Depreciation	0	0
55 Federal Taxable Income	(2,321)	(2,321)
56 Fed Tax @ 21%	(487)	(487)
57 ITC @ 0%	0	0
58 Current Federal Tax	<u>(487)</u>	<u>(487)</u>
ITC Adjustment		
59 Deferral	0	0
60 Restoration	0	0
61 Deferred Taxes	0	0
62 Current/Deferred Taxes True-up	0	0
63 Total Income Tax	<u>(678)</u>	<u>(678)</u>

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

Type II Adjustments	Escalation and		End-of-Period		Total
	Period-End Rate Base	Nonrecurring Events	Annualizing Adjustment	blank	
	(1)	(2)	(3)	(4)	(5)
1 Residential	0	0	3,879	0	3,879
2 Commercial	0	0	(1,505)	0	(1,505)
3 Industrial					0
4 Other Revenue					0
5 Unbilled Revenues					0
6 Sales to Consumers	0	0	2,374	0	2,374
6a Sales for Resale					
7 Other Operating Revenues					0
8 Total Operating Revenues	0	0	2,374	0	2,374
Operation & Maintenance					
9 Steam					0
10 Nuclear					0
11 Gas / Other VPC		(4,840)			(4,840)
12 Production	0	(4,840)	0	0	(4,840)
13 Purchased Power	0	(2,035)	1,058	0	(977)
14 RPA Exchange					0
15 Sales for Resale					0
16 Wheeling					0
17 Net Variable Power Cost	0	(6,875)	1,058	0	(5,817)
18 Fixed Plant Cost	3,213				3,213
19 Transmission	389				389
20 Distribution	4,139	(475)	1,205	0	4,869
21 Total Fixed O&M	7,741	(475)	1,205	0	8,471
22 Customer Accounts/Bad Debt	1,432	0		0	1,432
23 Customer Service	624				624
24 Admin. & General / OPUC Fee	4,181	0	10	0	4,191
25 Other O&M	6,237	0	10	0	6,247
26 Total Operation & Maintenance	13,979	(7,350)	2,272	0	8,901
27 Depreciation & Amortization	0	0	2,049	0	2,049
28 Other Taxes/Franchise Fee	0	0	872	0	872
29 Income Taxes (Non-Federal)	(1,498)	559	(214)	0	(1,154)
30 Federal Inc. Tax Net of ITC	(3,829)	1,427	(548)	0	(2,949)
31 Deferred Income Taxes	0	0	0	0	0
32 Current/Deferred Taxes True-up	0	0	0	0	0
33 ITC Adjustment	0	0	0	0	0
34 Total Oper. Exp & Taxes	8,652	(5,364)	4,430	0	7,718
35 Utility Operating Income	(8,652)	5,364	(2,056)	0	(5,344)

PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

	Escalation and Period-End Rate Base	Nonrecurring Events	End-of-Period Annualizing Adjustment	blank	Total
	(1)	(2)	(3)	(4)	(5)
Average Rate Base					
36 Utility Plant In Service	421,801				421,801
37 Accumulated Depeiciation	173,726				173,726
38 Acc Def. Income Taxes	19,399				19,399
39 Acc Def. Inv. Tax Credit					0
40 Net Utility Plant	228,676	0	0	0	228,676

41 Deferred Programs & Investments	(1,435)				(1,435)
42 Operating Materials & Fuel	8,717				8,717
43 Misc. Deferred Credits	12,297				12,297
44 Unamortized Ratepayer Gains	0				0
45 Working Cash @ 3.8905%	2,745	(209)	172	0	2,708
46 Total Average Rate Base	251,000	(209)	172	0	250,963
Income Tax Calculations					
47 Book Revenues	0	0	2,374	0	2,374
48 Book Expenses	13,979	(7,350)	5,192	0	11,821
49 Reverse Env. Tax for Calculation	0	0	0	0	0
50 Int. R-Base @ Wtd Cost of Debt	5,752	(5)	4	0	5,751
51 Schedule M Differences	0	0	0	0	0
52 State Taxable Income	(19,731)	7,355	(2,822)	0	(15,198)
53 State Income Tax @ 7.5943287011%	(1,498)	559	(214)	0	(1,154)
54 Net State Taxes					
55 Federal Taxable Income	(18,232)	6,796	(2,608)	0	(14,044)
56 Fed Tax @ 21%	(3,829)	1,427	(548)	0	(2,949)
57 ITC @ 0%	0	0	0	0	0
58 Current Federal Tax	(3,829)	1,427	(548)	0	(2,949)
ITC Adjustment					
59 Deferral	0	0	0	0	0
60 Restoration	0	0	0	0	0
61 Deferred Taxes	0	0	0	0	0
62 Current/Deferred Taxes True-up	0	0	0	0	0
63 Total Income Tax	(5,327)	1,986	(762)	0	(4,103)

5/1/2024
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PORTLAND GENERAL ELECTRIC
OPUC REGULATORY REPORTING
RESULTS OF OPERATIONS
January 1, 2023 - December 31, 2023
(Thousands of Dollars)

COMPOSITE COST OF CAPITAL

Docket UE 394, Order 22-129	Average Outstanding	Percent of Capital	Percent Cost	Weighted Percent Cost
Long Term Debt	N/A	50.00%	4.125%	2.063%
Preferred Stock	N/A	0.00%	0.000%	0.000%
Common Equity	N/A	50.00%	9.500%	4.750%
Total	0	100.00%		6.813%

Actual Averages	Average Outstanding	Percent of Capital	Percent Cost	Weighted Percent Cost
Long Term Debt (a)	3,437,290	52.64%	4.353%	2.292%
Preferred Stock	0	0.00%	0.000%	0.000%
Common Equity	3,092,862	47.36%	7.184%	3.402%
Total	6,530,152	100.00%		5.694%

Actual End of Period	End of Period Outstanding	Percent of Capital	Percent Cost	Weighted Percent Cost
Long Term Debt (a)	3,815,320	55.19%	4.472%	2.468%
Preferred Stock	0	0.00%	0.000%	0.000%
Common Equity	3,098,000	44.81%	6.451%	2.891%
Total	6,913,320	100.00%		5.359%

Note: End of period capital structure and costs used for Pro Forma ROR and ROE calcs.

Order 91-186 Methodology

Interest Adjustment (Utility Tax Adjustment)

Rate Base	6,169,014
Wtd Cost of Debt	2.29%
Int. for tax deduction	141,366
(b) Int. for tax calculation	163,581
Utility tax adjust.	(22,216)

Common Equity	Common Equity
Dec '22	2,790,736
Jan '23	2,827,304
Feb '23	2,793,576
Mar '23	3,118,824
Apr '23	3,089,485
May '23	3,100,541
Jun '23	3,206,179
Jul '23	3,268,853
Aug '23	3,275,545
Sep '23	3,300,956
Oct '23	3,094,032
Nov '23	3,094,679
Dec '23	3,098,000

(a) Long Term Debt adjusted for debt issuances by approximately \$104M as a result of 2020 Trading Losses

(b) Long-term debt, short-term debt & other (no AFDC).