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Douglas C. Tingey
Associate General Counsel

December 16, 2016

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

Re: Corrected stipulation, attachments and errata joint testimony resolving all issues in consolidated dockets UM 1789, UE 311 and UP 344, and Advice No. 16-11 Revised Schedule 149 Environmental Remediation Cost Recovery Adjustment

Attention Filing Center:

Enclosed for filing in consolidated Docket UM 1789 is a **Corrected Stipulation** between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon and the Industrial Customers of Northwest Utilities, collectively, the Parties. The Parties have discovered an omission from the Stipulation filed in this docket on November 18, 2016. Paragraph 12(f) of the Stipulation, on page 8, defines Annual Allocated Revenue and one element was erroneously omitted. The phrase "and (6) the Schedule 149 tariff revenue" has been added to paragraph 12(f) in this Corrected Stipulation. The Corrected Stipulation also fixes a clerical error in Paragraph 12(g)(ii) (changing "ARR" to "AAR"). The joint testimony filed in support of the Stipulation on November 18, 2016 correctly described Annual Allocated Revenue at page 15, but omitted "Schedule 149 tariff revenue" in the Summary Description at page 3. An Errata page 3 of the joint testimony is also submitted herewith. The Parties agree that the joint testimony in support of the Stipulation filed on November 18, 2016 and CUB's testimony in Support of the Stipulation filed on November 23, 2016 are to be used in support of the Corrected Stipulation.

The parties will file appropriate motions to admit the Corrected Stipulation and their testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Tingey", is written over a faint, larger version of the signature.

Douglas C. Tingey

DCT:lgh

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1789, UE 311, UP 344

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application to Defer Revenues and Costs
Related to the Environmental Remediation
Costs Recovery Adjustment,
Schedule 149 (UM 1789);

Schedule 149, Environmental Remediation
Costs Recovery Adjustment (UE 311);

and

Application for Approval of Sale of Harborton
Restoration Project Property (UP 344).

CORRECTED STIPULATION

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon, (“CUB”) and the Industrial Customers of Northwest Utilities (“ICNU”) (collectively, the “Parties”). There are no other parties in this docket.

I. BACKGROUND

On July 15, 2016, PGE made three filings:

- (1) Advice No. 16-11, Schedule 149, (docketed as UE 311), seeking adoption of PGE’s proposed Portland Harbor Environmental Remediation Account (“PHERA”);
- (2) Application for Deferral of Revenues and Costs eligible for inclusion in the PHERA (docketed as UM 1789), seeking deferral of costs and revenues under the PHERA; and

(3) Application for Sale of Harborton Restoration Project Property (docketed as UP 344), seeking authorization to place a deed restriction on the Harborton property for the purpose of restoring and enhancing approximately 62 acres of the overall property (the “Harborton Restoration Project”), and approval for PGE to sell Discount Service Acre Year (“DSAY”) credits that will be created by the Harborton Restoration Project. PGE’s applications in Docket Nos. UE 311, UM 1789, and UP 344 are collectively referred to herein as the “Applications” and individually as an “Application.”

PGE’s UE 311 Application included testimony and work papers in support of its filing. On July 18, 2016, the Commission consolidated these three dockets. Staff and intervening parties subsequently served a significant number of data requests on PGE, and PGE provided responses. Several workshops were held with the parties prior to PGE’s Applications, and more workshops were held after the Applications were filed. Staff, CUB, and ICNU each filed testimony in these consolidated dockets on September 30, 2016. On October 10, 2016, a workshop was held with the Commissioners, during which PGE responded to questions from the Commissioners. The other Parties also discussed their testimony regarding these Applications.

The Parties held a Settlement Conference on October 11, 2016. As a result of the Applications, testimony, discovery responses, and workshops, the Parties have reached agreement settling all issues in these consolidated dockets. The Parties agree that PGE’s Applications in each of the consolidated dockets should be granted, subject to the changes and terms set forth below. Based on the information and estimates regarding expected DSAY revenues and Harborton Restoration Project costs provided by PGE, the Parties request that the Commission issue an order adopting this Stipulation. The Parties note that Commission adoption of this Stipulation does not create any controlling precedent to be applied in any docket or issue

before the Commission in the future. The Parties reserve the right to explain the rationale behind individual support of this Stipulation in the supporting testimony.

II. TERMS OF STIPULATION

1. This Stipulation settles all issues in these consolidated dockets.
2. Should a dispute regarding the terms and special conditions of the PHERA and recovery of applicable environmental remediation costs arise, the “II. Terms of Stipulation” and subsequent Commission Order shall control over the revised Schedule 149 submitted herewith as Appendix B.
3. The PHERA would be effective upon approval by the Commission; however, the effective date for the eligible deferred environmental remediation costs and revenues would be July 15, 2016, the date of the filing of PGE’s deferral Application. Such deferred costs and revenues will flow into the PHERA.
4. The PHERA shall hold Environmental Remediation Costs (“ERC”), Environmental Remediation Revenues (“ERR”), and costs incurred to develop the Harborton Restoration Project. Harborton Restoration Project development costs include all costs associated with the Harborton Restoration Project development, including but not limited to, deferred costs incurred as of the filing date of the Deferral Application, development and construction costs, permitting costs, costs paid to Trustees for participation in the NRD restoration project, and future termination-related costs if applicable. Harborton Restoration Project development costs do not include Harborton Restoration Project O&M costs or potential Harborton Restoration Project endowment costs.
5. ERC is defined to include all costs PGE incurs, exclusive of Harborton Restoration Project development costs, for natural resource damages and environmental

remediation activities in connection with the specific Portland Harbor Superfund Sites (“Portland Harbor”) and Downtown Reach sites listed in Appendix A, should they be assessed NRD and/or EPA damages, as well as Harborton Restoration Project O&M costs and endowment costs.

6. ERR is defined as: (1) DSAY revenues net of prudent Harborton Restoration Project development costs; (2) insurance proceeds; (3) the amount included in base rates for environmental remediation activities at Portland Harbor or Downtown Reach; (4) the Schedule 149 tariff revenue; and (5) interest.

7. The PHERA will consist of an annual account (the “PHERA Annual Account”) and a balancing account (the “PHERA Balancing Account”). The PHERA Annual Account shall hold only incurred and paid ERC and Harborton Restoration Project development costs, and received ERR, until completion of the prudence review identified in Paragraph 9. Following completion of the prudence review, the ERC, ERR, and remaining Harborton Restoration Project development costs found prudent by the Commission will be transferred to the PHERA Balancing Account, subject to the applicable terms below.

8. The Parties agree that \$3.56 million per year was included in base rates for environmental remediation-related activities in the Portland Harbor and Downtown Reach in PGE’s last general rate case. That annual amount will be credited to the PHERA Annual Account on a monthly basis, in the amount of \$0.2967 million, until PGE’s next general rate case when the appropriate amount to be included in rates, if any, will be re-examined. The monthly credits and costs will begin July 15, 2016, the date of PGE’s deferral Application.¹ Correspondingly, ERC, Harborton Restoration Project development costs, and other ERR will also be included in the PHERA Annual Account as expended or received as the case may be.

¹ For the month of July 2016, a prorated amount of \$0.1627 million shall be credited to the PHERA.

9. Harborton Restoration Project development costs, ERC and ERR included in the PHERA Annual Account are subject to a prudence review.

- a. By March 15, 2017, and each year thereafter, PGE will request that Staff review and determine prudence of Harborton Restoration Project development costs, ERC, and ERR for the prior calendar year. Any other Party to this Stipulation may perform its own prudence review and request information from PGE related to Harborton Restoration Project development costs, ERC, and ERR pertinent to such review.
- b. PGE's filing to request prudence review will include a report of all activity associated with Harborton Restoration Project development costs, ERC, and ERR recorded in the PHERA Annual Account. Only cash expenditures will be included in the PHERA Annual Account for recovery under the PHERA mechanism. PGE shall defer, separately track, and capitalize as a regulatory asset, contingent environmental liability accruals. This regulatory asset shall not be included in rate base and PGE shall not earn a return on the balance.
- c. Staff and other Parties shall complete the prudence review and Staff shall submit its report and recommendation to the Commission within 120 days of its submittal. However, a Commission order as to prudence does not need to be issued within the 120 days. For the costs and revenues that Staff recommends be deemed prudent in its report, Staff will request that a Commission order be issued as expeditiously as possible; however, costs and revenues that Staff and/or other Parties disagree as to prudence will be resolved pursuant to a separate procedural schedule.

10. Costs included in the PHERA Annual Account that have been determined to be prudent in accordance with the terms of Paragraph 9 shall be subject to an earnings test. The earnings test is specified as follows:

- a. A fixed \$6.0 million each year in ERC is not subject to the earnings test.
- b. Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, are not subject to the earnings test.
- c. If ERC in any year exceeds \$6.0 million, then the balance in excess of \$6 million will first be reduced by any earnings above PGE's Return on Equity authorized by the Commission in PGE's most recent general rate case.
- d. The earnings test will be applied after the Power Cost Adjustment Mechanism earnings test.

11. Interest will be calculated as follows:

- a. The pre-tax balances in the PHERA Annual Account that have not been deemed prudent by Commission order shall accrue interest at the authorized rate of return approved in PGE's most recent general rate case. This balance includes the annual \$3.56 million credited on a monthly basis (\$0.2967 per month) to the Annual Account from base rates until otherwise adjusted by the Commission. In other words, the \$3.56 million will accrue interest at PGE's authorized rate of return until that corresponding year's Harborton Restoration Project development costs, ERC, and ERR are deemed prudent by Commission order.
- b. ERC, ERR, and Harborton Restoration Project development costs in the PHERA Annual Account that have subsequently been reviewed for prudence

and deemed prudent by the Commission, will be transferred, consistent with Commission order, to the PHERA Balancing Account and will accrue interest at the average of the five-year U.S. Treasury rate plus 100 basis points (the "PURE Rate"). The PURE Rate will be updated annually and included in Staff's report to the Commission on the prudence of Harborton Restoration Project development costs, ERC, and ERR.

- c. Interest will be transferred to the PHERA Balancing Account following prudence review and the earnings test, and not allocated across the remaining life of the project.
 - d. Interest will not be accrued on contingent environmental liability accruals.
 - e. Interest shall be calculated on the incurred and paid pre-tax regulatory asset and regulatory liability balances.
12. Transfer, allocation, and carry over of prudent costs and revenues from the PHERA Annual Account to the PHERA Balancing Account.
- a. Harborton Restoration Project development costs are netted against total DSAY revenues received for that year. Then any remaining DSAY revenue for that year is equally allocated across the remaining expected project life, inclusive of the year in which they are received. Harborton Restoration Project development costs incurred before PGE has received its first year of DSAY revenues may be netted against those first year of DSAY revenues, with any excess Harborton Restoration development costs carried forward in accordance with the terms of the PHERA mechanism.

- b. Insurance proceeds are equally allocated across the remaining expected project life, inclusive of the year in which they are received, and are not netted against Harborton Restoration Project development costs.
- c. Current expected project life is through 2028.
- d. The Parties support that the Commission, in the review process discussed in Paragraph 17, may revise the expected project life, as appropriate, on a going-forward basis. However, ERRs that have already been allocated based on a previously assumed project life will not then be re-allocated based on an updated expected project life.
- e. The remaining ERR components, which include the amount included in base rates for environmental remediation activities at Portland Harbor and Downtown Reach, the Schedule 149 tariff revenue, and interest, are allocated in full to the year in which they are received (in other words, are not spread across the remaining expected project life).
- f. Annual Allocated Revenue (“AAR”) is the sum of: (1) insurance proceeds associated with Portland Harbor and Downtown Reach that are equally allocated across the remaining expected project life, inclusive of the year in which they are received; (2) \$3.56 million currently in base rates, subject to adjustment by the Commission; (3) AAR balances carried forward; (4) accumulated interest; (5) DSAY revenues net of Harborton Restoration Project development costs that are then equally allocated across the remaining expected project life, inclusive of the year in which they are received; and (6) the Schedule 149 tariff revenue.

g. After reducing the annual ERC balance in the PHERA Annual Account by any overearnings, as provided in Paragraph 10, any remaining ERC and Harborton Restoration Project development costs are offset by that year's AAR.

i. If ERC and Harborton Restoration Project costs remain, they are equally allocated across the following five years in the Balancing Account, and are not subject to an additional earnings test.

ii. However, if ERC (after being reduced by any overearnings if ERC is above \$6 million) and Harborton Restoration Project development costs in the PHERA Annual Account are less than that year's AAR, then the positive remaining ERR balance will offset accumulated ERC and Harborton Restoration Project development costs in the PHERA Balancing Account that were allocated to that year. Any remaining balance is carried forward as an addition to the next year's AAR in the PHERA Balancing Account.

13. The Parties support initial prices for Schedule 149 be set at zero.

14. The Parties support approval of PGE's Application in UP 344 subject to the following condition: If Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, exceed DSAY revenues, PGE will not recover development costs from customers in excess of DSAY revenues retained by PGE. As noted in Paragraph 4, Harborton Restoration Project development costs include all costs associated with Harborton Restoration Project development, including but not limited to, costs incurred as of the date of this

Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable.²

15. Attached to this Stipulation as Appendix A is a list of each individual property or “site” that PGE has identified as potentially subject to EPA-assessed Portland Harbor cleanup damages and NRD damages that the Parties have agreed are the only sites eligible for inclusion in the PHERA should damages be assessed. PGE has an ongoing duty to update Appendix A if current listed sites are removed from consideration. Once PGE is notified of its share of the Portland Harbor environmental costs by site (either NRD or EPA liability), PGE will evaluate each of the identified sites as to whether the site was prudently used in utility operations and will provide the information to the Parties. Upon receiving from PGE the sites with conclusive NRD and/or EPA damage assessments, Staff and the other Parties will commence their own review as to whether each individual site provided utility service to customers and PGE’s actions with regard to the property were prudent and is therefore eligible for recovery of prudently-incurred ERC. The amount of time required for Staff’s review of each individual site could vary depending on the number of sites submitted and the availability of historical information, and therefore is not limited to 120 days. The Parties agree to propose to the Commission that a “Phase II” of docket UE 311 be opened for continued review of the sites listed in Appendix A and for the annual prudence

² In the event PGE terminates the Harborton Restoration Project, PGE, not customers, will be responsible for Harborton Restoration Project development and termination costs; termination costs include, but are not limited to, returning to the Trustee Council all DSAY credits previously released to PGE and reimbursing the Trustee Council for all costs the Trustee Council has incurred with respect to the review and approval of the Harborton Restoration Project. See Exhibit Staff/100, Moore/16; Exhibit Staff/102, Moore/1 (PGE’s Response to Staff DR No. 1).

review of costs and revenues eligible for inclusion in the PHERA. Further, PGE will record, to the extent possible, environmental remediation assessments separately by site so that prudent costs can be functionalized to generation, transmission, and distribution for recovery in rates based on the historical function of the site.

16. Pursuant to Schedule 149 Special Condition 5, functionalized costs recoverable through Schedule 149 will be allocated to each rate schedule according to relative use of generation, distribution, and transmission service.
17. The PHERA is subject to review no less frequently than every two years, when significant new information becomes available, or during a general rate case. All aspects of the mechanism are subject to review and revision, including but not limited to, the earnings test, the exempt ERC amount, and incentives for cost management such as sharing.
18. PGE's Results of Operations (ROO) will not include the interest or accumulated deferred income taxes (ADIT) included in the PHERA. Similarly, PGE will remove all other costs and revenues included in the PHERA from the ROO. An earnings test based on the ROO, exclusive of impacts of the PHERA, will then be used to determine the amount, if any, to defer for that year.
19. Appendices B and C provide a revised Schedule 149 tariff and special conditions consistent with this Stipulation, in both clean (Appendix B) and red-line/strikeout (Appendix C) format showing changes from PGE's Application and the terms agreed to by the Parties in this Stipulation.
20. Agreeing to this Stipulation does not mean that a Party agrees that environmental

remediation should be assumed to be a customer responsibility.

21. The Parties agree that the Commission should approve the revised tariff Schedule 149, the associated deferral, and the property sale subject to the terms and conditions specified herein.
22. The Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
23. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.
24. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. Without the written consent of all Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
25. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to

respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

26. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.
27. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same.

DATED this 16 day of December, 2016.



DOUG TINGEY
PORTLAND GENERAL ELECTRIC
COMPANY

KAYLIE KLEIN
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

MIKE GOETZ
CITIZENS' UTILITY BOARD
OF OREGON

TYLER C. PEPPE
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 14th day of December, 2016.

DOUG TINGEY
PORTLAND GENERAL ELECTRIC
COMPANY


KAYLIE KLEIN
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MIKE GOETZ
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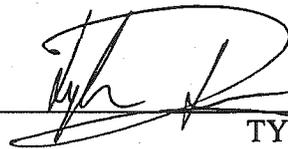
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TYLER C. PEPPLER
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

PGE Facility Name	Portland Harbor or Down Town Reach	River Mile	Current/Former PGE Property	Facility Type
Harborton	Harbor	3.2	Current	Substation
Rivergate North & South	Harbor	3.7	Current	Substation
Linnton Substation	Harbor	5	Former	Substation
Historical Property (v), 8524 N Crawford St.	Harbor	6.3	Former	General Operations
Wacker Substation	Harbor	6.5	Current	Substation
Pennwalt North & South	Harbor	7.1	Former	Substation
Willbridge Substation	Harbor	7.2	Current	Substation
Station N	Harbor	7.6	Former	Power Plant
Historical Property (ix), Waterfront parcel adjacent to 6400 NW Front Avenue	Harbor	8.2	Former	General Operations
Yeon	Harbor	8.3	Former	Distribution
Swan Island Substation	Harbor	9.3	Current	Substation
Historical Property (vii), 3710 NW Front Ave.	Harbor	9.7	Former	General Operations
Historical Property (vi), 2737 NW Nela St.	Harbor	9.7	Former	General Operations
2700 NW Front	Harbor	10.5	Former	Pipeline
Station E East	Harbor	10.5	Current	Power Plant
Station E West	Harbor	10.5	Current	Substation
Historical Property (xiii), N Loring and N Randolph	Harbor	11.2	Former	Power Plant
Historical Property (xii), 1362-1462 NW Natio Pkwy	Harbor	11.3	Former	Power Plant
Knott Substation	Harbor	11.5	Former	Substation
Historical Property (xv), SW 1st Avenue and Ash St	DTR	12.3	Former	Plant held for future use
Historical Property (xi), SW 1st and Alder St	DTR	12.7	Former	General Operations
World Trade Center, 26 SW Salmon Street	DTR	12.9	Current	General Operations
Historical Property (xiv), SE Main and SE Water St	DTR	12.9	Former	Power Plant
Historical Property (iii), 101 SW Main Street	DTR	12.9	Former	General Operations
Hawthorne Building, 1510 SE Water Avenue	DTR	13.1	Former	Maintenance and Repair Shop
Jefferson Substation, SW Jefferson Street	DTR	13.1	Former	Substation
Historical Property (i), SE Market and Clay Waterfront	DTR	13.2	Former	Railway
Historical Property (x), Substation at SW Montgomery Street and SW Water Avenue	DTR	13.2	Former	Substation
Riverplace Properties, SW Harbor Way	DTR	13.2	Former	Non-Utility Property
Historical Property (iv), 1626 and 1800 SE Water Avenue	DTR	13.3	Former	Power Plant
Stephens Substation, 1830 SE Water Avenue	DTR	13.4	Current	Substation
Station L, SE Market Street	DTR	13.5	Former	Power Plant
Historical Property (ii), 2611 SE Fourth Avenue	DTR	13.8	Former	Distribution
Oaks Bottom, SE Sellwood Boulevard	DTR	15.5	Former	Distribution
Springwater Corridor	DTR	15.5	Current	Distribution
Riverview Substation, 600 SW Taylors Ferry Road	DTR	16.2	Current	Substation
Historical Property (viii), 7568 SW La View Drive	DTR	16.2	Former	Plant held for future use
Historical Property (xvi), 8240 SW Macadam	DTR	16.5	Former	Substation
Distribution Network Transformers	Harbor and DTR	1 - 16.5	Current	Distribution
Spills	Harbor and DTR	1 - 16.5	Current	Spills

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-1

**SCHEDULE 149
ENVIRONMENTAL REMEDIATION COST RECOVERY ADJUSTMENT
AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the costs and revenues associated with the Portland Harbor Superfund site ("Portland Harbor"), the Natural Resource Damage obligation, the Downtown Reach portions of the Willamette River, and the Harborton Restoration Project. This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210.

AVAILABLE

In all territory served by Portland General Electric Company ("PGE").

APPLICABLE

To all Schedules.

ANNUAL ACCOUNT & BALANCING ACCOUNT

By Order No. XX-XXX, the Commission approved a deferral of environmental-related costs and revenues, effective July 15, 2016, that flow into the Portland Harbor Environmental Remediation Account ("PHERA"). The PHERA Annual Account records Environmental Remediation Costs ("ERC"), the costs of developing the Harborton Restoration Project, and Environmental Remediation Revenues ("ERR"). The balance in the Annual Account that has not been reviewed by the Commission for prudence shall accrue interest at the authorized rate of return approved in PGE's most recent general rate case. Costs and revenues in the Annual Account that have been reviewed for prudence and remain following the earnings test will be transferred to the PHERA Balancing Account and will accrue interest at the average of the five-year U.S. Treasury rate plus 100 basis points (the "PURE Rate").

EARNINGS TEST

Subject to the conditions stated below, the recovery from customers of certain ERC is subject to an earnings review and test for the year that the costs were paid. Following a prudence review, PGE will be allowed to place prudent expenses and proceeds into the Balancing Account to the extent that PGE's Actual Regulated Return on Equity ("ROE") does not exceed its ROE authorized by the Commission in PGE's most recent general rate case. A fixed \$6.0 million each year in ERC and Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, are not subject to the earnings test. Proceeds from insurance companies and DSAY ("Discount Service Acre Year") sales will not be subject to an earnings review, but will be subject to a prudence review.

Advice No. 16-11
Issued July 15, 2016
James F. Lobdell, Senior Vice President

Effective for service
upon Commission Order

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-2

SCHEDULE 149 (Continued)

DEFINITIONS

Annual Allocated Revenue ("AAR")

The Annual Allocated Revenue is the sum of annual revenue from this Tariff plus DSAY revenues (net of prudent Harborton Restoration Project development costs), insurance proceeds, \$3.56 million currently in base rates (subject to revision by the Commission), AAR balances carried forward, and accumulated interest. The \$3.56 million per year currently in base rates will be credited to the PHERA Annual Account on a monthly basis, in the amount of \$0.2967 million, until PGE's next general rate case when the appropriate amount to be included in rates, if any, will be re-examined. For the month of July 2016, a prorated amount of \$0.1627 million shall be credited to the PHERA Annual Account. The amount of insurance proceeds and net DSAY revenues to be included in the AAR is calculated as total proceeds divided by the expected remaining life of the projects, inclusive of the year in which they are received (so that such proceeds are equally allocated). The initial assumption is that the remaining life is through 2028, and may be revised by the Commission (on a going-forward basis) in any subsequent Commission review process.

Downtown Reach

The segment of the Willamette River between River Miles 12 and 16 is known as the "Downtown Reach."

DSAY

Discount Service Acre Year ("DSAY") obligations or credits measure damage or mitigation to natural resources.

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-3

SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

Environmental Remediation Costs ("ERC")

Environmental Remediation Costs are costs related to remediation of the Portland Harbor and Downtown Reach sites that include, but are not limited to, the design, permitting, construction, on-going monitoring, and trustee financial requirements necessary for habitat restoration development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, litigation costs/expenses or other liabilities, disposal sites, sites that otherwise contain contamination that requires remediation for which PGE is responsible, or sites to which material may have migrated; the Natural Resource Damage obligation; Harborton Restoration Project O&M and endowment costs; and costs related to pursuing insurance recoveries. ERC do not include Harborton Restoration Project development costs, which include, but are not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable. Further, the remediation sites eligible for inclusion as ERCs are limited to those sites identified in Appendix A to the UM 1789 Stipulation.

Environmental Remediation Revenues

Environmental Remediation Revenues include: (1) DSAY revenues net of prudent Harborton Restoration Project development costs; (2) insurance proceeds; (3) the amount included in base rates for environmental remediation activities at Portland Harbor or Downtown Reach; (4) the Schedule 149 tariff revenue; and (5) interest.

Harborton Restoration Project

PGE intends to design, construct, monitor and maintain the Harborton Restoration Project at 12500 NW Marina Way, Portland, Multnomah County, Oregon. PGE will restore and enhance approximately 62 acres of the 78.51 acres of the overall property.

Natural Resource Damage

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA" or "Superfund") and Oil Pollution Act ("OPA") Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages ("NRD") from parties responsible for the release of the contaminants. NRD in this tariff refers to NRD obligations assessed against PGE.

Advice No. 16-11
Issued July 15, 2016
James F. Lobdell, Senior Vice President

Effective for service
upon Commission Order

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-4

SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

Portland Harbor Superfund

The Superfund designation is pursuant to CERCLA, 42 U.S.C Section 9601 et seq. The CERCLA and OPA programs require the cleanup for contaminants that are released and pose a threat to human health and the environment.

PURE

The Prudence-Reviewed Unamortized Environmental Remediation Expense ("PURE") rate that is established early each year by Staff and represents the average of the 5-year US Treasury rate plus 100 basis points.

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-5

SCHEDULE 149 (Continued)

ADJUSTMENT RATES

<u>Schedule</u>	<u>Adjustment Rate</u>
7	0.000 ¢ per kWh
15/515	0.000 ¢ per kWh
32/532	0.000 ¢ per kWh
38/538	0.000 ¢ per kWh
47	0.000 ¢ per kWh
49/549	0.000 ¢ per kWh
75/575	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
76R/576R	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
83/583	0.000 ¢ per kWh
85/485/585	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
89/489/589	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
90/490/590	0.000 ¢ per kWh
91/491/591	0.000 ¢ per kWh
92/492/592	0.000 ¢ per kWh
95/495/595	0.000 ¢ per kWh

SCHEDULE 149 (Continued)

SPECIAL CONDITIONS

1. By March 15 of each year, PGE will submit a prudence review filing that includes a report of all activity associated with Harborton Restoration Project development costs, ERC, ERR, and other related third-party proceeds recorded in the PHERA Annual Account. Staff and other Parties will complete the prudence review, and Staff will submit its report and recommendation to the Commission within 120 days of submittal. Only cash expenditures will be included in the PHERA Annual Account for recovery under the PHERA mechanism. PGE shall defer, separately track, and capitalize as a regulatory asset, contingent environmental liability accruals. This regulatory asset shall not be included in rate base and PGE shall not earn a return on the balance.
2. The amount of costs and revenues that is transferred to the Balancing Account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's ERC and any remaining Harborton Restoration Project development costs not offset by that year's DSAY revenues, less the AAR. Harborton Restoration Project development costs incurred prior to the first year with DSAY revenues may be netted against those revenues.
3. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism ("PCAM") earnings test. The amount subject to the earnings test is prudently incurred ERC that exceed \$6.0 million. In addition, Harborton Restoration Project development costs are not subject to an earnings test.
4. The amount of annual ERC recoverable post-application of the earnings test is reduced by the AAR and then the remaining balance, if any, is transferred to the Balancing Account for recovery across the following five years.
5. If ERC in any year are less than the AAR, then the remaining AAR balance will be used to offset accumulated costs in the Balancing Account that were allocated to that year. Any remaining positive balances (more AAR revenues than current and accumulated costs) will roll forward as an addition to the next year's AAR.
6. Functionalized costs recoverable through Schedule 149 will be allocated to each rate schedule according to relative use of generation, distribution, and transmission service. Long-Term Direct Access customers will be priced at Cost-of-Service for purposes of allocating costs.

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-7

SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

7. In the event that the amount in the PHERA Balancing Account results in a potential refund to customers, subject to approval by the Commission, PGE will determine if the refund should be applied to Customer bills, or if the credit balance should carry to a future period. A credit balance may be carried to a future period if it is determined by the Commission that the credit balance is best used to offset future expected ERC not yet recorded in the deferral account, or for such other reasons as the Commission may determine.
8. Adjustments under this Schedule shall continue for a period of five years following the date that the last remediation expenses are incurred and paid, or such other date that the Commission may decide.
9. Development costs associated with the creation of DSAYs from the Harborton Restoration Project shall be deferred as regulatory assets.
10. PGE shall defer and capitalize, as a regulatory asset, incurred costs associated with environmental liabilities accrued according to Accounting Standards Codification ("ASC") 410, *Environmental Obligations* and pursuant to Generally Accepted Accounting Principles ("GAAP"). Any GAAP accounting accruals recorded would not be subject to interest computation or earnings test as no cash amounts have been paid or received.
11. The PHERA is subject to review no less frequently than every two years, when significant new information becomes available, or during a general rate case. All aspects of the mechanism are subject to review and revision, including but not limited to, the earnings test, the exempt ERC amount, and incentives for cost management such as sharing.
12. If Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, exceed DSAY revenues, PGE will not recover development costs from customers in excess of DSAY revenues retained by PGE. Harborton Restoration Project development costs include all costs associated with the Harborton Restoration Project development, including but not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable.

Advice No. 16-11
Issued July 15, 2016
James F. Lobdell, Senior Vice President

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Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 149-1

**SCHEDULE 149
ENVIRONMENTAL REMEDIATION COST RECOVERY ADJUSTMENT
AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the costs and revenues associated with ~~Environmental Remediation Costs related to the~~ Portland Harbor Superfund site (~~"Portland Harbor,"~~), the Natural Resource Damage obligation, the Downtown Reach portions of the Willamette River, and the Harborton Restoration Project (~~Harborton,~~ hereinafter referred to as "projects."). This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210.

AVAILABLE

In all territory served by ~~the~~Portland General Electric Company (~~"PGE"~~).

APPLICABLE

To all Schedules ~~except Schedules 76R and 576R.~~

ANNUAL ACCOUNT & BALANCING ACCOUNTS

~~Effective August 3~~By Order No. XX-XXX, the Commission approved a deferral of environmental-related costs and revenues, effective July 15, 2016 ~~PGE will establish a that flow into the~~ Portland Harbor Environmental Remediation Account (~~"PHERA" annual account to record~~). The PHERA Annual Account records Environmental Remediation Costs, ~~proceeds from insurance companies related to Portland Harbor, the Downtown Reach, and proceeds of sales ("ERC"), the costs of Discount Service Acre Year credits (DSAYs) from developing the Harborton Restoration Project, and Environmental Remediation Revenues ("ERR").~~ The balance in the ~~balancing account~~Annual Account that has not been reviewed by the ~~OPUC~~Commission for prudence shall accrue interest at the authorized rate of return approved in the ~~Company's~~PGE's most recent general rate case. ~~Proceeds~~Costs and revenues in the ~~account~~Annual Account that have been reviewed for prudence ~~and remain following the earnings test~~ will be transferred to the PHERA ~~balancing account that~~Balancing Account and will accrue interest at the "PURE"~~average of the five-year U.S. Treasury rate developed in the UM 14635 docket plus 100 basis points (the "PURE Rate").~~

EARNINGS TEST

Subject to the conditions stated below, the recovery from ~~Customers~~customers of certain ~~Environmental Remediation Costs~~ERC is subject to an earnings review and test for the year that the costs were ~~incurred. The Company~~paid. ~~Following a prudence review, PGE will be allowed to place prudent expenses (net of and proceeds) into the balancing account for subsequent prudence review~~Balancing Account to the extent that ~~the Company's~~PGE's Actual Regulated Return on Equity (~~"ROE"~~) does not exceed its ~~Authorized~~ROE, ~~authorized by the Commission in PGE's most recent general rate case. A fixed \$6.0 million each year in ERC and Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, are not subject to the earnings test.~~ Proceeds from insurance companies and DSAY (~~"Discount~~

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Service Acre Year) sales will not be subject to an earnings review, but will be subject to a prudency review.

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Portland General Electric Company
P.U.C. Oregon No. E-18

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SCHEDULE 149 (Continued)

DEFINITIONS

Annual Allocated Revenues Revenue ("AAR")

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The Annual Allocated ~~Revenues~~ Revenue is the sum of annual revenue from this Tariff plus the ~~annual allocation of insurance proceeds and DSAY revenues (net of prudent Harborton Restoration Project development costs)-~~, insurance proceeds, \$3.56 million currently in base rates (subject to revision by the Commission), AAR balances carried forward, and accumulated interest. The \$3.56 million per year currently in base rates will be credited to the PHERA Annual Account on a monthly basis, in the amount of \$0.2967 million, until PGE's next general rate case when the appropriate amount to be included in rates, if any, will be re-examined. For the month of July 2016, a prorated amount of \$0.1627 million shall be credited to the PHERA Annual Account. The amount of insurance proceeds and net DSAY revenues to be included in Annual Allocated Revenues the AAR is calculated as the greater of \$6.5 million or total proceeds divided by the expected remaining life of the projects, inclusive of the year in which they are received (so that such proceeds are equally allocated). The initial assumption is that the remaining life is through 2028, and may be updated, as approved revised by the Commission (on a going-forward basis) in any subsequent Commission review process.

Downtown Reach

The segment of the Willamette River between River Miles 12 and 16 is known as the "Downtown Reach".

DSAY

Discount Service Acre Year ("DSAY") obligations or credits measure damage or mitigation to natural resources.

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Portland General Electric Company
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SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

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Environmental Remediation Costs ("ERC")

Environmental Remediation Costs ~~includes~~ are costs related to remediation of the Portland Harbor and Downtown Reach sites that include, but ~~is~~ are not limited to, the design, permitting, construction, on-going monitoring, and trustee financial requirements necessary for habitat restoration development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, litigation costs/expenses or other liabilities, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated PGE is responsible, or sites to which material may have migrated; the Natural Resource Damage obligation; Harborton Restoration Project O&M and endowment costs; and costs related to pursuing insurance recoveries. ERC do not include Harborton Restoration Project development costs, which include, but are not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable. Further, the remediation sites eligible for inclusion as ERCs are limited to those sites identified in Appendix A to the UM 1789 Stipulation.

Environmental Remediation Revenues

Environmental Remediation Revenues include: (1) DSAY revenues net of prudent Harborton Restoration Project development costs; (2) insurance proceeds; (3) the amount included in base rates for environmental remediation activities at Portland Harbor or Downtown Reach; (4) the Schedule 149 tariff revenue; and (5) interest.

Harborton Restoration Project

PGE intends to design, construct, monitor and maintain the Harborton Restoration Project at 12500 NW Marina Way, Portland, Multnomah County, Oregon. PGE will restore and enhance approximately 62 acres of the 78.51 acres of the overall property.

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Natural Resource Damage

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA" or "Superfund") and Oil Pollution Act ("OPA") Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages ("NRD") from parties responsible for the release of the contaminants. NRD in this tariff refers to NRD obligations ~~assigned to~~ assessed against PGE.

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~~Issued July 15, 2016~~

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~~Portland General Electric Company~~

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SCHEDULE 149 (Continued)

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DEFINITIONS (Continued)

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P.U.C. Oregon No. E-18~~

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SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

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Portland Harbor Superfund

The Superfund designation is pursuant to ~~the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)~~, 42 U.S.C Section 9601 et seq. The ~~Comprehensive Environmental Response, compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (and OPA) Programs programs~~ require the cleanup for contaminants that are released and pose a threat to human health and the environment. ~~The Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then compensation for the injury, quantified as Natural Resource Damages (NRD) will be sought from parties responsible for the release of the contaminants.~~

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PURE

The Prudence-Reviewed Unamortized Environmental Remediation Expense ("PURE") rate that is established early each year by ~~OPUC~~ Staff and represents the average of the 5-year US Treasury rate plus 100 basis points.

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Portland General Electric Company
P.U.C. Oregon No. E-18

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SCHEDULE 149 (Continued)

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~~Portland General Electric Company~~
~~P.U.C. Oregon No. E-48~~

~~Original Sheet No. 149-4~~

SCHEDULE 149 (Continued)

ADJUSTMENT RATES

Schedule	Adjustment Rate
7	0.000 ¢ per kWh
15/515	0.000 ¢ per kWh
32/532	0.000 ¢ per kWh
38/538	0.000 ¢ per kWh
47	0.000 ¢ per kWh
49/549	0.000 ¢ per kWh
75/575	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
<u>76R/576R</u>	
<u>Secondary</u>	<u>0.000 ¢ per kWh</u>
<u>Primary</u>	<u>0.000 ¢ per kWh</u>
<u>Subtransmission</u>	<u>0.000 ¢ per kWh</u>
83/583	0.000 ¢ per kWh
85/485/585	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
89/489/589	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
90/490/590	0.000 ¢ per kWh
91/491/591	0.000 ¢ per kWh
92/492/592	0.000 ¢ per kWh
95/495/595	0.000 ¢ per kWh

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James F. Lobdell, Senior Vice President

upon Commission Order

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Portland General Electric Company
P.U.C. Oregon No. E-18

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SCHEDULE 149 (Continued)

SPECIAL CONDITIONS

1. By March 15 of each year, PGE will submit a prudence review filing that includes a report of all activity associated with Harborton Restoration Project development costs, ERC, ERR, and other related third-party proceeds recorded in the PHERA Annual Account. Staff and other Parties will complete the prudence review, and Staff will submit its report and recommendation to the Commission within 120 days of submittal. Only cash expenditures will be included in the PHERA Annual Account for recovery under the PHERA mechanism. PGE shall defer, separately track, and capitalize as a regulatory asset, contingent environmental liability accruals. This regulatory asset shall not be included in rate base and PGE shall not earn a return on the balance.
2. The amount of costs and revenues that is transferred to the Balancing Account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's ERC and any remaining Harborton Restoration Project development costs not offset by that year's DSAY revenues, less the AAR. Harborton Restoration Project development costs incurred prior to the first year with DSAY revenues may be netted against those revenues.
3. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism ("PCAM") earnings test. The amount subject to the earnings test is prudently incurred ERC that exceed \$6.0 million. In addition, Harborton Restoration Project development costs are not subject to an earnings test.
4. The amount of annual ERC recoverable post-application of the earnings test is reduced by the AAR and then the remaining balance, if any, is transferred to the Balancing Account for recovery across the following five years.
5. If ERC in any year are less than the AAR, then the remaining ARR balance will be used to offset accumulated costs in the Balancing Account that were allocated to that year. Any remaining positive balances (more AAR revenues than current and accumulated costs) will roll forward as an addition to the next year's AAR.
6. Functionalized costs recoverable through Schedule 149 will be allocated to each rate schedule according to relative use of generation, distribution, and transmission service. Long-Term Direct Access customers will be priced at Cost-of-Service for purposes of allocating costs.

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Advice No. 16-11
Issued July 15, 2016

James F. Lobdell, Senior Vice President ~~on and after August 17, 2016~~ upon Commission Order

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Portland General Electric Company

P.U.C. Oregon No. E-18

Original Sheet No. 149-7

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SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

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~~Portland General Electric Company~~~~P.U.C. Oregon No. E-18~~~~Original Sheet No. 149-5~~

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~~SCHEDULE 149 (Continued)~~~~SPECIAL CONDITIONS~~

- ~~1. The amount of costs and revenues that is transferred to the balancing account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's Environmental Remediation Costs less Annual Allocated Revenues.~~
- ~~2. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism earnings test. The first \$6.5 million of environmental remediation costs each year are not subject to an earnings test. In addition, development costs for the Harborton Restoration Project are not subject to an earnings test.~~
- ~~3. If Environmental Remediation Costs in any year exceed the greater of \$6.5 million or the Annual Allocated Revenues plus interest, then the balance is subject to an earnings test. The balance would be reduced by any over earnings and transferred to the balancing account for recovery across the following five years.~~
- ~~4. If Environmental Remediation Costs in any year are less than the Annual Allocated Revenues, plus interest, then the balance will be used to offset accumulated costs. Any remaining positive balances will roll forward to as an addition to the next year's Annual Allocated Revenues.~~
- ~~5.1. Applicable costs will be functionalized to distribution, generation and transmission based on the preponderance of the provided historical function. Costs recovered through this schedule will be allocated to each rate schedule as functionalized. Long-Term Direct Access customers will be priced at Cost of Service for purposes of allocating costs.~~
- ~~6.7. In the event that the amount in the PHERA ~~balancing account~~ Balancing Account results in a potential refund to customers, ~~the Company,~~ subject to approval by the Commission, PGE will determine if the refund should be applied to Customer bills, or if the credit balance should carry to a future period. A credit balance may be carried to a future period if it is determined by the Commission that the credit balance is best used to offset future expected ~~Environmental Remediation Costs~~ ERC not yet recorded in the deferral account, or for such other reasons as the Commission may determine.~~
- ~~7. By March 15, 2017 and each year thereafter, the Company will request Commission review and determination of prudence of Environmental Remediation Costs for the prior calendar year. The request for prudence review will include a report of all activity associated with Environmental Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. The Commission shall complete the prudence review within 120 days of its submittal, after which time all costs and proceeds not deemed imprudent will be transferred to the PHERA.~~

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~~Advice No. 16-14~~

~~Issued July 15, 2016~~

~~James F. Lobdell, Senior Vice President~~

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Portland General Electric Company
P.U.C. Oregon No. E 18

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SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

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8. Adjustments under this Schedule shall continue for a period of five years following the date that the last remediation expenses are incurred and paid, or such other date that the Commission may decide.
9. Development costs associated with the creation of DSAYs from the Harborton project Restoration Project shall be deferred as regulatory assets ~~in association with the PHERA balancing account~~.
10. ~~The Company~~ PGE shall defer and capitalize, as a regulatory asset, incurred costs associated with environmental liabilities accrued according to Accounting Standards Codification ~~(("ASC"))~~ 410, *Environmental Obligations* and pursuant to Generally Accepted Accounting Principles ~~(("GAAP"))~~. Any GAAP accounting accruals recorded would not be subject to interest computation or earnings test as no cash amounts have been paid or received.
11. The PHERA is subject to review no less frequently than every two years, when significant new information becomes available, or during a general rate case. All aspects of the mechanism are subject to review and revision, including but not limited to, the earnings test, the exempt ERC amount, and incentives for cost management such as sharing.
12. If Harborton Restoration Project development costs, currently estimated at \$10-\$12 million, exceed DSAY revenues, PGE will not recover development costs from customers in excess of DSAY revenues retained by PGE. Harborton Restoration Project development costs include all costs associated with the Harborton Restoration Project development, including but not limited to, costs incurred as of the date of the UM 1789 Stipulation, development and construction costs, permitting costs, costs paid to the Trustees for participation in the NRD restoration project, and future termination-related costs if applicable.

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~~on and after August 17, 2016~~

UM 1789 / UE 311 / UP 344 / Parties / 100
Moore – Mullins – Brown

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UM 1789 / UE 311 / UP 344

**Joint Testimony in Support of Stipulation
Errata Page 3**

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony of

*Mitchell Moore, OPUC
Bradley R. Mullins, ICNU
Stefan Brown, PGE*

December 16, 2016

S-6	Property Sale (UP 344)	Support approval subject to the condition that if Harborton Restoration Project development costs exceed Discounted Service Acre Year (“DSAY”) revenues, PGE will not recover any development costs from customers in excess of DSAY revenues retained by PGE.
S-7	List of Properties	See Appendix A of Stipulation.
S-8	Schedule 149 Tariff	Initial prices will be zero.
S-9	Interest	Authorized Rate of Return (“ROR”) before the Prudence Review and at the average of the five-year U.S. Treasury rate plus 100 basis points (“PURE Rate”) after deemed prudent by Commission order.
S-10	Allocation and Carry Over of Costs and Revenues	Each year’s allocated ERR is defined as Annual Allocated Revenue (“AAR”) and is the sum of insurance proceeds and DSAY revenue net of Harborton Restoration Project development costs equally allocated across remaining expected project life, \$3.56 million, AAR balances carried forward, Schedule 149 tariff revenue, and accumulated interest. If ERC and Harborton Restoration Project development costs remain following the Earnings Test and application of any annual over-earnings, they are offset by that year’s AAR and any remaining balance is allocated equally across the following five years. If AAR exceeds ERC and Harborton Restoration Project costs, the remaining balance is carried forward to the next year’s AAR.
S-11	Cost Functionalization	According to relative use of generation, distribution, and transmission services.
S-12	Schedule 149 Mechanism Review	Subject to review at least every two years.
S-13	PGE’s Results of Operations (“ROO”)	PGE’s ROO will not include any environmental costs or revenues associated with the PHERA, including the interest or accumulated deferred income taxes associated with the PHERA.
S-14	Revised Schedule 149	See Appendices B and C of the Stipulation.