



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

July 31, 2014

Email / US mail
puc.filingcenter@state.or.us

Oregon Public Utilities Commission
Attention: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97302-1166

RE: UE 283 PGE 2015 General Rate Case

Attention: Filing Center

Enclosed for filing in the captioned docket are an original and five copies of:

An erratum of the Reply Testimony of Portland General Electric Company, PGE/1700 filed on July 16, 2014. The erratum includes red-lined edits depicting the changes and copies of the revised pages with the changes adopted.

Also enclosed are an original and three copies of:

- Exhibits on CD (non-confidential)
- Work Papers on CD (non-confidential)

PGE is correcting two numerical errors and providing an update that affects the revenue requirement amount for the base business. The first adjustment provides the correct expense reduction consistent with the first stipulation relating to the Fee-Free Bankcard program. The second adjustment provides the correct amount for the depreciation expense reduction consistent with the stipulation in UM 1679. The update also provides adjusted property tax expenses consistent with the stipulations relating to plant-in service. PGE has discussed these corrections with the other parties that have filed testimony and they had no objections.

These documents are being served upon the UE 283 service list.

This document is being filed by electronic mail with the Filing Center. An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

Thank you in advance for your assistance. If you have any questions or require further information, please call Rob Macfarlane at (503) 464-8954. Please direct all formal correspondence and requests to the following email address: pge.opuc.filings@pgn.com.

Sincerely,


Patrick G. Hager
Manager, Regulatory Affairs

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

Revenue Requirements

PORTLAND GENERAL ELECTRIC COMPANY

Errata Reply Testimony

Alex Tooman
Robert Macfarlane

July 31, 2014

Table of Contents

I. Revenue Requirement 1

List of Exhibits 4

I. Revenue Requirement

1 **Q. Please state your names and positions with Portland General Electric (“PGE”).**

2 A. My name is Alex Tooman. I am a project manager for PGE. I am responsible, along with
3 Mr. Macfarlane, for the development of PGE’s revenue requirement forecast. In addition,
4 my areas of responsibility include results of operations reporting, power cost adjustment
5 mechanism filings and other regulatory analyses.

6 My name is Robert Macfarlane. I am also a project manager for PGE. My areas of
7 responsibility include revenue requirement and other regulatory analyses.

8 Our qualifications were previously provided in PGE Exhibit 300.

9 **Q. What is the purpose of your testimony?**

10 A. Our testimony presents PGE’s revised revenue requirements consistent with:

- 11 1. PGE’s revised load forecast.
- 12 2. The settlements with parties reached on May 27, June 8, and June 11 in this case.
13 The settlements resolve PGE’s capital structure, cost of debt, plant in-service other
14 than deferred tax assets associated with production tax credits, and most of PGE’s
15 2015 O&M costs.
- 16 3. PGE’s requested return on equity (ROE) of 10% as initially filed in this case. PGE
17 Exhibit 2000 is the reply testimony of Bente Villadsen, PGE’s expert ROE witness.
- 18 4. An updated 2015 forecast of net variable power costs (NVPC) consistent with our
19 July 15, 2014 filing and the updated 2015 load forecast. In addition, the NVPC
20 update reflects the reduction of power costs resulting from the terms of a NVPC
21 partial stipulation filed with the Commission in UE 286.
- 22 5. The stipulation for the depreciation study filed in UM 1679.

1 6. The effects of the acquisition of a 10% share of the Boardman coal plant as outlined
2 in PGE Exhibit 1500 and updated in PGE Exhibit 1600.

3 7. Updates for Port Westward 2 (PW2) and Tucannon River Wind Farm (Tucannon) as
4 outlined in PGE Exhibit 1800.

5 **Q. What is PGE’s revised revenue requirement increase in this case?**

6 A. PGE’s revised revenue requirement increase in this case is ~~\$60.5~~59.9 million comprised of:
7 a decrease of ~~\$28.9~~28.99.4 million for the base business, an increase of \$49.0 million for PW2,
8 and an increase of \$40.4 million for Tucannon. PGE Exhibit 1701 provides the revised
9 revenue requirement increase for the base business, PW2, and Tucannon. The revised
10 revenue requirement increases compare to PGE’s initial request¹ of \$12.5 million for the
11 base business, \$51.4 million for PW2, and \$46.7 million for Tucannon. Table 1 below
12 summarizes the revised revenue requirement increase for the base business in this case:

Table 1
(\$ millions)

	<u>Base</u>
Original Filing	\$12.5
June Load Forecast Update	(\$4.3)
PRC Share of Boardman Non-NVPC	\$5.5
UM 1679 Depreciation Update	(\$11. 75)
UE 283 Partial Stipulations	(\$27. 40)
UE 286 NVPC Update	<u>(\$4.1)</u>
Total	(\$28. <u>99.4</u>)

13 The revised revenue requirement is also the basis for the analysis of prices and rate change
14 impacts provided in PGE Exhibit 2100 (Pricing).

¹ See PGE Exhibit 300

1 **Q. Do the revenue requirements in Table 1 and PGE Exhibit 1701 provide all updates**
2 **consistent with the settlements to date?**

3 A. ~~No. PGE is still evaluating the property tax effects of the settled changes to rate base and~~
4 ~~will provide the appropriate update in the near future.~~ Yes

5 **Q. Does this conclude your testimony?**

6 A. Yes.

List of Exhibits

<u>PGE Exhibit</u>	<u>Description</u>
1701	PGE Revised 2015 Revenue Requirement

**PGE Exhibit 1701
 Portland General Electric Company
 2015 Revenue Requirement Summary
 Dollars in \$000s**

Rev Req Percent
 Total Increase: 59,860 3.46%

	Base Business 2015 (1)	PW2 (2)	Tucannon (3)	Total Results (4)
1 Sales to Consumers	1,704,803	49,050	40,354	1,794,207
2 Sales for Resale	-	-	-	-
3 Other Revenues	24,831	-	-	24,831
4 Total Operating Revenues	1,729,634	49,050	40,354	1,819,038
5 Net Variable Power Costs	589,812	(1,266)	(22,427)	566,119
6 Production O&M (excludes Trojan)	141,125	1,479	7,470	150,074
7 Trojan O&M	68	-	-	68
8 Transmission O&M	15,028	-	-	15,028
9 Distribution O&M	94,623	-	-	94,623
10 Customer & MBC O&M	69,139	-	-	69,139
11 Uncollectibles Expense	8,013	231	190	8,433
12 OPUC Fees	5,328	153	126	5,607
13 A&G, Ins/Bene., & Gen. Plant	140,073	347	435	140,854
14 Total Operating & Maintenance	1,063,208	944	(14,206)	1,049,945
15 Depreciation	234,608	9,491	23,209	267,308
16 Amortization	32,872	-	-	32,872
17 Property Tax	51,016	1,663	6,943	59,623
18 Payroll Tax	14,033	30	7	14,070
19 Other Taxes	1,835	-	-	1,835
20 Franchise Fees	42,640	1,227	1,009	44,876
21 Utility Income Tax	60,808	11,047	(15,660)	56,195
22 Total Operating Expenses & Taxes	1,501,019	24,401	1,302	1,526,723
23 Utility Operating Income	228,615	24,648	39,052	292,315
24 Rate Base				
25 Avg. Gross Plant	7,276,617	323,227	524,617	8,124,460
26 Avg. Accum. Deprec. / Amort	(3,806,332)	(5,800)	(11,604)	(3,823,736)
27 Avg. Accum. Def Tax	(612,284)	890	(7,300)	(618,694)
28 Avg. Accum. Def ITC	-	-	-	-
29 Net Utility Plant	2,858,001	318,316	505,713	3,682,030
30 Misc. Deferred Debits	29,352	-	-	29,352
31 Operating Materials & Fuel	75,103	-	-	75,103
32 Misc. Deferred Credits	(57,240)	-	-	(57,240)
33 Working Cash	55,538	903	48	56,489
34 Rate Base	2,960,754	319,219	505,761	3,785,734

	Base Business			Total
	2015	PW2	Tucannon	Results
	(1)	(2)	(3)	(4)
35 Rate of Return	7.722%			7.722%
36 Implied Return on Equity	10.000%			10.000%
37 Effective Cost of Debt	5.443%	5.443%	5.443%	5.443%
38 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%
41 Weighted Cost of Debt	2.722%	2.722%	2.722%	2.722%
42 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%
44 State Tax Rate	7.614%	7.614%	7.614%	7.614%
45 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%
46 Composite Tax Rate	39.949%	39.949%	39.949%	39.949%
47 Bad Debt Rate	0.470%	0.470%	0.470%	0.470%
48 Franchise Fee Rate	2.501%	2.501%	2.501%	2.501%
49 Working Cash Factor	3.700%	3.700%	3.700%	3.700%
50 Gross-Up Factor	1.665	1.665	1.665	1.665
51 ROE Target	10.000%	10.000%	10.000%	10.000%
52 Grossed-Up COC	11.048%	11.048%	11.048%	11.048%
53 OPUC Fee Rate	0.3125%	0.3125%	0.313%	0.313%
Utility Income Taxes				
54 Book Revenues	1,729,634	49,050	40,354	1,819,038
55 Book Expenses	1,440,211	13,354	16,963	1,470,528
56 Interest Deduction	80,577	8,688	13,764	103,029
57 Production Deduction	-	-	-	-
58 Permanent Ms	(20,679)	(645)	(627)	(21,951)
59 Deferred Ms	(58,125)	6,196	71,740	19,811
60 Taxable Income	287,650	21,457	(61,485)	247,622
61 Current State Tax	21,901	1,634	(4,681)	18,854
62 State Tax Credits	(3,009)	-	-	(3,009)
63 Net State Taxes	18,892	1,634	(4,681)	15,844
64 Federal Taxable Income	268,758	19,823	(56,804)	231,778
65 Current Federal Tax	94,065	6,938	(19,881)	81,122
66 Federal Tax Credits	(28,929)	-	(19,757)	(48,686)
67 ITC Amort	-	-	-	-
68 Deferred Taxes	(23,221)	2,475	28,659	7,914
69 Total Income Tax Expense	60,808	11,047	(15,660)	56,195
70 Regulated Net Income	148,038			189,287
71 Check Regulated NI				189,287

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

Revenue Requirements

PORTLAND GENERAL ELECTRIC COMPANY

Corrected Reply Testimony

Alex Tooman
Robert Macfarlane

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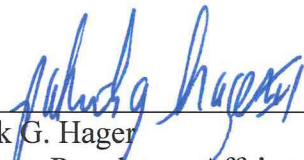
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **UE 283 PORTLAND GENERAL ELECTRIC ERRATA REPLY TESTIMONY**, by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 283.

DATED at Portland, Oregon, this 31st day of July 2014.



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