CONFIDENTIAL] of environmental remediation costs in 2020.[29] Recovery of the first $6 million of expenses deferred under the mechanism is **not** subject to an earnings test. Accordingly, PGE's addition of $6 million of deferred environmental remediation costs to its earnings for purposes of Boardman earnings test is completely inappropriate.

Second, adding all of PGE's 2020 deferred COVID-19 expense to its 2020 earnings is unreasonable because the majority of these costs are unlikely to be subject to an earnings test. In NW Natural Gas Company's and PacifiCorp's pending rate cases, Staff and the utilities as well as other parties to the dockets have stipulated that the majority of the COVID-19 deferrals—amounts unrelated to the Companies' cost savings component—should not be subject to an earnings test. Staff believes it is reasonable to assume for purposes of this earnings test that amortization of PGE's COVID-19 deferral will be subject to the same Staff recommendation. The recommendation has previously been accepted by CUB and AWEC. Hence, Staff believes PGE's assumption that it will not be allowed to amortize any of its COVID-19 deferral overstates the reduction to earnings that may be associated with a COVID-19 deferral earnings test.

Q. Is there another reason PGE's worst-case scenario is inappropriate.

A. Yes. Under the method directed by the Commission in Order No. 22-188, this earnings test should not assume any particular outcome for deferrals that are

[29] See In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application to Defer Revenues and Costs Related to the Environmental Remediation Costs Recovery Adjustment, Schedule 149, Order No. 21-488, Dec 28, 2021, Appendix A at 2.

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Q. Is there another reason PGE's worst-case scenario is inappropriate.

A. Yes. Under the method directed by the Commission in Order No. ~~21-294~~22-188, this earnings test should not assume any particular outcome for deferrals

[29] See In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application to Defer Revenues and Costs Related to the Environmental Remediation Costs Recovery Adjustment, Schedule 149, Order No. 21-488, Dec 28, 2021, Appendix A at 2.