

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

**UE 410
PGE Amortization of Deferred Amounts for 2021
Boardman Revenue Requirement**

PORTLAND GENERAL ELECTRIC

Joint Testimony

Direct Testimony of:

John Fox, OPUC Staff

Will Gehrke, CUB

Bradley G. Mullins, AWEC

Jaki Ferchland, PGE

October 24, 2022

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I. Introduction

1 **Q. Please state your names and positions with your respective organizations.**

2 A. My name is John Fox. I am a Senior Financial Analyst in the Rates, Finance, and Audit
3 Division of the Public Utility Commission of Oregon (OPUC). My qualifications appear in
4 Section III below.

5 My name is Will Gehrke. I am an Economist for the Oregon Citizens' Utility Board (CUB).
6 My qualifications appear in Section III below.

7 My name is Bradley G. Mullins. I am an independent consultant testifying on behalf of the
8 Alliance of Western Energy Consumers (AWEC). My qualifications appear in Section III
9 below.

10 My name is Jaki Ferchland. I am a Manager in Regulatory Affairs for Portland General
11 Electric (PGE). My qualifications appear in PGE Exhibit 100.

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

13 A. The purpose of our testimony is to describe the first stipulation (Stipulation) reached on
14 September 19, 2022, between parties to this proceeding, OPUC Staff (Staff), CUB, AWEC,
15 and PGE (Stipulating Parties), regarding PGE's request to amortize the costs deferred in
16 response to the Boardman closure in Docket No. UE 410. A copy of the Stipulation is provided
17 as Stipulating Parties Exhibit 101.

18 **Q. What is the basis for the Stipulation?**

19 A. PGE filed for amortization of the above referenced deferred costs on July 27, 2022. Prior to its
20 filing, PGE held a workshop with the parties on July 13, 2022 to provide an overview of its
21 forthcoming filing. PGE provided one exhibit of testimony and multiple work papers to
22 support its filing. On September 16, 2022, the Stipulating Parties participated in a Settlement

1 Conference which continued on September 19, 2022. During the discussion, PGE and the
2 Stipulating Parties came to an agreement on the amortization of 2021 costs for Boardman.

3 **Q. Please summarize the agreement for 2021 costs for Boardman.**

4 A. The Stipulating Parties agree that there will be no amortization of the 2021 Boardman-related
5 costs.

6 **Q. Does the Stipulation resolve all issues in this proceeding?**

7 A. No. While the Stipulation resolves all issues related to amortization of 2021 Boardman costs
8 in the docket, the treatment of the 2020 Boardman costs is still being contested and PGE may
9 have a subsequent amortization filing for costs incurred in 2022, if any.

II. Resolution

1 **Q. Please provide background on this docket.**

2 A. On October 8, 2020, AWEC and CUB jointly filed a deferral for the refund of the revenue
3 requirement associated with the Boardman Coal Plant to be returned to customers beginning
4 on the date that the plant would cease operations and no longer be used and useful for
5 customers.

6 In UE 394, AWEC and CUB requested that the dockets be consolidated. Commission Order
7 No. 22-129 in UE 394 approved the Boardman deferral with an earnings test.

8 **Q. Please describe the Stipulation regarding Boardman revenue requirement for 2021.**

9 A. The Stipulating Parties agree that no 2021 amounts related to Boardman need to be refunded
10 to customers after the application of the earnings test.

11 **Q. Please describe the earnings test applied.**

12 A. Commission Order No. 22-129 adopted an earnings test that would require the refund of the
13 revenue requirement for Boardman to the extent that PGE's regulated earnings would not be
14 reduced below its authorized return on equity (ROE), or 9.5%. PGE's regulated earnings in
15 2021 were well below 9.5%, making a refund of any amounts associated with Boardman
16 unnecessary.

17 **Q. What is your recommendation to the Commission regarding the adjustments contained
18 in the First Stipulation?**

19 A. The Stipulating Parties recommend and request that the Commission approve these settled
20 amounts. Based on careful review of PGE's filing and discussion of the issues during the
21 settlement conference, we believe the proposed settlement represents an appropriate and

1 reasonable resolution to the issues in this docket. Rates reflecting these values will be fair,
2 just, and reasonable.

3

III. Qualifications

1 **Q. John Fox, please state your qualifications and experience.**

2 A. I am a Senior Financial Analyst in the Rates, Finance and Audit Division of the Oregon Public
3 Utility Commission. I am a Certified Public Accountant and received a Bachelor of Science
4 from University of Oregon in Accounting and Business Administration and completed the
5 Certificate in Public Management at Willamette University. I have provided testimony in
6 numerous Oregon Public Utility Commission proceedings.

7 **Q. Mr. Gehrke, please state your qualifications and experience.**

8 A. I am an Economist with the Oregon Citizens' Utility Board. I have provided testimony,
9 comments in numerous Oregon Public Utility Commission proceedings since 2017. I have
10 received a Bachelor of Science and a Master of Science in Economics from Florida State
11 University.

12 **Q. Mr. Mullins, please state your qualifications and experience.**

13 A. I am a consultant and expert witness that represents utility customers in regulatory
14 proceedings before state utility commissions throughout the Western United States. I have
15 sponsored expert witness testimony in over 70 regulatory proceeding encompassing a variety
16 of subject matters, including revenue requirement, regulatory accounting, rate development,
17 and new resource additions. I have a Master of Accounting degree from the University of
18 Utah.

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

20 A. Yes.

IV. List of Exhibits

Stipulating Parties Exhibit

Description

101

First Stipulation

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 410

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Amortization of the Revenue Requirement
Associated with the Boardman Coal Plant

FIRST STIPULATION

This Partial Stipulation (“Stipulation”) is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), and the Alliance of Western Energy Consumers ("AWEC"), (collectively, the "Stipulating Parties").

On July 27, 2022, PGE made a filing regarding the amortization of the revenue requirement associated with the Boardman Coal Plant. A settlement conference was held on September 16, and continued on September 19, resulting in the settlement included in this Stipulation. The Stipulating Parties participated in these settlement discussions, and no other parties participated in the discussion. As a result of the discussions, the Stipulating Parties have reached a compromise settlement resolving the 2021 amounts in this docket, as set forth below.

TERMS OF FIRST STIPULATION

1. This Stipulation resolves only the issues described below.
2. 2021 revenue requirement
 - a. Parties agree that there are no amounts to amortize for the Boardman Coal Plant for the 2021 calendar year after applying the earnings test to PGE's 2021 earnings.
 - i. PGE's 2021 earnings remain below the target ROE of 9.5% established by the Commission in Order 22-291 even after including the full collection of deferred amounts for 2021 identified in UE 408 – Amortization of Deferred Amounts for 2020-2021 Emergency Events.
3. Stipulating Parties agree that this Stipulation is in the public interest, and will result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.
4. Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all the Stipulating 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 this instance or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
5. Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties seek to obtain Commission approval of this Stipulation prior to evidentiary hearings and briefing. 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 Stipulating Party reserves its right: (i) 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 (ii) 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's final order. Stipulating Parties agree that in the event 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, Stipulating Parties will meet in good faith within ten days and discuss next steps. A Stipulating Party may withdraw from the Stipulation after this meeting by providing written notice to the Commission and other Stipulating Parties.

6. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal and provide witnesses to support this Stipulation (if required by the Commission), and recommend that the Commission issue an order adopting the settlement contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.
7. 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 agreement.

DATED this 24th day of October, 2022.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

OREGON CITIZENS' UTILITY BOARD

ALLIANCE OF WESTERN
ENERGY CONSUMERS