

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

**UE 410
Portland General Electric Company Application
Regarding Amortization of Boardman Deferral**

Joint Testimony in Support of Second Stipulation

Direct Testimony of:

Bret Stevens, OPUC Staff

Will Gehrke, CUB

Bradley G. Mullins, AWEC

Jaki Ferchland, PGE

May 30, 2023

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I. Introduction

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

2 A. My name is Bret Stevens. I am a Senior Economist in the Rates, Safety and Utility
3 Performance Program of the Public Utility Commission of Oregon (OPUC). My qualifications
4 appear in Section III below.

5 My name is Will Gehrke. I am an Economist for the Oregon Citizens' Utility Board (CUB). My
6 qualifications appear in Section III of Stipulating Parties Exhibit 100.

7 My name is Bradley G. Mullins. I am an independent consultant testifying on behalf of the Alliance
8 of Western Energy Consumers (AWEC). My qualifications appear in Section III of Stipulating
9 Parties Exhibit 100.

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 second stipulation (Second Stipulation)
14 reached after settlement discussions on February 28, March 2, and March 10, 2023, between
15 parties to this proceeding, OPUC Staff (Staff), CUB, AWEC, and PGE (Stipulating Parties),
16 related to PGE's request regarding the amortization of costs deferred in response to the
17 Boardman closure in Docket No. UE 410. A copy of the Second Stipulation is provided as
18 Stipulating Parties Exhibit 201.

19 **Q. What is the basis for the Second Stipulation?**

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

1 support its filing. On September 16, 2022, the Stipulating Parties participated in a Settlement
2 Conference which continued on September 19, 2022. During the discussion, PGE and the
3 Stipulating Parties came to an agreement on the amortization of 2021 costs for Boardman,
4 which resulted in the first stipulation, which was submitted for Commission approval on
5 October 24, 2022 (First Stipulation). The Stipulating Parties continued settlement discussions
6 on October 5, November 2, and November 7 of 2022, and were unable to arrive at an
7 agreement on the treatment of 2020 and 2022 costs for Boardman. On November 7, 2022,
8 PGE filed a motion to suspend the procedural schedule to allow the Stipulating Parties to
9 reconvene settlement discussions in early 2023. After the motion was granted, the Stipulating
10 Parties reengaged in settlement discussions on February 28, March 2, and March 10 and
11 reached an agreement resulting in this Stipulation.

12 **Q. Please summarize the Stipulating Parties agreed-to treatment of the Boardman costs**
13 **deferred in 2020 and 2022.**

14 A. The Stipulating Parties agree that PGE will refund \$6.5 million to customers for 2020 amounts
15 related to the revenue requirement of the Boardman coal plant, which closed in October 2020.
16 The Stipulating Parties also agree that there are no amounts to amortize for the 2022 deferral
17 period.

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. The Commission
7 denied the request to consolidate the dockets but took up the question of whether to allow the
8 deferrals in its Final Order in Docket No. UE 394.¹ Commission Order No. 22-129 in UE 394
9 approved the Boardman deferral with an earnings test.

10 **Q. Please describe the Second Stipulation regarding Boardman revenue requirement for**
11 **2020.**

12 A. For settlement purposes, the Stipulating Parties agree that PGE will refund \$6.5 million to
13 customers for 2020 amounts related to the revenue requirement of the Boardman coal plant.
14 The Stipulating Parties agree that the amount will be amortized over two years at an interest
15 rate of a blend of the 1- and 3-year treasury rates and will be allocated to each rate schedule
16 using the applicable schedules' forecasted energy on the basis of an equal percent of
17 generation revenue applied on a cents per kWh basis to each applicable rate schedule.

¹ UE 394 ALJ Memorandum Denying Request to Consolidate (October 25, 2021); Order No. 21-436 (Affirming ALJ Memorandum Denying Request to Consolidate) (November 24, 2021).

1 **Q. Please describe the Second Stipulation regarding Boardman revenue requirement for**
2 **2022.**

3 A. The Stipulating Parties agree that no amounts are to be refunded for 2022 as a result of the
4 earnings test.

5 **Q. Please describe the earnings test.**

6 A. Commission Order No. 22-129 adopted an earnings test that would require the refund of the
7 revenue requirement for Boardman to the extent that PGE's regulated earnings would not be
8 reduced below its authorized return on equity (ROE), or 9.5%.

9 PGE's regulated earnings in 2020 were under dispute between the Stipulating Parties,
10 with each Stipulating Party having its own perspective of how regulated earnings should be
11 calculated. The agreement achieved did not resolve the calculation difference, but the Parties
12 were able to achieve an agreement on amortization of the 2020 amounts for the purposes of
13 settlement.

14 PGE's regulated earnings in 2022 were below 9.5%, regardless of the approach taken to
15 calculate the result, making a refund of any amounts associated with Boardman unnecessary.

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

18 A. The Stipulating Parties recommend and request that the Commission approve these settled
19 amounts. Based on careful review of PGE's filing and discussion of the issues during the
20 settlement conference, we believe the proposed agreement regarding amortization represents
21 an appropriate and reasonable resolution. Rates reflecting these values will be fair, just, and
22 reasonable.

III. Qualifications

1 **Q. Bret Stevens, please state your qualifications and experience.**

2 A. I am a Senior Economist in the Rates, Safety and Utility Performance Program of the Oregon
3 Public Utility Commission. I have a PhD in Economics from University of California at Davis.
4 I have provided testimony previously before the Oregon Public Utility Commission
5 proceedings.

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

7 A. Yes.

IV. List of Exhibits

<u>Stipulating Parties Exhibit</u>	<u>Description</u>
201	Second Stipulation

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UE 410**

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application regarding amortization of
Boardman deferral

SECOND STIPULATION

This Second 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 October 8, 2020, CUB and AWEC filed a deferral requesting a refund of the revenue requirement of the Boardman coal plant, which was no longer serving customers beginning October 15, 2020. On July 27, 2022, PGE filed its request not to amortize any amounts for refund under the Boardman deferral application, which was filed by under docket UM 2119. Settlement conferences were held on September 16, 2022, and continued on September 19, 2022, resulting in a partial settlement resolving all amounts for 2021, which was filed on October 24, 2022. Additional settlement conferences to resolve 2020 and possible 2022 amounts were held on October 5, 2022, November 2, 2022, and November 7, 2022. At that time, Stipulating Parties were unable to arrive at an agreement that would resolve all remaining issues in this proceeding and on November 7, 2022, PGE filed for a suspension of the procedural schedule so that parties could reconvene in early 2023, once a preliminary 2022 earnings test could be known.

On February 28, 2023, March 2, 2023, and March 10, 2023, the Stipulating Parties further engaged in settlement conferences resulting in the settlement included in this Stipulation. The Stipulating Parties, representing all parties in this docket, participated in these settlement discussions. and reached a settlement resolving the treatment of the Boardman deferral, as set forth below.

TERMS OF SECOND STIPULATION

1. This Stipulation resolves the treatment of the Boardman deferral as described below.
2. Stipulating Parties agree that PGE will refund \$6.5 million to customers for 2020 amounts related to the revenue requirement of the Boardman coal plant, which closed in October 2020.
3. Stipulating Parties agree that the amount will be amortized over two years at an interest rate of a blend of the 1- and 3-year treasury rates.
4. Stipulating Parties agree that for rate spread purposes, amounts amortized will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.
5. All Parties agree that there are no amounts to amortize for the 2022 deferral period.
6. Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable ratemaking treatment of the Boardman deferral.
7. 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.
8. 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.

9. Stipulating 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 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. If a Stipulating Party withdraws from the Stipulation in a manner consistent with this Section 10 of the Stipulation, each of the Stipulating Parties reserves the right to provide evidence and argument in favor of its position on the appropriate resolution of issues that were not yet offered in this docket because of the compromise and resolution of issues reflected in the Stipulation.

10. 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.
11. 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 30th day of May, 2023.

PORTLAND GENERAL ELECTRIC COMPANY

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