

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 408

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Authority to Amortize
Deferred Amounts Related to 2020 and 2021
Wildfire and Ice Storm Emergency Events.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. SUMMARY

In this order, we adopt the stipulation entered into by Portland General Electric Company, Staff of the Public Utility Commission of Oregon, Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) (collectively, stipulating parties) resolving the amortization of 2021 incremental costs deferred associated with the Labor Day 2020 wildfire¹ and February 2021 ice storm emergency events.² Under the stipulation, PGE will recover approximately \$96,946,500 over seven years, representing an overall price increase of 0.8 percent.

II. PROCEDURAL HISTORY AND BACKGROUND

On July 27, 2022, PGE filed an application regarding amortization of incremental costs deferred for 2020 and 2021 associated with the Labor Day 2020 wildfire and February 2021 ice storm emergency events. Staff, AWEC, and CUB participated as parties to this proceeding. In docket UM 2115, the Commission authorized the use of deferred accounting for the wildfire costs.³ In docket UM 2156, the Commission authorized deferred accounting for the ice storm costs.⁴ In PGE's general rate case (GRC), docket

¹ The largest wildfires impacting PGE's service territory were the Riverside, Beachie Creek, Lionshead, and P515 wildfires.

² The February ice storm was a series of winter storm events beginning on February 11, 2021.

³ *In the Matter of Portland General Electric Company, Application for Deferral of Wildfire Emergency Costs and Lost Revenues*, Docket No. UM 2115, Order No. 20-389 (Oct 27, 2020); Order No. 22-077 (Mar 11, 2022).

⁴ *In the Matter of Portland General Electric Company, Application for Authorization to Defer Emergency Restoration Costs*, Docket No. UM 2156, Order No. 22-020 (Jan 26, 2022); Order No. 22-075 (Mar 11, 2022).

UE 394, the Commission established parameters for applying an earnings test in determining the costs to be amortized for these two deferrals.⁵ The Commission directed that the earnings test would be applied to costs by the calendar year in which they were incurred, with recovery limited to PGE's authorized return on equity (ROE) minus 20 basis points, or 9.3 percent.

In its initial filing, PGE requested recovery of 2021 deferred costs for the wildfire and ice storm events. Also in its filing, PGE indicated that the 2020 costs related to the wildfire event were not recoverable under the parameters of the earnings test and explained that it has already written off those amounts. For the deferred wildfire costs, PGE reports the primary cost drivers for the immediate restoration efforts were equipment and materials, PGE personnel overtime, contract labor, and supplies. Additionally, PGE explains that after power was restored, the company incurred significant costs for internal and contract labor related to vegetation management and longer duration repair and replacement of plant. For the deferred ice storm costs, PGE states that the immediate restoration efforts resulted in PGE personnel overtime, contract labor, mutual assistance labor, equipment and materials. PGE identifies vegetation management and transmission line repair as the primary cost drivers in the period after the company had restored power.

III. STIPULATION

On October 24, 2022, the parties filed a stipulation, resolving all issues related to the 2021 deferred costs for the wildfire and ice storm events. The stipulating parties identify incremental operations and maintenance and capital costs in 2021 of \$32,436,100 for the wildfire and \$90,273,700 for the ice storm, for a total of \$122,709,800.⁶ The total revenue requirement associated with the deferred costs is \$96,946,500. The stipulating parties explain that after reviewing the record, they agree that PGE's actions and the associated costs incurred by the company associated with the wildfire and ice storm events were prudent and necessary to serve customers.

⁵ *In the Matter of Portland General Electric Company, Request for a General Rate Revision*, Docket No. UE 394, Order No. 22-129, at 52-54 (Apr 25, 2022).

⁶ Stipulating Parties/101, Fox-Gehrke-Mullins-Ferchland/2. Capital amounts are net of retired assets.

The stipulating parties agree that because PGE's 2021 regulated ROE was well below the 9.3 percent earnings test threshold prior to the collection of the deferred amounts, the full revenue requirement associated with the deferred amounts is subject to amortization. They agree that the revenue requirement associated with the deferred amounts will be amortized over seven years to reduce the impact to customers, with interest at the seven-year treasury rate plus 100 basis points.⁷ Under the stipulation, PGE will move the amounts to the seven-year interest rate plus 100 basis points upon issuance of an order adopting this stipulation.⁸ The stipulating parties agree to the rate spread and rate design methodology set forth in PGE/401. Under the stipulation, PGE will provide a new rate spread model to the stipulating parties reflecting the costs in Table 2 of the stipulation. The stipulating parties agree that the proposed settlement represents an appropriate and reasonable resolution of the issues regarding the deferred 2020 and 2021 costs and that the resulting rates are fair, just, and reasonable.

The stipulating parties note that while the stipulation resolves all issues in the docket related to amortization of deferred costs in 2020 and 2021, PGE may have a subsequent amortization filing for costs incurred in 2022. They agree that this docket will remain open to address amortization of any such amounts.

IV. RESOLUTION

We review the terms of any stipulation for reasonableness and accord with the public interest. We have reviewed the record, including the terms of the stipulation, and the supporting joint testimony of the parties. We find that the amortization set forth in the stipulation represents a reasonable and appropriate resolution of this docket and will result in fair, just, and reasonable rates. Accordingly, we adopt the stipulation.

⁷ The stipulating parties agree that if there is no published seven-year treasury rate, the rate will be an average of the five-year and ten-year treasury rates, plus one hundred basis points.

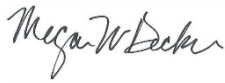
⁸ The stipulating parties agree that the earliest an order could be received would be November 2, 2022, and that PGE will move the balance for recovery to the lower interest rate at that time.

V. ORDER

IT IS ORDERED that:

The stipulation between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, Oregon Citizens' Utility Board, and Alliance of Western Energy Consumers, filed October 24, 2022, attached as Appendix A, is adopted.

Made, entered, and effective Nov 03 2022 _____.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.