

PGE CBIAG

Meeting #12

April 24, 2024





Virtual Meeting Participation Tips

- Thank you for joining us today!
- Please join audio by either phone or computer, not both.
- We encourage CBIAG members to turn on your video.
- Please keep your audio on mute when not speaking.
- Observer = you are not a CBIAG member, facilitator or speaker.
- If you experience technical difficulties, please contact program staff at: (823) 535-0731



In-Person Meeting Participation Tips

- We are happy to see those who could join us in-person today!
- Take care of your needs (feel free to stand, move around, etc.)
- Facility logistics (restrooms, exits, allergies, etc.)
- Avoid cross talk and please be mindful of hybrid challenges
- Remember to say your name before you speak so that virtual participants know who is speaking



AGENDA

- Welcome and Orientation
- Introductions
- Community Energy Project
- CBIAG – Year in Review
- Rate Review
- Affordability
- Announcements
- Closing and Next Steps



Facilitation Style & Group Agreements

- Take care of your personal needs as they come up, let facilitator know if you need to step away
- This is a learning space for everyone
- Participate by sharing your responses in the chat, taking written notes, or by raising your hand to speak
- Welcome diverse perspectives; it's okay to disagree
- Facilitator will call on people to speak. This will be done in a way that centers our equity priority communities and not in first come, first serve
- I will use facilitator's privilege and may need to gently interrupt to have you close out your comments and move the meeting forward
- Move up your talking or move up your listening
- Assume and have good intentions
- You do not need to have perfect/fully formed thoughts to share and discuss your ideas with the group
- **These meetings will be recorded with the agreement that access is for CBIAG members, PGE, and third-party facilitators.**
- Any others you all want to add?



Meeting Objectives

- Celebrate the achievements over the first year of the CBIAG program.
- Review information and resources about Rate Review process.
- Provide an overview of PGE's affordability strategy.

Welcome and Introductions



Please state your name and pronouns (if you choose)



Please share what organization(s) you represent, if any



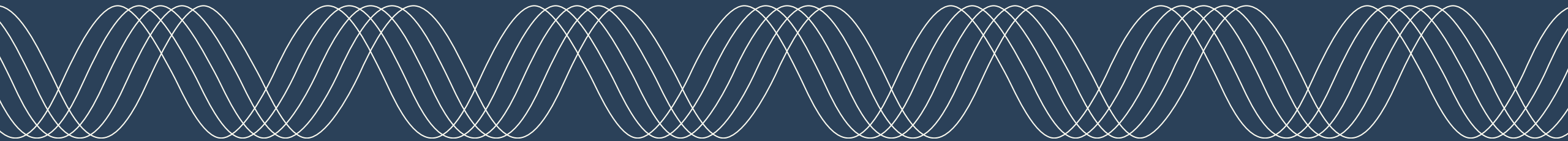
Check In Question:

What's the most draining or most energizing thing about your work life?



Welcome to Community Energy Project!

Sherrie Villmark



This Month's Host Organization

Focus Areas:

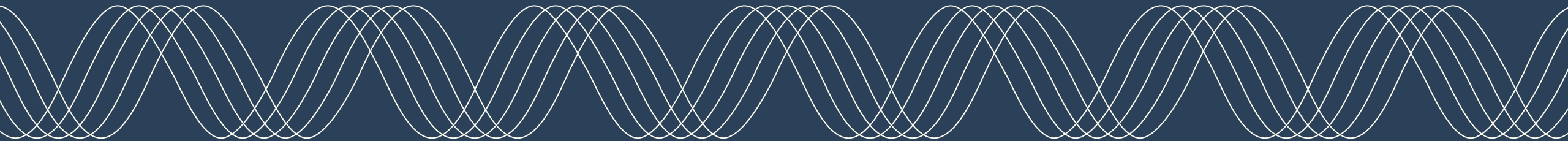
- Education
- Advocacy
- Home & Energy Repairs
- Efficiency Solutions
- Community Solar



communityenergyproject.org

PGE's CBIAG: Year in Review

Jenn Latu, Portland General Electric



CBIAG Meeting Topics

April 2023-April 2024



CBIAG Year in Review

Acknowledging our accomplishments



11

MEETINGS

CBIAG convened monthly Jan-Nov

12

CBIAG MEMBERS

Retained 12 of 13 original members

2

HYBRID MEETINGS

Hosted at organizations with representation in CBIAG

1

CHARTER

Collaborated and adopted group charter in Oct 2023

11

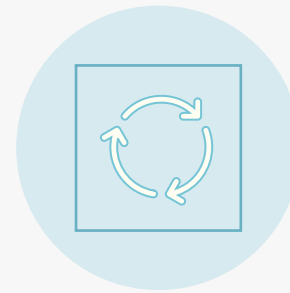
MEMBER 1:1's

CBIAG members and Espousal Strategies

Learnings



Expertise: PGE CBIAG members are experts in reaching the communities they represent and/or serve and offer robust recommendations on how to effectively communicate with them



Feedback Loop: CBIAG members would like to better understand the flow of information (between CBIAG and PGE) and how their input is being considered and/or incorporated by PGE



Meetings: Importance of responsive and fluid agendas and balancing information sharing with opportunities to process and discuss



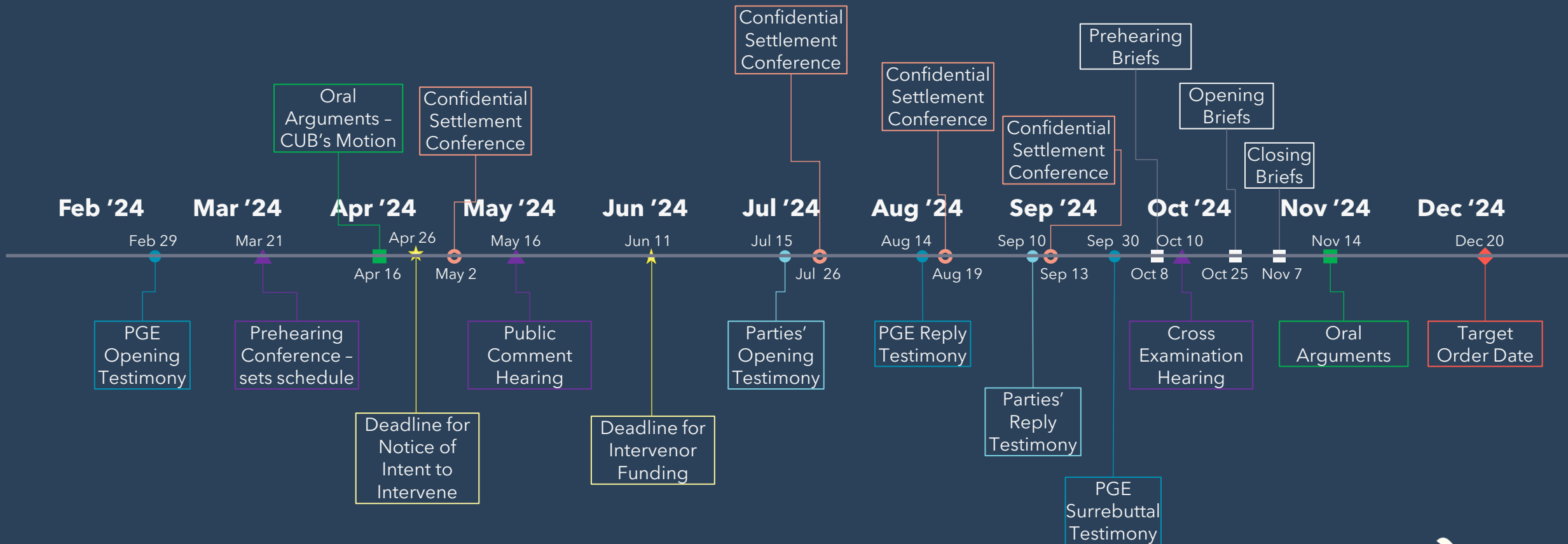
Mutuality: CBIAG members are motivated to stay engaged to learn more about PGE's work and its impact across communities, advocate for underrepresented communities living in the region, and supplement their professional connections

PGE 2025 General Rate Case Overview

Jaki Ferchland - Senior Manager Rates & Regulatory Affairs
April 24, 2024



PGE 2025 Rate Review Schedule



Key Price Drivers

Rate Base

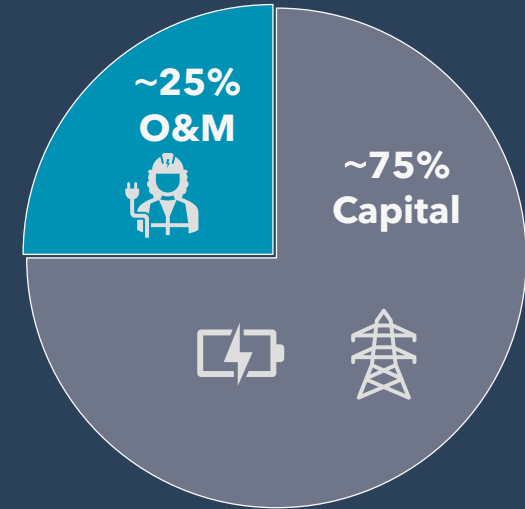
\$1,248 million increase (Jan \$878M + Jun \$370M)

Key capital additions since the 2024 General Rate Case include:

- \$396 million¹ for the Seaside Battery Project (Jun effective date)
- \$157 million¹ for Constable Battery Project
- \$138 million for Evergreen substation
- \$ 42 million for Tonquin substation
- \$ 29 million for Coffee Creek Battery Project
- Another \$419 million related to seventeen Transmission & Distribution projects each greater than \$10 million placed into service to address new and growing customer loads, address safety concerns, aging equipment and maintain NERC² compliance

Operating and Maintenance

- Labor and non-labor escalations
- Facilities Inspection and Treatment to the National Electric Safety code (FITNES)
- Outside Services for Routine Vegetation Management
- Virtual Power Plant
- Insurance Expense

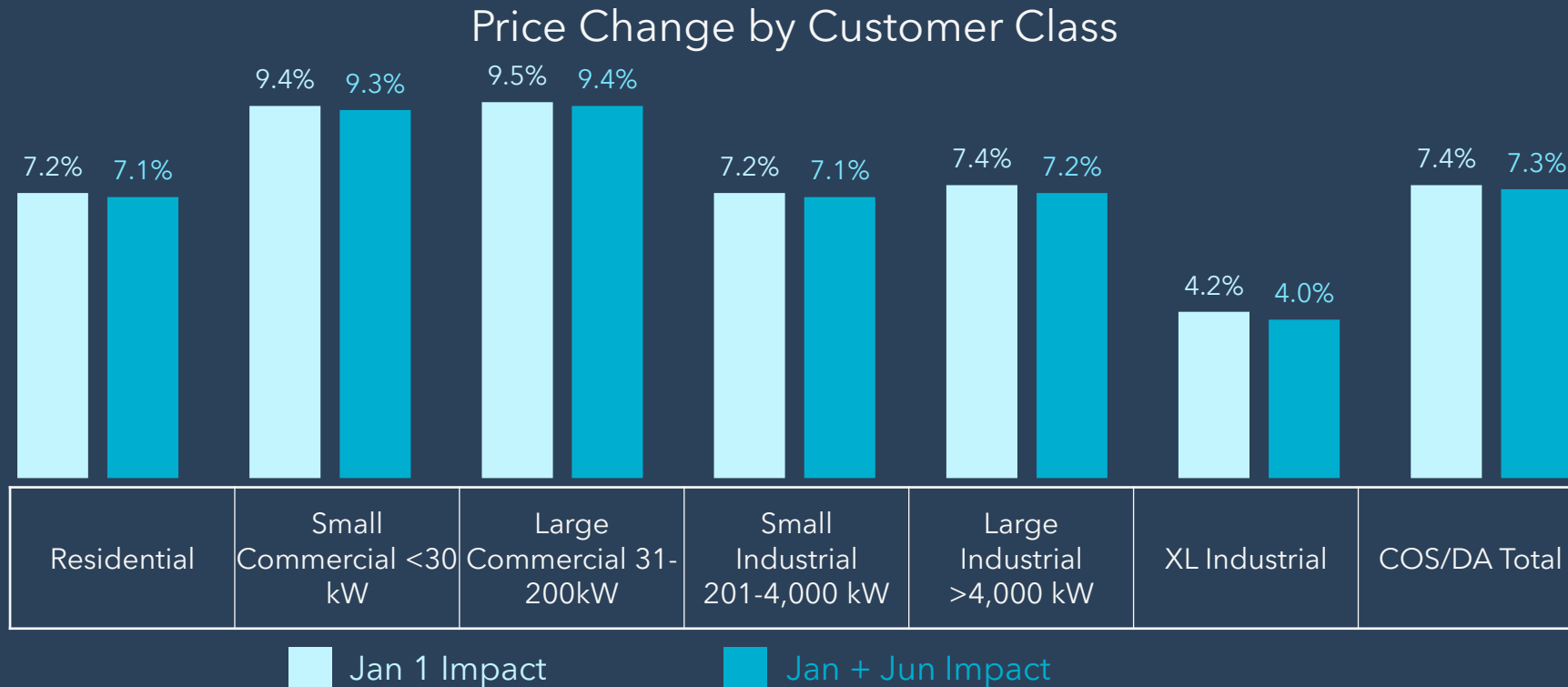


1 - The rate base values of \$370 million for Seaside and \$146 million for Constable are shown in the isolated revenue requirement provided in the Exhibit Support workpaper to Exhibit 200

2 - North American Electric Reliability Council

Total Price Changes

	January Price Change		June Price Change	
UE 435	Base Rates ¹	6.7%	Seaside Base Rates	2.3%
UE 436	Net Variable Power Costs	1.4%	Seaside Power Costs	-0.7%
Various	Supplementals ²	-0.7%	ITC Proposal	-1.7%
	January Total	7.4%	June Total	-0.1%



1 - The base rate percentage increase in isolation relative to a denominator that is also only base rates is 7.3%, as stated in testimony.
 2 - Based on known and measurable values at time of filing. Decrease is driven by 2021 PCAM amortization completing at end of 2024.

Policy Requests in the Case

Investment Recovery Mechanism

- Includes projects to replace aging assets, maintain compliance with safety and/or environmental regulations, and improve operations. None of these projects are associated with obtaining additional revenue through load growth or strategic investments to expand our business.
- Proposed sunset date of 2030.
- Capital would be net of associated depreciation.
- A prudence review would occur over a five- month period each year.
- The mechanism cannot be used in years where a General Rate Case is filed.

Goal: reduce annual rate case filings

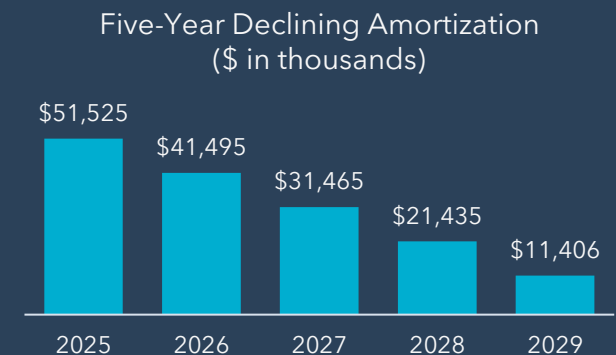
* Renewable automatic adjustment clause

Associated Storage

- PGE's recommended definition of "associated energy storage" under the RAAC*:
All co-located energy storage and standalone storage connected at the transmission-voltage level that is used to integrate, firm or shape renewable energy sources.
- Standalone energy storage resources used to firm and shape renewable resources are "associated energy storage" for purposes of the RAAC is intended to give energy storage resources acquired for integrating and firming renewables equal treatment in the RAAC, whether co-located with renewable energy resources or a standalone storage resource.

Investment Tax Credit proposal

- PGE is proposing a refund of the value of the ITCs net of the costs to sell through a separate schedule over a 5-year period on a declining basis.
- The declining basis is meant to give customers a near-term offset to current price changes and to avoid a "cliff" when the refund rolls off.



GRC Testimony Layout

Exhibit	Witness
Exhibit 100 - Policy	Pope-Sims
Exhibit 200 - Revenue Requirement	Batzler-Ferchland
Exhibit 300 - Compensation & Corporate Support	Mersereau-Trpik-Batzler
Exhibit 400 - Transmission & Distribution	Bekkedahl-Felton
Exhibit 500 - Production	Felton
Exhibit 600 - Cost of Capital	Figueroa-Liddle
Exhibit 700 - Load Forecast	Riter-Greene
Exhibit 800 - Marginal Cost of Service	Macfarlane-Manley
Exhibit 900 - Pricing	Macfarlane-Pleasant

200-Revenue Requirement

Key takeaways

Before Constable and Seaside battery projects:

- Total Revenue Requirement of \$2,926.8 million
- Rate Base of \$7,150.2 million

Neither costs for Colstrip nor wildfire mitigation are included in the revenue requirement

Actions to mitigation the price change:

- Removed 100% of all officer incentives & 50% of all other forecasted incentive compensation
- Reduced labor expense by \$11.7 million to account for vacancies and/or unfilled positions
- Removed 50% of all layers of Directors and Officers liability insurance
- Removed half of costs associated with meals and entertainment
- Reduced property insurance costs by \$3.7 million by restructuring the property insurance program to a “post-loss” funding model

Requesting tariffs to track the revenue requirements associated with Constable and Seaside into prices when the projects come online

- Constable - expected Dec 31 (could be early Jan)
- Seaside - expected Jun 1

200–Revenue Requirement

Base Revenue Requirement

(\$000s)

Rev Req Category	UE 416 Approved	UE 427 Filed	2025 Base Forecast	Exhibit	No.
Sales to Consumers	\$ 2,705.5	\$ (28.3)	\$ 2,926.8	Rev Req	200
Other Revenue	49.8		46.3	Rev Req	200
Net Variable Power Costs	959.0	(92.6)	923.0	Rev Req	200
Production O&M	133.0	3.5	149.5	Production	500
Transmission O&M	20.9		22.1	T&D	400
Distribution O&M	186.2		209.2	T&D	400
Customer Service	105.8	0.1	102.7		
A&G	199.0	0.2	221.6	Corp. Support	300
Depr. & Amort.	420.4	16.8	476.9	Rev Req	200
Other Taxes	192.9	6.0	218.0	Rev Req	200
Income Taxes	105.6	7.7	126.3	Rev Req	200
Operating Income*	\$ 432.4	\$ 30.3	\$ 523.7		
Return on Equity	9.5%	9.5%	9.75%**	ROE	600

300 – Compensation & Corporate Support

Total compensation should be sufficient to attract and retain diverse employees with strong qualifications and skills necessary to provide safe, reliable energy to our customers.

Total Compensation of \$597.3 million, A \$7.5 million increase from 2024 Budget

Total Labor:

4.0% non-union labor increase and X%¹ union labor increase
Continue to focus on total labor dollars and not just full-time employees (FTE)

- \$14.0 million straight-time labor cost shifted to contract labor
- \$11.7 million of operations & maintenance reductions for vacancies and unfilled positions

Incentives:

PGE's incentive targets are set at the 50th percentile

- Represents 8.0% of 2025 total compensation -- pre-filing adjustments reduce this to 2.8%

Benefits:

Four Components: 1) health and wellness, 2) disability and life insurance, 3) post retirement, and 4) miscellaneous benefits

- \$9.0 million increase driven by post-retirement and health & dental benefit costs

Corporate support represents the back-office functions that support PGE's direct operations

Administration & General costs of \$221.7 million a \$13.8 million decrease from 2024 Budget

Increase Drivers:

- Insurance
- Benefits
- Information Technology (IT) to support Administrative & General

Total Information Technology cost increase of \$9.4 million from 2024 Budget

Increase Drivers:

- Positions to support IT software and hardware for PGE's Tech Roadmap
- Additional application support
- Escalations

400 – Transmission and Distribution

(\$ in millions)

Capital Additions

Category	Additions
Poles and Wires	\$372.7
Substation	\$256.7
Grid Modernization	\$90.7
Other	\$44.5
Communications	\$2.0
Total	\$766.6

Poles and wires:

- \$155.8 million poles/towers/fixtures
- \$85.4 million for customer need
- \$56.0 million reconductor or conversion projects
- \$34.2 million replace or upgrade underground cable
- \$19.8 million blanket transmission & distribution for non-FITNES system construction and upgrades
- \$15.1 million emergency distribution asset replacements
- \$6.5 million roadway improvements

Key Substations:

\$137.4 million for Evergreen

\$ 41.9 million for Tonquin

Operations and Maintenance Expense

(\$ in millions)	2023 Actuals	2024 Budget	2025 Forecast	'24-'25 Variance	'24-'25 % Change
Labor	\$80.5	\$89.2	\$98.6	\$9.4	10.5%
Non-Labor	\$80.4	\$105.3	\$116.2	\$10.9	10.4%
Subtotal	\$160.8	\$194.5	\$214.9	\$20.3	10.5%

*May not sum due to rounding

**Total Transmission & Distribution O&M of \$214.9 million
A \$20.9 million increase from 2024 Budget**

Primary drivers:

- Utility Asset Management FITNES
- Routine Vegetation Management outside services
- Virtual Power Plant

500 - Production

(\$ in millions)

Production Operations & Management of \$121.7 million, A \$8.0 million increase from 2024 Budget

O&M Expenses	2023 Actuals	2024 Budget	2025 Test Year	'24-'25 Delta	Annual % Change
Labor	\$41.8	\$38.9	\$43.4	\$4.5	11.4%
Non-Labor	\$46.0	\$53.9	\$56.7	\$2.8	5.1%
Major Maintenance Accrual	\$18.9	\$20.9	\$21.7	\$0.8	3.7%
Plant Subtotal*	\$106.6	\$113.7	\$121.7	\$8.0	7.0%

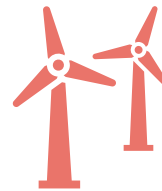
* May not sum due to rounding

Primary Drivers

Fee to Custer county for Clearwater

Allocation adjustment

Labor escalations



500 - Production

Large Battery Storage Projects

Constable

Total Rate Base:
\$146.4 million

Annualized Revenue Requirement:
\$17.3 million

Technology: Lithium-ion Battery
Nameplate capacity: 75 MW
Storage capability: Four-hours
Location: Hillsboro, Oregon

Seaside

Total Rate Base:
\$369.7 million

Annualized Revenue Requirement:
\$49.5 million

Technology: Lithium-ion Battery
Nameplate capacity: 200 MW
Storage capability: Four-hours
Location: North Portland, Oregon

600 – Cost of Capital

Proposed return on equity (ROE) of 9.75%

- Consistent with the average ROE awarded across the US in the past two years

4.628% cost of debt

- PGE issued \$450 million of debt across three different terms in February 2024
- Expected to issue \$370 million of long-term fixed rate debt through 2024 and 2025

PGE continues to target a 50/50 capital structure

- Consistent with approved structure by parties in UE 416

Liquidity: PGE has a revolving credit facility of \$750 million with a \$100 million accordion feature; and \$320 million in letter of credit facilities

700 – Load Forecast

No significant methodology changes

Change in GWh Delivery from Preceding year: 2020-2025						
Voltage Service Class	2020	2021	2022	2023	2024 (E)	2025 (E)
Residential	4.9%	1.4%	-0.9%	-0.5%	0.6%	1.0%
Commercial	-6.8%	3.5%	0.2%	-0.2%	0.0%	-0.1%
Industrial	6.5%	8.3%	10.3%	7.1%	6.8%	9.2%
Total	0.8%	3.8%	2.4%	1.8%	2.2%	3.2%

800 – Marginal Cost of Service

Key takeaways

Updates to generational cost allocations from UE 416

UE 416

- Used wind as the sole resource to estimate the marginal cost of energy
 - Assumption that 100% of wind value is energy-related
- Utility-scale battery storage used to estimate marginal capacity costs

Proposal in this Case

- Includes solar (25%) in addition to wind (75%) to estimate the marginal cost of energy
- Utility-scale battery storage net of flexibility and energy values of the battery and net of the capacity contribution of wind and solar

Updates to customer cost allocations from UE 416

- All customer costs included in the 2025 unbundled revenue requirement are included in the study
- Refined allocation methodologies of some cost centers to better align them with customers served

900 – Pricing

Key takeaways

Updated time of use windows for large commercial to include a mid-peak window with six hour on-peak window from 4pm to 10pm

Updated the load following credit for schedule 90

Transportation Electrification

- Moving TE deferrals UM 1938 and 2003 into base rates
- Proposing to modify schedule 50 for retail electric vehicle charging
- Schedule 56 – Transportation nonresidential line extension allowance

Schedule 105 – Propose amortizing the investment tax credit (ITC) value through this schedule

PGE proposes allowing contractors employed by PGE within the limitations of liability in Rule C, Section C

Thank you!



Announcements

PGE Community Engagement Upcoming Events

- Thursday, 4/25, 5-7 p.m. – IRCO Multicultural Resource Fair
 - Menlo Park, NE Portland
- Friday, 4/26, 3-6 p.m. – CSN Resource Fair
 - Rosewood Initiative, East Portland
- Saturday, 4/27, 11 a.m.-3 p.m. – CSN Resource Fair
 - Centro Cultural, Cornelius
- Thursday, 5/7, 36th Annual OAME Trade Show
 - Oregon Convention Center, Portland
- Friday, 5/24, 3-7 p.m. – Metropolitan Family Services Resource Fair
 - Davis Elementary, NE Portland



Next Steps

What to expect after this meeting
in preparation for next month's
meeting

- A high-level recap of the meeting will be sent to CBIAG members
- Presentation slides will be made available on CBIAG webpage (portlandgeneral.com)
- Send announcements to CBIAG@pgn.com
- Next meeting is May 22nd and will have an in-person attendance option (still hybrid) at PGE's World Trade Center located at 121 SW Salmon St., Portland



Thank you