

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1121**

In the Matter of

OREGON ELECTRIC UTILITY COMPANY,
LLC, et al.

Application for Authorization to Acquire
Portland General Electric Company

MULTNOMAH COUNTY'S
SURREBUTTAL TESTIMONY

Introduction

In its testimony, the Multnomah County (“County”) proposed three conditions that the County believes should be included in any final order approving the sale of Portland General Electric (“PGE”) to Oregon Electric Utility Company (“OEUC”). The County recommended:

1. A commitment from PGE/OEUC to continue the public purpose charges established in ORS 757.612 (SB 1149) beyond the ten-year period described in the statute;
2. A calculation of “public benefit” that uses existing contributions to low-income energy assistance as a baseline. A determination that the sale will result in a public benefit needs to demonstrate a commitment to low-income energy assistance above this baseline; and,
3. A commitment to work with the County to establish a rate reduction program as part of a portfolio of low-income energy assistance services.

The County’s surrebuttal testimony is limited to the third condition.

Rate Reduction Program

If a rate reduction program targeted to low-income residential customers is instituted, PGE will avoid a range of potential costs (bad debt, arrears, collection costs, shutoff costs, etc.). The following analysis quantifies and summarizes the benefits of the proposed low-income rate reduction program for the PGE service territory based on recent evaluations of the Oregon Energy Assistance program and PacifiCorp’s Washington Low-Income Bill Assistance program.

- ***Decreased Arrearage Balances:*** The largest value to the utility from a low-income bill assistance program is a decrease in arrearages and, consequently, a decrease in uncollectible accounts. Washington’s Low-Income Assistance Program participation led to a first-year reduction in annual arrears of \$55 per residential account as a result of participants being able to pay their increasingly affordable energy bill and, in some cases, to “catch up” and start paying part of their own outstanding arrears. This translates into a return to the utility of \$0.47, including the time value of money, for every dollar spent on bill discounts.

- ***Other Utility Benefits:*** Other benefits include decreased shutoff costs and a reduction in collection costs both internal and related to collection agency commissions. These savings amount to another \$0.02 per dollar of discount.

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Based on these benefits the County has estimated the net cost PGE would incur to fund a rate reduction program at the level of \$12.6 million would be \$1.4 million.

Table 1: Net PGE Cost

Costs and Benefits To Achieve Target Energy Burden	
Discount by Income Tier	Cost/Benefit
0 - 20%	\$8,376,473
20 - 40%	\$8,879,741
40 - 60%	\$5,328,951
<i>Total Discount</i>	<i>\$22,585,166</i>
Administration	\$1,039,680
<i>Total Cost</i>	<i>\$23,624,846</i>
Other Sources of Assistance	
Oregon Energy Assistance Program	\$6,000,000
Low-Income Energy Assistance Program	\$4,800,000
Oregon Heat	\$360,000
<i>Total Other Sources</i>	<i>\$11,160,000</i>
Reduction in Utility Cost from Other Source Assistance	
Arrearage Reduction	\$5,274,728
Collection & Shutoff Reduction	\$211,808
<i>Total Cost Reductions from Other Funding</i>	<i>\$5,486,536</i>
Utility Benefits from Additional Funding	
Arrearage Reduction	\$5,400,058
Collection & Shutoff Reduction	\$216,841
<i>Total Benefits from Additional Funding</i>	<i>\$5,616,899</i>
Total Utility Benefits	\$11,103,435
Requested Additional Funding	\$12,464,846
Net Annual Utility Cost	\$1,361,411

In his rebuttal testimony, Kelvin Davis states: “Its primary responsibility to its customers is to provide safe, reliable, and cost-effective utility service – as the Commission defines that from time to time – at reasonable rates. *Certainly, if PGE can lower its net cost of providing safe and adequate service through innovative approaches to those who cannot pay their energy bill, it has an obligation to do so.*” Davis Rebuttal at page 50 (emphasis added).

Based upon the information above, the County believes that its proposal will “*lower the net cost of providing safe and adequate service*” and therefore believes that PGE is obligated, based on its own testimony, to meet the conditions proposed in our testimony.

Meeting these conditions not only helps the County’s constituents and PGE shareholders, but also helps to satisfy the net public benefit test as the condition of sale.

Conclusion

For the reasons described above and in its original testimony, the County respectfully requests that the approval conditions it recommends be included in any final order approving the sale of PGE to OEUC.

DATED this 17th day of September, 2004.

Respectfully submitted,

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

/s/ Christopher D. Crean

Christopher D. Crean, OSB #94280
Assistant County Attorney
Of Attorneys for Multnomah County

CERTIFICATE OF SERVICE

I certify that on September 17, 2004, I served the foregoing MULTNOMAH COUNTY'S SURREBUTTAL TESTIMONY upon the parties hereto by sending a true, exact and full copy by electronic mail only and hardcopy by U.S. Mail, postage-prepaid, to those parties who do not have an email address.

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