

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UE 394

4 In the Matter of

5 PORTLAND GENERAL ELECTRIC
6 COMPANY,

7 Request for a General Rate Revision.

**STAFF BRIEF IN SUPPORT OF
FOURTH STIPULATION**

8 Staff of the Public Utility Commission of Oregon files this brief in support of the Fourth
9 Stipulation pre-filed in this matter on February 7, 2022.

10 The Fourth Stipulation is the result of settlement discussions held on February 1, 2022,
11 between Portland General Electric Company (PGE), the Oregon Citizens' Utility Board (CUB),
12 Alliance of Western Energy Consumers (AWEC), Fred Meyer Stores and Quality Food Centers,
13 Division of The Kroger Co. ("Kroger"), Walmart, Inc. ("Walmart"), Calpine Solutions, and
14 Small Business Utility Advocates ("SBUA"), (collectively, the "Stipulating Parties"). In the
15 Fourth Stipulation, the Stipulating Parties' settlement relates to the following categories:

- 16 1. PGE's Fee Free Bank Card (FFBC) payment option for non-residential customers;
 - 17 2. Trojan Nuclear Decommissioning Trust (NDT);
 - 18 3. Rate Spread and Customer Impact Offset (CIO);
 - 19 4. Schedule 7 Residential Basic Charge;
 - 20 5. Generation Demand Charges for Schedules 83 and 85;
 - 21 6. Schedule 137 Non-bypassability;
 - 22 7. Schedule 138 Energy Storage Cost Recovery;
 - 23 8. Temporary Service;
 - 24 9. Schedule 7 Line Extension; and
 - 25 10. Habitat Restoration.
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1 **1. Fee Free Bank Card Program**

2 As part of its response to Covid-19, PGE expanded its FFBC program to non-residential
3 customers. Under the FFBC program the transaction fees associated with using a bank card (i.e.,
4 a debit or credit card) were not paid directly by the customer making the transaction, but were
5 spread to other ratepayers as a utility expense. In its testimony, Staff questioned whether it was
6 more appropriate for commercial and large industrial customers to pay their own transaction
7 costs rather than spreading them to other customers that do not use the FFBC.

8 Ultimately, the Stipulating Parties agreed to expand the FFBC to all customers, but with a
9 transaction limit of \$1500 per month per customer. With this condition, Staff does not oppose
10 PGE’s proposal to offer the FFBC to non-residential customers. Staff believes the proposed
11 limit will help to ensure that larger customers that are better able to pay the costs of bank card
12 transaction will be required to do so rather than spreading the fees to other customers. Staff
13 believes the stipulation strikes an appropriate balance between PGE’s interest in providing
14 customers with a satisfactory and convenient customer experience and the need to control costs
15 for ratepayers.

16 **2. Trojan Nuclear Decommissioning Trust**

17 In testimony, AWEC questioned PGE’s use of the money it received from the
18 Department of Energy and collected from ratepayers for the NDT. In the Fourth Partial
19 Stipulation, the Stipulating Parties agreed that PGE will return the 2018 claim year DOE
20 reimbursement of \$2,960,544 received in December 2019 to customers via Schedule 143 over a
21 one-year period beginning May 9, 2022. PGE will fund the reimbursement using the 2020 claim
22 year DOE reimbursement received in December 2021 and contribute the remainder of the 2020
23 claim year DOE reimbursement to the Trojan NDT. The Stipulating Parties agree that PGE will
24 also refund the \$352,098 residual balance of the Schedule 143 balancing account to customers
25 via Schedule 143 over a one-year period beginning May 9, 2022.

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1 Staff believes the corrective actions PGE has agreed to are an appropriate resolution of
2 the issues raised by AWEC and that no further actions are necessary to correct the issues
3 identified by AWEC.

4 **3. Rate Spread and CIO**

5 The Stipulating Parties, with the exception of CUB, agreed to a rate spread based in part
6 on the marginal cost studies respectively filed in this case by various parties with updates to
7 loads, forecasted natural gas prices, and cost of capital in the generation marginal cost study and
8 agreed to apply a customer impact offset to move \$2.842 million from Schedule 83, \$3.654
9 million from Schedules 85/485, \$2.061 million from Schedules 89/489, and \$1.2 million from
10 Schedule 90 and apply \$6.585 million to Schedule 7 and \$3.177 million to Schedule 32.¹ In
11 reaching this settlement, parties focused on the PGE-prepared workpaper (Estimated Impact on
12 Consumer's Total Electric Bills) that shows rate increases by schedule when including
13 supplemental schedules: Schedule 125 Annual Power Cost Update, Schedule 122 Renewable
14 Resources Automatic Adjustment Clause, Schedule 131 Oregon Corporate Activity Tax
15 Recovery, and 146 Colstrip Power Plant Operating Life Adjustment.² Parties focused on
16 including just these supplemental schedules due to arguments such as that including other
17 supplemental schedules such as Schedule 123 Decoupling Adjustment might mask the base rate
18 changes.

19 In this general rate case, and in PacifiCorp's most recent general rate case, Staff proposed
20 no rate decreases while some schedules receive significant rate increases and no rate increases
21 greater than two-and-one-half times the awarded average or ten percent, whichever is less.
22 Under the proposed rate spread and assuming the revenue requirement as otherwise stipulated to
23 by parties, Schedule 7 residential customers would receive a seven percent increase, small
24 commercial customers (Schedule 32) would receive a 7.4 percent increase, large commercial-

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26 ¹ See Portland General Electric Company's Prehearing Brief Attachment 1, Estimated Impact on
Consumers' Total Electric Bills.

² *Id.*

1 small industrial customers (Schedule 83) would receive a 3.8 percent increase, large industrial
2 customers served under Schedules 85 or 89 would receive a less than one-percent rate decrease,
3 and large industrial customers served under Schedule 90 would receive a 1.3 percent decrease.³

4 Staff recognizes that supporting a rate decrease for some classes of customers while others
5 receive an increase is unusual, but believes it is justified in this rate case PGE's marginal cost of
6 services study, and Staff's study, does not support a rate increase for all classes of customers. In
7 fact, the cost of service studies support even larger decreases for the largest customers, but these
8 decreases would come at the cost of larger rate increases for other customers. To address the rate
9 impacts the Stipulating Parties agreed to the customer impact offsets listed above, which result in
10 the largest customers absorbing more of the rate increase needed to collect PGE's revenue
11 requirement to lessen the impact of the rate increase for residential and small commercial
12 customers. Staff believes the CIO is sufficiently large enough because the CIO contributions
13 prevent any schedule from receiving rate increases greater than two-and-one-half times the
14 overall rate increase. Finally, Staff offers that CIO contributions that include large amounts from
15 the direct access customers that may appear equitable when looking at rate impacts from present
16 rates is in fact inequitable because it includes as a rate reduction from transition charges that are
17 no longer applicable. The agreed-to rate spread recognizes this and treats direct access
18 customers equitably.

19 **4. Schedule 7 Residential Customer Charge**

20 In its initial filing, PGE proposed to split the Basic Charge into separate charges for
21 multi-family and single-family dwellings. The proposal was to charge \$11.00 to \$12.50 per
22 month for single-family dwellings and decrease the charge \$8.00 for multi-family dwellings.
23 PGE stated that it proposed the change to better reflect fixed costs of serving residential
24 customers, i.e., reflecting that customers living in multi-family dwellings have a lower cost of
25 service. The Stipulating Parties agreed to PGE's proposal to lower the charge for multi-family

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³ *Id.*

1 residential customers and agreed to no increase to the basic charge for single-family dwellings.
2 Staff believes the agreed-to charges reasonably reflect cost of service and result in just and
3 reasonable rates.

4 **5. Generation Demand Charges for Schedule 83 and 85**

5 In its initial filing, PGE proposed to maintain the current structure of Schedules 83 and
6 85, which recover all costs through on-peak and off-peak \$/kWh energy charges, with the
7 differential between those charges set at 1.5 cents per kWh.⁴ Walmart opposed that PGE did not
8 include a demand charge, arguing the rates under this structure do not reflect the cost of service,
9 provide price signals to customers, or provide revenue stability and predictability to the utility.⁵
10 Walmart proposed that PGE include a demand charge for Schedule 83 and 85 customers to
11 address these deficiencies in the rate structure.

12 In its opening testimony Staff also testified regarding demand charges and recommended
13 that PGE include demand charges in Schedules 83 and 85. Staff testified that not having a
14 demand charge was inconsistent with cost causation principles and reduces customers' incentive
15 to minimize costly peaky usage patterns.⁶ Accordingly, Staff supports the stipulated agreement
16 to include a demand charge in Schedules 83 and 85.

17 **6. Schedule 137 – Non-bypassability**

18 ORS 757.365(1), adopted in 2009, required PGE to offer a volumetric rate incentive pilot
19 program to “demonstrate the use and effectiveness of volumetric incentive rates and payments
20 for electricity or for the nonenergy attributes of electricity, or both, from solar photovoltaic
21 energy systems[.]” PGE spreads the costs of that program to its retail customers through
22 Schedule 137. Currently, customers that choose to become Direct Access customers do not pay
23 Schedule 137 charges. PGE proposed to change this and make the charge non-bypassable on the
24 ground the program is legislatively mandated for the broader public good. Staff concurs that it is

25 ⁴ Walmart/100, Chriss/8-9.

26 ⁵ Walmart/100, Chriss/10-11.

⁶ PGE/1400, St. Brown/26.

1 appropriate to spread the non-power cost portion of the VIR program to all PGE’s customers and
2 that doing so results in rates that are just and reasonable.

3 **7. Remaining Stipulated Issues: Schedule 138 Energy Storage Cost Recovery; Temporary**
4 **Service; Schedule 7 Line Extension; and Habitat Restoration**

5 Staff concurs with the stipulating parties’ statements in their prehearing briefs filed on
6 February 7, 2022 that the proposed changes to Schedule 138, Temporary Service are a
7 reasonable resolution of the issues and result in rates that are just and reasonable. Staff also
8 agrees with the stipulating parties that no change to Schedule 7, Line Extension, results in a fair
9 and just outcome. Finally, Staff supports the resolution of the Habitat Restoration issues raised
10 by CUB and thinks that addressing CUB’s concerns in Docket No. UM 1020 is the appropriate
11 venue.

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13 DATED this 9th day of February, 2022.

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15 Respectfully submitted,

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17 ELLEN F. ROSENBLUM
18 Attorney General

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21 */s/ Stephanie Andrus*

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23 Stephanie Andrus, OSB No. 925123
24 Sr. Assistant Attorney General
25 Of Attorneys for Staff of the Public Utility
26 Commission of Oregon

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