

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

In the Matter of)
)
PORTLAND GENERAL ELECTRIC) **Docket No. UE 394**
COMPANY)
)
Request for a General Rate Revision.)

**REBUTTAL TESTIMONY OF
JUSTIN BIEBER
ON BEHALF OF
FRED MEYER STORES**

JANUARY 13, 2022

1 designed to mitigate the rate impact of a cost-based rate increase for certain
2 customer classes.

3 For most customer classes, PGE's proposed rate spread would result in a
4 reasonable balance between two key objectives: aligning class cost allocation with
5 the underlying cost causation while also mitigating the potential rate shock that
6 might otherwise occur if certain under-performing customer classes received a cost-
7 based increase. However, PGE's proposed allocation of CIO revenues would result
8 in a 4.7% rate *increase* for Schedule 485 direct access customers even though
9 PGE's cost of service indicates that these customers deserve a 1.6% *decrease*.
10 Utilizing the CIO to allocate a rate *increase* to Schedule 485 customers that is 6.4%
11 greater than their cost service is not a reasonable result.

12 PGE's proposed rate spread includes a \$3.0 million allocation of CIO
13 revenues to be recovered from all bundled and direct access customers on
14 Schedules 85/485. This proposed CIO would target an equal percentage rate impact
15 between Schedule 85 *bundled* customers and Schedule 89 *bundled* customers but
16 would not result in comparable impacts to their *direct access* equivalents on
17 Schedules 485 and 489/689, respectively.

18 I recommend that PGE's proposed CIO allocation to Schedules 85/485
19 should be shared with Schedules 89/489/689 in a proportion that would result in an
20 equal percentage rate impact for the *combined* Schedule 85/485 and the *combined*
21 Schedule 89/489/689, which includes the rate impacts for *both* bundled and direct
22 access customers.

23

1 **Customer Impact Offset (CIO)**

2 **Q. Please explain the rate spread and CIO that PGE has proposed to reflect the**
3 **Third Partial Stipulation in this proceeding and approved depreciation rates**
4 **from Docket No. UM 2152?**

5 A. PGE proposes to allocate \$3.0 million of CIO revenues to Schedules 85/485
6 and \$1.2 million of CIO revenues to Schedule 90. PGE's proposed CIO would
7 utilize \$3.9 million of the CIO revenues generated by Schedules 85/485 and 90 as
8 a subsidy to mitigate the rate increase for Schedule 32. The remainder of the CIO
9 revenues generated by Schedules 85/485 and 90 would be utilized to mitigate the
10 rate increase for Schedule 49. Schedule 15 also contributes \$0.2 million in CIO
11 revenues to mitigate rate impacts for the Street and Highway Lighting Schedules
12 91 and 95.

13 The proposed CIO revenue allocation to Schedule 85 and Schedule 90
14 would reduce the magnitude of the rate *decrease* that *bundled* customers on
15 Schedules 85 and 90 would otherwise receive if the rate spread was aligned with
16 PGE's cost of service. Specifically, PGE's proposed CIO is designed to achieve
17 the same 2.1% decrease for *bundled* customers on Schedule 85 that *bundled*
18 customers on Schedule 89 would receive at cost-based rates. Schedule 90
19 customers would receive a 2.2% decrease.

20 **Q. Can you please summarize the rate impacts resulting from PGE's proposed**
21 **rate spread and CIO?**

22 A. The detailed rate impacts by class, excluding the Public Purpose Charge
23 ("PPA"), Low Income Assistance ("LIA"), and Schedule 129 and 139 transition

1 period adjustment revenues² are presented in Exhibit FM/201 and summarized in
2 Table JB-1R below.

3 **Table JB-1R**
4 **Rate Impacts by Class (Excluding LIA, PPC, and Sch 109, 129/139)**
5 **At PGE Proposed Rate Spread and CIO**
6 **At Third Stipulation Revenue Requirement**

<u>Rate</u>	<u>Schedule</u>	<u>At PGE CIO % Change</u>
Residential	7	4.8%
General Service	32/38	6.9%
Irrig. & Drain. Pump.	47/49	5.8%
General Service 31-200 kW	83	3.5%
General Service 201-4,000 kW	85	-2.1%
Direct Access Service 201-4,000 kW	485	4.7%
	SUBTOTAL	-1.7%
Schedule 89 > 4 MW	89	-2.1%
Direct Access Service > 4 MW	489	-20.8%
New Load Direct Access Service	689	-18.5%
	SUBTOTAL	-4.8%
Schedule 90	90	-2.2%
Lighting	15/91/92/95	5.6%
	TOTAL	3.1%

7
8 **Q. How does PGE's proposed rate spread compare to the cost-of-service results?**

9 A. As explained by PGE witnesses Rob Macfarlane and Teresa Tang, the CIO
10 is a mechanism that represents departures from strict cost-of-service allocations.³

11 As such, removing the proposed CIO from the rate spread yields PGE's cost of

² In my Opening Testimony I explain why it is appropriate to exclude transition cost adjustment charges from the calculation of proposed rate impacts. See FM/101, Bieber, pp. 5-6.

³ PGE/2200, Macfarlane – Tang, p. 11.

1 service results. The detailed impacts by rate class at PGE’s proposed rate spread
2 and CIO compared to PGE’s cost of service results at the Third Partial Stipulation
3 revenue requirement are summarized in Table JB-2R below.

4 **Table JB-2R**
5 **Rate Impacts by Class (Excluding LIA, PPC, and Sch 109, 129/139)**
6 **PGE Proposed Rate Spread and CIO Compared to Cost of Service**
7 **At Third Stipulation Revenue Requirement**

<u>Rate</u>	<u>Schedule</u>	<u>At PGE CIO % Change</u>	<u>Cost-Based % Change</u>	<u>Difference % Change</u>
Residential	7	4.8%	4.8%	0.0%
General Service	32/38	6.9%	8.8%	-1.9%
Irrig. & Drain. Pump.	47/49	5.8%	7.6%	-1.7%
General Service 31-200 kW	83	3.5%	3.5%	0.0%
General Service 201-4,000 kW	85	-2.1%	-3.1%	1.0%
Direct Access Service 201-4,000 kW	485	4.7%	-1.6%	6.4%
	SUBTOTAL	-1.7%	-3.0%	1.3%
Schedule 89 > 4 MW	89	-2.1%	-2.1%	0.0%
Direct Access Service > 4 MW	489	-20.8%	-20.8%	0.0%
New Load Direct Access Service	689	-18.5%	-18.5%	0.0%
	SUBTOTAL	-4.8%	-4.8%	0.0%
Schedule 90	90	-2.2%	-2.9%	0.6%
Lighting	15/91/92/95	5.6%	5.6%	0.0%
	TOTAL	3.1%	3.1%	0.0%

8
9 Specifically, general service Schedules 32/38 would receive a rate increase
10 that is 1.9% *less* than what would be required to align with the cost of service and
11 Schedules 47/49 would receive a rate increase that is 1.7% *less* than what would be
12 required to align with the cost of service. Schedule 85 would receive a rate *decrease*
13 that is 1.0% *less* than what would be required to align with the cost of service and
14 Schedule 485 would receive a rate *increase* that is 6.4% *greater* than what would

1 be required to align with the cost of service. And Schedule 90 would receive a rate
2 *decrease* that is 0.6% *less* than what would be required to align with the cost of
3 service.

4 **Q. You explain above that PGE's proposed CIO is designed to achieve the same**
5 **2.1% decrease for *bundled* customers on Schedule 85 that *bundled* customers**
6 **on Schedule 89 would receive at cost-based rates. Does PGE's proposed CIO**
7 **also result in similar rate impacts for their direct access equivalents on**
8 **Schedules 485 and 489/689?**

9 A. No, it does not. As can be seen in the tables above, the rate impacts for
10 direct access customers on Schedules 485 and 489/689 differ substantially relative
11 to the rate impacts for their bundled customer counterparts on Schedules 85 and 89.
12 While Schedule 85 customers would receive 2.1% *decrease*, their direct access
13 counterparts on Schedule 485 would receive a 4.7% *increase*. Schedule 89
14 customers would receive a 2.1% decrease while their direct access counterparts on
15 Schedules 489 and 689 would receive a 20.8% decrease and 18.5% decrease,
16 respectively.

17 It can also be seen that PGE's proposed CIO would result in a 1.7% decrease
18 for combined rate Schedules 85/485, while the combined rate impact for Schedules
19 89/489/689 would be a 4.8% decrease.

20 **Q. What is your assessment of PGE's proposed rate spread?**

21 A. For most customer classes, PGE's proposal would result in a reasonable
22 balance between aligning class cost allocation with the underlying cost causation
23 while also mitigating the potential rate shock that might otherwise occur if certain

1 under-performing customer classes received a cost-based increase. However, it is
2 particularly concerning that Schedule 485 would receive a rate *increase* of 4.7%,
3 which is 6.4% greater than the 1.6% rate *decrease* that Schedule 485 would receive
4 based on the cost of service.

5 Further, it appears that PGE's proposed CIO is intended to result in an equal
6 percentage increase for bundled customers on Schedule 85 and bundled customer
7 on Schedule 89. However, as I explain above, this results in very different impacts
8 for direct access customers.

9 **Q. What do you recommend?**

10 A. I recommend that a portion of PGE's proposed CIO allocation to Schedules
11 85/485 should instead be allocated to Schedules 89/489/689 so that the combined
12 rate impact for Schedules 85/485 is equal to the combined rate impact for Schedules
13 89/489/689. In order to treat bundled and direct access customers on the *same rate*
14 *schedule* on a consistent basis, the rate impacts for the combined rate schedules,
15 which include both bundled and direct access customers, should be used to inform
16 the appropriate allocation of CIO revenues.

17 This result can be achieved by sharing the \$3.0 million CIO that PGE
18 proposes to allocate to Schedule 85/485 between both the combined Schedules
19 85/485 and 89/489/689. In order to achieve an equal percentage rate impact
20 between these rate schedules, 49.0% of the \$3.0 million CIO cost should be
21 allocated to Schedules 85/485 and 51.1% should be allocated to Schedules
22 89/489/689. My proposed modification to the CIO does not impact any other rate

1 classes. The detailed rate impacts by class resulting from my recommendation are
2 presented in Exhibit FM/202 and summarized in Table JB-3R below.

3 **Table JB-3R**
4 **Rate Impacts by Class (Excluding LIA, PPC, and Sch 109, 129/139)**
5 **Fred Meyer Proposed Rate Spread and CIO Compared to Cost of Service**
6 **At Third Stipulation Revenue Requirement**

<u>Rate</u>	<u>Schedule</u>	<u>At Kroger CIO % Change</u>	<u>Cost-Based % Change</u>	<u>Difference % Change</u>
Residential	7	4.8%	4.8%	0.0%
General Service	32/38	6.9%	8.8%	-1.9%
Irrig. & Drain. Pump.	47/49	5.8%	7.6%	-1.7%
General Service 31-200 kW	83	3.5%	3.5%	0.0%
General Service 201-4,000 kW	85	-2.6%	-3.1%	0.5%
Direct Access Service 201-4,000 kW	485	1.5%	-1.6%	3.1%
	SUBTOTAL	-2.4%	-3.0%	0.6%
Schedule 89 > 4 MW	89	-1.0%	-2.1%	1.1%
Direct Access Service > 4 MW	489	-10.2%	-20.8%	10.6%
New Load Direct Access Service	689	-10.1%	-18.5%	8.3%
	SUBTOTAL	-2.4%	-4.8%	2.4%
Schedule 90	90	-2.2%	-2.9%	0.6%
Lighting	15/91/92/95	5.6%	5.6%	0.0%
	TOTAL	3.1%	3.1%	0.0%

7

8 **Q. Why would it be appropriate in this proceeding for some customer classes to**
9 **receive a rate decrease while other classes receive a rate increase?**

10 A. While it can sometimes be appropriate to mitigate the rate impacts from a
11 cost-based rate increase for an under-performing customer class, it is also
12 important to make meaningful movement towards aligning with the cost of
13 service. Aligning rates with the underlying costs improves efficiency because it
14 sends proper price signals. At the same time, aligning rate design with cost

1 causation is important for ensuring equity among customers because it minimizes
2 cross-subsidies between customer classes.

3 PGE's proposed rate spread, including my recommended modification to
4 the allocation of the CIO, would result in a reasonable balance between aligning
5 rates with cost causation and mitigating the impacts of a cost-based rate increase
6 for Schedules 32 and 49. Notably, this rate spread would still require all of the
7 rate schedules that would receive a rate decrease (Schedules 85/485, 89/489/689,
8 and 90) to fund a substantial subsidy through the CIO in order to mitigate the rate
9 impacts for Schedules 32 and 49.

10 **Q. In your opening testimony you recommended modifications to the CIO rate**
11 **design for Schedules 85/485. Are you continuing to recommend changes to the**
12 **CIO rate design?**

13 A. In my opening testimony, I recommended modifications to the CIO and
14 system usage charge rate design for Schedules 85/485 that were designed to
15 mitigate the disproportionate impacts between bundled and direct access
16 customers on Schedules 85/485 resulting from the CIO. While I continue to
17 believe that my recommended changes to the CIO rate design have merit, given
18 the current circumstances resulting from the Third Partial Stipulation and PGE's
19 precedent for the CIO rate design, I believe that re-allocating the CIO between
20 Schedules 85/485 and 89/489/689 provides a more effective means to address the
21 disparate rate impacts between bundled and direct access customers caused by the
22 CIO.

1 Therefore, my primary recommendation is to modify the CIO included in
2 PGE's proposed rate spread as I have described in this rebuttal testimony.
3 However, to the extent that the Commission does not approve my
4 recommendation to re-allocate the CIO between Schedules 85/485 and
5 89/489/689 as I have described, then I continue to recommend that the CIO and
6 system usage charge rate design for Schedules 85/485 be modified as I described
7 in my opening testimony.

8 **Q. Does this conclude your rebuttal testimony?**

9 A. Yes, it does.

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AFFIDAVIT OF JUSTIN BIEBER

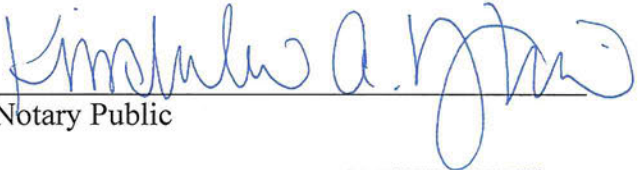
STATE OF UTAH)
)
COUNTY OF SALT LAKE)

Justin Bieber, being first duly sworn, deposes and states that:

1. He is a Senior Consultant with Energy Strategies. L.L.C., in Salt Lake City, Utah;
2. He is the witness who sponsors the accompanying testimony entitled "Reply Testimony of Justin Bieber;"
3. Said testimony was prepared by him and under his direction and supervision;
4. If inquiries were made as to the facts and schedules in said testimony he would respond as therein set forth; and
5. The aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.


Justin Bieber

Subscribed and sworn to or affirmed before me this 13th day of January, 2022, by Justin Bieber.


Notary Public



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

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	Docket No. UE 394
COMPANY)	
)	
Request for a General Rate Revision.)	

**EXHIBITS OF
JUSTIN BIEBER**

JANUARY 13, 2022

Rate Impacts by Class (Excluding LIA, PPC, and Schedule 109, 129/139)
At Portland General Electric Proposed Rate Spread and Customer Impact Offset
At Third Partial Stipulation Revenue Requirement

CATEGORY	RATE SCHEDULE	CUSTOMERS	MWH SALES	TOTAL ELECTRIC BILLS		Change	
				CURRENT all supplementals except LIA, PPC & Sch 109 & 129/139	PROPOSED all supplementals except LIA, PPC & Sch 109 & 129/139	AMOUNT	PCT.
Residential	7	808,245	7,569,338	\$989,799,621	\$1,037,507,051	\$47,707,431	4.8%
Employee Discount				(\$1,110,239)	(\$1,145,856)	(\$35,617)	
Subtotal				\$988,689,382	\$1,036,361,195	\$47,671,814	4.8%
Outdoor Area Lighting	15	0	13,922	\$3,117,688	\$3,284,165	\$166,477	5.3%
General Service <30 kW	32	94,547	1,588,439	\$198,672,623	\$212,406,502	\$13,733,879	6.9%
Opt. Time-of-Day G.S. >30 kW	38	376	27,371	\$3,823,161	\$3,997,652	\$174,491	4.6%
Irrig. & Drain. Pump. < 30 kW	47	2,644	19,423	\$3,952,188	\$4,147,603	\$195,415	4.9%
Irrig. & Drain. Pump. > 30 kW	49	1,449	62,083	\$9,174,867	\$9,742,289	\$567,422	6.2%
General Service 31-200 kW	83	11,463	2,870,308	\$287,568,509	\$297,532,853	\$9,964,343	3.5%
General Service 201-4,000 kW							
Secondary	85-S	1,190	2,074,462	\$180,149,934	\$176,368,221	(\$3,781,712)	-2.1%
Primary	85-P	171	570,537	\$45,903,546	\$45,048,803	(\$854,743)	-1.9%
Direct Access Service 201-4,000 kW							
Secondary	485-S	224	493,315	\$7,413,923	\$7,809,679	\$395,756	5.3%
Primary	485-P	55	341,815	\$3,894,038	\$4,034,595	\$140,557	3.6%
Combined COS/DA Rate Schedule	85/485			\$237,361,441	\$233,261,299	(\$4,100,142)	-1.7%
Schedule 89 > 4 MW							
Secondary	89-S	3	95,807	\$6,817,660	\$6,646,791	(\$170,869)	-2.5%
Primary	89-P	15	639,544	\$44,267,613	\$43,311,103	(\$956,510)	-2.2%
Subtransmission	89-T/75-T	5	51,499	\$4,322,637	\$4,304,933	(\$17,704)	-0.4%
Direct Access Service > 4 MW							
Secondary	489-S	0	0	\$0			
Primary	489-P	16	1,057,666	\$7,606,314	\$6,035,098	(\$1,571,215)	-20.7%
Subtransmission	489-T	3	266,569	\$1,634,041	\$1,282,633	(\$351,408)	-21.5%
New Load Direct Access Service > 10MW							
Primary	689-P	1	37,473	\$333,006	\$271,500	(\$61,506)	-18.5%
Combined COS/DA Rate Schedule	89/489/689			\$64,981,271	\$61,852,058	(\$3,129,213)	-4.8%
Schedule 90	90-P	6	2,827,139	\$180,212,670	\$176,181,379	(\$4,031,291)	-2.2%
Street & Highway Lighting	91/95	185	43,876	\$9,927,744	\$10,537,007	\$609,263	6.1%
Traffic Signals	92	0	2,576	\$229,824	\$193,123	(\$36,701)	-16.0%
COS TOTALS		920,598	20,653,161	\$1,966,830,044	\$2,030,063,617	\$63,233,572	3.2%
DIRECT ACCESS TOTALS		921,111	26,510,440	\$20,881,323	\$19,433,506	(\$1,447,816)	-6.9%
COS AND DA CYCLE TOTALS		1,841,708	47,163,601	\$1,987,711,367	\$2,049,497,123	\$61,785,756	3.1%

Rate Impacts by Class (Excluding LIA, PPC, and Schedule 109, 129/139)
At Fred Meyer Proposed Rate Spread and Customer Impact Offset
At Third Partial Stipulation Revenue Requirement

CATEGORY	RATE SCHEDULE	CUSTOMERS	MWH SALES	TOTAL ELECTRIC BILLS		Change	
				CURRENT all supplementals except LIA, PPC & Sch 109 & 129/139	PROPOSED all supplementals except LIA, PPC & Sch 109 & 129/139	AMOUNT	PCT.
Residential	7	808,245	7,569,338	\$989,799,621	\$1,037,507,051	\$47,707,431	4.8%
Employee Discount				(\$1,110,239)	(\$1,145,856)	(\$35,617)	
Subtotal				\$988,689,382	\$1,036,361,195	\$47,671,814	4.8%
Outdoor Area Lighting	15	0	13,922	\$3,117,688	\$3,284,165	\$166,477	5.3%
General Service <30 kW	32	94,547	1,588,439	\$198,672,623	\$212,406,502	\$13,733,879	6.9%
Opt. Time-of-Day G.S. >30 kW	38	376	27,371	\$3,823,161	\$3,997,652	\$174,491	4.6%
Irrig. & Drain. Pump. < 30 kW	47	2,644	19,423	\$3,952,188	\$4,147,603	\$195,415	4.9%
Irrig. & Drain. Pump. > 30 kW	49	1,449	62,083	\$9,174,867	\$9,742,289	\$567,422	6.2%
General Service 31-200 kW	83	11,463	2,870,308	\$287,568,509	\$297,532,853	\$9,964,343	3.5%
General Service 201-4,000 kW							
Secondary	85-S	1,190	2,074,462	\$180,149,934	\$175,455,458	(\$4,694,476)	-2.6%
Primary	85-P	171	570,537	\$45,903,546	\$44,797,767	(\$1,105,779)	-2.4%
Direct Access Service 201-4,000 kW							
Secondary	485-S	224	493,315	\$7,413,923	\$7,592,620	\$178,697	2.4%
Primary	485-P	55	341,815	\$3,894,038	\$3,884,196	(\$9,841)	-0.3%
Combined COS/DA Rate Schedule	85/485			\$237,361,441	\$231,730,042	(\$5,631,399)	-2.4%
Schedule 89 > 4 MW							
Secondary	89-S	3	95,807	\$6,817,660	\$6,717,688	(\$99,972)	-1.5%
Primary	89-P	15	639,544	\$44,267,613	\$43,784,366	(\$483,247)	-1.1%
Subtransmission	89-T/75-T	5	51,499	\$4,322,637	\$4,343,042	\$20,405	0.5%
Direct Access Service > 4 MW							
Secondary	489-S	0	0	\$0	\$0	\$0	
Primary	489-P	16	1,057,666	\$7,606,314	\$6,817,771	(\$788,542)	-10.4%
Subtransmission	489-T	3	266,569	\$1,634,041	\$1,479,894	(\$154,147)	-9.4%
New Load Direct Access Service > 10MW							
Primary	689-P	1	37,473	\$333,006	\$299,230	(\$33,776)	-10.1%
Combined COS/DA Rate Schedule	89/489/689			\$64,981,271	\$63,441,990	(\$1,539,281)	-2.4%
Schedule 90	90-P	6	2,827,139	\$180,212,670	\$176,181,379	(\$4,031,291)	-2.2%
Street & Highway Lighting	91/95	185	43,876	\$9,927,744	\$10,537,007	\$609,263	6.1%
Traffic Signals	92	0	2,576	\$229,824	\$193,123	(\$36,701)	-16.0%
COS TOTALS		920,598	20,653,161	\$1,966,830,044	\$2,029,482,086	\$62,652,042	3.2%
DIRECT ACCESS TOTALS		921,111	26,510,440	\$20,881,323	\$20,073,712	(\$807,610)	-3.9%
COS AND DA CYCLE TOTALS		1,841,708	47,163,601	\$1,987,711,367	\$2,049,555,799	\$61,844,432	3.1%

CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served via electronic mail, unless otherwise noted, this 13th day of January, 2022.

Kurt J. Boehm, _____

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

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