

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com
1750 S Harbor Way, Suite 450
Portland, OR 97201

November 17, 2023

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC CO.
Request for a General Rate Revision.
Docket No. UE 416

Dear Filing Center:

Please find enclosed the redacted version of the Alliance of Western Energy Consumers' ("AWEC") Reply to the Stipulating Parties' Response to AWEC's Objections in the above-referenced docket.

Please note that Dr. Kaufman's supporting testimony accompanying AWEC's Reply contains Protected Information Subject to Modified General Protective Order No. 23-039. The confidential portion of AWEC's filing has been encrypted with 7-zip software and is being transmitted electronically to the Commission and Qualified Persons under the Order.

Thank you for your assistance. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served **Confidential Exhibit AWEC/1001** upon the parties shown below via electronic mail.

Dated at Portland, Oregon, this 17th day of November, 2023.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

CITIZENS' UTILITY BOARD OF OREGON

MICHAEL GOETZ (C) (HC)
WILLIAM GEHRKE (C) (HC)
610 SW BROADWAY STE 400
PORTLAND OR 97205
mike@oregoncub.org
will@oregoncub.org

PUBLIC UTILITY COMMISSION OF OREGON

MATTHEW MULDOON (C)
OPUC
P.O. BOX 1088
SALEM OR 97308
matt.muldoon@state.or.us

PUC STAFF - DEPARTMENT OF JUSTICE

STEPHANIE S. ANDRUS (C)
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301
stephanie.andrus@state.or.us

PORTLAND GENERAL ELECTRIC

KIM BURTON (C) (HC)
PORTLAND GENERAL ELECTRIC
121 SW SALMON
PORTLAND, OR 97204
kim.burton@pgn.com

PUC STAFF - DEPARTMENT OF JUSTICE

NATASCHA SMITH (C)
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301
natascha.b.smith@state.or.us

PORTLAND GENERAL ELECTRIC

JAKI FERCHLAND (C) (HC)
PORTLAND GENERAL ELECTRIC
121 SW SALMON – 1WTC 0306
PORTLAND, OR 97204
Jacquelyn.ferchland@pgn.com

FRED MEYER

KURT J. BOEHM (C)
BOEHM, KURTZ & LOWRY
36 E. SEVENTH ST., SUITE 1510
CINCINNATI, OH 45202
kboehm@bkllawfirm.com

WAL-MART

ALEX KRONAUER (C)
WAL-MART STORES, INC.
2608 SOUTHEAST J STREET
BENTONVILLE, AR 72716-0550
Alex.Kronauer@wal-mart.com

CALPINE ENERGY SOLUTIONS

GREGORY M. ADAMS (C)
RICHARDSON ADAMS, PLLC
P.O. BOX 7218
BOISE, ID 83702
greg@richardsonadams.com

CALPINE ENERGY SOLUTIONS

KEVIN HIGGINS (C)
ENERGY STRATEGIES
215 SOUTH STATE STREET, STE 200
SALT LAKE CITY, UT 84111
khiggins@energystrat.com

**NATURAL RESOURCES DEFENSE
COUNCIL**

RALPH CAVANAGH (C) (HC)
NRDC
111 SUTTER ST., FLOOR 20
SAN FRANCISCO, CA 94104
rcavanagh@nrdc.org

**NATURAL RESOURCES DEFENSE
COUNCIL**

CAROLINE CILEK (C) (HC)
GREEN ENERGY INSTITUTE
carolinecilek@lclark.edu

COMMUNITY ENERGY PROJECT

CHARITY FAIN (C) (HC)
COMMUNITY ENERGY PROJECT
2900 START ST., STE A
PORTLAND, OR 97214
charity@communityenergyproject.org

COMMUNITY ENERGY PROJECT

TONIA MORO (C) (HC)
ATTORNEY AT LAW
106 TALENT AVE, STE 6
TALENT, OR 97540
tonia@toniamoro.com

FRED MEYER

JUSTIN BIEBER (C)
ENERGY STRATEGIES
215 SOUTH STATE STREET, STE 200
SALT LAKE CITY, UT 84111
jbieber@energystrat.com

NEWSUN ENERGY

MARIE BARLOW (C)
LESLIE SCHAUER (C)
JACOB STEPHENS (C)
NEWSUN ENERGY LLC
550 NW FRANKLIN AVE, STE 408
BEND, OR 97703
mbarlow@newsunenergy.net
leslie@newsunenergy.net
jstephens@newsunenergy.net

NW ENERGY COALITION

F. DIEGO RIVAS (C) (HC)
NW ENERGY COALITION
1101 8TH AVE
HELENA, MT 59601
jcaviglia@parsonsbehle.com

**SMALL BUSINESS UTILITY
ADVOCATES**

DIANE HENKELS (C)
SBUA
621 SW MORRISON ST., STE 1025
PORTLAND, OR 97205
diane@utilityadvocates.org

**SMALL BUSINESS UTILITY
ADVOCATES**

GUILLERMO CASTILLO (C)
guillermo@utilityadvocates.org

**COMMUNITY ACTION
PARTNERSHIP OF OREGON**

BENEDIKT SPRINGER (C)
2475 CENTER ST., NE
SALEM, OR 97301
benedikt@caporegon.org

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 416

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	REPLY OF THE ALLIANCE OF
COMPANY)	WESTERN ENERGY CONSUMERS
)	ON THE FIFTH PARTIAL
Request for a General Rate Revision.)	STIPULATION
_____)	

I. INTRODUCTION

Pursuant to the Administrative Law Judge’s October 31, 2023 Memorandum, the Alliance of Western Energy Consumers (“AWEC”) files this Reply to the Stipulating Parties’¹ Response to AWEC’s objections to the Fifth Partial Stipulation (“Stipulation”) and their supporting testimony. The Stipulating Parties argue that the Fifth Partial Stipulation, which establishes a 20 million kWh cap on PGE’s Income Qualified Bill Discount (“IQBD”) program, represents a more equitable spread of the costs of this program to customer classes than either of AWEC’s alternative recommendations. AWEC’s primary recommendation is to establish the cap at 877,193 kWh, and its secondary recommendation is to apply the 20 million kWh cap to Schedule 90 as a per-customer cap rather than a per-site cap. That said, as discussed further below and in the Reply Testimony of Dr. Kaufman, attached hereto, AWEC would also be comfortable with any range of outcomes between these two options, which recognizes the discretion the Commission has to identify a just and reasonable spread of the costs of the IQBD program while recognizing AWEC’s ratemaking and economic arguments.

¹ The Stipulating Parties are Portland General Electric Company; Commission Staff; the Oregon Citizens’ Utility Board; Fred Meyer Stores and Quality Food Centers, Division of the Kroger Company; Walmart, Inc.; Community Action Partnership of Oregon; and Small Business Utility Advocates.

II. ARGUMENT

The Stipulating Parties' position regarding the equitable spread of the IQBD program costs is problematic for two reasons. First, it is based solely on the percentage rate impacts to each customer class. Second, the 20 million kWh cap in the Stipulation does not support the Stipulating Parties' own arguments regarding an equitable spread of IQBD costs.

Taking the second issue first, the Stipulating Parties argue that the 20 million kWh cap "ensures that PGE's largest customers will contribute to the IQBD program in a manner that is roughly commensurate – from a percentage of total utility bill perspective – with other customers on PGE's system."² However, a simple review of Stipulating Parties/601 and Table 1 on page 16 of the Stipulating Parties' Response Testimony illustrates that this statement is false and that AWEC's recommendations are no less proportional from a percentage rate impact perspective than the 20 million kWh cap in the Stipulation. Under the Stipulation, Schedule 89 customers will pay more than twice what Residential customers pay on a percentage basis, and their percentage rate impact of 3.4% is farther from the average rate impact of 1.9% than AWEC's proposal to cap program costs at 877,193 kWh. In fact, AWEC's recommendation establishes Residential customer contributions at exactly the average rate impact of 1.9%,³ whereas the Stipulation's cap results in residential and small commercial customers paying below that average. Accordingly, if the proportionality of percentage rate impacts is the measuring stick the Commission uses to determine whether the Stipulation is just and reasonable, then the Stipulation should be rejected.

With respect to the first issue, AWEC agrees that the percentage rate impacts are a valid data point in considering an equitable spread of these costs, but considering only this data point

² Stipulating Parties' Response at 3.

³ AWEC/1000, Kaufman/3:8-9.

misses the broader picture. As AWEC has shown, the 20 million kWh per-month, per-site, cap results in a single customer paying \$3.2 million for the IQBD program in 2025, as compared to less than \$32 for a residential customer and less than \$12,000 for a large commercial customer.⁴ Moreover, adopting AWEC's recommended cap has a *de minimis* impact on residential customers relative to the 20 million kWh cap.⁵ The Stipulation requires a single customer to pay for nearly 5% of the entire program cost, even though PGE's large customers do not benefit from this program and are not responsible for the economic circumstances this program is intended to mitigate.⁶ It also ignores that imposing these costs on PGE's largest customers, which are also some of the State's largest employers, risks exacerbating the circumstances the IQBD program is intended to mitigate.⁷

The Stipulating Parties do not dispute any of these arguments. Instead, they throw up straw men to knock down and mischaracterize AWEC's positions. In some instances, the Stipulating Parties' arguments support AWEC's position.

For instance, the Stipulating Parties argue that it is "inappropriate to regard ORS 757.698(1)(c) as precedential for the programs designed under the Energy Affordability Act"⁸ This statute establishes a \$500 cap on low-income funding through a separate program. AWEC, however, never argued that this statute is precedential with respect to cost recovery for the IQBD program. Instead, it argued that this cap is representative of the magnitude of costs the Legislature has determined to be reasonable to apply to large customers for energy assistance programs, which is informative as the Commission determines a just and reasonable level of cost

⁴ AWEC/901 at 5; AWEC/900, Kaufman/2:15-17.

⁵ AWEC/902. AWEC's proposed cap results in a \$0.49 increase per month for residential customers.

⁶ AWEC/900, Kaufman/3:5-4:10.

⁷ *Id.* at 6:6-17.

⁸ Stipulating Parties' Response at 6.

to impose on large customers for the IQBD program.⁹ The Stipulating Parties do not address this argument.

Instead, the Stipulating Parties take the wholly unsupported and unsupportable position that the statute on which the IQBD program is based prohibits consideration of cost-causation principles because it requires that costs be recovered from “all retail electricity consumers.”¹⁰ Initially, as the Stipulating Parties recognize, this language is clearly intended to ensure that direct access customers do not avoid these charges, which is not at issue here.¹¹ But more to the point, as should be abundantly clear, there is no proposal before the Commission that would exempt any customer from IQBD charges, so this statutory requirement is not implicated.¹² The notion that this statute precludes the Commission from considering cost-causation principles in determining whether the Fifth Partial Stipulation is just and reasonable finds no support in the language or legislative history. Indeed, it is unclear what the Stipulating Parties’ position is with respect to the requirement that IQBD costs be recovered from “all retail electricity consumers.” As already demonstrated, to the extent the Stipulating Parties are arguing that this language requires a “roughly commensurate” spread of the costs on a percentage basis, the Stipulation fails this test and, therefore, would be unlawful under the Stipulating Parties’ statutory analysis.

The primary reason it is inappropriate to consider only percentage rate impacts when determining an equitable spread of the costs of the IQBD program is that doing this elides the true impacts. Schedule 90 is for customers that are orders of magnitude larger than any other customer on PGE’s system. PGE’s largest customer’s energy use is many times greater than

⁹ AWEC/900, Kaufman/4:16-5:2.

¹⁰ ORS 757.695(2)

¹¹ Stipulating Parties’ Response at 6-7.

¹² See AWEC/902.

even its next largest customer.¹³ Thus, when costs are spread on a kWh basis, the percentage impact to that customer may appear small, but the revenue collected is large. The Commission should consider both sides of this coin, as well as other relevant factors, when considering a just and reasonable spread of IQBD program costs.

The Stipulating Parties also argue that AWEC's proposed cap "would intensify the disproportionate cost burdens of Schedule 118 cost recovery" as the IQBD program grows.¹⁴ This is, however, not true because AWEC's proposed kWh cap ensures that costs assigned to large customers grow in proportion to the growth of the overall program. That said, AWEC views the Stipulating Parties' argument more as a caution to the Commission to closely scrutinize further increases to IQBD program costs. This program is projected to cost \$55 million in 2024 and grow to \$66 million in 2025.¹⁵ As the Stipulating Parties note, further increases to this program will increase rates to all customers, including residential customers that fall just outside of the eligibility thresholds for the IQBD program.¹⁶ These rate impacts will be incurred on top of the already substantial impacts customers are seeing from other aspects of PGE's service, particularly power costs.

On this point, the Stipulating Parties state that the 20 million kWh cap in the Stipulation is more reasonable because Schedule 89 and 90 customers are receiving a smaller overall rate increase than other customers from this rate case.¹⁷ Again, however, that argument is overly myopic. Over the last five years, PGE's power costs have increased by over \$580 million, an increase of 248%.¹⁸ Customers on Schedules 89 and 90 have borne more of those costs than any

¹³ AWEC/1001 (PGE Confidential Resp. to AWEC DR 365).

¹⁴ Stipulating Parties/600 at 21:2-4.

¹⁵ AWEC/901 at 5.

¹⁶ Stipulating Parties' Response at 5.

¹⁷ Stipulating Parties/600 at 10-11.

¹⁸ UE 416, AWEC Comments on PGE's Final MONET Update at 1 (Nov. 15, 2023).

other customer class, which offsets the relatively smaller (though still substantial) rate increase these customers receive in this rate case.

The Stipulating Parties also point out that industrial and commercial customers that have multiple sites are “charged an unfair amount relative to other customers that have the same load but a single site.”¹⁹ AWEC fully agrees with this position. As an alternative recommendation, AWEC has proposed to apply the cap as a per-customer cap to Schedule 90. AWEC limited this recommendation to Schedule 90 because, in conversations with PGE, the utility stated that this was the only schedule in which a per-customer cap would be workable. In testimony, PGE has retreated from this position and now argues that it cannot implement a per-customer cap even for Schedule 90, apparently because a new customer is now eligible for that rate schedule.²⁰ PGE’s testimony on this issue, however, is not convincing,²¹ and in discovery the utility admits that it could implement a per-customer cap if given the proper direction on how to accomplish it.²² AWEC would support applying the IQBD program on a per-customer basis to all rate schedules. The Stipulating Parties’ support for a 20 million kWh cap over AWEC’s 877,193 kWh cap does not address the concern the Stipulating Parties raise regarding customers with multiple sites. Only a per-customer cap would resolve this concern.

Assuming, however, that a per-customer cap is only logistically possible for Schedule 90, then AWEC continues to recommend this as an alternative to its primary recommendation. The Stipulating Parties state that they “strongly oppose this proposal” because it is “a request for unabashed preferential treatment for one customer.”²³ This is a curious position given that the

¹⁹ Stipulating Parties/600 at 22:5-8.

²⁰ Stipulating Parties/600 at 16:9-16.

²¹ Stipulating Parties/600 at 16:9-17:9. PGE testifies only that implementing a per-customer cap for Schedule 90 would require additional direction from the Commission, not that it cannot be done.

²² AWEC/1001 (PGE Resp. to AWEC DR 359).

²³ Stipulating Parties/600 at 22:21-23:2.

Stipulating Parties repeatedly note that the 20 million kWh cap in the Stipulation also only applies to a single customer.²⁴ The Stipulating Parties are correct that imposing the cap on a per-customer basis to Schedule 90 increases costs for other rate schedules, including Schedule 89, which is why this is not AWEC's preferred option. That said, the impacts of this proposal to other schedules are marginal, even to Schedule 89. For a Schedule 89 Primary customer the difference between applying the 20 million kWh cap to Schedule 90 per site, as in the Fifth Partial Stipulation, and applying per customer to Schedule 90 is a 0.2% rate impact, or less than \$900 per month.²⁵ The impacts are less than that for all other rate schedules, on both a percent and a dollar basis. The impact to Schedule 90, however, is significant. It reduces the IQBD burden on the customer with multiple Schedule 90 sites from \$2.6 million in 2024 to just under \$700,000.²⁶ Meanwhile, a \$700,000 contribution from this customer will still represent the single largest payment to the IQBD program by several orders of magnitude.

All of that said, AWEC recognizes that the Commission has broad discretion in how to spread IQBD program costs and a wide range of options to choose from depending on how it determines a just and reasonable result. Given that, AWEC would be comfortable with any option the Commission selects that is between AWEC's two primary recommendations of setting the cap at 877,193 kWh for all customers and setting the cap at 20 million kWh and applying it at the customer level for Schedule 90. For instance, if the Commission finds that customers with multiple sites are disproportionately impacted, it could apply a kWh cap on a per-customer basis for all rate schedules. If it agrees with the Stipulating Parties that equity demands a "roughly commensurate" percentage bill impact for rate schedules, Dr. Kaufman shows that a \$60,000

²⁴ See, e.g., Stipulating Parties/600 at 15:4-6.

²⁵ AWEC/902.

²⁶ *Id.*

per-customer cap (which could grow or shrink with the overall size of the IQBD program) would equalize the percentage rate impacts for all customer classes except Schedule 90.²⁷ If it believes a cap of 877,193 kWh is too low, but believes a cap that impacts more than Schedule 90 is appropriate, then Stipulating Parties' Exhibit 601 shows that caps of 2 million or 4 million kWh would accomplish this while achieving similar percentage rate parity between customer classes to the Stipulation's 20 million kWh cap.

III. CONCLUSION

For the foregoing reasons, and for the reasons provided in AWEC's Objections to the Fifth Partial Stipulation and the supporting testimony of Dr. Kaufman, AWEC recommends that the Commission reject the Fifth Partial Stipulation as unjust, unreasonable, and not in the public interest. The Commission should establish a cap on IQBD program costs that recognizes the many factors that impact a fair and equitable spread of these costs, including percentage rate impacts, overall dollar impacts, cost causation, and broader economic effects.

Dated this 17th day of November, 2023.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

Tyler C. Pepple

107 SE Washington Street, Suite 430

Portland, OR 97214

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

Attorney for the Alliance of Western Energy Consumers

²⁷ AWEC/100, Kaufman/5.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

UE 416

In the Matter of)
)
Portland General Electric Company,)
)
Request for a General Rate Revision.)
_____)

TESTIMONY RESPONDING TO STIPULATING PARTIES’

SUPPLEMENTAL JOINT TESTIMONY

FROM

DR. LANCE D. KAUFMAN

ON BEHALF OF THE

ALLIANCE OF WESTERN ENERGY CONSUMERS

November 17, 2023

I. SCHEDULE 118

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Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. The purpose of my testimony is to respond to Exhibit Stipulating Parties/600, Supplemental Joint Testimony regarding the Fifth Partial Stipulation’s treatment of Schedule 118.

Q. HAS THE SUPPEMENTAL TESTIMONY ALTERED YOUR VIEWS ON THE PARTIAL STIPULATION?

A. No, the supplemental testimony is generally inconsistent and poorly applies economic theory to Schedule 118 issues.

Q. WHAT ARE YOUR GENERAL OBSERVATIONS REGARDING THE SUPPLEMENTAL TESTIMONY?

A. My primary observation is that the Stipulating Parties misapply the term “equity.” Equity is the quality of being fair and reasonable. AWEC provides rational explanations for why the current cap, and AWEC’s proposed alternatives, are fair and reasonable, thus equitable. The Stipulating Parties’ testimony conflates equity with equality, and insists, without supporting rationale, that an equitable rate is one that results in a charge that is “roughly commensurate” as a percentage of revenue.¹ Elsewhere, the Stipulating Parties allude to equity being equal to total contribution by schedule.² A third attempt at equity as equality appears to be equal dollar amount per customer, as seen in the flat residential charge regardless of energy use. There is no rational basis for the Joint Stipulating Parties’ assertion that equity is derived from equality, and they do not offer a consistent

¹ Stipulating Parties’ Response at 3; *see also*, Stipulating Parties/600, Scala-Macfarlane-Jenks/16:1-6, which frames equity as equality of percent of revenue bill impacts.

² *See* Stipulating Parties/600, Scala-Macfarlane-Jenks/19:13-15, which frames equity as equal total revenue per schedule.

1 measure for which to judge equality. Furthermore, the Fifth Partial Stipulation does not
2 even achieve alleged movement towards equity under any of the three “equality as
3 equity” theories embedded in the Stipulating Parties’ position.

4 My second general observation is that the Stipulating Parties appear to cherry pick
5 arguments and figures when alternately responding to AWEC’s two alternate
6 recommendations. AWEC’s recommendations span such a wide range of outcomes that
7 the Stipulating Parties’ arguments against these recommendations are internally
8 inconsistent. For example, the Stipulating Parties are “strongly opposed” to AWEC’s
9 proposal to apply a per customer cap because it only benefits one customer. This
10 opposition is inapplicable to AWEC’s primary recommendation of an 877,193 kWh per
11 month cap, which benefits a broad range of customers.³ The Stipulating Parties’ proposed
12 cap also only applies to one customer, so if the Commission were to apply the Stipulating
13 Parties’ threshold test of number of customers benefiting from the cap, the Fifth Partial
14 Stipulation should be rejected because it does not benefit enough customers.

15 My third general observation is that the supplemental testimony makes
16 unsupported and inconsistent statements. For example, the joint testimony asserts that
17 wages are determined by the market and that tech wage premiums are due to labor
18 scarcity⁴ without offering evidence that either assertion is true. The Stipulating Parties
19 then contradict this statement by asserting that there is an abundance of skilled labor in
20 Oregon.⁵

³ The Stipulating Parties presumably interpret benefit to mean receive benefit from the cap. If benefit is interpreted to mean impact on revenue, AWEC’s alternative proposal harms all large customers equally relative to both the existing tariff and AWEC’s primary recommendation because all large customers face higher costs under the alternative recommendation.

⁴ Stipulating Parties/600, Scala-Macfarlane-Jenks/9:10-13.

⁵ Stipulating Parties/600, Scala-Macfarlane-Jenks/24:22-24.

1 **Q. WHY DO YOU ASSERT THAT THE FIFTH PARTIAL STIPULATION DOES**
2 **NOT INCREASE EQUALITY IN SCHEDULE 118 RATES?**

3 A. I do not agree that equality leads to equity for Schedule 118. However, under all three
4 potential measures of equality, i.e., equal percent of revenue, equal total revenue per
5 schedule, and equal amount per customer, the Fifth Partial Stipulation offers no clear
6 movement towards equality. Assuming a program cost of \$52 million, Schedule 118
7 represents 1.9 percent of revenue. Stipulating Parties/600, Table 1, shows that none of the
8 proposals under consideration move all schedules towards equality. For example, under
9 AWEC's proposed 877,193 kWh cap, Schedule 7 is at 1.9 percent of total revenue, which
10 is the level that results in equal percent of revenue, while under all other options Schedule
11 7 moves away from equality. Under the 877,193 kWh cap, Schedule 89P is 1.2 percent
12 away from equality, while under the Fifth Partial Stipulation cap, Schedule 89P is 1.5
13 percent away from equality. Thus, it is clear that the Stipulation results in movement
14 away from equality, at least for Schedule 7 and 89P.

15 The Fifth Partial Stipulation reduces the total contribution of Schedule 32, moving
16 this customer class away from the equal dollars per schedule interpretation of equity. The
17 Fifth Partial Stipulation increases the maximum amount collected from large customers,
18 moving large customers away from the equal amount per customer interpretation of
19 equity. Thus, none of the potential interpretations of the Stipulating Parties' conception of
20 equity or equality is achieved through the Fifth Partial Stipulation. In fact, under all of
21 the scenarios the Stipulating Parties studied in Exhibit 601, none achieves a greater level
22 of percentage rate equality than any other – all of them are imbalanced in favor of various
23 schedules depending on the scenario. Yet, the Stipulating Parties still somehow conclude
24 that the Fifth Partial Stipulation has the most “equitable” result.

1 **Q. THE SUPPLEMENTAL TESTIMONY IDENTIFIES AWEC AS THE ONLY**
2 **PARTY OBJECTING TO THE FAIRNESS OF THE FIFTH PARTIAL**
3 **STIPULATION. CAN YOU EXPLAIN WHY OTHER PARTIES DON'T OBJECT**
4 **TO THE PARTIAL STIPULATION DESPITE THE FACT THAT IT MOVES**
5 **PARTIES AWAY FROM EQUALITY?**

6 A. While the Stipulating Parties are unified in supporting the Fifth Partial Stipulation, it is
7 worth noting that the Schedules represented by the Stipulating Parties benefit in the form
8 of lower rates. Examining Exhibit Stipulating Parties/600, Table 1, on page 16, it is
9 possible to compare the impacts of the Fifth Partial Stipulation with the current tariff,
10 with the understanding that the 877,193 kWh is effectively the current cap updated to
11 scale with the size of the program. All rate schedules except Schedules 89 and 90 pay
12 lower rates under the Fifth Partial Stipulation relative to the current tariff. Given the fact
13 that the Fifth Partial Stipulation actually moves residential customers away from equality,
14 and makes Schedule 89 as unequal as Schedule 85 under the current tariff, a reasonable
15 interpretation of the Stipulating Parties' support for the Fifth Partial Stipulation is not
16 equity or fairness, but rather self-interest. Every schedule represented by the Stipulating
17 Parties experiences lower rates under the Fifth Partial Stipulation by unfairly burdening
18 large customers with costs that large customers do not cause.

19 **Q. IS AWEC OPPOSED TO A SCHEDULE 118 RATE DESIGN THAT MOVES ALL**
20 **PARTIES TOWARDS EQUAL PERCENT OF REVENUE?**

21 A. AWEC is willing to support a rate design that moves parties towards equal percent of
22 revenue if it does not unfairly burden large customers with costs that these customers do
23 not cause. There are many allocation and rate design methods that would accomplish the
24 Stipulating Parties' alleged goal of equality and satisfy AWEC's fairness concerns, which
25 are more fully explained in AWEC's Response and my prior testimony. For example,
26 AWEC's alternative recommendation to apply the 20 million kWh cap on a per-customer

1 basis instead of a per-site basis effectively results in a monthly bill maximum of \$60,000
 2 per customer.⁶ If Schedule 118 were spread on an equal percent of revenue basis subject
 3 to a \$60,000 per month customer limit, all schedules would unambiguously move
 4 towards equality, while simultaneously addressing AWEC’s fairness concerns. The table
 5 below adds this option to Stipulating Parties/600, Table 1.

Category	Schedule	877,193 kWh		20 Million kWh	20 Million kWh	\$60,000 per Customer Cap
		Cap	No Cap	kWh Cap per Site	Cap per customer	
Residential	7	1.9%	1.4%	1.5%	1.6%	2.1%
Gen. Service <30 kW	32	2.1%	1.6%	1.7%	1.8%	2.1%
Gen. Service 31-200 kW	83	2.7%	2.0%	2.2%	2.3%	2.1%
Gen. Service 201-4000 kW						
Secondary	85-S	3.3%	2.4%	2.7%	2.8%	2.1%
Primary	85-P	3.7%	2.8%	3.0%	3.2%	2.1%
Schedule 89 >4 MW						
Primary	89-P	0.7%	3.1%	3.4%	3.6%	2.1%
Subtransmission	89-T/75-T	2.6%		2.9%	3.1%	2.1%
Schedule 90	90-P	0.1%	3.3%	1.6%	0.3%	0.3%

6 **Q. IF THE COMMISSION IS PERSUADED BY THE STIPULATING PARTIES’**
 7 **CONCERN THAT ONLY ONE CUSTOMER BENEFITS FROM AWEC’S**
 8 **ALTERNATIVE RECOMMENDATION, COULD THE COMMISSION**
 9 **BROADEN THE CAP BEYOND SCHEDULE 90 OR LOWER THE MONTHLY**
 10 **AMOUNT TO BENEFIT A GREATER NUMBER OF UNFAIRLY BURDENED**
 11 **CUSTOMERS?**

12 A. Yes, AWEC would not oppose applying the per customer cap to all schedules or lowering
 13 the cap to benefit a greater number of customers.

14 **Q. CAN PGE IMPLEMENT A PER CUSTOMER CAP?**

15 A. Yes, PGE can implement a per customer limit on Schedule 118 charges.⁷ PGE could also
 16 track and assign the cost of this implementation directly to schedules with customers

⁶ In this framework the cap is expressed as an equivalent dollar cap because there would not be a single cents per kWh applicable to all schedules. AWEC is not opposed to the dollar cap growing with the size of the program.

⁷ AWEC/1001 (PGE Response to AWEC Data Request 359, part d through h, and 361).

1 experiencing the cap.⁸ The Stipulating Parties have appropriately indicated a need for a
2 clearer definition of “customer.” AWEC confirmed that PGE could implement a per
3 customer cap when “customer” is defined as common corporate parent, common Tax ID,
4 common address, and common name.⁹ Of these potential metrics for customer, using a
5 common parent entity, where the parent entity is a 100 percent owner of the subsidiary, is
6 most consistent with AWEC’s intended proposal.

7 **Q. WHAT ALTERNATE PER CUSTOMER CAP WOULD BENEFIT A GREATER**
8 **NUMBER OF PGE CUSTOMERS?**

9 A. PGE’s response to AWEC Data Request 365 illustrates the average monthly use of
10 PGE’s 10 largest customers.¹⁰ A cap of 10 million kWh per month or lower would
11 mitigate the cost impacts of the IQBD program for all of these customers.

12 **Q. ARE THE STIPULATING PARTIES’ ARGUMENTS RELATED TO THE**
13 **BROADER ECONOMIC IMPACTS OF THE IQBD PROGRAM PERSUASIVE?**

14 A. No. The Stipulating Parties’ arguments are unsupported, illogical, and support AWEC’s
15 position on these issues.

16 **Q. ARE THE STIPULATING PARTIES CORRECT THAT WAGES ARE SET BY**
17 **THE MARKET?**

18 A. The Stipulating Parties assert that wages are set by the market.¹¹ This is incorrect. Wages
19 are set by the firm paying wages. In highly stylized theoretical economic models, it is
20 possible to show mathematically that wages adjust to a uniform market clearing level.
21 But the conditions assumed in these models do not exist in reality. Two very clear
22 counter examples illustrate this. First, in every general rate case Staff and other parties

⁸ *Id.* (PGE response to AWEC Data Request 363).

⁹ *Id.* (PGE Response to AWEC Data Request 359).

¹⁰ *Id.* (PGE Confidential Response to AWEC Data Request 365).

¹¹ Stipulating Parties/600, Scala-Macfarlane-Jenks/9:10.

1 rightly dispute the level of wages requested by utilities, limiting allowed wages and
2 disallowing incentive programs. If wages are truly set by the market, there is no room for
3 disputing the prudence of actual wages and incentives paid. Second, if the theoretical
4 models underlying the concept that wages are set by the market were accurate, there
5 would not be a persistent gender wage gap. The concept that wages are set by the market
6 also results in a mathematical finding that labor is paid based on marginal productivity.
7 Empirical studies of the wage gap show that the wage gap cannot be explained by a gap
8 in marginal productivity between genders.

9 **Q. DOES THE EXISTENCE OF TAX INCENTIVES MEAN OREGON IS NOT AT**
10 **RISK OF LOSING TECH INDUSTRY JOBS?**

11 A. No, the existence of tax breaks is actually an indicator that there is a risk of losing tech
12 jobs. The very quotation offered by the Stipulating Parties states: “Individual cities and
13 counties negotiate the tax breaks, seeking private investment that would otherwise go to
14 other Oregon communities or to other states.” In other words, contrary to the Stipulating
15 Parties’ assertion that there is no risk of relocation or reduction of tech jobs, the risk is so
16 material that Oregon communities are willing to forgo taxing these entities in order to
17 attract and retain their associated economic activity. If the Commission adopts the Fifth
18 Partial Stipulation, the Commission would be directly undermining local community
19 decisions to reduce taxes on these entities. Schedule 118 is effectively a tax designed to
20 redistribute wealth to low-income households and the Fifth Partial Stipulation increases
21 the incidence of this tax on the very entities named in the Stipulating Parties’ quotation.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

UE 416

In the Matters of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Request for a General Rate Revision.)
_____)

AWEC/1001

PGE RESPONSES TO AWEC DATA REQUESTS

(REDACTED)

November 16, 2023

To: Jesse Gorsuch
Alliance of Western Energy Consumers

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 416
PGE Response to AWEC Data Request 359
Dated November 10, 2023

Request:

Please reference Stipulating Parties/600 16:7 to 17:9.

- a. Please provide the gross capital cost for PGE's currently used customer service and billing information technology systems.
- b. Please provide PGE's annual budget for customer service and billing.
- c. Please provide PGE's annual budget for key customer management.
- d. Please explain why PGE's customer service and billing investments and expenses should be deemed prudent if PGE is unable to identify the accounts associated with two specific customers.
- e. If PGE required documentation from a customer seeking to qualify for a per customer cap that each service point serves entities with a common corporate parent, and PGE used such documentation as the basis for determining whether a site was part of a single customer, could PGE implement a per customer cap?
- f. If a customer were identified by tax ID, could PGE implement a per customer cap?
- g. If a customer were identified by address could PGE implement a per customer cap?
- h. If a customer were identified by name could PGE implement a per customer cap?

Response:

- a. Since 2018, PGE has invested \$152 million in the current C2M (customer billing and meter data) system.
- b. PGE's 2024 UE 416 test year budget for customer service and billing related functions are detailed below, including key customer management. These departments provide a mixture of billing and customers service and other related functions.

<u>Department</u>	<u>2024 (\$ millions)</u>
207: Meter Services Field	3.3
279: Cash Remittance - I 1/21	0.0

401: Business Customer Contact Ops	2.8
404: Customer Services Ops Admin	0.5
432: Customer Contact Operations	14.8
433: Retail Receivables	2.1
439: Customer Billing	3.7
452: Field Collections	1.2
453: Community Offices - I 1/21	0.0
454: Electronic Bills & Payments	7.3
465: Meter Services	1.9
466: Meter Services Shop	0.2
468: Meter Services Administration	1.1
472: OPS Performance Solutions	1.7
527: Key Customer Management	2.8
545: Direct Access Operations	1.6
567: Customer Digital Channels	2.1
727: Printing & Automated Mail Services	4.9
928: AMI Operations	0.1
Total Billing and Customer Service	52.0

- c. See Key Customer Management line item listed in part b.
- d. To clarify, with sufficient time and effort for incremental customization of PGE's C2M system, an alternative rate structure in which individual service agreements roll up a defined customer unit and assessed a Schedule 118 charge on the basis of their combined usage could be implemented. The current configuration only incorporates this roll up approach for Sites. PGE estimates this customization effort would require an additional two months of work.

PGE does not have a field that definitively connects certain service agreements under a customer unit. Beyond implementation, ongoing work to track and update the mapping between new service agreements and their umbrella customer unit would be required. PGE acknowledges that maintenance of a structure that applies only to service agreements on Schedule 90 would be more straightforward to maintain. If a roll up structure included all service agreements that shared a customer unit with Schedule 90 service agreements, ongoing maintenance would be more extensive.

- e. It is difficult to provide a definitive response given the lack of definition provided for "corporate parent." Given sufficient detailed direction allocating service points to a single corporate parent or responsible customer and approval from the Commission to implement and maintain such a structure, PGE could implement a per customer cap, subject to the requirements noted in part d.
- f. Yes, PGE could customize its billing system to aggregate usage by tax ID for the purposes

of billing for Schedule 118. This would necessitate that PGE successfully collect, update, and maintain tax ID values for relevant rate schedules indefinitely. If implemented for all or a large subset of non-residential customers, the updating and tracking process would be significant.

- g. Yes, PGE could customize its billing system to aggregate usage by service or mailing address for the purposes of billing for Schedule 118. Ensuing addresses match among the envisioned design would have to be vetted and tracked indefinitely. If implemented for all or a large subset of non-residential customers, the vetting and tracking process would be significant.
- h. Yes, PGE could customize our billing system to aggregate usage by a customer name field for the purposes of billing for Schedule 118. Ensuing names match among the envisioned design would have to be vetted and tracked indefinitely. If implemented for all or a large subset of non-residential customers, the vetting and tracking process would be significant.

November 16, 2023

To: Jesse Gorsuch
Alliance of Western Energy Consumers

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 416
PGE Response to AWEC Data Request 361
Dated November 10, 2023

Request:

Does PGE have the technical ability to implement a per-customer Schedule 118 bill cap? If no, why not?

Response:

Please refer to PGE's response to AWEC DR 359, part d.

November 16, 2023

To: Jesse Gorsuch
Alliance of Western Energy Consumers

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 416
PGE Response to AWEC Data Request 363
Dated November 10, 2023

Request:

Could PGE track the costs of implementing a per customer Schedule 118 bill cap and directly assign these costs to large schedules when setting rates? If no, why not?

Response:

With OPUC approval, tracking implementation costs and assigning them directly to Schedule 118 prices for certain rate schedules is technically feasible.

Pages 6 – 7 of Exhibit AWEC/1001 include Protected Information Subject to the Modified General Protective Order and have been redacted in their entirety.