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October 23, 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 Objections of the Alliance of Western Energy Consumers ("AWEC") to the Fifth Partial Stipulation along with the supporting testimony of Lance D. Kaufman (AWEC/900-902) in the above-referenced docket.

Thank you for your assistance. Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 416

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

I. INTRODUCTION

Pursuant to OAR 860-001-0350(8), the Alliance of Western Energy Consumers ("AWEC") files these objections to the Fifth Partial Stipulation ("Partial Stipulation"), filed by Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co. ("Kroger"), Walmart, Inc. ("Walmart"), Community Action Partnership of Oregon ("CAPO"), and Small Business Utility Advocates – Oregon ("SBUA-Oregon") (collectively, "Stipulating Parties") on October 6, 2023, in the above-referenced docket. The Partial Stipulation addresses PGE Schedule 118, the cost recovery mechanism for the Income Qualified Bill Discount Program ("IQBD program") in Schedule 118. Specifically, the Stipulating Parties agreed to increase the existing cap on Schedule 118 recoveries from $1,000 per month per site to a 20 million kWh cap per month per site.

As further demonstrated in the Testimony of Dr. Lance Kaufman supporting this Objection, attached hereto, the revised cap will unfairly burden PGE's large customers by requiring them to pay a disproportionate amount of the program costs – a program which is only

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available to Schedule 7 customers. AWEC therefore requests that the Oregon Public Utility Commission ("Commission") reject the Fifth Partial Stipulation and instead apply a cap of 877,193 kWh, which will allow the existing cap to grow with the overall size of the IQBD program. If, however, the Commission decides to adopt the 20 million kWh cap in the Fifth Partial Stipulation, it should apply this cap to the single customer on Schedule 90 in the aggregate, rather than to each site owned by the customer.

II. OBJECTIONS

AWEC objects to the Partial Stipulation on the merits.[1] The Partial Stipulation unfairly burdens PGE's large customers in violation of traditional ratemaking principles adhered to by the Commission, including the cost causation principle. The Partial Stipulation will result in rate shock to a class of customers that are unable to participate in the IQBD program and provide a substantial economic contribution to PGE's service territory. AWEC recommends that the Commission instead adopt the recommendation put forth in AWEC's rebuttal testimony and increase the IQBD program cap by the percentage increase in the overall costs of the program. Increasing the cap in concert with the overall costs of the program resolves concerns regarding the distribution and recovery of program costs and does not unfairly burden a single customer class as compared to others.

A. Background on PGE's Income Qualified Bill Discount Program

Schedule 118 recovers costs associated with PGE's IQBD program, which is a program offered to eligible residential customers and is designed to increase bill affordability. "This discount is enabled by House Bill 2475…which calls for differentiated rates for 'low-income

[1] OAR 860-001-0350(8).

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customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers.'"[2] Schedule 118 costs are currently recovered through a flat rate to residential customers and per kWh charge to non-residential customers, with charges capped at $1,000 per month per site. Therefore, the maximum a customer pays per site is $12,000 per year. However, some customers have multiple sites, meaning they pay substantially more in the aggregate. Under the current mechanism, there is no cap on the amount a customer pays in the aggregate.

In testimony, CUB, Staff, and CEP-CAPO all put forth revisions regarding Schedule 118. Although CUB recommended that the Commission remove the cap completely,[3] PGE disagreed, arguing that the cap should not be removed "because some of PGE's most electricity intensive industry customers could experience bill impacts that are not indicative of their size."[4]

In opening testimony Staff recommended that the cap "be revisited at such a time that enrollment, costs, or other relevant metrics or design elements of the IQBD have changed to warrant an adjustment to this feature."[5] However, in rebuttal testimony Staff revised its recommendation, asserting that "the increased costs of the IQBD necessitate changes to the current cost recovery mechanism."[6] As such, Staff recommended that the cap be removed "and instead apply a percentage of bill cap… set at two percent of monthly billed amounts per site on all non-residential customers."[7] According to Staff, an inferior approach would be a combination of a flat

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[2] Portland General Electric Company, Schedule 118, First Revision of Sheet No. 118-1.
[3] CUB/500, Gehrke/5:9.
[4] PGE/2600, Macfarlane – Pleasant/39:2-4.
[5] Staff/600, Scala/44:9-12.
[6] Staff//3100, Scala/25:7-9.
[7] Staff//3100, Scala/26:12-13;20-21.

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dollar cap and a percentage cap because such a method "does not align with 'fair share' and 'ability to pay' arguments."[8]

Finally, CEP – CAPO recommended that the cap be removed, and no new cap be adopted.[9] CEP – CAPO reasoned that those with "a high ability to pay" should pay more[10] but then went on to state that "[a]ll customer classes should pay equally for the bill discount program, industrial, commercial, and residential[.]"[11] According to CEP – CAPO, its proposal would not unfairly burden industrial users because "only Schedules 89P and 90 would see an increase in their Schedule 118 fee."[12]

B. Legal Standard for Review of a Stipulation

When reviewing the terms of a proposed settlement, the Commission applies the same statutory criteria as it does when deciding a fully litigated case.[13] That is, in all utility rate cases conducted pursuant to ORS 757.210(1)(a), "the utility shall bear the burden of showing that the rate or schedule of rates proposed to be established or increased or changed is fair, just and reasonable."[14] "There are two aspects to the burden of proof: the burden of persuasion and the burden of production."[15] "[I]f PGE makes a proposed change that is disputed by another party, PGE still has the burden to show, by a preponderance of evidence, that the change is just and reasonable. If it fails to meet that burden, either because the opposing party presented compelling evidence in opposition to the proposal, or because PGE failed to present compelling information

8 Staff//3100, Scala/28:4-8.
9 CEP-CAPO/200, Fain – Springer/2:13-14.
10 CEP-CAPO/200, Fain – Springer/14:10.
11 CEP-CAPO/200, Fain – Springer/14:16-18.
12 CEP-CAPO/200, Fain – Springer/15:16-17.
13 Docket No. UE 267, Order No. 15-060 at 4 (Feb. 24, 2015).
14 ORS 757.210(1)(a).
15 Docket No. UE 196, Order No. 09-046, at 7 (Feb. 5, 2009).

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in the first place, then PGE does not prevail."[16] Further, as the applicant, PGE "never relinquishes its burden of proof," even if it is a party to a proposed settlement.[17]

"A stipulation is not binding on the Commission."[18] The Commission has stated that it "do[es] not defer to, and [is] not bound by the terms of *any* stipulation."[19] In reviewing a settlement, the Commission "may adopt or reject a stipulation in its entirety, or adopt it with modifications to its terms."[20] The Commission's order must rely exclusively on facts in the record to justify the Commission's decision.[21] All aspects of the Commission's eventual order must be supported by evidence in the record.[22]

C. The 20 million kWh cap in the Fifth Partial Stipulation is unjust and unreasonable because it will disproportionately affect PGE's largest customers.

1. <u>The Stipulating Parties have failed to demonstrate that a 20 million kWh cap on the IQBD program is just and reasonable and in the public interest.</u>

In support of the Fifth Partial Stipulation, the Stipulating Parties provide two objectives that a 20 million kWh cap allegedly meets. First, they note that "an increase in the cap will shift some of the program cost allocation from residential and smaller non-residential customers to large non-residential customers"[23] Second, they note that moving to a kWh cap from a dollar-based cap "will continue to allocate cost recovery to capped customers when program

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16 Docket No. UE 115, Order No. 01-777, at 6 (Aug. 31, 2001).
17 Docket No. UW 110, Order No. 06-027 at 9 (Jan. 23, 2006); *see also*, Docket No. UE 228, Order No. 11-432, at 3 (Nov. 2, 2011).
18 OAR 860-001-0350(9).
19 Docket No. UE 267, Order No. 15-060, at 4 (emphasis original).
20 *Id.*; OAR 860-001-0350(9).
21 ORS 756.558(2); *American Can Co. v. Davis*, 28 Or. App. 207, 216-17 (1977) (*quoting Valley & Siletz R. Co. v. Flagg*, 195 Or. 683, 711-12 (1952)).
22 *See* ORS 183.482(8)(c); *Cascade Nat. Gas Corp. v. Davis*, 28 Or. App. 621, 629 (1977).
23 Stipulating Parties/300 at 16:16-17.

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costs increase in a symmetrical manner."[24] Together, the Stipulating Parties assert that these changes to the current Schedule 118 cap "result[] in a fair cost recovery of Schedule 118 amongst all customer classes."[25]

With respect to the Stipulating Parties' first rationale, it is indisputable that the 20 million kWh cap will shift program costs from small customers to large customers; however, the Stipulating Parties fail to explain why that is just and reasonable. As Dr. Kaufman shows, the magnitude of the cost shift under the Fifth Partial Stipulation is grossly excessive and unjustified.[26] It will result in PGE's largest customers paying some of the highest costs for the IQBD program – more on a percentage basis than residential and small commercial customers[27] – despite having no opportunity to benefit from this program and, given the relatively high wages these customers pay their employees, not contributing to the economic issues that gave rise to the program in the first place. The single customer on Schedule 90 will pay over $3 million per year just for the IQBD program if the Fifth Partial Stipulation is adopted.[28] Furthermore, despite the massive increase in the cost of the IQBD program to large customers under the Fifth Partial Stipulation, this increase does very little to mitigate the costs to smaller customers – reducing residential and small commercial customers' bills by less than a dollar per month, or less than one-half of a percent.[29] Consequently, while the Stipulating Parties claim that the proposed cost cap "results in a fair cost recovery," the facts do not support this statement.

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24 *Id.* at 16:21-17:3.
25 *Id.* at 17:5-6.
26 *See* AWEC/900, Kaufman/2-5.
27 AWEC/901 at 5.
28 *Id.* at 4:12-17.
29 *Id.* at 5:21-6:3

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With respect to the Stipulating Parties' second rationale, it is also indisputable that moving from a dollar cap to a kWh cap will increase costs to large customers in proportion to the increase in overall program costs. This statement, however, provides no support for the Stipulating Parties' decision to set this kWh cap at 20 million. This cap is so large that it applies only to the four sites on Schedule 90.[30] Thus, other very large customers on Schedule 89 will be entirely exposed to the costs of the IQBD program. The result is that these customers will pay more on a percentage basis than any other customer class – in 2024 these customers would see a 3.4% *overall* rate increase just for the costs of this program.[31] The Stipulating Parties fail to explain how this is just and reasonable.

2. <u>AWEC's recommendation also ensures large customers pay for IQBD program costs in proportion to the total cost of the program.</u>

AWEC continues to recommend, as it did in rebuttal testimony, that the Commission increase the IQBD program cap by the percentage increase in the overall costs of the program, thereby resolving the Stipulating Parties' concerns regarding fairness while simultaneously ensuring no customer class is disproportionately affected. Under this proposal the $1,000 cap would be modified to an 877,193 kWh monthly cap. The Stipulating Parties recognize that AWEC's proposal would increase IQBD-related costs to large customers by 42%.[32] This proposal begins with the level of the cap the Commission originally approved as just and reasonable for the IQBD program and increases it proportionally with the cost of this program.

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30 *Id.* at 7:13-16.
31 AWEC/901 at 5.
32 Stipulating Parties/300 at 16:3-6.

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Given the factual and policy issues Dr. Kaufman presents in his supporting testimony, the public interest supports AWEC's proposal over the cap in the Fifth Partial Stipulation.

3. If the Commission approves a 20 million kWh cap, it should establish it on a per-customer level for the Schedule 90 customer.

As demonstrated above and in Dr. Kaufman's supporting testimony, the Stipulating Parties have failed to carry their burden to demonstrate that the Fifth Partial Stipulation is just and reasonable. Nevertheless, if the Commission determines to adopt a 20 million kWh cap for the IQBD program, AWEC recommends that the cap be applied on a per-customer rather than a per-site basis to Schedule 90. Schedule 90 has four sites, but all of them are owned by only one customer.[33] It is also the only rate schedule large enough for the cap to be binding.[34] This means that this customer will be required to pay for the IQBD program up to the cap four times. In addition, even under the 20 million kWh cap, the dollar impacts to Schedule 90 are orders of magnitude larger than any other rate class – nearly five times larger than the next largest impacts. Consequently, if a 20 million kWh cap is adopted, it is reasonable to treat this customer differently from other customers that may have more than one site.

III. CONCLUSION

For the foregoing reasons, AWEC requests the Commission reject the Fifth Partial Stipulation and instead increase the IQBD program cap by the percentage increase in the overall costs of the program so that no customer class is disproportionately impacted.

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33 Exh. AWEC/901 at 3 (PGE Resp. to AWEC DR 330).
34 Exh. AWEC/900, Kaufman/7:14-16.

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Dated this 23rd day of October, 2023.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

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Of Attorneys for the Alliance of Western Energy Consumers

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UE 416

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

TESTIMONY OBJECTING TO FIFTH PARTIAL STIPULATION

FROM

LANCE D. KAUFMAN

ON BEHALF OF THE

ALLIANCE OF WESTERN ENERGY CONSUMERS

October 23, 2023

I. SCHEDULE 118

Q. ARE YOU THE SAME WITNESS THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes. I previously filed Opening General Rate Case Testimony in Exhibit AWEC/300, Rebuttal General Rate Case Testimony in Exhibit AWEC/700, and Supplemental Rebuttal General Rate Case Testimony of Lance D. Kaufman (AWEC/800), all of which were submitted on behalf of the Alliance of Western Energy Consumers ("AWEC").

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. On October 6, 2023, Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co. ("Kroger"), Walmart, Inc. ("Walmart"), Community Action Partnership of Oregon ("CAPO"), and Small Business Utility Advocates – Oregon ("SBUA-Oregon") (collectively, the "Stipulating Parties") entered into a settlement regarding Schedule 118. The purpose of my testimony is to explain why AWEC objects to the Fifth Partial Stipulation regarding Schedule 118, and specifically the proposed 20 million kWh cap, and to provide an alternative proposal for resolving fairness concerns with the current cap.

Q. WHAT IS PROPOSED IN THE FIFTH PARTIAL STIPULATION?

A. Schedule 118 recovers the costs associated with PGE's Income-Qualified Bill Discount ("IQBD"), a program that is only available to Schedule 7 customers. The cost of this program is currently recovered through a flat charge for residential customers and on an equal cents per kWh basis for nonresidential customers, subject to a maximum charge of $1,000 per site. The Fifth Partial Stipulation proposes to modify the maximum charge from the dollar-based $1,000 per site per month cap to a volumetric-based 20,000,000 kWh per site per month cap, which is the equivalent of $66,000 per site based on PGE's assumed cost of the IQBD program in 2025.[1]

Q. WHY DOES AWEC OBJECT TO THIS PROPOSAL?

A. This proposal unfairly burdens customers that provide the greatest economic contribution to the economy in PGE's service territory with societal costs that are not caused by these customers. The magnitude of this burden greatly exceeds other cross-subsidies and is beyond a level that could be deemed reasonable by the Commission. In fact, the cap proposed by the Fifth Partial Stipulation will result in PGE's largest customers paying more, both on a dollar basis and as a percentage of their total bill, than the residential class (which contains the customers receiving the benefits of the IQBD program) and the small commercial class (which, as demonstrated below, is more likely to contribute to the issues the IQBD program is intended to address). In fact, because the cap is so high and because the costs of the IQBD program are recovered from non-residential customers on a kWh basis, Schedule 89 customers will see the highest percentage rate increase of any customer class to support this program. To illustrate the magnitude of this burden, a single customer could end up paying $3.2 million to this program per year, in addition to all of PGE's other subsidy rates, and will receive no direct benefit from this subsidy.[2]

Q. WHAT DID AWEC PROPOSE IN REBUTTAL TESTIMONY REGARDING THIS ISSUE?

A. Through my Rebuttal General Rate Case Testimony, AWEC/700, AWEC proposed that the Schedule 118 cap of $1,000 per site be allowed to grow with the size of the IQBD program. Under this proposal the $1,000 would be changed to an 877,193 kWh monthly

[1] AWEC/901 (PGE's response to AWEC DR 334 Attachment A).
[2] Calculated from PGE's response to AWEC DRs 327, 328, and 334.

cap. This proposal results in all customers providing reasonable contribution to low-income energy burden without unfairly burdening Portland's economic and business environment. The approximate impact of AWEC's proposed cap is included in Exhibit AWEC/902.

Q. WHY IS IT UNFAIR FOR PGE'S LARGEST CUSTOMERS TO PAY MILLIONS OF DOLLARS IN LOW-INCOME ASSISTANCE EVERY YEAR THROUGH ENERGY RATES?

A. This is unfair because energy rates, unlike taxes and other mechanisms for transferring wealth, are intended to follow the cost-causer, cost-payer principle.[3] Under this principle, residential customers (as the schedule that receives the benefits of the IQBD program) and schedules serving businesses that pay wages at or below the income thresholds necessary to qualify for the IQBD program should bear the majority of the costs of low-income energy assistance. The highest income threshold proposed for the IQBD program is 60 percent of state median income. The Oregon 2023 threshold for a household of 6 is $79,367.[4] For a two earner, fully employed household this translates to $19.08 per hour. The average wage for retail sales workers is just $14.79 per hour, however.[5] Sixty-four percent of employees in the retail industry do not receive living wages.[6] These businesses, therefore, are far more likely employ workers that qualify for the IQBD program, and are served by PGE's commercial schedules rather than its large industrial schedules.

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3 *See* J.C. Bonbright et al., *Principles of Public Utility Rates*, at 274 (1988) ("the costs of supplying public utility services should be borne, as far as feasible, by those customers who derive a benefit from the particular outlays in question.").

4 https://www.benefits.gov/benefit/1571

5 U.S. Bureau of Labor Statistics, *Retail Sales Work, available at:* Retail Sales Workers : Occupational Outlook Handbook: : U.S. Bureau of Labor Statistics (bls.gov).

6 National League of Cities, *Future of Cities: Reenvisioning Retail for Recovery and Resilience,* available at: https://www.nlc.org/resource/future-of-cities-reenvisioning-retail-for-recovery-and-resilience/.

By contrast, Portland's largest energy users pay high wages and drive employment. The average hourly manufacturing wage, for instance, is currently $32.79, far above the threshold to qualify for the IQBD program.[7] PGE also has a large high-tech presence, which is known for paying premium wages substantially above median wages for other sectors.[8]

Under the cost-matching principle, the low-income energy burden is more appropriately addressed by industries that do not pay living wages. Smaller commercial schedules are much more likely to serve retail businesses than Schedule 89 and Schedule 90. AWEC's proposed cap better promotes the cost-matching principle than the Fifth Partial Stipulation by limiting the burden for PGE's largest customers.

Q. DOES A 20,000,000 KWH CAP ALSO LIMIT THE BURDEN FOR PGE'S LARGEST CUSTOMERS?

A. No, the proposed cap results in a substantial cost burden. For example, Schedule 90 has only one customer. However, this ratepayer has 4 separate sites that each meet or exceed the proposed cap.[9] This customer, therefore, would pay $3.2 million per year under Schedule 118. This is many orders of magnitude greater than the level that Oregon legislators have deemed reasonable for these types of costs. ORS 757.698(1)(c), for instance, explicitly limits low-income assistance burden to $500 per site. This legislation

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7 Economic Research, *Average Hourly Earnings of All Employees, Manufacturing, available at:* Average Hourly Earnings of All Employees, Manufacturing (CES3000000003) | FRED | St. Louis Fed (stlouisfed.org).

8 According to the US Bureau of Labor Statistics, high tech wages are 15 percent higher than non-high-tech wages in similar fields. *See* U.S. Bureau of Labor Statistics, *High-tech industries: an analysis of employment, wages, and output*, table 3 (May 2018) *available at:* https://www.bls.gov/opub/btn/volume-7/high-tech-industries-an-analysis-of-employment-wages-and-output.htm.

9 AWEC/901 (PGE Response to AWEC DR 330).

illustrates that the level of contribution that is reasonable for customers to contribute to energy assistance programs is in the thousands of dollars, not millions.

Furthermore, the 20,000,000 kWh cap is so large that Schedule 89 customers would no longer benefit from the cap.[10] This means that the proposed cap does not benefit the energy users that it was intended to target.

Q. WHAT OTHER FACTORS SHOULD THE COMMISSION CONSIDER BESIDES THE COST CAUSER PRINCIPLE?

A. The Commission should consider three other factors when evaluating AWEC's alternative.

Q. WHAT IS THE FIRST FACTOR?

The first factor is rate shock. The proposal results in a 6,500 percent Schedule 118 rate increase for customers that remain at the cap. This is an unreasonable increase to expect customers to adapt to in a short period of time.

Q. WHAT IS THE SECOND FACTOR?

A. The second factor is the impact between rate schedules of the 20 million kWh cap relative to the current caps. Specifically, this cap will dramatically increase the cost of the IQBD program to large customers (by several thousand percentage points), and will in fact result in the IQBD program having a larger overall rate impact on PGE's largest customers than its impact on residential and small commercial customers.[11] Meanwhile, this enormous cost increase to large customers will do very little to mitigate the cost of the program to residential and small commercial customers. In 2024, under AWEC's proposed 877,193 kWh cap, the rate impact to residential and small commercial

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[10] AWEC/901 (PGE Response to AWEC DR 334 Attachment A).

[11] *Id.*

customers is projected to be 1.9% ($2.65 per month) and 2.1% ($4.44 per month), respectively. Under the 20 million kWh cap, the respective impact to these customers is 1.5% ($2.19 per month) and 1.7% ($3.62 per month).[12] This is an immaterial reduction to these customer classes in exchange for an enormous increase to the large customer classes.

Q. WHAT IS THE THIRD FACTOR?

A. The third factor the Commission should consider is the wider economic impact of the proposal. The Fifth Partial Stipulation's proposal is not a sustainable solution to low-income energy burden because it does not directly address the problem of low wages and may in fact exacerbate the problem. Industry and employers, particularly large energy users with multi-state operations, are mobile. Energy costs are a major factor that industrial energy consumers consider when choosing where to locate or expand operations. All else equal, unreasonably high energy rates for industrial customers will mean lower employment, and potentially lower wages, for the Portland economy. It is entirely possible that by overly burdening large energy users with unfair costs the Commission will increase Portland's low-income population. My Rebuttal Testimony provided examples of large employers in the region that have closed in recent years.[13]

Q. DO YOU TYPICALLY RECOMMEND THAT THE COMMISSION CONSIDER THE BROADER ECONOMIC IMPACT WHEN SETTING RATES?

A. When the Commission is setting cost-based rates it is not necessary for the Commission to consider the broader economic impact of its decisions. I do not typically recommend that the Commission consider economic impacts. However, this issue is unique in that

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12 AWEC/902 (Estimated Sch 118 Bill Impacts).
13 AWEC/700, Kaufman/15:6-14.

Schedule 118 is designed to fund a social program rather than to recover energy costs. Thus, the Commission needs to consider the social implications of its decision. It would be counter-productive for the Commission to design Schedule 118 in a manner that increases the low-income population in Portland. In this instance, I recommend the Commission consider the broader economic context when deciding where to set the Schedule 118 cap.

Q. IF THE COMMISSION DETERMINES THAT THE CAP SHOULD BE INCREASED TO 20,000,000 KWH EVEN FOR LARGE EMPLOYERS THAT PAY LIVING WAGES, COULD THE COMMISSION STILL MITIGATE THE MAGNITUDE OF THE RATE SHOCK IN THE FIFTH PARTIAL STIPULATION?

A. Yes, the magnitude of the rate shock in the Fifth Partial Stipulation is primarily driven by the fact that some customers have multiple sites. As noted above, the Schedule 90 ratepayer has multiple sites all owned by a single customer, and AWEC's understanding is that a 20 million kWh cap is large enough that it would only apply to these Schedule 90 sites. Accordingly, if the Commission finds that it the 20,000,000 kWh cap is appropriate regardless of the customer's contribution to Portland's standard of living, and the potential negative economic impacts of non-cost based rates, the Commission could still mitigate the rate impact of this change by modifying the cap so that it applies to this single Schedule 90 customer in the aggregate, rather than per site. This treatment is further justified by the magnitude of the impact of the 20 million kWh cap on this customer relative to all other customers. The per-site impact of this cap on Schedule 90 is nearly five times larger than the next largest cost impact, which applies to Schedule

89-P.[14] The bill impact of AWEC's alternate recommendation is included in Exhibit AWEC/902.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. I recommend that the Commission reject the Fifth Partial Stipulation as unreasonable and inconsistent with the public interest. The 20 million kWh cap on Schedule 118 costs results in unreasonable cost impacts for PGE's largest customers that are untethered to any cost-based rationale and are contrary to broader public policy objectives. Instead, the Commission should adopt AWEC's recommendation in my rebuttal testimony to establish a cap of 877,193 kWh per month, which will ensure the costs under the cap will grow proportionately to the overall size of the IQBD program.

If the Commission nevertheless approves a 20 million kWh cap, it should apply this cap in the aggregate to the single customer on Schedule 90 given the disproportionate impacts this customer will experience relative to all other customers if the cap is applied on a per-site basis.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

[14] AWEC/901 (PGE Response to AWEC DR 334 Attachment A).

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UE 416

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

EXHIBIT AWEC/901

PGE RESPONSES TO AWEC DATA REQUESTS

October 4, 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 327
Dated September 27, 2023

Request:

Please identify the number of customer accounts on Schedule 90.

Response:

There are currently six customer accounts on Schedule 90; however all six accounts are held by a one customer entity.

October 4, 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 328
Dated September 27, 2023

Request:

Please identify the number of Sites, as used in Schedule 118, on Schedule 90.

Response:

A Site has multiple accounts, which can span multiple rate schedules. Five of the six accounts on Schedule 90 are part of three unique Sites; however these three Sites include customer accounts that are served by other rate schedules. The sixth account on Schedule 90 is not part of a Site. In the context of Schedule 118, accounts that are not part of a Site are individually subject to any cap on charges.

October 4, 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 330
Dated September 27, 2023

Request:

For each customer on Schedule 90, please provide the following data:

a. Total number of Sites, by schedule and delivery voltage.
b. Total forecasted annual load by schedule and delivery voltage.

Response:

a. A Site has multiple accounts, which can span multiple rate schedules. Currently, there is a single customer entity on Schedule 90. Five of their six accounts comprise three Sites, spanning multiple rate schedules and delivery voltages.

b. PGE does not have forecasted load for individual Sites. While we do forecast loads for a small number of our largest customers, this subset does not include all accounts within a given Site.

October 4, 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 334
Dated September 27, 2023

Request:

Please refer to the workpaper attached to PGE's Reply Testimony titled "PGE Exhibit 2600 Work Paper Sch 118 Impacts." Please update this workpaper to account for the expected cost of the IQBD program under both current and full participation rates as designed under the Sixth Partial Stipulation, to account for changes in the calculation of residential charges in Schedule 118 as proposed by the Fourth Partial Stipulation, and to account for the cost recovery cap in Schedule 118 as proposed by the Fifth Partial Stipulation.

Response:

The requested impacts are provided in Attachment 334-A.

Estimated Average 2024 and 2025 Schedule 118 Bill Impacts for Common Rate Schedules

Global Assumptions:
- Program costs reflects 5-tier structure with 60% discount for lowest income tier, per the Sixth Stipulation
- Program cost estimates do not include adjustments for under- or over-recovery of costs in prior year
- Prices developed using September update of the 2024 load forecast, residential adjustment per the Fourth Stipulation and a 20M kWh cap on charges to non-residential customers per the Fifth Stipulation
- Bill impacts do not account for Site aggregation because Sites span multiple rate schedules, making schedule-based average impacts difficult to show
- Percentage impacts reflect total impact of Sch 118 on average bills, not incremental price increases in 2024 or 2025

2024 Assumptions:
- 2024 IQBD program costs of $55 million
- Ramping enrollment through 2024 that targets 120,000 customers by year end

	Residential		**Sch 32**		**Sch 83-S**		**Sch 85-S**		**Sch 85-P**		**Sch 89-P**		**Sch 90**	
20M kWh cap	$2.19	1.5%	$4	1.70%	$60	2.20%	$360	2.70%	$810	3.10%	$11,600	3.40%	$55,000	1.70%
No cap	$1.99	1.4%	$3	1.60%	$50	2.00%	$330	2.40%	$730	2.80%	$10,500	3.10%	$106,000	3.30%

2025 Assumptions:
- 2025 IQBD program costs of $66 million
- Approximately level enrollment of 120,000 customers

	Residential		**Sch 32**		**Sch 83-S**		**Sch 85-S**		**Sch 85-P**		**Sch 89-P**		**Sch 90**	
20M kWh cap	$2.65	1.90%	$5	2.10%	$70	2.70%	$430	3.20%	$980	3.70%	$14,000	4.10%	$66,000	2.10%
No cap	$2.42	1.70%	$4	1.90%	$65	2.50%	$400	3.00%	$900	3.40%	$12,800	3.80%	$129,000	4.10%

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UE 416

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

EXHIBIT AWEC/902

ESTIMATED SCHEDULE 118 BILL IMPACTS

	Rate		Sch 118 Bill					
			877,193 kWh Cap		20 Million kWh Cap per Site		20 Million kWh Cap per Customer	
CATEGORY	**Schedule**	**Base Rates**	Average Bill	Pct of Bill	Average Bill	Pct of Bill	Average Bill	Pct of Bill
Residential	7	141	$2.65	1.9%	$2.16	1.5%	$2.30	1.6%
Outdoor Area Lighting	15							
General Service <30 kW	32	214	$4.44	2.1%	$3.62	1.7%	$3.84	1.8%
Opt. Time-of-Day G.S. >30 kW	38	1,110	$21.45	1.9%	$17.48	1.6%	$18.58	1.7%
Irrig. & Drain. Pump. < 30 kW	47	297	$4.06	1.4%	$3.31	1.1%	$3.52	1.2%
Irrig. & Drain. Pump. > 30 kW	49	1,696	$26.60	1.6%	$21.68	1.3%	$23.05	1.4%
General Service 31-200 kW	83	2,538	$68.19	2.7%	$55.59	2.2%	$59.08	2.3%
General Service 201-4,000 kW								
Secondary	85-S	14,131	$460	3.3%	$375	2.7%	$398	2.8%
Primary	85-P	31,037	$1,153	3.7%	$940	3.0%	$999	3.2%
Schedule 89 > 4 MW								
Primary	89-P	417,546	$2,928	0.7%	$14,066	3.4%	$14,949	3.6%
Subtransmission	89-T/75-T	110,534	$2,928	2.6%	$3,173	2.9%	$3,372	3.1%
Schedule 90	90-P	3,312,905	$2,928	0.1%	$54,425	1.6%	$57,842	0.3%
Street & Highway Lighting	91/95	5,963	$59.61	1.0%	$48.59	0.8%	$52	0.9%
Traffic Signals	92	1,297	$47.34	3.7%	$38.59	3.0%	$41	3.2%