



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

September 9, 2014

Email/U.S. mail

puc.filingcenter@state.or.us

Oregon Public Utilities Commission
Attention: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97302-1166

RE: UE 283 PGE 2015 General Rate Case

Attention: Filing Center

Enclosed for filing in the above captioned docket are an original and five copies of a Revised Surrebuttal Testimony of Portland General Electric Company, PGE/2200 filed on September 2, 2014. This revision includes: a red-lined edit of the testimony and a clean copy of the revised testimony.

PGE is submitting the revision to clarify our recollection as it relates to views expressed by the Citizens Utility Board (CUB) during the 2007 legislative session. In addition to clarifying earlier testimony, Dave Robertson, PGE Vice President for Public Policy, is added as a witness.

Thank you in advance for your assistance. If you have any questions or require further information, please call Karla Wenzel at (503) 464-8718. Please direct all formal correspondence and requests to the following email address: pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick G. Hager", is written over the printed name.

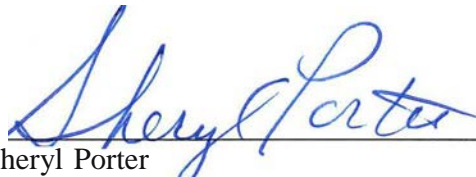
Patrick G. Hager
Manager, Regulatory Affairs

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **UE 283 PORTLAND GENERAL ELECTRIC COMPANY REVISED SURREBUTTAL TESTIMONY**, by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 283.

DATED at Portland, Oregon, this 9th day of September, 2014.



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Assistant, Regulatory Affairs
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OPUC DOCKET # UE 283**

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

Policy

PORTLAND GENERAL ELECTRIC COMPANY

Redlined Revised Surrebuttal Testimony of

***Jay Tinker
Dave Robertson***

September 9, 2014

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I. Introduction

1 **Q. Please state your name and position with Portland General Electric (PGE).**

2 A. My name is Jay Tinker. I am the Director of Rates and Regulatory Affairs at PGE. My
3 qualifications appear in PGE Exhibit 1600. My name is Dave Robertson and I am Vice
4 President, Public Policy for PGE. My qualifications appear at the end of this testimony.

5 **Q. Why is PGE filing this revised testimony?**

6 A. Following our surrebuttal filing, we noted that there was some ambiguity in our testimony
7 on the SB 838 legislative history. This revised testimony clarifies our recollection as it
8 relates to views expressed by the Citizens Utility Board (CUB) during the 2007 legislative
9 session on PGE's proposed additional energy efficiency funding paid by residential and
10 commercial customers. In addition to clarifying earlier testimony, Dave Robertson, PGE
11 Vice President for Public Policy, is added as a witness.

12 **Q. What prompts this revised filing?**

13 A. The ambiguity in our original surrebuttal policy testimony was brought to our attention by
14 Bob Jenks from CUB, during a meeting on Friday, September 5, 2014.

15 **Q. What is the clarification?**

16 A. In early 2007 during our discussions with CUB on the potential for legislation during the
17 2007 legislative session to provide additional energy efficiency spending, CUB raised
18 concerns that if they were to support additional energy efficiency funding paid by residential
19 and business customers, then they wanted assurances that large industrial customers would
20 not receive direct benefits from energy efficiency projects carried out with those funds,
21 generated from legislative language adopted as part of Senate Bill 838 (SB 838). Our
22 recollection is CUB was concerned that the additional energy efficiency funding paid by

1 residential and commercial customers would lead to a shift of the SB 1149 public purpose
2 energy efficiency funding to fund more industrial measures. CUB ultimately supported the
3 energy efficiency amendment to SB 838, and we believe CUB would not have supported the
4 legislation without a broad understanding among the stakeholders that the funding would
5 not lead to the undesired shift in 1149 dollars.

6 **Q. Did you find any corroboration that PGE provided assurances to CUB's concerns?**

7 A. Yes. We found a letter in our archives, that while unsigned we believe was sent to CUB
8 around February 2007, setting forth the principle of excluding Schedule 89 customers from
9 the then-new initiative. We state:

10 The intent here is 'no pay, no play.' In asking the OPUC to exempt these
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13 more cost effective EE was available through these customers, and they were willing to
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16 The letter is attached as PGE Exhibit 2201.

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24 parties in their rebuttal testimony. I also introduce other concluding PGE testimony in
25 Docket No. UE 283.

26 **Q. How is your testimony organized?**

1 A. In this section, I provide an update of this rate case. In the next section, I address the
2 Citizens' Utility Board of Oregon's (CUB) position that energy efficiency is a marginal
3 resource and should be included in the marginal cost of service study.

4 **Q. What is the current status of the UE 283 proceeding?**

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15 proposed to be approximately \$16.8 million. This represents a very moderate increase for
16 two new generating plants that are the primary drivers of this case.

17 **Q. How do these amounts compare to PGE's initial filing?**

18 A. PGE's initial UE 283 filing on February 13, 2014, requested a net increase of approximately
19 \$81.5 million for all the components listed above.

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21 A. PGE submits surrebuttal testimony in the following areas:

- 22 • 2300 – Revenue Requirement. This testimony summarizes PGE's revised revenue
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- 1 • 2400 – Port Westward 2. This testimony supplements the record regarding the
2 development, selection, and execution of the Port Westward 2 flexible capacity
3 resource.

II. Energy Efficiency in Marginal Costs

1 **Q. Please summarize the parties' rebuttal testimony.**

2 A. Staff, while sympathetic to CUB, does not support CUB's approach of including energy
3 efficiency as a marginal cost resource, suggesting that this may violate Senate Bill 838 and
4 the solution may rest with the legislature. The Industrial Customers of Northwest Utilities
5 (ICNU), sensitive to the double digit impact on large industrial customers from CUB's
6 approach, asserts that the approach violates the law and works contrary to the Public Utility
7 Commission of Oregon's (PUC) policy to encourage energy efficiency. ICNU's proposed
8 solution is to lift the Energy Trust of Oregon's (ETO) 18% cap; in essence, lifting the
9 limitation on Senate Bill 1149 funds used for large customer energy efficiency measures to
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12 cap will be reached in 2014 and states its preferred solution is legislative. In their rebuttal
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15 **Q. How does PGE respond to the allegation that PGE has been imprudent because it does**
16 **not propose a solution?**

17 A. PGE is acting prudently by working within existing laws and processes. While utilities were
18 responsible to administer energy efficiency programs prior to 2002, Senate Bill 1149
19 removed the utilities from energy efficiency work, and delegated to the Commission the
20 authority over energy efficiency spending. The solution to the problem posed by the cap
21 does not rest with PGE alone, but with the Commission, the ETO and the parties to the

1 informal agreement establishing the cap, particularly ICNU and CUB. PGE is available to
2 support a consensus solution.

3 **Q. PGE states it is acting within the existing laws and processes for obtaining energy**
4 **efficiency. What do you mean?**

5 A. The existing structure for energy efficiency is that PGE collects monies from customers
6 pursuant to Senate Bills 1149 (SB 1149, public purpose charge) and 838 (SB 838, additional
7 energy efficiency funding) and sends the bulk of the funds to the ETO for energy efficiency
8 acquisition. With regard to SB 838 funding, PGE works with the ETO to identify all
9 achievable energy efficiency and includes this target in its Integrated Resource Plan; the
10 ETO designs its programs to acquire all the cost-effective energy efficiency it can,
11 consistent with SB 838's limitations that customers over one average megawatt do not
12 receive a direct benefit.

13 **Q. Regarding the SB 1149 public purpose charge, does the law specifically restrict the**
14 **customer groups from which energy efficiency is obtained?**

15 A. No. Of the three percent public purpose charge collected from utility customers, 56.7% is
16 distributed to energy efficiency. The funds are distributed by the ETO to benefit customers.
17 The ETO aims to obtain the most cost-effective energy efficiency, targeting opportunities
18 with residential, commercial, and industrial customers. Dynamic factors, including
19 technology and the economy, drive the sectors from which energy efficiency opportunities
20 exist. For example, in the ETO's early years much of the ETO's savings came from
21 compact fluorescent lights (CFLs) and much of that among residential customers. The
22 energy efficiency savings were abundant and low cost. In its 2015-2019 Draft Strategic Plan
23 prepared for its Board of Directors, dated June 13, 2014, the ETO reports that after many

1 years of energy efficiency, mainstays such as residential insulation, central heat pumps,
2 energy-efficient showerheads and non-LED efficient lighting are nearing a point of market
3 saturation. There are greatly diminished cost-effective residential savings opportunities like
4 CFLs but there are numerous high-tech energy efficiency programs, particularly around new
5 construction and data centers. In the future, the opportunities may again rest with residential
6 customers. To some extent, there will always be groups funding disproportionately to the
7 direct benefit they receive, but over time that may balance out.

8 **Q. If there is no restriction on how SB 1149 funds are spent, why did the stakeholders**
9 **informally agree to limit the ETO spending of SB 1149 energy efficiency funds after**
10 **SB 838 was enacted?**

11 A. PGE's informal agreement to support limits in SB 1149 spending, was reached in the
12 legislative session while the proposal for additional energy efficiency was pending. This was
13 necessary to secure CUB's support for the legislative concept. During the 2007 legislative
14 session, PGE had discussions on the concept of additional energy efficiency and CUB
15 expressed a concern that, if the additional energy efficiency funding were provided then it
16 may lead to a shift in SB 1149 energy efficiency funding toward greater industrial spending.
17 From CUB's expressed concerns, such a shift would erode the SB 838 prohibition against
18 large industrial customers directly benefitting from the funding. After passage of SB 838,
19 the ETO, Staff, CUB, ICNU, and the utilities informally agreed to set the cap based on an
20 historical level of SB 1149 funding for large industrial energy efficiency in each utility's
21 service area.

22 **Q. What is the history of the additional SB 838 energy efficiency funding and how it would**
23 **be spent?**

1 A. The additional SB 838 energy efficiency funding resulted from PGE and other stakeholders'
2 discussions of the concept during the 2007 legislative session. PGE intended for the
3 additional funding to reach all cost-effective energy efficiency potential identified in PGE's
4 IRP. In particular, opportunities were identified among small and medium sized businesses,
5 schools, and moderate-income residential customers. We also stated that our IRP resource
6 analysis¹ showed no incremental opportunities for industrial customers above the ETO
7 forecast and thus, industrial customers would neither receive the benefit from, nor contribute
8 to, the cost of the additional funding.

9 **Q. Please discuss the no-direct-benefit provision in SB 838 and its meaning.**

10 A. In the section providing for energy efficiency funding, in addition to the public purpose
11 funding (Section 46 of SB 838), the Commission is to ensure that large industrial customers
12 not be required to pay more than the 3% public purpose charge and not receive any direct
13 benefit from the energy efficiency measures if the cost of the measures are funded by the
14 **SB 838** charges, which are collected from residential and commercial customers. We have
15 reviewed our records and not found anything that defines direct benefit.

16 **Q. What does PGE mean by "direct benefit" with regard to energy efficiency?**

17 A. When PGE discussed energy efficiency benefit in the legislature, we were referring to the
18 incentives paid and the corresponding specific load reductions derived from energy
19 efficiency measures funded by the ETO. In this instance, the customer receives the benefit
20 of the reduction in usage but they also pay a large share of the cost of the energy efficiency
21 measure(s) installed. We did not intend to include, as a direct benefit, the overall customer

¹ See PGE's 2007 Integrated Resource Plan, pages 60-63, Docket No. LC 43.

1 benefit from lower system costs produced when energy efficiency replaces the acquisition of
2 new supply-side resources. That would be an indirect benefit, which all customers will
3 realize.

4 **Q. Does PGE agree with CUB's assertion that the direct benefit prohibition in SB 838**
5 **extends to reduced costs from system benefits?**

6 A. No.

7 **Q. Since PGE does not support CUB's reallocation of marginal energy costs, what does**
8 **PGE recommend with regard to achieving all cost effective energy efficiency and the**
9 **18% cap?**

10 A. Given the PUC's direct authority over the manner in which public purpose funds are
11 collected and spent, and its oversight authority of the ETO to ensure that the Trust produces a
12 high level of energy efficiency savings, PGE recommends that the Commission either resolve
13 the cap issue in this case or alternatively, open an investigation or a policy docket, if it
14 requires further information. If a policy docket is chosen, the following questions or issues
15 are suggested:

- 16 • Are large customers receiving a direct benefit from SB 838 funded energy efficiency?
- 17 • What are the barriers to the ETO of obtaining all cost-effective energy efficiency?
- 18 • What other options exist to gain all cost effective energy efficiency, including from
19 large industrial customers?
- 20 • Should the ETO approach be flexible to take advantage of energy efficiency savings
21 brought about by changes in technology and the economy?
- 22 • Should there continue to be a cap, and if so, what criteria should be used to set it?

III. Qualifications

1 **Q. Mr. Robertson, please describe your educational background and experience.**

2 A. I received a Bachelor of Science/Arts degree from Willamette University in political science.

3 In addition, I have taken the utility executive course in utility management from the

4 University of Idaho. I joined PGE in 2004 as the Director of PGE's Governmental Affairs

5 departments. I entered my current position as Vice President, Public Policy, in 2009, and

6 oversee PGE's corporate communications, government relations, environmental policy and

7 community affairs.

8 I also serve on several community and business boards including the executive committee of

9 the Portland Business Alliance, the Oregon Business Association Board, and Portland Center

10 Stage Board.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

Date is auto-filled

Dear Jason/Bob,

When we met last month to discuss PGE's proposed plan to acquire more cost-effective energy efficiency, I attempted to clarify a few points we made in the proposal and agreed to get back to you with more details on some of the recommendations. This letter formalizes the concepts and clarifications that I provided at that time.

PGE Requirements – A strong say in how the money gets spent

Both CUB and the ETO Policy Group voiced concern that PGE might attempt to exert too much control over how the ETO spent energy efficiency dollars. It is PGE's intention to have the targets for incremental EE established as part of its acknowledged Integrated Resource Plan. We would influence how the money gets spent by presenting proposals in that planning process and urging the OPUC to adopt these proposals. We expect the OPUC would then direct the ETO how to spend any funds collected by PGE to implement adopted proposals. We don't anticipate exerting strong influence over the ETO's use of any of the funds provided they are being expended consistent with the acknowledged Integrated Resource Plan and the OPUC's directions.

Exclude Schedule 89 Customers (>1MW) from new initiatives and associated costs

The intent here is 'no pay, no play'. In asking the OPUC to exempt these customers, we would also ask that they work with the ETO to cap public purpose charge expenditures on behalf of this group at current levels. If later it appeared that more cost-effective EE was available through these customers, and they were willing to pay for it, adjustments could be made.

Near zero risk of non-recovery of all costs

Post SB1149, it is not clear that the OPUC can authorize rate recovery of funds that PGE spends on energy efficiency. Paul Graham believes that the limitations were intended to preclude duplicative spending during the implementation of SB1149. Since we are past that point, we ought to be able to delete the language that causes the uncertainty, specifically:

"The commission shall remove from the rates of each electric company any costs for public purposes described in subsection (1) of this section that are included in rates. A rate adjustment under this paragraph shall be effective on the date that the electric company begins collecting public purpose charges".

PGE intends to pursue this legislative change.

New full-time positions and marketing expenditures in support of EE

CUB expressed concerns about the roles and responsibilities of new positions at PGE in support of EE (e.g. would they duplicate existing positions in other organizations?). There were also concerns about the nature of the marketing activities that would be undertaken (e.g. would the activities directly support ETO programs or would they be designed to support PGE's image in EE?). Expected roles and responsibilities of the new positions as well as a description of anticipated marketing activities are outlined below:

Key Job Responsibilities, Outreach FTEs – ETO programs (additional 3.5 FTEs recommended)

These positions are intended to facilitate effective and efficient delivery to small/medium business customers of ETO programs.

- Build and maintain strong relationships with professional and trade associations that support EE programs.
- Work collaboratively with the ETO and ODOE to identify and target specific market sectors for outreach.
- Take prospects identified in PGE's contact center and facilitate their reaching appropriate programs and services.
- Conduct walkthroughs of customer facilities and recommend areas of opportunity.
- Meet with key decision makers at a company and effectively advocate the appropriate energy efficiency solutions to meet their needs.
- Present all key ETO and ODOE program elements to the customer and ensure their understanding of program benefits and timelines and options.
- Connect customers to program vendors.
- Help customers review vendor proposals.
- Provide project management assistance such as mapping out timelines, identifying milestones, etc.
- Facilitate verification when project completed.
- Ensure required program forms are filled out and submitted to ETO and ODOE.

Key Job Responsibilities ESD/Schools Support (2 incremental FTEs)

These positions are intended to aid ESDs that have had trouble getting projects underway and to reinstitute valuable assistance in the areas of education and training.

- Review current audits and update as appropriate.

- Identify financing options to implement programs, such as performance contracting or managing Energy Tax Credits.
- Provide project management assistance to:
 - map out project steps and identify project milestones,
 - get RFPs issued to vendors,
 - choose appropriate vendors,
 - complete needed forms,
 - facilitate and/or conduct inspections and verifications when warranted.
- Train maintenance staff in using new measures to ensure maximum energy efficiency achieved and work with them to ensure persistence.

Key Job Responsibilities Low Income Support (5.5 incremental FTEs)

CAP agencies have not increased staff to fully utilize SB1149 funding. These positions supplement the 2.5 existing PGE FTEs who facilitate work with the counties and CAP Agencies to meet this gap.

- Assist CAP organizations to conduct audits and identify needed measures for qualifying homes.
- Work with CADO organizations to implement recommended measures.
- Inspect and verify completed work. Train homeowner in using new measures most effectively.
- Conduct energy efficiency classes for program recipients/agency clients.

Marketing Support (no incremental FTEs)

This funding and activity is designed to market and promote programs (primarily ETO's) to our customers, in the residential market, where our communications vehicles, data bases and customer knowledge position us to be particularly efficient and effective.

- Market Assessments to more precisely identify underserved markets to share with ETO (required by new IRP process guidelines).
- Develop targeted lists of PGE customers for ETO program outreach.
- Have resources available to meet with and otherwise support the ETO in program development and review.
- General customer communication on ETO programs, such as newsletters, bill inserts, web presence.

- Increased corporate advertising focus on energy efficiency (will be managed carefully to ensure considered appropriate by stakeholders).
- Customer surveys to check that customers are aware of the programs and that program participants are satisfied.
- Educational outreach not covered above.

I hope you find these clarifications to be consistent with our discussion. Any input you might have would be appreciated.

Regards,

Joe Barra,
Director, Customer Energy Resources

**UE 283 / PGE / 2200
Tinker - Robertson**

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1 informal agreement establishing the cap, particularly ICNU and CUB. PGE is available to
2 support a consensus solution.

3 **Q. PGE states it is acting within the existing laws and processes for obtaining energy**
4 **efficiency. What do you mean?**

5 A. The existing structure for energy efficiency is that PGE collects monies from customers
6 pursuant to Senate Bills 1149 (SB 1149, public purpose charge) and 838 (SB 838, additional
7 energy efficiency funding) and sends the bulk of the funds to the ETO for energy efficiency
8 acquisition. With regard to SB 838 funding, PGE works with the ETO to identify all
9 achievable energy efficiency and includes this target in its Integrated Resource Plan; the
10 ETO designs its programs to acquire all the cost-effective energy efficiency it can,
11 consistent with SB 838's limitations that customers over one average megawatt do not
12 receive a direct benefit.

13 **Q. Regarding the SB 1149 public purpose charge, does the law specifically restrict the**
14 **customer groups from which energy efficiency is obtained?**

15 A. No. Of the three percent public purpose charge collected from utility customers, 56.7% is
16 distributed to energy efficiency. The funds are distributed by the ETO to benefit customers.
17 The ETO aims to obtain the most cost-effective energy efficiency, targeting opportunities
18 with residential, commercial, and industrial customers. Dynamic factors, including
19 technology and the economy, drive the sectors from which energy efficiency opportunities
20 exist. For example, in the ETO's early years much of the ETO's savings came from
21 compact fluorescent lights (CFLs) and much of that among residential customers. The
22 energy efficiency savings were abundant and low cost. In its 2015-2019 Draft Strategic Plan
23 prepared for its Board of Directors, dated June 13, 2014, the ETO reports that after many

1 years of energy efficiency, mainstays such as residential insulation, central heat pumps,
2 energy-efficient showerheads and non-LED efficient lighting are nearing a point of market
3 saturation. There are greatly diminished cost-effective residential savings opportunities like
4 CFLs but there are numerous high-tech energy efficiency programs, particularly around new
5 construction and data centers. In the future, the opportunities may again rest with residential
6 customers. To some extent, there will always be groups funding disproportionately to the
7 direct benefit they receive, but over time that may balance out.

8 **Q. If there is no restriction on how SB 1149 funds are spent, why did the stakeholders**
9 **informally agree to limit the ETO spending of SB 1149 energy efficiency funds after**
10 **SB 838 was enacted?**

11 A. PGE's informal agreement to support limits in SB 1149 spending, was reached in the
12 legislative session while the proposal for additional energy efficiency was pending. This was
13 necessary to secure CUB's support for the legislative concept. During the 2007 legislative
14 session, PGE had discussions on the concept of additional energy efficiency and CUB
15 expressed a concern that, if the additional energy efficiency funding were provided then it
16 may lead to a shift in SB 1149 energy efficiency funding toward greater industrial spending.
17 From CUB's expressed concerns, such a shift would erode the SB 838 prohibition against
18 large industrial customers directly benefitting from the funding. After passage of SB 838,
19 the ETO, Staff, CUB, ICNU, and the utilities informally agreed to set the cap based on an
20 historical level of SB 1149 funding for large industrial energy efficiency in each utility's
21 service area.

22 **Q. What is the history of the additional SB 838 energy efficiency funding and how it would**
23 **be spent?**

1 A. The additional SB 838 energy efficiency funding resulted from PGE and other stakeholders'
2 discussions of the concept during the 2007 legislative session. PGE intended for the
3 additional funding to reach all cost-effective energy efficiency potential identified in PGE's
4 IRP. In particular, opportunities were identified among small and medium sized businesses,
5 schools, and moderate-income residential customers. We also stated that our IRP resource
6 analysis¹ showed no incremental opportunities for industrial customers above the ETO
7 forecast and thus, industrial customers would neither receive the benefit from, nor contribute
8 to, the cost of the additional funding.

9 **Q. Please discuss the no-direct-benefit provision in SB 838 and its meaning.**

10 A. In the section providing for energy efficiency funding, in addition to the public purpose
11 funding (Section 46 of SB 838), the Commission is to ensure that large industrial customers
12 not be required to pay more than the 3% public purpose charge and not receive any direct
13 benefit from the energy efficiency measures if the cost of the measures are funded by the
14 SB 838 charges, which are collected from residential and commercial customers. We have
15 reviewed our records and not found anything that defines direct benefit.

16 **Q. What does PGE mean by "direct benefit" with regard to energy efficiency?**

17 A. When PGE discussed energy efficiency benefit in the legislature, we were referring to the
18 incentives paid and the corresponding specific load reductions derived from energy
19 efficiency measures funded by the ETO. In this instance, the customer receives the benefit
20 of the reduction in usage but they also pay a large share of the cost of the energy efficiency
21 measure(s) installed. We did not intend to include, as a direct benefit, the overall customer

¹ See PGE's 2007 Integrated Resource Plan, pages 60-63, Docket No. LC 43.

1 benefit from lower system costs produced when energy efficiency replaces the acquisition of
2 new supply-side resources. That would be an indirect benefit, which all customers will
3 realize.

4 **Q. Does PGE agree with CUB's assertion that the direct benefit prohibition in SB 838**
5 **extends to reduced costs from system benefits?**

6 A. No.

7 **Q. Since PGE does not support CUB's reallocation of marginal energy costs, what does**
8 **PGE recommend with regard to achieving all cost effective energy efficiency and the**
9 **18% cap?**

10 A. Given the PUC's direct authority over the manner in which public purpose funds are
11 collected and spent, and its oversight authority of the ETO to ensure that the Trust produces a
12 high level of energy efficiency savings, PGE recommends that the Commission either resolve
13 the cap issue in this case or alternatively, open an investigation or a policy docket, if it
14 requires further information. If a policy docket is chosen, the following questions or issues
15 are suggested:

- 16 • Are large customers receiving a direct benefit from SB 838 funded energy efficiency?
- 17 • What are the barriers to the ETO of obtaining all cost-effective energy efficiency?
- 18 • What other options exist to gain all cost effective energy efficiency, including from
19 large industrial customers?
- Should the ETO approach be flexible to take advantage of energy efficiency savings
brought about by changes in technology and the economy?
- Should there continue to be a cap, and if so, what criteria should be used to set it?

III. Qualifications

1 **Q. Mr. Robertson, please describe your educational background and experience.**

2 A. I received a Bachelor of Science/Arts degree from Willamette University in political science.

3 In addition, I have taken the utility executive course in utility management from the
4 University of Idaho. I joined PGE in 2004 as the Director of PGE's Governmental Affairs
5 departments. I entered my current position as Vice President, Public Policy, in 2009, and
6 oversee PGE's corporate communications, government relations, environmental policy and
7 community affairs.

8 I also serve on several community and business boards including the executive committee of
9 the Portland Business Alliance, the Oregon Business Association Board, and Portland Center
10 Stage Board.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

Date is auto-filled

Dear Jason/Bob,

When we met last month to discuss PGE's proposed plan to acquire more cost-effective energy efficiency, I attempted to clarify a few points we made in the proposal and agreed to get back to you with more details on some of the recommendations. This letter formalizes the concepts and clarifications that I provided at that time.

PGE Requirements – A strong say in how the money gets spent

Both CUB and the ETO Policy Group voiced concern that PGE might attempt to exert too much control over how the ETO spent energy efficiency dollars. It is PGE's intention to have the targets for incremental EE established as part of its acknowledged Integrated Resource Plan. We would influence how the money gets spent by presenting proposals in that planning process and urging the OPUC to adopt these proposals. We expect the OPUC would then direct the ETO how to spend any funds collected by PGE to implement adopted proposals. We don't anticipate exerting strong influence over the ETO's use of any of the funds provided they are being expended consistent with the acknowledged Integrated Resource Plan and the OPUC's directions.

Exclude Schedule 89 Customers (>1MW) from new initiatives and associated costs

The intent here is 'no pay, no play'. In asking the OPUC to exempt these customers, we would also ask that they work with the ETO to cap public purpose charge expenditures on behalf of this group at current levels. If later it appeared that more cost-effective EE was available through these customers, and they were willing to pay for it, adjustments could be made.

Near zero risk of non-recovery of all costs

Post SB1149, it is not clear that the OPUC can authorize rate recovery of funds that PGE spends on energy efficiency. Paul Graham believes that the limitations were intended to preclude duplicative spending during the implementation of SB1149. Since we are past that point, we ought to be able to delete the language that causes the uncertainty, specifically:

"The commission shall remove from the rates of each electric company any costs for public purposes described in subsection (1) of this section that are included in rates. A rate adjustment under this paragraph shall be effective on the date that the electric company begins collecting public purpose charges".

PGE intends to pursue this legislative change.

New full-time positions and marketing expenditures in support of EE

CUB expressed concerns about the roles and responsibilities of new positions at PGE in support of EE (e.g. would they duplicate existing positions in other organizations?). There were also concerns about the nature of the marketing activities that would be undertaken (e.g. would the activities directly support ETO programs or would they be designed to support PGE's image in EE?). Expected roles and responsibilities of the new positions as well as a description of anticipated marketing activities are outlined below:

Key Job Responsibilities, Outreach FTEs – ETO programs (additional 3.5 FTEs recommended)

These positions are intended to facilitate effective and efficient delivery to small/medium business customers of ETO programs.

- Build and maintain strong relationships with professional and trade associations that support EE programs.
- Work collaboratively with the ETO and ODOE to identify and target specific market sectors for outreach.
- Take prospects identified in PGE's contact center and facilitate their reaching appropriate programs and services.
- Conduct walkthroughs of customer facilities and recommend areas of opportunity.
- Meet with key decision makers at a company and effectively advocate the appropriate energy efficiency solutions to meet their needs.
- Present all key ETO and ODOE program elements to the customer and ensure their understanding of program benefits and timelines and options.
- Connect customers to program vendors.
- Help customers review vendor proposals.
- Provide project management assistance such as mapping out timelines, identifying milestones, etc.
- Facilitate verification when project completed.
- Ensure required program forms are filled out and submitted to ETO and ODOE.

Key Job Responsibilities ESD/Schools Support (2 incremental FTEs)

These positions are intended to aid ESDs that have had trouble getting projects underway and to reinstitute valuable assistance in the areas of education and training.

- Review current audits and update as appropriate.

- Identify financing options to implement programs, such as performance contracting or managing Energy Tax Credits.
- Provide project management assistance to:
 - map out project steps and identify project milestones,
 - get RFPs issued to vendors,
 - choose appropriate vendors,
 - complete needed forms,
 - facilitate and/or conduct inspections and verifications when warranted.
- Train maintenance staff in using new measures to ensure maximum energy efficiency achieved and work with them to ensure persistence.

Key Job Responsibilities Low Income Support (5.5 incremental FTEs)

CAP agencies have not increased staff to fully utilize SB1149 funding. These positions supplement the 2.5 existing PGE FTEs who facilitate work with the counties and CAP Agencies to meet this gap.

- Assist CAP organizations to conduct audits and identify needed measures for qualifying homes.
- Work with CADO organizations to implement recommended measures.
- Inspect and verify completed work. Train homeowner in using new measures most effectively.
- Conduct energy efficiency classes for program recipients/agency clients.

Marketing Support (no incremental FTEs)

This funding and activity is designed to market and promote programs (primarily ETO's) to our customers, in the residential market, where our communications vehicles, data bases and customer knowledge position us to be particularly efficient and effective.

- Market Assessments to more precisely identify underserved markets to share with ETO (required by new IRP process guidelines).
- Develop targeted lists of PGE customers for ETO program outreach.
- Have resources available to meet with and otherwise support the ETO in program development and review.
- General customer communication on ETO programs, such as newsletters, bill inserts, web presence.

- Increased corporate advertising focus on energy efficiency (will be managed carefully to ensure considered appropriate by stakeholders).
- Customer surveys to check that customers are aware of the programs and that program participants are satisfied.
- Educational outreach not covered above.

I hope you find these clarifications to be consistent with our discussion. Any input you might have would be appreciated.

Regards,

Joe Barra,
Director, Customer Energy Resources