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Douglas C. Tingey
Associate General Counsel

August 25, 2016

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

Re: UE 306- PGE 2017 Decoupling Adjustment, Schedule 123

Attention Filing Center:

Enclosed for errata filing please find **Joint Testimony in Support of Stipulation** between Portland General Electric Company (PGE), NW Energy Coalition, Citizens' Utility Board of Oregon and Staff of the Public Utility Commission of Oregon, the stipulating parties. Please accept this filing as replacement for the **Joint Testimony in Support of Stipulation** filed August 12, 2016 that contained incomplete testimony.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "DT", is written over a faint, light blue circular stamp or watermark.

Doug Tingey
Associate General Counsel

DT/lgh

Enclosures

ERRATA

UE 306 / Stipulating Parties / 100
Gerlitz – Jenks – Kaufman–Cody

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

UE 306

Joint Testimony in Support of Stipulation

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony of

*Wendy Gerlitz
Bob Jenks
Lance Kaufman
Marc Cody*

August 25, 2016

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I. Introduction and Settlement Discussion

1 **Q. Please state your name and position.**

2 A. My name is Wendy Gerlitz. I am the Policy Director for the NW Energy Coalition
3 (NWECC). My qualifications appear at the end of this testimony.

4 My name is Bob Jenks. I am the Executive Director of the Citizens' Utility Board of
5 Oregon (CUB). My qualifications appear at the end of this testimony.

6 My name is Lance Kaufman. I am a Senior Economist with the Energy Rates, Finance
7 and Audit Division of the Oregon Public Utility Commission (OPUC). My qualifications
8 appear at the end of this testimony.

9 My name is Marc Cody. I am a Senior Pricing Analyst for Portland General Electric
10 (PGE). My qualifications appear in PGE Exhibit 100.

11 **Q. What is the purpose of your testimony?**

12 A. Our purpose is to describe the stipulation reached in this docket among Staff, NWECC, CUB,
13 and PGE (the Parties) regarding PGE's proposed changes for its Schedule 123 Decoupling
14 Adjustment.

15 **Q. What is the basis for the stipulation?**

16 A. On March 1, 2016, through PGE Advice Filing No. 16-02, PGE proposed to renew for
17 three years (2017-2019) portions of Schedule 123, and to make a change to another portion
18 of Schedule 123. A prehearing conference was held April 7, 2016, and a procedural
19 schedule was set for this docket. The Parties reviewed PGE's filing and work papers, and
20 sent and engaged in discovery. The Parties held a settlement conference on June 30, 2016,
21 and as a result of those settlement discussions, the Parties reached agreement settling the
22 issues in this docket as set forth below.

1 **Q. Please specify what PGE proposed in its Opening Testimony with respect to**
2 **Schedule 123.**

3 A. PGE proposed to:

4 1) Renew the current Sales Normalization Adjustment (SNA) mechanism for
5 Schedule 7 Residential Service and Schedule 32 Small Nonresidential
6 Standard Service for three additional years, from 2017 to 2019.

7 2) Discontinue the Lost Revenue Recovery Adjustment (LRRRA) applicable to
8 customers whose annual consumption is below one average megawatt in
9 favor of a revenue-per-customer form of decoupling applicable to Schedule
10 83/583 (31-200 kW) customers.

11 **Q. Why did PGE propose to renew the Schedule 7 and 32 SNA?**

12 A. PGE proposed to renew the SNA for these two schedules because it is consistent with
13 OPUC policy as stated in OPUC Order 13-459. Specifically, in this Order, the Commission
14 cited decoupling as achieving the goals of removing the relationship between sales and
15 profits, mitigating PGE's disincentives to promote energy efficiency, and improving PGE's
16 ability to recover its fixed costs. Because the Parties are generally in agreement with these
17 broad policy goals, the Parties agreed to extend the Schedule 7 and 32 SNA mechanism for
18 an additional three years as requested by PGE.

19 **Q. Why did PGE propose to eliminate the LRRRA and replace it with a revenue-per-**
20 **customer form of decoupling for Schedule 83?**

21 A. In its opening testimony, PGE cited three reasons:

22 1) Explore the implications of applying a revenue-per-customer form of
23 decoupling for customers larger than 30 kW.

1 2) Eliminate the dependency on the Energy Trust of Oregon (ETO) for energy
2 efficiency (EE) data segregated by funding sources.

3 3) Anticipate potential legislative changes in EE funding mechanisms that
4 may potentially make the LRRRA problematic or obsolete.

5 **Q. How did the Parties resolve this issue?**

6 A. Staff believes that the current LRRRA mechanism is working reasonably well and is not
7 persuaded that a change is warranted. In addition, Staff, CUB, and NWEC expressed
8 concern that changes to Schedule 123 should only be made during a general rate
9 proceeding or other major docket. While PGE disagreed with this venue viewpoint, for the
10 purposes of settlement, the Parties agreed to maintain the current LRRRA mechanism for
11 another three years, consistent with the SNA mechanism for Schedules 7 and 32. The
12 Parties also agreed that minor changes to the LRRRA mechanism could occur through
13 Advice Filings, but that significant changes should occur as mentioned above in a general
14 rate proceeding or other major docket. The Parties left open the possibility of changing the
15 LRRRA mechanism after the second year of the renewal period should legislative or other
16 changes in the manner in which EE is accounted for occur.

17 **Q. Do the Parties agree that the Commission should approve this stipulation as a**
18 **reasonable resolution of the issues in this case?**

19 A. Yes. The Parties agree that the stipulation is in the public interest and will result in rates
20 that are fair, just and reasonable. As such, the Parties recommend that the Commission
21 approve this Stipulation as an appropriate and reasonable resolution of the issues in this
22 docket.

II. Qualifications of Witnesses

1 **Q. Ms. Gerlitz, please state your educational background and qualifications.**

2 A. I received a Bachelor of Arts degree in Political Science and Environmental Science from
3 the University of Wisconsin –Madison and a Masters of Environmental Management from
4 Yale University. I have been employed as a Senior Policy Associate and Policy Director
5 for the NW Energy Coalition since 2010. I have provided testimony and comments on a
6 variety of OPUC dockets on integrated resource plans, general rate cases, rate design,
7 decoupling, energy efficiency program implementation and many other topics. I have
8 provided comments on similar issues to the Washington Utilities and Transportation
9 Commission and the Idaho Public Utility Commission and provided testimony in
10 Bonneville Power Administration rate case proceedings.

11 **Q. Mr. Jenks, please state your educational background and qualifications.**

12 A. I received a Bachelor of Science in Economics from Willamette University. I have been
13 employed by the Citizens' Utility Board of Oregon since 1991. Between 1982 and 1991, I
14 worked for the Oregon State Public Interest Research Group, the Massachusetts Public
15 Interest Research Group, and the Fund for Public Interest Research on a variety of public
16 policy issues. I have provided testimony or comments on a variety of OPUC dockets on
17 price forecasts, decoupling and lost margin mechanisms, net power cost, depreciation rates,
18 least cost plans, general rate cases, and many other issues. I have participated in OPUC
19 settlement conferences on many issues related to energy and telecommunications.

20 **Q. Mr. Kaufman, please state your educational background and qualifications.**

21 A. I received a PhD in Economics from the University of Oregon in 2013. I have been
22 employed as an economist by the Oregon Public Utility Commission since 2013. I have

1 also worked with the Alaska Department of Law as an analyst and public advocate. I have
2 analyzed, filed testimony and written reports on load and price forecasts, weather
3 normalization, cost allocations, affiliated interests, decoupling and lost margin mechanisms,
4 line extension policies, net power cost, depreciation rates, integrated resource planning,
5 cost of service studies, and rate design. I have experience working with water, solid waste,
6 electric and gas utilities.

7 **Q. Does this complete your testimony?**

8 A. Yes.