**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UE 394**

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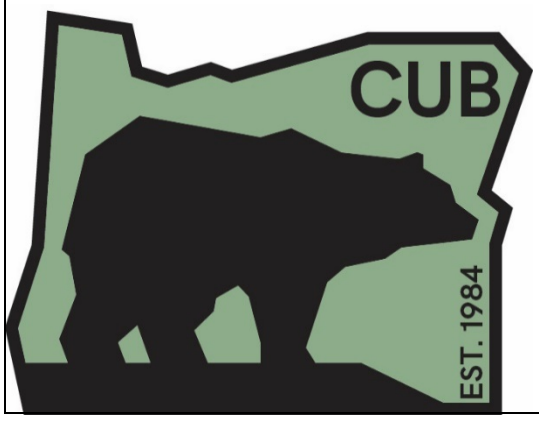
| In the Matter of | ) |
| | ) |
| PORTLAND GENERAL ELECTRIC COMPANY, | ) |
| | ) |
| | ) |
| Request for a General Rate Revision. | ) |
| | ) |

REDACTED OPENING TESTIMONY

OF THE

OREGON CITIZENS' UTILITY BOARD

October 25, 2021



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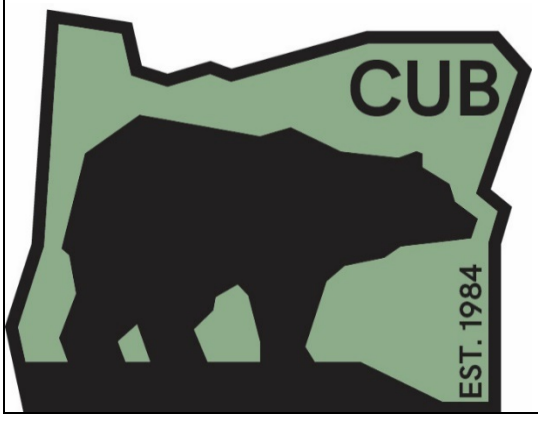

# BEFORE THE PUBLIC UTILITY COMMISSION

# OF OREGON

# UE 394

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| PORTLAND GENERAL ELECTRIC COMPANY, | ) | REDACTED OPENING TESTIMONY OF THE OREGON CITIZENS' UTILITY BOARD |
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| | ) | |

## I. INTRODUCTION

**Q. Please state your name, occupation, and business address.**

**A.** My name is Bob Jenks. I am the Executive Director of the Oregon Citizens' Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400, Portland, Oregon 97205.

**Q. Please describe your educational background and work experience.**

**A.** My witness qualification statement is found in exhibit CUB/101.

**Q. Please summarize your testimony.**

**A.** In my testimony, I respond to issues presented by Portland General Electric Company (PGE or the Company) in its Direct Testimony. In addition, I provide several policy recommendations not presented by the Company for the Oregon Public Utility Commission (Commission) to consider. These policy recommendations seek to better align regulatory incentives and further the Company's desire to "work…with Commission Staff and stakeholders to look for

appropriate avenues to ease the burden on [] customers" experiencing economic hardship from the COVID-19 pandemic.[1] My testimony will cover:

- Residential Customer Deposits;
- PGE's use of Single-Issue Ratemaking Mechanisms;
- Decoupling Limit Removal; and
- Low Income Rate Structure.

## II. DISCUSSION

### A. Residential Customer Deposits

**Q. Please summarize CUB's position on this issue.**

**A.** CUB recommends that after the effective rate of this general rate case, PGE no longer collect residential customer deposits. CUB proposes to suspend Schedule 310. CUB also recommends that the Commission order PGE to remove all rules from its tariff book that reference collecting deposits from residential customers.

**Q. Please explain how and when the Company currently collects deposits from residential customers.**

**A.** Residential customer deposits are collected subject to Rule E of Portland General Electric's tariff book in Oregon. Deposits can be required for both new and existing customers. New customers are required to provide deposits unless they establish credit with PGE by one of the following methods:[2]

- If the applicant for new service provides a letter from a previous electric utility verifying that the application had 12 months of continual service without disconnections;

[1] UE 390 – PGE/100/Pope-Sims/4-5.
[2] PGE, Rule E 20-44, Establishing Credit/Treatment of Deposits

- If the applicant had 12 months of continual service from PGE in the last 24 months without disconnections; or
- If the application provides a letter from their employer verifying that the applicant had been employed for the entire 12 months prior to the application. PGE must be able to verify the employment.

Existing customers are required to provide deposits to PGE if they have had utility service terminated for non-payment from PGE or another Oregon-regulated utility over the last 24 months.

**Q. What is CUB proposal around residential customer deposits?**

**A.** CUB is proposing to have PGE stop collecting residential customer deposits after the rate effective date of this general rate case.

**Q. Why is CUB proposing this policy change?**

**A.** Customer deposits increase energy burden for residential customers. Residential customer deposit polices explicitly target customers who are more vulnerable and can least afford a deposit. There is a housing crisis in the Portland metro area and deposits can make the situation worse. Low-income customers are often forced to choose which bills they can afford to pay, and deposits exacerbate this issue. CUB is also concerned that due to the COVID-19 pandemic shutdown, many customers have bill arrearage problems which could lead to more customers being subject to deposits.

**Q. Please explain the link between energy burden and customer deposits.**

**A.** The level of deposit is based on an estimated 2 months of service. It can be paid in full or over 90 days. If it is paid over 90 days, 1/3$^{rd}$ of the amount is due in order to

establish service.[3] Essentially, the customer is required to pay for 5 months of service during the first 3 months after becoming a PGE customer. The threshold at which individuals are energy burdened is often defined as paying more than 6% of your household income on energy. About 433,000 Oregon households spent more than 6% of their income on their energy bills in 2018.[4] This represents 27% of households.[5] Multnomah County, which is largely served by PGE, has 79,492 energy burdened homes.[6] For households that are below 200% of the federal poverty level, the average amount by which actual home heating bills exceeded what is considered "affordable" was $577 per Oregon household.[7] In 2020, the PGE average residential bill is $102.17, which suggests that average deposits are about $204.[8] The average customer deposit for residential customers increases the energy burden of households below 200% of the federal poverty line by 35%.

**Q. Please explain how this can make the housing crisis worse.**

**A.** According to the City of Portland, the average monthly rent in Portland was $1,491 in 2019 or $17,892 per year. A person working full-time for minimum wage in Portland earns $29,120. 72% of Oregon renters have electricity as their primary heating fuel.[9] Therefore, minimizing the burden that electricity use has on PGE's customers is essential.

[3] PGE, Rule E 20-44, Establishing Credit/Treatment of Deposits
[4] https://www.oregonenergyfund.org/oregon-energy-burden-study/
[5] *Id.*
[6] *Id.*
[7] CUB Exhibit 102, The Home Affordability Gap, Oregon, 2020
[8] 2020 Oregon Utility Statistics, OPUC, https://www.oregon.gov/puc/forms/Forms%20and%20Reports/2020-Oregon-Utility-Statistics-Book.pdf
[9] CUB Exhibit 102.

To further provide an example of the financial harm of a customer deposit, refer to American Property Management, a large manager of rental housing in Portland. In order to even apply to rent an apartment from them, an applicant must pay a $45 screening fee. The applicant must verify that their income is 2-2.5 times the monthly rental amount. If an applicant has good credit, a positive rental history, has been at their current job for at least 6 months, and has adequate income, the applicant must still pay a $500 security deposit to move in. Applicants without good credit have to pay as much as $900 for a security deposit.[10] Some rental units charge first and last month's rent to move in.[11] It is expensive to move into a rental property. For low-income households, it can be extremely difficult to pay for the cost of moving into a new place. Having a utility charge a deposit for service, on top of fees and charges related to the rental unit, simply makes establishing shelter even more difficult.

**Q. How has the COVID crisis affected this?**

**A.** The City of Portland says that the "economic hardships wrought by the COVID-19 pandemic will be long-term."[12] Since the COVID crisis hit in early 2020, many households have spent a significant amount time dealing with unemployment. In August, PGE had more than 74,000 customers who were in arrears, including 24,000 who were more than 90 days behind on their PGE bills.[13] Although charging customers deposits have been put on hold, even without having to pay additional charges, many customers are struggling to manage their electric bills.

[10] http://rent.apmportland.com/screening-requirements/
[11] Oregon Law Center, Landlord-Tenant Law in Oregon.
[12] City of Portland, State of Housing in Portland, December 2020.
[13] COVID-19 Arrears Data January 2020 -August 2021, Oregon Public Utility Commission.

Allowing PGE to add deposit charges to the bills of many of these customers only makes life more difficult for them. Currently, PGE can resume charging deposits in October 2022. However, after 2 years of not charging deposits, it makes sense to abandon the practice of charging deposits.

**Q. Please Explain.**

**A.** Under PGE's tariff, PGE returns the deposit at the end of 12 months if the account is current, and the customer has not been issued more than two 5-day disconnection notices and has not been disconnected during the preceding 12 months.[14] The COVID-19 agreement has prevented PGE from charging new deposits. The COVID agreement does allow PGE to apply existing deposits to any arrearages associated with that customer.[15] By October 2022, PGE will not have charged new deposits for more than 2 years. Customers who managed their bills well during the pandemic likely had their deposits returned after 12 months. Customers who have struggled with their bills have had their deposits used to reduce their arrearage. By October 2022, PGE will be holding a minimal level of customer deposits and eliminating the practice should therefore have minimal impact.

**Q. Have other utilities in North America suspended customer deposits for residential customers?**

**A.** Yes. Since 2017, Hydro One, a Canadian utility has eliminated residential customer deposits. Natural gas and electric utilities subject to the jurisdiction of the Department of Public Utilities of Massachusetts are not allowed to collect

[14] PGE, Rule E 20-44, Establishing Credit/Treatment of Deposits.
[15] OPUC Order No. 20-324, page 6.

customers deposits from residential customers.[16] Earlier this year, the National Consumer Law Center joined with several other groups to issue a call for deposits for residential utility service to be eliminated.[17]

**Q. Do any other utilities subject to Commission regulation not collect customer deposits from residential customers?**

**A.** Yes. For several years, Cascade Natural Gas has not been collecting customer deposits from residential customers.

**Q. What is the revenue requirement impact of removing customer deposits for residential customers?**

**A.** It is important to recognize that deposits are not a direct contribution to revenue requirement. When PGE charges a deposit, they may utilize the revenue, but they must pay it back with interest. When customers contribute to revenue requirement, the utility spends the money on expenses and there is no money to return to customers. There is a potential revenue requirement effect because the Company can no longer utilize that deposit revenue during the year in which the company holds the deposit.

CUB estimates that the revenue requirement impact of removing customer deposits is a $251,000 increase to revenue requirement. While CUB's proposal does increase PGE's rate request, CUB finds that collecting deposits to be unacceptable

[16] https://www.mass.gov/doc/220-cmr-27-elimination-of-the-practice-of-gas-and-electric-companies-of-requiring-a-deposit/download.
[17] https://www.nclc.org/images/pdf/special_projects/covid-19/IB_Utility_Bill_of_Rights.pdf.

and is seeking to reallocate these costs. CUB urges the Commission to accept this recommendation as a matter of policy and equity.

### B. PGE's Use of Single-Issue Ratemaking Mechanisms

**Q. Please summarize this issue.**

**A.** CUB is concerned with the degree to which the Company uses single-issue ratemaking mechanisms such as deferred accounting applications, balancing accounts, and automatic adjustment clauses. Single-issue mechanisms are a departure from standard ratemaking and are generally disfavored by the Commission because they fail to account for holistic cost changes across a utility's system that may not justify a rate increase.[18] In addition, over-reliance on single-issue ratemaking mechanisms decrease a utility's risk profile and shifts risk onto customers. The Commission should address the Company's inappropriate over-reliance on single-issue ratemaking mechanisms in this proceeding. CUB recommends the Commission compare the total amount of dollars that are in deferred accounts to the overall revenue requirement of the utility. At the time of a general rate case (GRC), for every 1% of revenue requirement that is held within deferrals, the ROE will be adjusted downwards by 5 basis points.

**Q. Why is this issue relevant in this GRC?**

[18] *In re Portland General Electric Company, Request for a General Rate Revision*, OPUC Docket Nos. UE 180/184, Order No. 07-454 at 5 (Oct. 22, 2007) ("[W]e must apply traditional ratemaking principles. . .. Moreover, we may not focus on one cost element while ignoring others. Because increases elsewhere may offset decreases, a change to one cost element does not, by itself, automatically require an adjustment to rates."); *City of Portland v. PGE*, OPUC Docket No. UM 1262, Order No. 06-636 at 7 (Nov. 17, 2006) ("The Commission does not engage in single issue ratemaking.").

**A.** On September 1, 2021, Administrative Law Judge Lackey issued a Bench Request asking for, in part, "a comprehensive list of all current deferral requests."[19] The Company's response confirmed what CUB and other intervenors already knew to be true—PGE is currently carrying a very large number of deferred accounting applications on their books at varying procedural stages.[20] While some of the Company's outstanding single-issue ratemaking proceedings are the result of unprecedented emergencies (*i.e.*, UM 2115 Wildfire Deferral) or for statutorily authorized costs (*i.e.*, UM 2113 BPSC Microgrid), the broad balance represent improper single-issue ratemaking that erode traditional ratemaking principles.

**Q. What are the traditional ratemaking principles you reference?**

**A.** Utility rates are traditionally set in a GRC. GRCs enable the Commission and stakeholders to take a holistic look at the Company's expenses to determine whether its *overall* rates are just and reasonable. "Just and reasonable" rates is a term of art that describes how the Commission must set rates that establish a balance between the interests of the utility customer and the utility investor.[21] In seeking to find this balance, the focus is on reasonable *overall* rates, not cost recovery of individual rate elements.[22] According to a study commission by

[19] UE 394 – ALJ Lackey's Bench Request (Sep. 1, 2021) *available at* https://edocs.puc.state.or.us/efdocs/HDA/ue394hda125412.pdf.
[20] UE 394 – PGE's Revised Response to ALJ Lackey's Bench Request (Sep. 21, 2021) *available at* https://edocs.puc.state.or.us/efdocs/HAH/ue394hah133859.pdf.
[21] *Federal Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[22] *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 313-315 (1989) ("The economic judgments required in rate proceedings are often hopelessly complex, and do not admit of a single correct result. The Constitution is not designed to arbitrate these economic niceties. Errors to the detriment of one party may well be canceled out by countervailing errors or allowances in another part of the rate proceeding. The Constitution protects the utility from the net effect of the rate order on its property. Inconsistencies in one aspect of the methodology have no constitutional effect on the utility's property if they are compensated by countervailing factors in some other aspect.").

AARP, the influx of single-issue ratemaking represents a "departure from the traditional utility rate setting process, and regulators need to carefully evaluate utility requests for additional surcharges on a case-by-case basis to determine whether there is a proper balance of meeting utility needs and assuring ratepayer protections."[23] The study goes on to note that "the increasing imposition of surcharges and other alternative ratemaking mechanisms can also defeat some of the primary principles of rate-setting and regulatory review process."[24]

**Q. Can departing from traditional ratemaking processes result in harm to customers?**

**A.** Yes. When the focus is on cost recovery of individual elements, rather than a holistic examination of the utility's expenses, single-issue ratemaking can make it difficult to determine whether rates are "just and reasonable." This departure is at odds with the Commission's mission and statutory imperative "[t]o ensure Oregon utility customers have access to safe, reliable, and high quality utility services at just and reasonable rates."[25] When ratemaking is removed from GRCs and placed into single-issue mechanisms, utilities may over-recover costs without regard to the impact to customers.[26] Further, "surcharges can also result in such additional

[23] *Increasing Use of Surcharges on Consumer Utility Bills,* Prepared by Larkin & Associates, PLLC for AARP at ii (May 2012) *available at* https://www.aarp.org/content/dam/aarp/aarp_foundation/2012-06/increasing-use-of-surcharges-on-consumer-utility-bills-aarp.pdf.

[24] *Id*.

[25] Oregon Public Utility Commission, *About Us*, *available at* https://www.oregon.gov/puc/aboutus/Pages/default.aspx. *See also* ORS 756.040(1) ("[t]he commission shall balance the interests of the utility investor and the consumer in establishing fair and reasonable rates.").

[26] CUB notes that while deferred accounting applications are generally subject to an earnings test before amortization, the Company's wide array of balancing accounts and automatic adjustment clauses are not.

undesirable consequences as reducing utility incentives to control costs and shifting utility business risks away from investors and onto customers."[27]

**Q. How do single-issue ratemaking mechanisms shift costs or risk onto customers?**

**A.** They do so in several ways. As an example, let's examine capital cost recovery through deferred accounting, a widespread practice on PGE's system: The Commission's current policy for deferred amounts is that such amounts earn interest at the utility's regulated rate of return (ROR) unless and until the Commission approves the amortization of deferred amounts into rates.[28] Once amounts are approved for amortization, the utility earns interest at the blended treasury rate.[29] Before amortization, the utility tracks capital costs for inclusion into the deferred account. The revenue requirement for capital cost deferrals generally consists of depreciation expense for a return of the utility's investment and a return on the associated capital investments, among other items.[30] While these capital costs are tracked, they are eligible to earn interest at the utility's rate of return. Therefore, the utility is earning a return on its *return on* its capital investment. This greatly increases costs the customers, and the practice of deferring capital costs makes little sense when viewed through this lens. Further, capital cost deferrals enable the utility to avoid regulatory lag and gain dollar for dollar recovery of investments. If utilities are permitted to file a deferral every time a

[27] AARP, *supra* note 7.
[28] *In re Public Utility Commission of Oregon,* OPUC Docket No. UM 1147, Order No. 05-1070 at 14 (Oct. 5, 2005).
[29] *In re Public Utility Commission of Oregon*, OPUC Docket No. UM 1147, Order No. 08-263 at 15-16 (May 22, 2008).
[30] *See, e.g.* UM 1791 – PGE Carty Deferral.

capital investment becomes used and useful—but before its next general rate case—regulatory lag is effectively eliminated, while the utility retains the benefit of an authorized ROE intended to compensate for that impact. In that instance, all the risk associated with regulatory lag is shifted to customers on the back end of the capital investment's depreciation curve, while all the benefit is shifted to the utility on the front end. The utility would improperly benefit from dollar-for-dollar recovery of capital investments., Finally, deferrals shift the risk of load forecast errors to customers. In a GRC, rates are established so that the revenue collected based on the load forecast will recover the revenue requirement. But we know that weather and other components of load will in evidently vary from that forecast. Whereas a deferral will apply actual, collected revenue to the deferred account until the account reaches zero. Weather and other elements of the load forecast no longer impact cost recovery.

**Q. What do you recommend?**

**A.** The current proliferation of single-issue ratemaking mechanisms is untenable. Through its extensive use of these mechanisms, PGE is able to avoid regulatory lag, is ensured dollar for dollar recovery once approved for amortization and is able to shift a wide range of risks onto customers. Meanwhile, the Company earns interest at its ROR while a deferral is tracked and continues to earn interest at the modified blended treasury rate after a deferral is authorized for amortization.

CUB believes that the current regulatory paradigm creates a large incentive for utilities to file deferrals. Oregon should identify a methodology which reduces this

incentive. One way to address it would be by recognizing that deferrals reduce shareholder cost recovery risk and adjust overall ROE to offset and recognize this risk reduction. The total amount of dollars that are in deferred accounts can be compared to the overall revenue requirement of the utility. At the time of a GRC, for every 1% of revenue requirement that is held within deferrals, the ROE will be adjusted downwards by 5 basis points.

CUB is open to other ideas to reduce the appeal of deferrals and/or to recognize that customers are being asked to take on additional risk, but does believe that something needs to be done, because this problem will not go away if it is not addressed.

### C. Decoupling Limit Removal

**Q. Please summarize Portland General Electric's decoupling mechanism.**

**A.** Portland General Electric has two decoupling mechanisms:

1. The Sales Normalization Mechanism (SNA): This decoupling mechanism only applies to residential customers, small commercial customers, and some medium commercial customers (31 – 200 kW). This decoupling mechanism compares actual weather-adjusted distribution, transmission and fixed generation revenues that are collected on a volumetric basis with those that would be collected with a fixed per-customer charge. This difference is tracked annual and recovered or returned to SNA customers in a future year.

2. The Lost Revenue Recovery Mechanism (LRRA): The LRRA is tied to reduced kWh sales resulting from incremental Energy Efficiency from Energy Trust of

Oregon programs. This mechanism applies to all non-residential customers (except small and medium commercial customers) who qualify with a load less than 1 megawatt.

**Q. Are than any consumer protections contained in PGE's decoupling mechanisms?**

**A.** Yes. There is 2% rate limiter on rate increases from the decoupling mechanism.

**Q. What is the change that PGE is proposing to its two-decoupling mechanisms?**

**A.** PGE is proposing to allow any decoupling adjustments greater than 2% to be rolled over into future years. PGE went over the 2% cap for two customer classes during the COVID crisis in 2020 and expects to in 2021.[31] Despite this limit only impacting non-residential customers subject to the SNA, Portland General Electric is proposing to change this 2% limiter for all decoupled customers, which includes residential customers.

**Q. Prior to 2020, have any rate schedules been subject to the 2% limiter in the decoupling mechanism?**

**A.** Refer to CUB Exhibit 103.[32] 2020 was the first time that this has occurred for Portland General Electric.

**Q. What was the root cause of Small Commercial Customers and Large Non-Residential Customers (31 -200 kw) hitting the 2% limiter on decoupling?**

**A.** Since 2020, the state of Oregon imposed lockdowns due to the COVID-19 pandemic. The shutdown led to decreased electricity usage for these businesses, which impacted electric usage for non-residential customers.

[31] UE 394 – PGE/900/Jaramillo – Ferchland – Villadsen/13.
[32] CUB Exhibit 103, UE 394_OPUC DR 365.

**Q. Why is PGE trying to remove the 2% limiter on decoupling?**

**A.** The Company presents two arguments:

1. The Pandemic has imposed many costs on Portland General Electric, and the Pandemic has caused a financial burden to PGE.[33]

2. The Company expects a revenue shortfall to continue and allowing the carryover of the 2% limit into the future will help PGE's revenue outlook and is important to the Company.[34]

**Q. What is CUB reaction to the Company's arguments?**

**A.** CUB does agree that the pandemic has imposed many costs on Portland General Electric. However, these incremental costs have been tracked in a deferral and will be recovered from customers.[35] As of September 1, 2021, the Company has a deferred balance of $18.6 million in its COVID-19 costs deferral. Separate from incremental costs from COVID-19, during the first year of the pandemic, 2020, Portland General Electric's rate of return was 9.65%[36]. Despite a nationwide shutdown and recession, PGE's overall earnings were above their authorized rate of return for 2020. During the first year of the pandemic, PGE has been able to manage their costs and earn a fair profit for their shareholders from customers prices. The evidence does not suggest that the pandemic has imposed a financial burden on PGE.

[33] UE 394 - PGE/1200/Macfarlane – Tang/43, lines 9-13.
[34] UE 394 - PGE/1200/Macfarlane – Tang/43, lines 13-16.
[35] CUB Exhibit 104, UE 394_CUB_DR_28
[36] PGE Regulated Results of Operations for 2020 – Revised Results, https://edocs.puc.state.or.us/efdocs/HAQ/re119haq163021.pdf

The goal of decoupling mechanism is to remove financial disincentives imposed on utilities from energy efficiency. When Portland General Electric proposed its decoupling mechanism, the Company argued that decoupling is needed because energy efficiency programs reduce PGE's opportunity to recover its fixed cost.[37] The 2% rate cap on decoupling was not reached due to energy efficiency programs, instead it was reached due to economic conditions and the pandemic.

**Q. Why does CUB oppose the company's proposed change?**

**A.** The 2% cap was developed specifically for this sort of special circumstance. It is working exactly as it was designed. PGE proposed this decoupling mechanism in February 2008. There were several rounds of testimony on the mechanism. CUB's final testimony was on September 15, 2008. This is the same day that Lehman Brothers bankruptcy was announced setting off the international banking crisis and the Great Recession. In 2009, in direct response to the "uncertainty of the severity of the recession," the Commission imposed a hard cap (no roll over) of 2% on decoupling balances.[38] The COVID-19 related economic crash of 2020-21 was significantly more severe than the Great Recession, though the recovery is moving much more rapidly. The 2% hard cap was put in place to protect customers in times of economic recession. This year, during an unusually harsh recession, the 2% hard cap did its job and protected customers. Removing part of the mechanism because it is working as intended makes little sense.

[37] UE 197 – PGE/100/Piro.
[38] OPUC Order No. 09-176, p. 5.

Decoupling was established to remove a disincentive for the utility to invest in energy efficiency. In this docket PGE even refers to the 2% cap as a "cap on its energy efficiency decoupling mechanism."[39] But this energy efficiency mechanism also protects utility shareholders from the impact of recessions, and this can cause opposition to decoupling. Decoupling began in Maine in 1991 but was later removed specifically because of its impact during a recession. The Maine experience is well described in a report to the legislature by the Maine Public Utilities Commission[40]:

> Maine has experience with revenue decoupling that is generally considered a failure. In 1991, the Commission adopted, on a three-year trial basis, a revenue decoupling mechanism for CMP [Central Maine Power] (referred to as "Electric Revenue Adjustment Mechanism" or "ERAM"). The "allowed" revenue was determined in a traditional rate case proceeding and adjusted annually based on changes in the utility's number of customers (as a result the mechanism was also referred to as "ERAM per customer"). Analyses before the Commission at the time indicated that changes in the number of customers were at least as good an indicator of CMP's costs as changes in sales levels. CMP's ERAM was not, however, a multi-year plan, so CMP was free to file a rate case at any time to adjust its "allowed" revenues.
>
> CMP's ERAM quickly became controversial. Around the time of its adoption, Maine, as well as the rest of New England, was experiencing the start of a serious recession that resulted in lower sales levels. The lower sales levels caused substantial revenue deferrals that CMP was ultimately entitled to recover. CMP filed a rate case in October 1991 that would have increased rates at the time and resulted in lower amounts of revenue deferrals. However, the rate case was withdrawn by agreement of the parties to avoid immediate rate increases during bad economic times.
>
> By the end of 1992, CMP's ERAM deferral had reached $52 million. The consensus was that only a very small portion of this amount was due to CMP's conservation efforts and that the vast majority of the deferral resulted from the economic recession. Thus, ERAM was increasingly viewed as a mechanism that was shielding CMP against the economic impact of the recession, rather than providing the intended energy efficiency and

[39] UE 394 – PGE /900/Jaramillo – Ferchland – Villadsen/70.
[40] Report on Revenue Decoupling for Transmission and Distribution Utilities, Submitted to the Utilities and Energy Committee by the Maine Public Utilities Commission, January 31, 2008.

conservation incentive impact. The situation was exacerbated by a change in the financial accounting rules that limited the amount of time that utilities could carry deferrals on their books.

Maine's experiment with revenue cap regulation came to an end on November 30, 1993, when ERAM was terminated by stipulation of the parties.

**Q. Does CUB have a position on the Company's proposal to continue the decoupling adjustment to 2025?**

**A.** CUB does not oppose the Company's request to extend the decoupling mechanism to 2025.

## D. HB 2475 and a Low-Income Rate Structure

**Q. What new authority did HB 2475 grant to the PUC?**

**A**. HB 2475 takes effect in January 2022 and changes the commission's authority in two ways. First, it allows the commission to "address the mitigation of energy burden through bill reduction measures or programs that may include, but need not be limited to, demand response or weatherization."[41] Second, the legislation allows the Commission to administer intervenor funding agreements between utilities and organizations that represent low-income residential customers and customers that are members of environmental justice communities.

**Q. Does CUB have a HB 2475 proposal?**

**A.** No. At this time CUB is not making a proposal relating to how the Commission should implement HB 2475 for PGE customers. As I discussed above in relationship to deposits, CUB is acutely aware of the energy burden faced by some PGE customers and believes that addressing it is a priority. While a GRC seems

[41] HB 2475, Enrolled, 2021 Oregon Legislative Session.

like an opportune time to implement a new rate structure, CUB is not proposing one at this time for two reasons. First, CUB recognizes that this is a contested case proceeding that began before this authority existed and lacks the participation of organizations representing low-income and environmental justice communities. These groups represent important advocates of addressing energy burdens and should be at the table as programs are designed. Second, CUB has had informal discussions with some stakeholders about HB 2475 implementation and believes that there is enough urgency to address this issue that proposals will be put before the Commission in early 2022.

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

**A.** Yes.

**WITNESS QUALIFICATION STATEMENT**

**NAME:** Bob Jenks

**EMPLOYER:** Oregon Citizens' Utility Board of Oregon

**TITLE:** Executive Director

**ADDRESS:** 610 SW Broadway, Suite 400
Portland, OR 97205

**EDUCATION:** Bachelor of Science, Economics
Willamette University, Salem, OR

**EXPERIENCE:** Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UE 233, UE 246, UE 283, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UM 1633, and UM 1654. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

**MEMBERSHIP:** National Association of State Utility Consumer Advocates
Board of Directors, OSPIRG Citizen Lobby
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America
Board of Directors (Public Interest Representative), NEEA

OREGON

# THE HOME ENERGY AFFORDABILITY GAP 2020

**(2ND SERIES) PUBLISHED APRIL 2021**

## Finding #1

| Poverty Level | Home Energy Burden |
|---|---|
| Below 50% | 23% |
| 50 – 100% | 12% |
| 100 – 125% | 8% |
| 125 – 150% | 7% |
| 150 – 185% | 6% |
| 185% - 200% | 5% |

Home energy is a crippling financial burden for low-income Oregon households. Oregon households with incomes of below 50% of the Federal Poverty Level pay 23% of their annual income simply for their home energy bills.

Home energy unaffordability, however, is not only the province of the very poor. Bills for households with incomes between 150% and 185% of Poverty take up 6% of income. Oregon households with incomes between 185% and 200% of the Federal Poverty Level have energy bills equal to 5% of income.

## Finding #2

| Poverty Level | Number of Households | |
|---|---|---|
| | Last Year | This Year |
| Below 50% | 100,456 | 95,621 |
| 50 – 100% | 126,464 | 118,666 |
| 100 – 125% | 74,583 | 70,595 |
| 125 – 150% | 72,595 | 69,978 |
| 150 – 185% | 102,185 | 99,712 |
| 185% - 200% | 45,654 | 46,181 |
| Total < 200% | 521,937 | 500,753 |

The number of households facing unaffordable home energy burdens is staggering. According to the most recent five-year American Community Survey, nearly 96,000 Oregon households live with income at or below 50% of the Federal Poverty Level and face a home energy burden of 23%. And nearly 119,000 *additional* Oregon households live with incomes between 50% and 100% of the Federal Poverty Level and face a home energy burden of 12%.

In 2020 the total number of Oregon households below 200% of the Federal Poverty Level fell slightly from the prior year.

## Finding #3

| | |
|---|---|
| Home Energy Affordability Gap: 2011 (base year) | $240,193,088 |
| Home Energy Affordability Gap: 2020 (current year) | $288,897,812 |
| Home Energy Affordability Gap Index (2011 = 100) | 120.3 |

The Home Energy Affordability Gap Index (2nd Series) indicates the extent to which the Home Energy Affordability Gap has increased between the base year and the current year. In Oregon, this Index was 120.3 for 2020.

The Home Energy Affordability Gap Index (2nd Series) uses the year 2011 as its base year. The Index for 2011 is set equal to 100. A current year Index of more than 100 thus indicates that the Home Energy Affordability Gap for has increased since 2011. A current year Index of less than 100 indicates that the Home Energy Affordability Gap has decreased since 2011.

## Finding #4

| | Last Year | This Year |
|---|---|---|
| Gross LIHEAP Allocation ($000's) | $35,844 | $34,207 |
| Number of Households <150% FPL | 374,098 | 354,860 |
| Heating/Cooling Bills "Covered" by LIHEAP | 49,992 | 44,310 |

Existing sources of energy assistance do not adequately address the Home Energy Affordability Gap in Oregon. LIHEAP is the federal fuel assistance program designed to help pay low-income heating and cooling bills. The gross LIHEAP allocation to Oregon was $34.2 million in 2020 and the number of average annual low-income heating and cooling bills "covered" by LIHEAP was 44,310.

In comparison, the gross LIHEAP allocation to Oregon in 2019 reached $35.8 million and covered 49,992 average annual bills.

## Finding #5

| Primary Heating Fuel | Penetration by Tenure | |
|---|---|---|
| | Owner | Renter |
| Electricity | 38% | 72% |
| Natural gas | 48% | 21% |
| Fuel Oil | 2% | 1% |
| Propane | 2% | 1% |
| All other | 10% | 5% |
| Total | 100% | 100% |

The Home Energy Affordability Gap in Oregon is not solely a function of household incomes and fuel prices. It is also affected by the extent to which low-income households use each fuel. All other things equal, the Affordability Gap will be greater in areas where more households use more expensive fuels.

In 2020, the primary heating fuel for Oregon homeowners was Natural Gas (48% of homeowners). The primary heating fuel for Oregon renters was Electricity (72% of renters).

Changes in the prices of home energy fuels over time are presented in Finding #6 below.

## Finding #6

| Fuel | 2018 Price | 2019 Price | 2020 Price |
|---|---|---|---|
| Natural gas heating (ccf) | $1.030 | $0.888 | $1.091 |
| Electric heating (kWh) | $0.113 | $0.113 | $0.114 |
| Propane heating (gallon) | $2.716 | $2.552 | $2.085 |
| Fuel Oil heating (gallon) | $3.361 | $3.339 | $3.055 |
| Electric cooling (kWh) | $0.116 | $0.117 | $0.118 |

In Oregon, natural gas prices rose 22.9% during the 2019/2020 winter heating season. Fuel oil prices fell modestly 8.5% and propane prices fell 18.3%.

Heating season electric prices stayed relatively constant in the same period and cooling season electric prices stayed relatively constant.

# Home Energy Affordability Gap Dashboard -- Oregon 2020 versus 2019

| | |
|---|---|
| **AVERAGE DOLLAR AMOUNT BY WHICH ACTUAL HOME ENERGY BILLS EXCEEDED AFFORDABLE HOME ENERGY BILLS FOR HOUSEHOLDS BELOW 200% OF POVERTY LEVEL.**<br><br>2019: $554 per household<br><br>**2020: $577 PER HOUSEHOLD** | AVERAGE TOTAL HOME ENERGY BURDEN FOR HOUSEHOLDS BELOW 50% OF POVERTY LEVEL.<br><br>2019: 23% of household income<br><br>**2020: 23% OF HOUSEHOLD INCOME** |
| PERCENT OF INDIVIDUALS BELOW 100% OF POVERTY LEVEL.<br><br>2019: 14% of all individuals<br><br>**2020: 13% OF ALL INDIVIDUALS** | NUMBER OF AVERAGE LOW-INCOME HEATING/COOLING BILLS COVERED BY FEDERAL HOME ENERGY ASSISTANCE.<br><br>2019: 49,992 bills covered<br><br>**2020: 44,310 BILLS COVERED** |
| PRIMARY HEATING FUEL (2020):<br><br>HOMEOWNERS - NATURAL GAS *** TENANTS - ELECTRICITY | |

## NOTES AND EXPLANATIONS

The 2012 Home Energy Affordability Gap, published in May 2013, introduced the 2nd Series of the annual Affordability Gap analysis. The 2012 Home Energy Affordability Gap going forward cannot be directly compared to the Affordability Gap (1st Series) for 2011 and earlier years. While remaining fundamentally the same, several improvements have been introduced in both data and methodology in the Affordability Gap (2nd Series).

The most fundamental change in the Home Energy Affordability Gap (2nd Series) is the move to a use of the American Community Survey (ACS) (5-year data) as the source of foundational demographic data. The Affordability Gap (1st Series) relied on the 2000 Census as its source of demographic data. The ACS (5-year data) offers several advantages compared to the Decennial Census. While year-to-year changes are smoothed out through use of 5-year averages, the ACS nonetheless is updated on an annual basis. As a result, numerous demographic inputs into the Affordability Gap (2nd Series) will reflect year-to-year changes on a county-by-county basis, including:

- The distribution of heating fuels by tenure;
- The average household size by tenure;
- The number of rooms per housing unit by tenure;
- The distribution of owner/renter status;
- The distribution of household size;
- The distribution of households by ratio of income to Poverty Level;

Data on housing unit size (both heated square feet and cooled square feet) is no longer calculated based on the number of rooms. Instead, Energy Information Administration/Department of Energy (EIA/DOE) data on square feet of heated and cooled living space per household member is used beginning with the Home Energy Affordability Gap (2nd Series). A distinction is now made between heated living space and cooled living space, rather than using total living space.

The change resulting in perhaps the greatest dollar difference in the aggregate and average Affordability Gap for each state is a change in the treatment of income for households with income at or below 50% of the Federal Poverty Level. In recent years, it has become more evident that income for households with income below 50% of Poverty Level is not normally distributed. Rather than using the mid-point of the Poverty range (i.e., 25% of Poverty Level) to determine income for these households, income is set somewhat higher (40% of Poverty). By setting income higher, both the average and aggregate Affordability Gap results not only for that Poverty range, but also for the state as a whole, will be lower. The Affordability Gap results for other Poverty ranges remain unaffected by this change.

Another change affecting both the aggregate and average Affordability Gap is a change in the definition of "low-income." The Home Energy Affordability Gap (2nd Series) has increased the definition of "low-income" to 200% of the Federal Poverty Level (up from 185% of Poverty). While this change may increase the aggregate Affordability Gap, it is likely to decrease the average Affordability Gap. Since more households are added to the analysis, the aggregate is likely to increase, but since the contribution of each additional household is less than the contributions of households with lower incomes, the overall average will most likely decrease.

Most of the Home Energy Affordability Gap calculation remains the same. All references to "states" include the District of Columbia as a "state." Low-income home energy bills are calculated in a two-step process: First, low-income energy consumption is calculated for the following end-uses: (1) space heating; (2) space cooling; (3) domestic hot water; and (4) electric appliances (including lighting and refrigeration). All space cooling and appliance consumption is assumed to involve only electricity. Second, usage is multiplied by a price per unit of energy by fuel type and end use by time of year. The

price of electricity, for example, used for space cooling (cooling months), space heating (heating months), and appliances (total year) differs to account for the time of year in which the consumption is incurred.

Each state's Home Energy Affordability Gap is calculated on a county-by-county basis. Once total energy bills are determined for each county, each county is weighted by the percentage of persons at or below 200% of the Federal Poverty Level to the total statewide population at or below 200% of the Federal Poverty Level to derive a statewide result. Bills are calculated by end-use and summed before county weighting.

LIHEAP comparisons use gross allotments from annual baseline LIHEAP appropriations as reported by the federal LIHEAP office. They do not reflect supplemental appropriations or the release of LIHEAP "emergency" funds. The number of average heating/cooling bills covered by each state's LIHEAP allocation is determined by dividing the total base LIHEAP allocation for each state by the average heating/cooling bill in that state, the calculation of which is explained below. No dollars are set aside for administration; nor are Tribal set-asides considered.

State financial resources and utility-specific rate discounts are not considered in the calculation of the Affordability Gap. Rather, such funding should be considered available to fill the Affordability Gap. While the effect in any given state may perhaps seem to be the same, experience shows there to be an insufficiently authoritative source of state-by-state data, comprehensively updated on an annual basis, to be used as an input into the annual Affordability Gap calculation.

Energy bills are a function of the following primary factors:

- Tenure of household (owner/renter)
- Housing unit size (by tenure)
- Heating Degree Days (HDDs) and Cooling Degree Days (CDDs)
- Housing size (by tenure)
- Heating fuel mix (by tenure)
- Energy use intensities (by fuel and end use)

Bills are estimated using the U.S. Department of Energy's "energy intensities" published in the DOE's Residential Energy Consumption Survey (RECS). The energy intensities used for each state are those published for the Census Division in which the state is located. Heating Degree Days (HDDs) and Cooling Degree Days (CDDs) are obtained from the National Weather Service's Climate Prediction Center on a county-by-county basis for the entire country.

End-use consumption by fuel is multiplied by fuel-specific price data to derive annual bills. State price data for each end-use is obtained from the Energy Information Administration's (EIA) fuel-specific price reports (e.g., Natural Gas Monthly, Electric Power Monthly). State-specific data on fuel oil and kerosene is not available for all states. For those states in which these bulk fuels have insufficient penetration for state-specific prices to be published, prices from the Petroleum Administration for Defense Districts (PADD) of which the state is a part are used.

The Home Energy Affordability Gap Index (2nd Series) uses 2011 as its base year. The base year (2011) Index has been set equal to 100. A current year Index of more than 100 thus indicates that the Home Energy Affordability Gap has increased since 2011. A current year Index of less than 100 indicates that the Affordability Gap has decreased since 2011. The Affordability Gap Index was, in other words, re-set in 2011. The Affordability Gap Index (2nd Series) for 2012 and beyond cannot be compared to the Affordability Gap Index (1st Series) for 2011 and before.

The Home Energy Affordability Gap is a function of many variables, annual changes in which are now tracked for nearly all of them. For example, all other things equal: increases in income would result in

decreases in the Affordability Gap; increases in relative penetrations of high-cost fuels would result in an increase in the Gap; increases in amount of heated or cooled square feet of living space would result in an increase in the Gap. Not all variables will result in a change in the Affordability Gap in the same direction. The annual Affordability Gap Index allows the reader to determine the net cumulative impact of these variables, but not the impact of individual variables.

Since the Affordability Gap is calculated assuming normal Heating Degree Days (HDDs) and Cooling Degree Days (CDDs), annual changes in weather do not have an impact on the Affordability Gap or on the Affordability Gap Index.

Price data for the various fuels underlying the calculation of the Home Energy Affordability Gap (2nd Series) was used from the following time periods:

| | |
|---|---|
| ***Heating prices*** | |
| **Natural gas** | February 2020 |
| **Fuel oil ***** | Week of 02/10/2020 |
| **Liquefied petroleum gas (LPG) ***** | Week of 02/10/2020 |
| **Electricity** | February 2020 |
| **Cooling prices** | August 2020 |
| ***Non-heating prices*** | |
| **Natural gas** | May 2020 |
| **Fuel oil ***** | Week of 10/05/2020 |
| **Liquefied petroleum gas (LPG) ***** | Week of 10/05/2020 |
| **Electricity** | May 2020 |

*****Monthly bulk fuel prices are no longer published. Weekly bulk fuel prices are published during the heating months (October through March). The prices used are taken from the weeks most reflective of the end-uses to which they are to be applied. Prices from the middle of February best reflect heating season prices. Bulk fuel prices from October best reflect non-heating season prices.**

August 20, 2021

To: Paul Rossow
Public Utility Commission of Oregon

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to OPUC Data Request 365
Dated August 6, 2021

***Request:***

Referring to PGE/1200, Macfarlane-Tang/41 beginning at line 9, please provide:

a. By year, since its inception, the SNA-related percentage rate change and change in revenues per applicable schedule if PGE's proposal to remove the 2% limiter was in place;

b. By year, since its inception, the amount of recovery that has been excluded as a result of the limiter and how many basis points of ROE each of these exclusions represent.

c. In aggregate, if the 2 percent limitation had not been in place, how much additional monies would have been collected by PGE?

***Response:***

a. Since its inception, PGE has not exceeded the 2% limit in the schedules to which the SNA is applicable. However, based on the actual 2020 decoupling results, which will be collected from customers in 2022, PGE estimates that approximately $8.2 million will be ineligible because the decoupling balance will exceed the 2% limiter in Schedule 32 and Schedule 83.
b. No recovery amount has yet been excluded as a result of the 2% limiter since the decoupling balance has not yet exceeded the 2% limiter in any of the schedules to which the SNA is applicable since PGE's decoupling mechanism has been in place. For 2022, PGE estimates that $8.2 million is roughly 20 basis points of ROE.
c. Please refer to PGE's response in part a.

September 1, 2021

To: Will Gehrke
Citizens Utility Board

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to CUB Data Request 028
Dated August 18, 2021

***Request:***

Refer to UM 2064, PGE's deferral of costs associated with COVID-19 emergency, does PGE expect to recover the costs associated with the COVID-19 pandemic such as costs associated with collection shortfalls, continuing service to non-paying customers and managing a distributed workforce in its deferral application?

***Response:***

Commission Order No. 20-376 approved PGE's deferral request in Docket No. UM 2064. Based on this approval and the stipulation adopted by Commission Order No. 20-401 (Docket No. UM 2114) PGE expects to file an amortization request for recovery of costs associated with the COVID-19 pandemic at a later date.

**BEFORE THE**

**PUBLIC UTILITY COMMISSION OF OREGON**

**UE 394**

# REDACTED OPENING TESTIMONY OF THE OREGON CITIZENS' UTILITY BOARD

**EXHIBIT 200**

# I. INTRODUCTION

**Q. Please state your name, occupation, and business address.**

A. My name is William Gehrke. I am an Economist employed by Oregon Citizens' Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400 Portland, Oregon 97205.

**Q. Please describe your educational background and work experience.**

A. My witness qualification statement is provided in UE 394 - Stipulating Parties/100/7.

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

**A.** My testimony responds to issues raised by Portland General Electric Company (PGE or the Company) in its Direct Testimony in this proceeding. In addition, my testimony makes several recommendations not addressed in the Company's initial filing. My testimony is organized as follows:

- Mass Transportation Benefit Program
- Campground Revenue
- Board of Director Offsite Strategic Meeting
- Flexible Load Plan – Cost Recovery
- Schedule 146 - Colstrip Power Plant Operating Life Adjustment
- Level III Storm Accrual and February Ice Storm
- Level III Storm Mechanism
- Schedule 137 – Solar Payment Option
- Schedule 138 – Energy Storage
- Rate Spread

## II. DISCUSSION

### A. Mass Transportation Benefit Program

**Q. Please provide a narrative explanation of Portland General Electric's public mass transit benefit.**

**A.** Portland General Electric provides public transportation passes to non-represented employees of the Company living in the Portland Metro area as an employee benefit.[1] Employees that live in the State of Washington in the Portland Metro Area are eligible to receive transit passes from C-TRAN. C-TRAN is the Clark County Public Transit Benefit Area Authority, and is public transit agency serving Clark County, Washington.[2] Employees that live in the Oregon are eligible to receive transit passes from the Tri-County Metropolitan Transportation District of Oregon (TriMet).[3] TriMet is a public agency that operates the mass transit in Clackmas, Multnomah and Washington County, Oregon.

Portland General Electric funds transit passes at no charge for employees in the Portland Metro Area. Employees of PGE that are Washington residents are eligible to receive an annual C-Tran pass. The C-Tran employee transit pass works on the C-Tran Local, Limited, and Express routes, and TriMet's transit system. The annual cost for the C-Tran pass is $1,375 per employee. TriMet offers two transit options for PGE's Oregon Employees. The first option is a conventional TriMet transit pass, which is provided to employees as an annual or monthly pass. For the

[1] CUB Exhibit 201.
[2] CUB Exhibit 202.
[3] *Id.*

annual option, the price per employee is $1,100 per year. The second option is the TriMet Universal Annual transit pass program. The TriMet Universal Annual transit option is different from the TriMet Annual transit option program in that the cost of the TriMet universal program is the same as the number of trips actually taken on TriMet, instead of a flat annual fare.

**Q. What did PGE forecast for expenses associated with the Mass Transportation Benefit Program?**

**A.** PGE estimated a cost of $878,802 dollars.

**Q. What is the goal of the Mass Transit Benefit Program?**

**A**. Portland General Electric's mass transit benefit program is a company-paid benefit for employees that provides eligible employees passes to ride local public transportation for purposes of commuting to and from their work location.[4]

**Q. Does CUB have any issues with the Companies forecast of this expense?**

**A.** Yes.

Portland General Electric's World Trade Center (WTC) is extremely accessible to public transportation, with access to numerous TriMet buses, TriMet Light Rail and C-Tran Express buses. Portland's mass transportation system is designed to move people to Downtown Portland. It makes sense for the Company to offer public transit incentives for employees working at its WTC location.

[4] CUB Exhibit 202.

However, the newly built Integrated Operations Center (IOC) is located in Suburban Washington County. Unlike the WTC headquarters, the IOC is not located in the downtown public transit core. Only one bus (TriMet line 97) is located near the integrated operations center. The Company bases its forecast on 2019-2020 expenses for its Public Mass Transit Program. The Company is going to be moving 220 employees from the World Trade Center in Downtown Portland to the IOC in Tualatin, Oregon. The Companies public transit program is less attractive for employees located at the IOC.

CUB proposes changes to the Company's forecasted expense for its public mass transit program to account for the Company's move of 220 employees from the WTC to the IOC in Tualatin. Therefore, CUB believes basing this forecast on 2019-2020 expenses is improper.

**Q. What changes does CUB make to the Company's forecast?**

**A.** CUB assumes that the annual cost of employees of WTC transit employees that move to the IOC are equivalent to the Tualatin Contact Center. The Tualatin Contact Center is located in the same city as the IOC, and CUB expects that the IOC will have a similar transit cost as the Tualatin Contact Center, under the universal transit program. CUB also removes expenses associated with Washington-based employees from the Companies forecast. As stated by the Company, the goal of the public mass transit program is to provide public transportation for the purposes of commuting to and from their work location. It would take several transit transfers for Washington based PGE IOC employees to

take public transit from Clark County to the IOC. CUB does not find it reasonable for ratepayers to fund annual passes for these employees, when it is impractical for them to commute to work from Washington to their new work location.

**Q. What changes does CUB make to the Companies forecast?**

**A.** The revenue requirement impact of CUB's adjustment is a ($100,909) reduction to the revenue requirement.

**B. Campground Revenue**

**Q. Please summarize CUB's adjustment.**

**A.** In order to comply with FERC licensing requirements for its Hydroelectric facilities, PGE owns are operates several campgrounds on the Clackmas and Deschutes River. Campground revenue is classified as "other revenue," and is treated as a credit to customer rates. PGE presented a reduced campground revenue forecast in 2022 compared to 2019 actuals. As a conservative estimate of park revenue in 2022, CUB recommends that 2019 actuals are used as a forecast of 2022 revenue, rather than 2020 actuals.

**Q. Portland General Electric is a vertically integrated electric utility. Why does it own and operate parks and campgrounds?**

**A.** Portland General Electric owns several hydroelectric facilities in the state of Oregon. In order to maintain their FERC license, PGE is required to operate campgrounds near their hydroelectric facilities on the Clackamas and Deschutes River. PGE also operates a park located near the Trojan Nuclear Power Plant.

**Q. How did Portland General Electric forecast revenue for its parks?**

**A.** The Company used its 2021 budget to estimate expenses in the 2022 test year. Compared to pre-pandemic 2019 actuals, the Company expects less revenue from its park system due to planned parked closures and renovations and the impact of COVID-related closures.[5]

**Q. Did PGE Park revenue reduce from the 2019 calendar year to 2020?**

**A.** Yes. However, 2020 was an unusual year for Portland General Electric's parks. The State of Oregon Covid-19 shutdown occurred in March 2020. Portland General Electric's campgrounds season occurs from Memorial Day Weekend to September. During September 2020, numerous wildfires impacted PGE's hydroelectric facilities and campground operation near the Clackamas River. For example, the Riverside Fire burned thousands of acres outside of Estacada.

**Q. Does CUB expect decreased revenue in 2022?**

**A.** No. The Annual North American Camping Report conducted by Kampgrounds of America indicated that nationally 10.1 million households camped for the first time in 2020. [6]Compared to 2019, the proportion of first-time campers across the U.S. grew five-fold.[7]

In 2021, Portland General Electric raised the campsite prices, and other miscellaneous fees from 2020 prices. Based on the national trend of increased popularity for camping and PGE's increased camping rental prices, CUB expects that campground revenue will reach 2019 levels.

[5] CUB Exhibit 203
[6] https://www.prnewswire.com/news-releases/fresh-data-indicates-campng-interest-to-remain-high-in-2021-301273611.html
[7] *Id.*

**Q. What is the revenue requirement associated with CUB's adjustment?**

**A.** The revenue requirement associated with CUB's adjustment is $(233,883).

**C. Board of Director Offsite Strategic Meeting**

**Q. Please summarize CUB's adjustment.**

**A.** CUB proposes to exclude costs associated with the Company's Board of Directors offsite strategic meeting. For the past two years, the annual strategic meeting has been held virtually. It is not necessary for customers to fund an offsite strategic meeting for the Board of Directors.

**Q. What is the role of the Portland General Electric's board of directors?**

**A.** Portland General Electric's Board of Directors that are elected by PGE's shareholders to over the management of the Company. PGE's board of directors are tasked with establishing a corporate governance framework and advise PGE's management on the Company's strategy.

**Q. How often do the board of directors meet?**

**A.** Portland General Electric's board of directors meet five times. The BOD has four quarterly meetings, and one annual strategic meeting. Board of directors receive compensation for travel expenses, lodging and meals for these meetings. Portland General Electric alternates between its annual strategic meeting taking place in Oregon and out of state.

**Q. Is it necessary for Portland General Electric to have offsite strategic meeting?**

**A.** No. For the past two years, PGE's annual strategic meeting has been held virtually. It is unnecessary for PGE to rent off meeting space to hold a strategic retreat. The Company could continue to operate the retreat virtually, or the Company could use

the meeting space at WTC2. Portland General Electric's board of directors are well compensated and should be amenable to attending a strategic annual meeting at the WTC or virtually.

**Q. What is the revenue requirement associated with this adjustment?**

**A.** The revenue requirement impact associated with this adjustment is ($81,309).

**D. Flexible Load Plan – Cost Recovery**

**Q. Please describe the Flexible Load Plan (FLP).**

**A.** The FLP is a planning document that documents how the company plans on implementing flexible load resources and demand response activities to meet customers' electricity needs. Earlier this year, Portland General Electric had its Flexible Load Plan accepted by the Commission.[8]

**Q. How has cost recovery worked for the Company's flexible load programs prior to this rate case?**

**A.** In the past, PGE created and developed several pilot programs that are now part of its FLP. The Company filed a deferral for each pilot program. The Company has proposed to move away deferral accounting approach for each pilot program, into an alternative process.

**Q. What is CUB's response to the Company past cost recovery mechanism?**

**A.** The Company's prior cost recovery approach was extremely burdensome to review and made it difficult for intervenors to evaluate how the Company was spending money on flexible load programs because they were recovered through single-issue

[8] UE 394 – PGE/601/Salmi Klotz.

ratemaking mechanisms. CUB generally supports moving away from single issue, single pilot deferrals into an alternative mechanism.

**Q. What alternative process has PGE proposed for FLP expenses in this rate case?**

**A.** PGE has proposed two options:

**1.** Supplemental Schedule with a Balancing Account – A supplemental schedule to collect a levelized, forecasted plan amount over two years.[9] Under this proposal, PGE would be allowed to update this schedule, due to changes in programs, scale, or scope. This proposal also includes a balancing account to allow the matching of revenues and cost over time.[10]

**2.** Supplemental Schedule without a Balancing Account - A supplemental schedule to collect a levelized, forecasted plan amount over two years. PGE would be allowed to update this schedule, due to changes in programs, scale, or scope. PGE will not have a balancing account in this option.[11]

**Q. What is CUB response to the Companies proposed cost recovery mechanism for FLP expenses?**

**A.** At this time, of the two options, CUB prefers the supplemental schedule without a balancing account. CUB believes that it is reasonable for Portland General Electric to bear the forecast risk of annual costs against revenue. CUB will review testimony from other parties and may support alterative cost recovery mechanisms.

[9] UE 394 – PGE/600/Salmi Klotz/9, lines 1-4.
[10] UE 394 – PGE/600/Salmi Klotz/9, lines 5-7.
[11] UE 394 – PGE/600/Salmi Klotz/9, lines 16-21.

CUB does have one issue with the Company's proposal. The Company proposal allows it to change this rate schedule at will. Instead, CUB proposes that the schedule only be updated on January 1st of each year. The Company's financial reporting and budgeting is based on the calendar year.[12] CUB's proposed language change still allows the Company the opportunity to update the expected costs of programs in transition and minimizes the frequency of rate changes. For example, Portland General Electric updates several rate schedules such as the Net Variable Power Costs and Decoupling on January 1st of each year.

**Q. What is PGE's future expectation around flexible load expenses?**

**A.** In future proceedings, the Company expects to earn a profit on its flexible load programs.[13] The Company asserts that this is reasonable because flexible load replaces supply-side resources for which the Company currently earns a profit on since they are rate based.[14] Moving forward, the Company believes that additional profits could be recovered from customers by capitalizing flexible load expense or adopting a cost-plus-fee approach where a profit is applied to FLP cost forecast.[15]

**Q. What is CUB's response to the Company's assertion that it is reasonable to earn a profit on flexible load expenses because these costs replace supply-side resources?**

**A.** Under HB 2021, Oregon has established clean energy targets in order to reduce electric companies' greenhouse gas emissions. Thousands of megawatts of renewable electricity generation will need to be procured to reduce PGE's

[12] CUB Exhibit 204.
[13] UE 394 – PGE/600/Salmi Klotz/13, lines 6-7.
[14] UE 394 – PGE/600/Salmi Klotz/13, lines 4-6.
[15] UE 394 – PGE/600/Salmi Klotz/13.

greenhouse emissions. While there are a variety of ownership structures for electricity generators, CUB expects that PGE will have a reasonable opportunity to earn a profit on new electricity generation power plants in the coming years. Further, HB 2021 provides incentives for early action that may bolster PGE's earnings. CUB is not persuaded by the Company's proposal and fails to see an earnings problem when it comes to expected supply-side resources investments for the Company.

For more than a decade, PGE's ratepayers have funded the construction and operation of smart meters in order to provide a platform for developing demand response programs.[16] Based on this fact, Portland General Electric has already earned millions of dollars in profit in order to start a FLP. The Company also earns a profit off of the installation of distribution-level infrastructure that will be needed to further the FLP. CUB does not believe an additional profit stream is warranted at this time.

**Q. What is CUB's response to the Company's proposal to profit off of a FLP?**

**A.** CUB does not see a tangible customer benefit to providing the Company shareholders with an additional profit stream on flexible load expenses. While CUB admits that the Company has not fully presented their proposal, profit incentives on flexible load plan expenses appear to only enrich shareholders. Incentives for inexpensive flexible load resources make these resources more expensive for

[16] UE 197 – PGE/100/Piro/13, lines 20 – 22.

customers, while PGE's customers are going to need to fund renewable electricity facilities as a part of clean energy transition.

**Q. In what proceeding does PGE plan on proposing its profit mechanisms for the FLP?**

**A.** The Company plans on proposing its profit mechanism in either Multi-Year Plan process or its Distribution System Plan Process.[17]

**Q. Does CUB believe that these are appropriate settings to propose an incentive?**

**A.** No. Incentives on FLP resources are a major policy proposal that would represent a substantial deviation from standard ratemaking processes. Such a change should not be considered in a minor supplemental rate schedule proceeding or a distribution planning proceeding docket. CUB believes that the evaluation of incentives for PGE should only occur in the context of a general rate case, during which the Company's expenses and revenues can be reviewed on a holistic basis. The Company's authorized rate of return is generally set in a general rate case proceeding. If the Company is able to earn a profit off FLP expenditures, it may decrease its overall risk structure, which may necessitate a downward adjustment to its authorized rate of return. Portland General Electric bears the burden of proof that such an incentive is reasonable to impose on customers, and general rate cases are the most reasonable venue to propose such incentives and access the Company's evidence.

### E. Schedule 146 - Colstrip Power Plant Operating Life Adjustment

**Q. Please summarize CUB's position on this issue.**

[17] UE 394 – PGE/600/Salmi Klotz/16, lines 8-11.

**A.** Schedule 146 is an automatic adjustment clause that enables PGE to collect its share of the incremental accelerated depreciation and decommissioning costs associated with the change in Colstrip's assumed end of depreciable life.[18] CUB proposes that the Commission change Schedule 146 to update the undepreciated capital plant balance and associated return on investment for the Colstrip plant annually.

**Q. Please describe the Colstrip power plant.**

**A.** The Colstrip coal-fired power plant is comprised of two coal-fired generating units capable of producing up to 1,480 megawatts of electricity. PGE owns a 20% ownership interest in Colstrip Units 3 & 4. Under the terms of a stipulated agreement between PGE, CUB, and Staff in UM 2152, Colstrip's depreciation date is proposed to be set to 2025, which is accelerated from the earlier 2030 date. That stipulation is currently being challenged, so the accelerated date remains uncertain.

**Q. What impact does accelerated deprecation have on the Company's investment in Colstrip?**

**A.** Colstrip units 3 and 4 began operation in 1984 and 1986, respectively. When these units were constructed, the Commission found that investing in Colstrip was prudent. Under cost-of-service regulation, utility's rates are established to earn administratively set rates of return on their capital investment, which accrue under a predetermined deprecation schedule. The Commission establishes the deprecation schedule for assets groups in deprecation cases. When the depreciable life of an investment is accelerated, its costs are recovered over a shorter time frame.

[18] UE 394 - PGE/1200/Macfarlane -Tang/49, lines 5-8.

While I am not an attorney, I understand that ORS 757.355 to mean that the Commission may not include in rates the costs of plant "not presently used for providing utility service to the customers." If the depreciation schedule for PGE's investment in Colstrip goes beyond the closure date of the unit, PGE would likely be precluded from earning a profit on the power plant past the closure date. PGE's current 2025 depreciation schedule of Colstrip enables the Company to have the opportunity to earn its rate of return on the plant balance associated with Colstrip. Additionally, an accelerated depreciation schedule ensures that PGE's recovers its capital investment in Colstrip while it is in operation.

**Q. Please describe the changes to depreciation expense of Colstrip since 2016.**

**A.** Since 2016, Colstrip's depreciation expense has accelerated on a regular cadence. On March 8, 2016, Oregon passed SB 1547, which directed PGE to remove the costs of coal-fired resources from rates by January 1, 2030. Prior to the passage of this bill, the annual depreciation expense in 2016 for the Company's share of Colstrip was 6.1 million dollars.[19] On, January 1, 2017, the Commission allowed Portland General Electric to increase depreciation expense to $11.8 million, which was a $5.6 million increase on annual basis.[20] In the Company's Direct Testimony in UE 394, it proposed to accelerate Colstrip's depreciable life to 2027, which increases Colstrip depreciation expense to $23.7 million dollars, which would have been an $11.9 million dollar annual increase. In the ongoing depreciation case,[21].

[19] OPUC Order No. 16-468, Appendix A, Page 7 of 20.
[20] *Id.*
[21] This case, UM 2152, is still ongoing as of Opening Testimony in UE 394.

Colstrip's economic life was set to 2025, which will increase Colstrip's depreciation expense to $35.5 million per year.[22].

**Q. What impact does accelerated deprecation have on rates?**

**A.** Accelerated deprecation effects the timing of the Company's recovery of its capital investment. From a rate respective, the accelerated depreciation of Colstrip will increase the company's depreciation expense, which increases customers' rates in the short term. However, the plant will also be off the Company's books earlier, which enables customers to avoid paying a rate of return on the later years of the plant's depreciable life.

**Q. What change has PGE proposed to Schedule 146?**

**A.** In this rate case, PGE has proposed to transfer the 2022 Colstrip isolated revenue requirement from base rates to Schedule 146.[23]

**Q. When does PGE plan on updating Schedule 146 expenses?**

**A.** PGE has proposed to update Schedule 146 decommissioning costs annually. [24] But PGE is proposing that it would only update depreciation and return on undepreciated investment if there were changes to the economic life of Colstrip outside of a GRC.

**Q. What is CUB's proposal around Schedule 146?**

**A.** CUB proposes that the Commission change Schedule 146 to update the undepreciated capital plant balance and associated return on investment for the Colstrip plant annually.

[22] CUB Exhibit 205 .
[23] UE 394 – PGE/200/Tooman – Batzler/2.
[24] CUB Exhibit 206

**Q. Why is CUB's proposal reasonable?**

**A.** Electric utilities are transitioning away from coal resources in a "once in a generation" capital stock turnover. Thermal units such as coal are being replaced, while new wind and solar facilities are being built. PGE ratepayers have and will bear increased millions in increased annual depreciation expense rates in order to ensure that PGE recovers its prudently incurred capital costs associated with Colstrip. Due the increased depreciation expense customers will be paying from these new resources, it is both reasonable and equitable for Schedule 146 depreciation to be updated annually.

**Q. What are CUB's concerns about the Company's proposal?**

**A.** PGE is proposing to only update the Colstrip's costs in Schedule 146, when it removed from regulated service or through a general rate case.[25] Portland General Electric has publicly stated that it is working to accelerate its exit from the coal-fired Colstrip plant by the end of 2025.[26] Colstrip Units 3 and 4 are owned by a variety of owners from a variety of jurisdictions, who currently disagree about the future of the power plant. If PGE is unable to remove the coal power plant from regulated service in 2025, under the Company's proposed conditions, PGE's ratepayers will be exposed to regulatory lag associated with the accelerated depreciation expense associated with Colstrip. CUB's proposal would allow the Company to fully recover its costs and avoid regulatory lag for its customers.

**Q. Why is CUB making this proposal?**

[25] UE 394 – PGE/1200/Macfarlane -Tang/50.
[26] https://portlandgeneral.com/news/2021-10-15-pge-plans-to-nearly-triple-clean-resources-by-2030

**A.** CUB proposal is fair to both ratepayers and the company. Under CUB's proposed ratemaking, the Company is able to fully recover its capital cost associated with Colstrip and earn a return on its capital investment until 2025. Under CUB's proposal, customers will have some of the rate impact of accelerated depreciation partially mitigated and will not be exposed to regulatory lag if Colstrip Units 3 and 4 continuing operating past 2025 due to action beyond PGE's control.

## F. Level III Storm Mechanism Accrual and February Ice Storm

**Q. Please summarize CUB's position on this issue.**

**A.** Portland General Electric has a level III storm mechanism that was established in its 2010 rate case. Separately, PGE filed a deferral for expenses associated with the February 2021 ice storm. PGE has proposed to include expenses from the Level III storm accrual as an offset to February 2021 ice storm costs, which would increase Level III costs. CUB proposes to remove these expenses from the Company's rate request.

**Q. What is CUB proposal?**

**A.** The current level III storm outage mechanism was established by Order 10-478. This mechanism creates an accrual based on the 10-year rolling average for storm costs, adjusted for inflation

The Company has included some of the costs from the 2021 February ice storm in its calculation of the level III accrual. Subject to the Commission approving UM 2156, CUB proposes to exclude the February 2021 costs from the level III accrual mechanism because they are being separately tracked in a deferral.

CUB recommends that the Commission direct PGE to recover all of the costs associated with February 2021 ice storm in UM 2156. This would decrease the accrual amount associated with the level III storm mechanism from $4.406 million to $3.662 million.

## G. Changes to Level III Storm Mechanism

**Q. What changes has the Company proposed to the level III outage mechanism?**

**A.** The Company has proposed the following changes to Level III Mechanism:

- Under PGE's proposal, PGE would be allowed to create a balancing reserve account. The account associated with level III storms will be allowed to go negative.[27]
- For every year with a negative balance, actual Level III restoration costs are applied to the negative balance, which will be shared 90% by customers and 10% by Portland General Electric. If the level III outage mechanism is negative, all level III restoration costs are subject to the 90% and 10% sharing mechanism.[28]
- If the balancing account exceeds a $12 million positive or negative balance, PGE will amortize the excess amount by either collection from (negative balance) or refund to (positive balance) customers based on a 90/10 sharing of the excess amount.[29]

**Q. What is CUB's reaction to the Company's proposal?**

[27] UE 394 – PGE/800/Bekkedahl – Jenkins/62, lines 22-25.
[28] UE 394 – PGE/800/Bekkedahl – Jenkins/62-63.
[29] UE 394 – PGE/800/Bekkedahl – Jenkins/62, lines 22-25.

**A.** While CUB does appreciate the Company including a sharing mechanism in its proposal, the Company is attempting to shift weather cost risk to their customers with its proposed mechanism. CUB details an incremental change to the Level III storm mechanism below.

**Q. What is CUB's proposal around the level III mechanism?**

**A.** CUB has an alternative proposal:

- If Level III restoration costs in a year exceed the amount accrued as a reserve, the reserve account will allow a negative balance.
- The negative balance of the balancing account cannot exceed two times the ten-year average accrual. This establishes a hard cap on the Level III storm mechanism.
- Any level III costs incurred by the Company that are past the hard cap are not to be recovered from customers.
- There is no sharing between customers and the company.

**Q. Why did CUB propose this structure?**

**A.** When CUB first reviewed the Company's Direct Testimony, CUB was concerned that PGE was proposing a balancing account with interest at its authorized rate of return. However, PGE has stated that they do not intend on applying interest to the Level III reserve account.[30]

Provided that the storm balancing account has a hard cap, CUB is also supportive of a storm balancing account that is allowed to go negative. Given the dynamic

[30] CUB Exhibit 207.

nature of future storm costs, CUB is proposing to allow the storm mechanism to be negative with a hard cap. CUB proposal is an incremental change to Level III Storm mechanism. Instead of having an accrual with no negative balance, CUB's proposed mechanism moves from a hard cap of $0 to -7 million.[31] Unlike the Company's proposed mechanism, CUB's approach smooths the utility's recovery for major storm expense over time, rather than increasing rates in years with major storm.

**Q. Does CUB have a concern with PGE's proposal?**

**A.** Yes. The Company has appeared to change the scope of the Level III storm mechanism. This mechanism is meant to be only used for Level III storm costs. In UE 215, PGE proposed a balancing account to handle the tracking and recovery of costs associated with future severe storm damage.[32] Under Commission Order No. 10-478, PGE and other parties agreed to create the current mechanism to enable PGE to recover storm damage costs. The Company seems to be under the impression that this mechanism is designed to potentially recover wildfire costs.[33] CUB would like to be clear that this mechanism has been designed to recover costs associated with storm damage. CUB requests that the Commission adopt its proposal as outlined above.

## H. Schedule 137 – Solar Payment Option

**Q. Please summarize position on this issue.**

[31] Using CUB's calculated accrual rate, the hard cap would be set at $7,049,834.
[32] UE 215 – PGE/100/Piro/16, lines 10-15.
[33] UE 394 – PGE/800/Bekkedahl – Jenkins/61.

**A.** PGE's Schedule 137 an automatic adjustment clause that enables Portland General Electric to recover the costs of the Solar Payment Option. The Solar Payment Option program is a legislatively mandated program that is not open to new subscribers.[34] Portland General Electric is proposing to allocate the costs associated with Schedule 137 from all customers, with Direct Access customers priced at the cost of service. CUB is supportive of the Company's proposed rate allocation.

**Q. What is the Solar Payment Option program?**

**A.** HB 3039 required the Public Utility Commission to establish a pilot program for each investor-owned electric company to examine the use and effectiveness of volumetric incentive rates and payments for solar facilities. The Solar Payment option program is a legislatively mandated solar incentive program. This program was implemented in OPUC Docket 1452.

**Q. Are there any policy reasons to recover Schedule 137 costs from all customers?**

**A.** Yes. CUB believes that it is unfair to only make cost of service customers pay for state-manded programs (such as the Solar Payment Option), which are part of Oregon's historic efforts to reduce carbon emissions, while allow allowing direct access customers to avoid paying for these programs. It is CUB's contention that such an approach shifts the cost burden of programs solely to cost of service customers.

**Q. What is CUB's recommendation?**

[34] ORS 757.365(12).

**A.** CUB recommends that the Commission collect the costs associated with the Solar Payment Option from all customers, with direct access customers priced at equivalent cost-of-service costs.

## I. Schedule 138 – Energy Storage

**Q. Please summarize your testimony on this issue.**

**A.** Portland General Electric's proposed schedule 138 language enables the Company to recover "expenses associated with energy storage pilots not otherwise included in rates." Because this language is too broad, CUB proposes to change the language to "expenses associated with HB 2193 energy storage pilots"

**Q. What is Schedule 138?**

**A.** In this general rate case, Portland General Electric is seeking to create Schedule 138, which would enable PGE to recover cost associated with battery storage pilot programs. In the last renewable automatic adjustment proceeding, the Company argued that two microgrid projects the Beaverton Public Safety Center and the Anderson Readiness Center are "associated with renewable energy resources" and are eligible for cost recovery under Schedule 122. Under HB 2193, Portland General Electric are legislatively mandated to recover a certain amount of energy storage. As a compromise position in UE 370, the Company agreed to not seek cost recovery for the two battery storage facilities under Schedule 122 and file an automatic adjustment clause for incremental HB 2193 storage costs.

**Q. Does CUB have any issues with the Companies' proposed tariff language?**

**A.** Yes. Portland General Electric's proposed schedule 138 language enables the Company to recover "expenses associated with energy storage pilots not otherwise

included in rates." Because this language is too broad, CUB proposes to change the language to "expenses associated with energy storage pilots used to comply with the energy storage mandate from HB 2193".

**J. Rate Spread**

**Q. Please summarize CUB position on rate spread.**

**A.** At this time of the proceeding, CUB does not enough information to have recommendation on rate spread at this time, pending a decision in the UM 2152 depreciation proceeding. In the next round of testimony, based on the results of UM 2152 and its impact on rates, CUB will provide a recommendation on rate spread.

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

**A.** Yes.

August 11, 2021

To: William Gehrke
Citizens Utility Board

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to CUB Data Request 017
Dated July 28, 2021

***Request:***

Refer to UE 394 / PGE / 300 / Mersereau – Neitzke / 37/ Lines 1-2, the Company states "Examples of PGE's miscellaneous benefits include education assistance, service awards, and a public mass transit benefit, which is consistent with offerings from similarly situated energy and utility companies in the Northwest."

a. Please the costs associated with the public mass transit benefit in test year.

b. Please provide a narrative explanation of which employees are eligible to receive the public mass transit benefit. For example, is eligibility limited to employees located at WTC, or is participation available to all employees.

c. Please provide a narrative explanation of the public mass transit benefit.

***Response:***

a. The forecasted amount for PGE's 2022 public mass transit benefit is $878,802.

b. Non-represented regular, limited-duration, and training employees working at offices in the Portland metro area and with residences in Oregon, are eligible for a TriMet HOP pass. Non-represented regular, limited-duration, and training employees working at offices in the Portland metro area and with residences in Washington, are eligible for a C-TRAN HOP pass. This program is not offered to bargaining employees.

c. The public mass transit program is company paid benefit that provides eligible employees passes to ride local public transportation (TriMet and C-TRAN) for purposes of commuting to and from their work location.

| 2019-2020 Pass Costs by Program per Employee | | |
|---|---|---|
| **Tri-Met Universal Annual** | Cost | Frequency |
| WTC | $566.50 | Annual |
| PSC | $107.80 | Annual |
| ERC/CSS/TCC | $50 | Annual |
| **Tri-Met Annual** | $1,100.00 | Annual |
| **Tri-Met Monthly** | $100 | Monthly |
| **C-Tran** | $1,375 | Annual |

| Tri-Met Universal Annual Passes | | |
|---|---|---|
| Location | # of Employees | Total Cost |
| WTC | 968 | $548,372.00 |
| PSC | 100 | $10,780.00 |
| CSS/ERC/TCC | 344 | $17,200 |
| | | |
| Total | 1412 | $ 576,352.00 |

| Tri-Met Annual Passes | | |
|---|---|---|
| | # of Employees | Total Cost |
| All Locations | | |
| 2019-2020 | 115 | $ 126,500.00 |

| C-Tran Annual Passes | | |
|---|---|---|
| | # of Employees | Total Cost |
| All Locations | | |
| 2019-2020 | 102 | $ 140,250.00 |

| Tri-Met Monthly Passes | | | |
|---|---|---|---|
| Type of Employee | # of Employees | # of months at PGE | Total Cost |
| Temps (6-12 months) | 20 | 12 | $24,000 |
| Interns (3 months) | 15 | 3 | $4,500 |
| MECOP/CECOP (6 months) | 12 | 6 | $7,200 |
| Total: | 47 | N/A | $35,700 |

| Totals | | | |
|---|---|---|---|
| Tri-Met Universal Annual Passes | $576,352.00 | | |
| Tri-Met Annual Passes | $ 126,500.00 | | |
| C-Tran Annual Passes | $ 140,250.00 | $ | 102.00 |
| Tri-Met Monthly Passes | $ 35,700.00 | | |
| Grand Total | $878,802.00 | | |

| Assumptions |
|---|
| Temps are here for 1 year |
| Interns are here for 3 months |
| MECOPS/CECOPs for 6 months |
| Annual Pass and C-Tran Stays the Same (C-Tran Based off Current Active Passes) |

August 24, 2021

To: William Gehrke
Citizens Utility Board

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to CUB Data Request 022
Dated August 10, 2021

***Request:***

It is CUB's understanding that PGE owns and operates six campgrounds.

i. Promontory Park
ii. Timothy Lake
iii. Lake Harriet
iv. Pelton Park
v. Monty Campground
vi. Perry South Campground

b. Refer to Page 3 of PGE's Recreation Resource Management Plan 2020 Annual Report for Clackamas River Hydroelectric Project, the Company indicated that its was planning on constructing a 50-site campground on the south shore of TimothyLake between Hoodview and Gone Creek campgrounds. Does PGE plan on recovering the costs associated with new Timothy Lake campground from customers in this general rate case?

c. Does PGE plan on increasing park rates from 2021 rates to 2022 rates?

d. Please provide an electronic spreadsheet detailing how the Company forecasted revenue from its campgrounds/parks/day use areas in the test year of this case.

***Response:***

a. N/A
b. Construction of the referenced campground will begin in 2022 and it is unlikely that it will be open for the 2023 season. No, PGE did not include these costs in its 2022 test year forecast.
c. PGE is currently evaluating increasing park fees but it will require approval from US Forest Service.
d. Attachment 022-A provides 2019 and 2020 actuals and the 2021 budget, which was the basis for the 2022 forecast. The 2021 budget and 2022 forecast reflect the following factors:
    - Planned park closures and renovations that would reduce revenue compared to prior years' actuals; and
    - Impacts of COVID-related closures reducing revenue.

July 27, 2021

To: William Gehrke
Citizens Utility Board

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to CUB Data Request 005
Dated July 13, 2021

***Request:***

When does the Company's fiscal year begin and end?

***Response:***

PGE's financial reporting and budgeting is based on the calendar year, beginning January 1 and ending December 31.

October 6, 2021

To: Curtis Dlouhy
Public Utility Commission of Oregon

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to OPUC Data Request 866
Dated September 22, 2021

***Request:***

Refer to PGE/200, Tooman – Batzler/13 at line 15. Please provide the total depreciation expense if the Colstrip Decommissioning Date is moved from 2027 to 2025.

***Response:***

If Colstrip's depreciable life is moved from 2027 to 2025, the depreciation expense associated with Colstrip would increase from the $23,713,787 currently included in PGE's test year revenue requirement to $35,577,551.

September 15, 2021

To: Rose Anderson
Public Utility Commission of Oregon

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to OPUC Data Request 603
Dated September 1, 2021

***Request:***

PGE's proposed Schedule 146 Tariff says, "The Adjustment Rates will be updated annually to reflect the subsequent year's change in the Colstrip Power Plant Units 3 and 4 decommissioning revenue requirement and depreciation revenue requirement (Parts A and B)."

Please explain whether Schedule 146, as proposed in PGE's initial filing, would update the undepreciated capital plant balance and associated return on investment for the Colstrip plant annually.

***Response:***

PGE only intends to update decommissioning costs in Schedule 146 on an annual basis (i.e., Part A of Schedule 146). PGE will update the accumulated depreciation in the annual updates if the forecasted Colstrip economic life changes from what was assumed in this rate case and thus changes the annual depreciation of the facility.

October 1, 2021

To: Max St. Brown
Public Utility Commission of Oregon

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to OPUC Data Request 846
Dated September 17, 2021

***Request:***

See PGE/816, Bekkedahl-Jenkins/1-2. What interest rate applies to Level III Storms balance?

***Response:***

PGE has applied no interest to the Level III reserve account.

**BEFORE THE**

**PUBLIC UTILITY COMMISSION OF OREGON**

**UE 394**

# REDACTED OPENING TESTIMONY OF THE OREGON CITIZENS' UTILITY BOARD

**EXHIBIT 300**

# I. INTRODUCTION

**Q. Please state your names, occupation, and business addresses.**

**A.** Our names are Sudeshna Pal and William Gehrke. We are Economists employed by Oregon Citizens' Utility Board (CUB). Our business address is 610 SW Broadway, Ste. 400, Portland, Oregon 97205.

**Q. Please describe your educational background and work experience.**

**A.** Sudeshna Pal's witness qualification statement is found in exhibit CUB/301. William Gehrke's witness qualification statement is provided in UE 394 - Stipulating Parties/100/7.

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

**A.** Our testimony responds to issues raised by PGE in its Direct Testimony. In addition, we make novel recommendations to existing PGE programs for the Company's residential customers. Our testimony is organized as follows:

- Payment Options – CUB analyzes the impacts of PGE's proposal to expand payment options for customers;
- Habitat Support – CUB's proposal. PGE would allow residential customers to enroll in a Habitat Support only option within the Company's Green Future renewable power options, rather than simply as an adder; and
- Residential Rate Design – CUB outlines proposals to minimize any basic charge increase for single family customers. CUB is supportive of gradually reducing energy charge tiers for residential customers.

## II. DISCUSSION

### A. Payment Options

**Q. Please summarize your testimony on this issue.**

**A.** Due to the costs associated with transactions across various platforms and how they are recovered, CUB recommends the Commission remove the Amazon payment options for its customers. CUB also recommends allocating FERC account 454 costs in a two-step approach. First, costs should be directly allocated between residential and non-residential customers in a manner consistent with how these classes drive costs. Second, residential, and non-residential customers costs under account 454 should be allocated based on the number of paperless bill customers within each customer class.

**Q. What payment options does PGE currently offer to its customers?**

**A.** PGE currently accepts bill payments via the PGE mobile phone application for iPhone and Android phones, Western Union and CheckFree facilities, and by phone or mail. The payment forms include Automated Clearing House (ACH), bank credit or debit cards, and the Company recently added PayPal/PayPal credit in 2021 and will be expanding to include Google Pay and Amazon Pay in 2022.[1]

**Q. What costs does the Company incur for these billing options?**

**A.** Refer to CUB Confidential Exhibit 302. Residential customers payment processing cost vary from **Start Confidential** [redacted] **End Confidential.** Commercial and industrial

[1] UE 394 – PGE/500/Bekkedahl – McFarland/17.

payment processing costs vary from **Start Confidential** [redacted] **End Confidential.**

**Q. Do customers have to pay fees to use various payment forms?**

**A.** Residential customers do not have to pay fees for any of the above-mentioned payment forms. In the last PGE general rate case, commercial and industrial customers were required to pay fees associated with any non-ACH mode of payment. Due to the COVID-19 shutdown and its effect on the economy, PGE now offers fee-free bank cards to commercial and industrial customers. **Start Confidential** [redacted] **End Confidential.**[2]

**Q. What new payment options is PGE proposing to offer customers in 2022?**

**A.** PGE wants to add 1) Apple Pay with a fee-free bank card and 2) Google Pay with both fee-free bank card and ACH options to customers. PGE has proposed to expand the fee-free bank card payment option for its commercial/industrial customers as well. Previously, Commercial customers paid a fee for the use of credit or debit card to pay their bills. In this proceeding, PGE proposes to permanently allow fee-free bank cards for commercial/industrial customers and add Google Pay and Apple Pay to the list of payment options for those customer groups.

**Q. Does PGE plan on providing additional payment options?**

[2] CUB Confidential Exhibit 303.

**A. Start Confidential** [redacted] **End Confidential** in Confidential CUB Exhibit 303, although it was not mentioned in PGE's testimony or in its response to CUB Confidential Exhibit 302 which asked for information on all payment options.

**Q. How much does it cost PGE to process the various forms of payment for residential customers?**

**A.** ACH processing has the **Start Confidential** [redacted] **End Confidential.**[3] Fee-free card payment, PayPal, Apple Pay and Google Pay have a per unit transaction cost of **Start Confidential** [redacted] **End Confidential** per residential customer bill.[4] Amazon pay has a transaction cost of **Start Confidential** [redacted] **End Confidential.**[5]

**Q. Why does PGE want to expand payment options for its customers?**

**A.** In June 2021, PGE added PayPal/PayPal credit and Amazon Pay payment options for customers.[6] In support of its proposal, PGE explains that a service like PayPal is useful for customers without a traditional bank account. PGE also states that, since 90% of their past due calls to customers were received on cell phones, mobile applications like Apple Pay and Google Pay would make it convenient for customers to pay their utility bills and make the bill payment experience comparable to shopping for any other goods or services.[7]

[3] CUB Confidential Exhibit 302.
[4] *Id.*
[5] *Id.*
[6] UE 394 - PGE/500/Bekkedahl - McFarland/17, lines 6-8.
[7] UE 394 – PGE/500/Bekkedahl - McFarland/17, lines 9-14.

**Q. What does CUB think about the Company's proposal to offer an Amazon payment option?**

**A.** PGE has not met its burden of proof to justify why it should offer an Amazon payment option to customers. **Start Confidential** [redacted] **End Confidential.** Therefore, PGE must make a compelling case as to why this payment option should be added. PGE has an obligation to minimize transaction costs for customers and bears the burden of demonstrating why any higher transaction costs are necessary. CUB asks the Company to no longer offer Amazon payment as an option or renegotiate the payment processing transaction cost with Amazon.

**Q. Which payment options are the most popular among PGE customers?**

**A.** CUB Confidential Exhibit 304 provides total customer counts for different payment options.[8] **Start Confidential** [redacted] **End Confidential.**

[8] CUB Confidential Exhibit 304.
[9] *Id.*

**Q. What online bill payment options do some other utilities in Oregon offer?**

**A.** The most common online payment options offered by other utilities in the area are ACH and bank card options. The utilities typically charge a transaction fee to customers who use debit or credit cards for bill payment. Both Pacific Power and Idaho Power offer these options. The local natural gas utility in the Portland Area, Northwest Natural, offers bank card options for no fees.[10]

**Q. Does CUB oppose fee-free bank card payment options?**

**A.** No. CUB is supportive of fee-free bank card payment programs for residential customers. It is standard practice for merchants to allow fee-free use of credit and debit cards.

**Q. What is PGE's projected cost for the test year for various payment options?**

**A.** Refer to CUB Confidential Exhibit 305 for this information. PGE projects a total cost of **Start Confidential** [redacted] **End Confidential**

**Q. What is CUB's position on expanding payment options for PGE's customers?**

**A.** CUB has three issues regarding the expansion of payment options. First, CUB does not see any evidence that suggests that there is sufficient need for more payment options than what the Company currently offers. Second, some of the payment options that PGE proposes could directly and indirectly worsen inequities related to financial burden on low-income customers. Third, the

[10] Information available on each individual utility's website.
[11] CUB Confidential Exhibit 305.

Company proposed allocation of payment processing costs shows that residential customers pay a significantly higher share of the Company's expenses on payment options compared to commercial/industrial customers.[12]

**Q. Can you CUB expand on the above arguments?**

**A.** CUB's explanation is as follows:

1. **Insufficient Need** – PGE has not demonstrated a need for more payment options. **Start Confidential** [redacted] **End Confidential** This data provides no indication towards customer needs for a broader range of payment options that PGE has added or planning to add.

   PGE also offers fee-free cash payments through Western Union and

[12] The Company's Customer Marginal Cost Study
[13] CUB Confidential Exhibit 304.
[14] https://www.oregon.gov/puc/utilities/Documents/COVID-19-Impacts-WS1-PGE.pdf
*See* PGE's response to Question 1 on page 2.

CheckFree Pay. Customers without traditional bank accounts could use these options to pay their bills using cash and for no transaction fee. The data shared by the Company shows **Start Confidential** [redacted] **End Confidential**.[15] PGE added PayPal to this list in June 2021 targeting the same group of customers (those without traditional bank accounts). Based on usage data, CUB believes that this option is unnecessary. Not all options may be convenient or cost effective for customers to fund. For instance, although PGE is not charging customers a transaction fee, the retail stores typically charge a fee up to $3.95 if someone wanted to load cash in their PayPal account. The fee is charged for every $20-$500 cash upload.[16] This means that if a customer uses PayPal cash to pay their PGE bill, that bill payment option would incur a charge of ~3.65% of an average residential monthly customer bill of 108.01 to use cash with PayPal.[17] Unless Portland General Electric can demonstrate that customers who use PayPal cash are not subject to PGE fees, CUB opposes PGE offering the PayPal Cash payment option.

2. **Equity Concerns** – In this rate case, PGE plans to introduce Apple Pay and Google Pay mobile payment options in addition to the Company's own mobile application. According to PGE, 90% of its past due reminder calls to customers were received on cellphones. Hence PGE believes expanding mobile payment options would be useful for most customers. CUB

[15] CUB Confidential Exhibit 304.
[16] CUB Exhibit 306.
[17] UE 394 - PGE/1202/Macfarlane – Tang/2 – CUB assumes average residential usage is 800 kwh per month.

disagrees.

First, it is not a surprise that mobile phones are more commonly used at present. This is a national phenomenon where landline phones have declined, and cell phone use has increased steadily among US households.[18] This is not a strong enough reason to add more mobile payment options. **Start Confidential** [redacted] **End Confidential.**

Possession of cell phones also does not say anything about the type of cell phone or the phone or internet plans that these customers have.

Second, data shows that median income of iPhone users in the US is about $85,000 and that of Google phone is about $61,000.[19] This suggests, that the forthcoming payment options are biased towards higher income customers who can afford a smartphone. However, **Start Confidential** [redacted] **End Confidential.** If this were to change, CUB may propose eliminating some of the payment option offered to customers in a future general rate case. CUB intends on monitoring this in future general rates case proceedings.

3. **Cost Allocation –** PGE's customer marginal cost study workpaper data on Electronic Bill Payments shows that residential customers are allocated **Start**

[18] https://www.statista.com/chart/2072/landline-phones-in-the-united-states/
[19] https://www.businessinsider.com/the-median-income-for-iphone-users-is-40-higher-than-that-of-android-users-2014-9

**Confidential** [redacted] **End Confidential** of the Company's costs to provide these services to all customers.[20] PGE allocates FERC account 454 cost based on number of paperless bill customers. As the largest customer class, residential customers are allocated the highest cost for this FERC account.[21] CUB recommends that bill payments cost allocation be separated between residential and non-residential customers. As a result of the COVID-19 shutdown, PGE has offered fee-free bank card payment options to its commercial and industrial customers. **Start Confidential** [redacted] **End Confidential.**[22] These higher transaction costs will be subsidized by residential customers since PGE is proposing to allocate this class on the basis of number of paperless bill customers. The Company's proposal appears to fail to follow principles of cost causation. Since the transaction costs for these methods are based upon a percentage of the transaction value, transaction costs for commercial and industrial bills are higher since their bills are generally higher. It is inappropriate for residential customers—whose bills are generally lower—to be subsidizing the high transaction costs driven by other customer classes. Therefore, CUB

[20] PGE Customer Marginal Cost Study.
[21] *Id.*
[22] CUB Confidential Exhibit 302.

recommends the Company allocate these transaction costs to the customer class that is driving them, which will avoid cross-subsidization.

**Q. What is CUB's recommendation?**

**A.** CUB appreciates the Company seeking to make the payment process easier for their customers. However, there is a balance between cost and providing additional payment options. CUB requests that the Commission remove the Amazon payment options for its customers. CUB also recommends directing allocating FERC account 454 in a two-step approach. First, costs should be directly allocated between residential and non-residential customers. Second, within the nonresidential group, non-residential customers costs under account 454 should be allocated based on number of paperless bill customers.

**B. Habitat Support**

**Q. Please summarize this issue.**

**A.** CUB proposes that the tariff language for Schedule 7 and 32 be changed to allow customers to participate in the Habitat Support Adder program without having to first subscribe to a Green Future Portfolio Option program. CUB believes customers should have the option to choose to support local fish habitat restoration without needing to subscribe to other programs.

**Q. What are the Green Future options for residential and small commercial customers?**

**A.** PGE offers Green Future Portfolio Options for residential (Schedule 7) and small commercial customers (Schedule 32). Under the Green Future Portfolio Options program, residential and small commercial customers can purchase blocks of renewable portfolio certificates or volumetric renewable portfolio certificates.

**Q. Are there additional options to the Green Future program?**

**A.** Yes. Customers who subscribe to the Green Future program are allowed to subscribe to a habitat restoration fund. Residential Customers and Small Commercial Customers have the option to pay a $2.50 dollar per month surcharge to support funds for habitat restoration. Under the tariff language for Schedule 7 and 32, Residential and Small Commercial customers must enroll in the Green Future Portfolio Option program to participate in the Habitat Support adder.

**Q. Why is CUB seeking this tariff change?**

**A.** CUB wants residential and small commercial customers to have more options. It is possible that a customer may want to support habitat restoration, without purchasing RECs through the Green Future Portfolio option program. For example, a customer may be a net metering customer, community solar customer, or a resident of a Green Tariff community.

**C. Residential Rate Design Changes**

**Q. What changes is the Company proposing to its current residential rate structure?**

**A.** PGE has proposed three changes to residential rate design:

1. The Company has proposed to separate the basic charge for multi-family and single-family dwellings.
2. The Company has proposed to increase the single-family dwelling customer from $11.00 per month to $12.50 per month and decrease the multi-family customer charge from $11.00 per month to $8.00 per month.
3. The Company is seeking to reduce the energy block charge differential.

**Q. What is CUB's position on the Company's proposed changes into residential customers basic charge?**

**A.** CUB is supportive of the Company's proposal to reduce the basic charge for multi-family customers. CUB agrees with the Company that multi-family customers in its service territory are in higher density areas and that the fixed costs of serving multi-family customers is expected to be, on average, lower than single-family customers. However, CUB does not support increasing the customer charge for single-family residential customers.

**Q. What did the Company say about reducing the multi-family basic charge without the corresponding upward adjustment of the single-family basic charge?**

**A.** The Company stated that such a proposal would cause PGE to under recover $9.7 million of basic charge revenue.[23] The Company is correct that this would lead to an under recovery of $9.7 million of basic charge revenue, however, this does not mean that such a rate design would lead PGE to under recover revenue by $9.7 million dollars.

For example, in UE 374, Pacific Power reduced the multi-family basic charge and maintained the same basic charge for residential customers. That rate design was revenue neutral for Pacific Power.

**Q. Since CUB is not recommending an increase to the single-family customer charge, how would this revenue be collected from residential customers?**

[23] UE 394 – PGE/1200/Macfarlane – Tang/19, lines 3-5.

**A.** CUB recommends the revenue used to reduce multi-family basic charges be collected from the distribution charge.

**Q Explain why CUB does not support the increase in the basic charge for single family customers.**

**A.** CUB is an advocate of low residential basic charges because it enables customers to have more control over their bills. To CUB's knowledge, the Company's proposed $12.50 customer charge would be the highest for residential customers of investor-owned utilities in the region. CUB Exhibit 308, "Exhibit Customer Charge Comparison" presents a survey of single-family customer charges for Major investor-owned utilities in the Pacific Northwest.

**Q. Is the Company only proposing to change the basic charge portion of the tariff in this general rate case?**

**A.** No. The Company has also proposed to reduce the block energy rate differential for all residential customers. CUB has reviewed the evidence presented by PGE in the case and supports PGE gradually removing the energy charge difference. CUB was involved in the creation of PGE's 2021 time-of-use (TOU) option and agrees that energy block rates significantly complicate the voluntary TOU rate option.

**Q. Does CUB disagree with any of the Company reasons for gradually reducing Schedule 7 energy charge blocking?**

**A.** Yes. The Company states "[energy charge blocking] provides a conflicting price signal in the context of support for electric vehicle adoption and makes the

transportation electrification less attractive."[24] Later the Company also stated "The energy charge blocking is a disincentive to home charging, ignoring the time-sensitive nature of impacts of the additional load on PGE's system. Customers savings from switching form gasoline to electric as a vehicle fuel source will be dampened with an inclining block rate."[25] CUB does not agree with the Company that energy tier makes residential transportation less attractive compared to gasoline fueled cars. Customers are evaluating the fuel cost of an internal combustion engine to the fuel cost of an electric vehicle. There is a significant difference between the cost to fuel an automobile with electricity versus gasoline/diesel. The fuel cost of electric vehicles at Portland General Electric's highest tier is still lower than the fuel cost of gasoline/diesel.

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

**A.** Yes.

[24] UE 394 - PGE / 1200 / Macfarlane – Tang/19/ Lines 19-21.
[25] UE 394 - PGE / 1200 / Macfarlane – Tang / 20 / Lines 13-16.

# WITNESS QUALIFICATION STATEMENT

**NAME:** Sudeshna Pal

**EMPLOYER:** Oregon Citizens' Utility Board

**TITLE:** Economist

**ADDRESS:** 610 SW Broadway, Suite 400
Portland, OR 97205

**EDUCATION:** Ph.D., Economics
West Virginia University, Morgantown, WV

MA, Economics
Jawaharlal Nehru University, New Delhi, India

**EXPERIENCE:** Provided comments in several Oregon Commission dockets including LC 73, LC 70, LC 71, LC 74, LC 75, LC 76. Written testimony in UG 388, UE 374. Worked as Assistant Professor of Economics at Georgia College and State University (2003 -2008). Employed part-time as Adjunct Faculty in the Department of Economics at Portland State University (2014 – present).

CUB Exhibit 302 is Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 21-206.

CUB Exhibit 303 is Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 21-206.

CUB Exhibit 304 is Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 21-206.

CUB Exhibit 305 is Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 21-206.

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# Add cash

***This feature is only available for Personal account holders, and SOLE PROP and INDIVIDUAL Business account holders.***

You can load money easily to your **PayPal Balance account ()** at select retailers for a small fee. All you need to do is generate a barcode in your PayPal app, and show it in the retail store along with your cash. You can usually add any amount from $20 to $500 per barcode. The money will be added to your account in just 15 minutes.

Here's how to add cash from your PayPal app:

1. Tap **More** at the bottom of the home screen.
2. Tap **Add cash**.
3. You'll be asked to set up a PayPal Balance account (if you don't have one already).
4. Select a retailer, and tap **Generate Barcode**.
5. Bring the barcode on your smartphone to your selected retail store, along with the amount of cash you want to add.
6. The merchant will scan your barcode to load money into your PayPal account.

The barcode will expire in 1 hour, so we suggest that you wait until you're at the retailer to generate your barcode on the phone. If you accidentally close your barcode page, you'll have to generate a new barcode.

**Note:**

- A service fee of $3.95 will apply to your account when you add cash at a store. Generating barcodes in the app is free of charge.

Did this help?

August 18, 2021

To: Sudeshna Pal
Citizens Utility Board

From: Jaki Ferchland
Manager, Revenue Requirement

Portland General Electric Company
UE 394
PGE Response to CUB Data Request 019
Dated August 4, 2021

***Request:***

Refer to PGE Exhibit 500, Payment Options,

a. In an electronic spreadsheet format, please provide monthly bills paid using PGE's payment options by customers class from January 2017 to July 2021.

b. Please provide information on expenses that PGE incurs or would incur for each payment option that is being offer to PGE customers. Please provide a narrative explanation of how the costs of multiple payment options are recovered from customers.

c. In an electronic spreadsheet format, please provide a breakdown of costs included in the test year relating to PGE's payment options.

d. Does PGE believe that the number of payment options will aid in bill recovery? Please provide evidence of any such analyses that PGE may have done to back around payment

***Response:***

Attachment 019-A provides the requested information for parts a through c.

PGE has no evidence to suggest that the increased number of payment options will aid in bill recovery.

Attachment 019-A contains protected information and is subject to General Protective Order No. 21-206.

Residential Customer Charge Survey (Pacific Northwest)

| Utility | State | Charge |
|---|---|---|
| Puget Sound Energy | WA | $ 7.49 |
| Avista | WA | $ 9.00 |
| Pacific Power | OR | $ 9.50 |
| Avista | ID | $ 6.00 |
| Idaho Power | ID | $ 5.00 |
| Idaho Power | OR | $ 8.00 |
| Pacific Power | WA | $ 7.75 |
| Pacific Power | CA | $ 7.97 |
| Northwestern | MT | $ 4.20 |

| | |
|---|---|
| Portland General Electric | |
| Proposed OR Single Family Rate | **$ 12.50** |

**UE 394– CERTIFICATE OF SERVICE**

I hereby certify that, on this 25th day of October, 2021, I served the **Confidential Opening Testimony of the Oregon Citizens' Utility Board** in docket UE 394 upon the Commission and each party designated to receive confidential information pursuant to Order 21-206 through a secure, encrypted attachment to an e-mail.

| | |
|---|---|
| **AWEC** | |
| JESSE O GORSUCH **(C) (HC)**<br>DAVISON VAN CLEVE | 1750 SW HARBOR WAY STE 450<br>PORTLAND OR 97201<br>jog@dvclaw.com |
| CORRINE MILINOVICH **(C) (HC)**<br>DAVISON VAN CLEVE, P.C. | 1750 SW HARBOR WAY, STE. 450<br>PORTLAND OR 97201<br>com@dvclaw.com |
| TYLER C PEPPLE **(C) (HC)**<br>DAVISON VAN CLEVE, PC | 1750 SW HARBOR WAY STE 450<br>PORTLAND OR 97201<br>tcp@dvclaw.com |
| **CALPINE SOLUTIONS** | |
| GREGORY M. ADAMS **(C) (HC)**<br>RICHARDSON ADAMS, PLLC | PO BOX 7218<br>BOISE ID 83702<br>greg@richardsonadams.com |
| KEVIN HIGGINS **(C) (HC)**<br>ENERGY STRATEGIES LLC | 215 STATE ST - STE 200<br>SALT LAKE CITY UT 84111-2322<br>khiggins@energystrat.com |
| **FRED MEYER** | |
| JUSTIN BIEBER **(C)**<br>FRED MEYER/ENERGY STRATEGIES LLC | 215 SOUTH STATE STREET, STE 200<br>SALT LAKE CITY UT 84111<br>jbieber@energystrat.com |
| KURT J BOEHM **(C)**<br>BOEHM KURTZ & LOWRY | 36 E SEVENTH ST - STE 1510<br>CINCINNATI OH 45202<br>kboehm@bkllawfirm.com |
| JODY KYLER COHN **(C)**<br>BOEHM, KURTZ & LOWRY | 36 E SEVENTH ST STE 1510<br>CINCINNATI OH 45202 |

| | |
|---|---|
| | jkylercohn@bkllawfirm.com |
| **OREGON CITIZENS UTILITY BOARD** | |
| WILLIAM GEHRKE **(C)**<br>OREGON CITIZENS' UTILITY BOARD | 610 SW BROADWAY STE 400<br>PORTLAND OR 97206<br>will@oregoncub.org |
| MICHAEL GOETZ **(C)**<br>OREGON CITIZENS' UTILITY BOARD | 610 SW BROADWAY STE 400<br>PORTLAND OR 97205<br>mike@oregoncub.org |
| **PGE** | |
| LORETTA I MABINTON **(C)** **(HC)**<br>PORTLAND GENERAL ELECTRIC | 121 SW SALMON ST - 1WTC1711<br>PORTLAND OR 97204<br>loretta.mabinton@pgn.com |
| JAY TINKER **(C)**<br>PORTLAND GENERAL ELECTRIC | 121 SW SALMON ST 1WTC-0306<br>PORTLAND OR 97204<br>pge.opuc.filings@pgn.com |
| **STAFF** | |
| STEPHANIE S ANDRUS **(C)**<br>PUC STAFF--DEPARTMENT OF JUSTICE | BUSINESS ACTIVITIES SECTION<br>1162 COURT ST NE<br>SALEM OR 97301-4096<br>stephanie.andrus@state.or.us |
| JILL D GOATCHER **(C)**<br>PUC STAFF--DEPARTMENT OF JUSTICE | BUSINESS ACTIVITIES SECTION<br>1162 COURT ST NE<br>SALEM OR 97301-4096<br>jill.d.goatcher@doj.state.or.us |
| MATTHEW MULDOON **(C)**<br>PUBLIC UTILITY COMMISSION OF OREGON | PO BOX 1088<br>SALEM OR 97308-1088<br>matt.muldoon@puc.oregon.gov |
| **WALMART** | |
| VICKI M BALDWIN **(C)**<br>PARSONS BEHLE & LATIMER | 201 S MAIN ST STE 1800<br>SALT LAKE CITY UT 84111<br>vbaldwin@parsonsbehle.com |
| STEVE W CHRISS **(C)**<br>WAL-MART STORES, INC. | 2001 SE 10TH ST<br>BENTONVILLE AR 72716-0550<br>stephen.chriss@wal-mart.com |

MADELILNE MALMQUIST **(C)**
WALMART
madelinemalmquist@parsonsbehle.com

Thomas Jerin
Operations Manager
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
503.227.1984
dockets@oregoncub.org