

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE 435**

4 In the Matter of
5 PORTLAND GENERAL ELECTRIC
6 COMPANY,
7 Request for a General Rate Revision.

**POSITION STATEMENT OF THE
CITIZENS' UTILITY BOARD**

8 Pursuant to the Administrative Law Judge's modification to the procedural schedule,
9 the Oregon Citizens' Utility Board (CUB) submits its position statement on the selected
10 general rate case issues in the above-captioned proceeding. While the issues addressed herein
11 represent CUB's position in this proceeding thus far, CUB reserves the right to address other
12 issues at the forthcoming hearing, in briefing, and in oral argument.
13

14
15 **Cost of Capital**

- 16 1. What should be PGE's authorized return on equity?
17 a. PGE's ROE should be set at 9.2% if there is an increase in general rates in
18 January. It should be set between 9.2% and 9.4% if the general rate increase is
19 established in June.
20 b. To mitigate rate shock, the Commission should consider reducing the ROE to the
21 lowest that is allowable.
- 22 2. What should be PGE's capital structure?
23 a. N/A
- 24 3. What should be PGE's cost of long-term debt?
25 a. N/A
26

1 **Rate Base**

- 2 4. What method should be used to calculate rate base and to calculate depreciation expense?
N/A
- 3 5. What amount of Cash Working Capital (CWC) should be included in rate base?
4 a. N/A
- 5 6. What is the appropriate amount for PGE to recover in rate base of fuel stock?
a. N/A
- 6 7. What is the appropriate method to determine the amount for PGE to recover in rates for
7 Materials and Supplies?
8 a. N/A

9 **Revenues**

- 10 8. What is the appropriate amount of Other Revenue for Joint Pole Attachments and Steam
11 Revenue?
a. N/A

12 **Compensation**

- 13 9. What adjustments, if any, should be made to the following employee compensation
14 items?
- 15 a. Labor expense as they relate to FTE count, union expenses, non-union
16 expenses, and contract labor expenses
 - 17 i. N/A
 - 18 b. Annual cash incentives
 - 19 i. Until PGE can demonstrate that customers' interests are properly
20 weighed when determining capital spending targets and the timing of
21 rate cases, the Company should be required to pick up 75% of cash
22 incentives.
 - 23 ii. Correspondingly, to recognize the lack of proper controls on capital
24 spending, CUB proposes to move the incentive level charged to
25 customers from 50% to 25% by adjusting the test year amount charged
26 to customers from \$14.257 million to \$7.128 million. The combination
of these two adjustments would reduce the revenue requirement
associated with incentives by \$10.796 million.
 - 27 c. Capitalized incentives (from 2024)
 - 28 i. N/A
 - 29 d. Stock incentives
 - 30 i. Remove \$3.668 million in PGE's revenue requirement it includes to
31 pay for company stock for its employees. Stock awards are designed to
32 align the interests of employees and shareholders which does nothing
33 to support affordable service to customers.

1 ii. CUB agrees with AWEC that providing stock to employees is
2 inappropriate to include in revenue requirement because it does not
3 require any cash outlay.

4 e. Incentives overheads

5 i. N/A

6 f. Costs related to the above compensation amounts, i.e., payroll taxes and key
7 customer management department costs.

8 i. N/A

9 a. Should the Commission adopt AWEC's recommendation to split director's fees
10 and expense between shareholders and ratepayers? N/A

11 **Capital Projects**

12 10. Should PGE be required to provide project attestations for plant put in service by
13 December 31, 2024?

14 a. CUB did not weigh in on this in this case, but has supported attestations in the
15 past.

16 11. What is the appropriate level for contingency funds? What adjustments, if any, should
17 be made to the contingency funds from forecasted capital costs?

18 a. N/A

19 12. Has the Company demonstrated that the actual project costs for the three transmission
20 and distribution capital investments, Horizon-Keeler BPA #2 230kV Line, Shute WJ1
21 and WJ2 Upgrade, and Shute Feeder Reconfiguration, identified by Staff are prudent?

22 a. N/A

23 13. Should the Commission remove forecasted investment for Diesel Particulate Filter
24 Installations that are not complete by the rate effective date?

25 a. N/A

26 14. What amount should be included in rate base for IT capital additions?

 a. N/A

1 **Constable and Seaside Energy Storage Projects**

2 15. Constable Battery Project:

- 3 a. If PGE’s Constable investment is not operating prior to the rate effective date of
4 this rate case, should the Commission authorize PGE’s proposed tracker for the
5 Constable project? If so, what if any conditions should be included?
6 i. The rate effective date should be aligned with the Seaside projects
7 operating date in which case Constable should not need a tracker.
8 b. If the Constable project is included in rates through a tracker or otherwise, should
9 the Commission adopt Staff’s recommended \$14 million reduction to rate base?
10 i. The Commission should accept Staff’s Constable tracker proposal.

11 16. Seaside Battery Project:

- 12 a. Should the Commission approve PGE’s request for a tracker? If so, what
13 conditions should be included?
14 i. No. CUB opposes single issue ratemaking. Additionally, Seaside is
15 slated to come online in the mid-2025. Costs from a tracker would be in
16 addition to the total ratepayers are expected to see from this general rate
17 case.
18 b. If the tracker for the Seaside Battery Project is approved, should the
19 Commission adopt Staff’s recommended \$44 million reduction to rate base?
20 i. N/A.

21 17. What amortization period and treatment should apply to ITCs for Constable and Seaside?

- 22 a. The Commission should find the record supports returning the sale value of
23 Constable and Seaside ITCs to customers over the life of the asset, but financed
24 against rate base as the Alliance of Western Energy Consumers (AWEC)
25 proposes.

26 **Non-labor Operations and Maintenance (O&M) expense**

18. What is the appropriate amount of recovery for PGE’s Virtual Power Plant (VPP) O&M
expense? What adjustments, if any, should be made to the amount proposed by PGE?
How should VPP items be addressed in the future?

- a. N/A

19. What adjustments, if any, should be made to the amount proposed by PGE for non-labor
generation O&M?

- a. N/A

1 20. What is the appropriate amount of recovery for the following insurance expense:
a. N/A

2 21. What adjustments, if any, should be applied to the recovery of the following:
3 a. N/A

4 **T&D –**

5 22. What is the appropriate amount to set in Test Year expense for Routine Vegetation
6 Management O&M? What adjustments, if any, should be made to the amount proposed
by PGE?

7 a. N/A

8 23. What is the appropriate amount to set in Test Year expense for Utility Asset
9 Management? What adjustments, if any, should be made to the amount proposed by
PGE?

10 a. N/A

11 24. What is the appropriate amount to set in Test Year expense for Customer Accounts and
12 Service O&M? What adjustments, if any, should be made to the amount proposed by
PGE?

13 a. N/A

14 25. What is the appropriate amount to set in Test Year expense for memberships and dues?
15 What adjustments, if any, should be made to the amount proposed by PGE?

16 a. N/A

17 **Taxes**

18 26. How should Production Tax Credit (“PTC”) carryforwards be considered in revenue
requirement considering that PGE received approval to sell PTCs in Docket UP 426?

19 a. N/A

20 27. Should the accumulated deferred income taxes (“ADIT”) associated with the emergency
wildfire and storm deferrals be considered in rate base?

21 a. N/A

22 28. How should the rate base and amortization benefit of the Anderson Readiness Center
23 investment tax credits (“ITCs”) be considered in revenue requirement?

24 a. Discussed elsewhere.
25
26

1 **Grants**

- 2 29. What is the appropriate amount that PGE should recover for O&M costs related to PGE’s
3 Federal Grant request for the Grid Edge Computing Grant? What adjustments, if any
4 should be made to the amount proposed by PGE?
a. N/A

5 **Rate Spread/Rate Design**

- 6 30. What proposed changes, if any, should apply to the generation marginal cost study?
7 a. In Surrebuttal PGE stated that work is underway to identify an “innovative rate
8 design that explores rate structures that reflect true costs while considering
9 affordability impacts and make sure that the right customer classes are
10 contributing to the appropriate portion of the utility’s revenue need.” The
11 Commission should direct PGE to address the allocation of costs associated with
12 data centers in any new rate structures that it proposes.
- 13 31. Should the Commission adopt proposed adjustments to PGE ‘s cap to customer class rate
14 increases? If so a cap and/or floor for customer class rate increases as a percentage of the
15 overall (or average) increase? If so, what should be the parameters?
16 a. Yes. If it wasn’t for schedule 90, over the last 10 years, PGE load would have
17 shrunk. Yet residential rates have increased more than 3 times as much as
18 Schedule 90. A rate cap on increases for residential customers can prevent
19 residential customers from paying for industrial load growth. Staff’s proposed 3%
20 rate increase cap for residential customers should be implemented in this case.
- 21 32. Should the Commission adopt PGE’s revisions to the Customer Impact Offset (CIO) to
22 equalize the distribution charge for lighting schedules?
23 a. N/A
- 24 33. Should the Commission adopt PGE’s proposed increase to its residential basic charge?
25 a. No. The Commission just raised the basic charge at the start of this year. Raises to
26 the residential Basic Charge diminish customers’ flexibility to manage their
budget and essentially moots the benefits of energy efficiency investments.
b. Instead, the Commission should find that PGE is charging customers for adequate
service while providing inadequate service. PGE billing cost for residential
customers is \$42,258,48934. CUB proposes a disallowance of 20% or \$8,451,698
to be applied against the monthly customer (or basic) charge which is where
billing costs are collected.

1 34. Has PGE established that its proposed revisions to the load following credit for Schedule
2 90 are warranted?

- 3 a. No. The Commission should reject PGE’s proposal to update the Load Following
4 Credit because it would shift significant costs to residential customers without any
5 support in the record to do so. PGE has the burden of proof and the record does
6 not support this change.

7 35. Should PGE be required to apply Time of Use (TOU) to Schedule 90 customers?

- 8 a. N/A

9 **Transportation Line Extension Allowance**

10 36. Should the Commission adopt PGE’s proposal to make the Transportation Line
11 Extension Allowance program a permanent offering? If so, what adjustments, if any,
12 should apply?

13 **Transportation Electrification & PGE Fleet**

14 37. How much should PGE recover for the following customer-related transportation
15 electrification items?

- 16 a. N/A

17 38. For the following fleet related items, what adjustments, if any, should be adopted?

- 18 a. N/A

19 **Customer Service Issues**

20 39. What other party proposals, if any, related to bill design, and sharing of information with
21 customers should the Commission require? If so, should the Commission adopt CUB’s
22 proposed disallowance related to billing information?

- 23 a. The Commission should adopt CUB’s proposed (\$8,451,698) adjustment to
24 billing costs to be applied against the monthly basic charge for PGE’s failure to
25 provide adequate transparency in customers’ bills.

26 40. What adjustments, if any, should be made to the amount proposed by PGE for non-labor
Customer Accounts O&M?

- a. N/A

41. What adjustments, if any, should be made to the amount proposed by PGE for Key
Customer Management labor O&M?

- a. N/A

1 **Affordability, Income Qualified Bill Discount and other Environmental Justice Issues**

2 42. What changes, if any, in response to the company’s Energy Burden Assessment should
3 be adopted in this docket to PGE’s Schedule 18 Income Qualified Bill Discount Program
4 discount levels, structure standards?

- 5 a. The Commission should require PGE to commit to collaborating with
6 stakeholders to increase bill discount tiers in line and prior to the final rate
7 increase and rate effective date.
8 b. The Commission should require PGE to commit to work with stakeholders to
9 implement some level of assistance for residential customers with incomes in the
10 61-100% SMI range, prior to the rate effective date in this case.

11 43. What changes, if any, should be adopted regarding post-enrollment verification or
12 income verification?

- 13 a. The Commission should require PGE add IQBD re-enrollment data and PEV data
14 to existing RE 195 reporting.
15 b. The Commission should require PGE to file to-date re-enrollment and PEV data
16 with its upcoming IQBD/EBA update filing.

17 44. What changes, if any, should be adopted in this docket to PGE’s disconnection policies,
18 generally or as related to IQBD customers specifically?

- 19 a. The Commission should require PGE to extend Time Payment Arrangements
20 (TPAs) from 12 months to 24 months for all customers, at least until a more
21 robust plan and program is put into place to address arrears and disconnections.
22 b. The Commission should require the Company to extend the actual bill due date
23 for residential customers before the disconnection process can trigger from a 20-
24 day notice to 30 days.

25 45. What changes, if any should be adopted in this docket to PGE’s arrearage policy and fees
26 generally or as related to IQBD customers, specifically?

- a. The Commission should require the Company to implement an arrearage
management plan prior to its proposed January 1, 2025, or otherwise prior to the
rate effective date.
b. The Commission should require PGE to extend Time Payment Arrangements
(TPAs) from 12 months to 24 months for all customers, at least until a more
robust plan and program is put into place to address arrears and disconnections.

46. What changes, if any, should be adopted in this docket to PGE’s bill due date for
residential customers?

- a. The Commission should require the Company to eliminate late fees for all
residential customers.

1 47. What proposals by parties for additional reporting, stakeholder engagement, or customer
2 engagement should PGE be directed in this docket for PGEs IQBD program,
3 disconnections, arrearage or related issues? If required, what should be included and the
4 parameters?

- 5 a. The Commission should require PGE add IQBD re-enrollment data and PEV data
6 to existing RE 195 reporting.
- 7 b. The Commission should require PGE to file to-date re-enrollment and PEV data
8 with its upcoming IQBD/EBA update filing.
- 9 c. The Commission should require PGE to complete an intentional data sharing
10 walkthrough with both its IQBD Program Update Group and its CBIAG,
11 informed both by stakeholder questions and CUB DR 131 and 133, and OPUC
12 DR 665, which includes accessible data visualization for participants, with timing
13 in line with the IQBD/EBA update.

14 48. Should there be a rate design change related to any increase in basic charge?

- 15 a. There should not be any increase in the residential basic charge.

16 49. What, if any, proposed adjustments to Schedule 118 allocation methodology should be
17 adopted? (IQBD Recovery)

- 18 a. The Commission should reject AWEC's proposal to move to revenue-based
19 allocation for IQBD cost recovery.

20 50. Should the Company convert its ductless heat pump program pilot program into a fully
21 funded program and increase coordination with ETO?

- 22 a. N/A

23 51. Should the Company expand weatherization efforts and services, amend its schedules to
24 recognize the long term, system-wide cost-efficiencies and implement targeted outreach
25 to IQBD customers?

- 26 a. Yes. The effect of increasing power costs on rates should not be ignored in GRCs.
These demand greater attention and investment in EE and weatherization.

27 52. Should the Commission require PGE to center energy efficiency for low-income
28 households in its rate scheme as a condition of any rate increase?

- 29 a. Yes. The effect of increasing power costs on rates should not be ignored in GRCs.
These demand greater attention and investment in EE and weatherization.

1 53. Should the Commission require PGE to implement neutral (i.e., third-party) technical
2 support related to rate case “walk-throughs” and other quasi-technical stakeholder
3 engagement, in order to appropriately bolster PGE’s procedural equity efforts,
4 prioritizing this for CBIAG most immediately?

5 a. Yes

6 **Other issues.**

7 54. Should PGE’s rate filing be rejected due to the following:

8 a. Failure to meet requirements of ORS 757.210(1)(a) by not providing
9 sufficient evidence that proposed rates are just, reasonable and in the public
10 interest; or

11 b. A collateral attack of issues resolved in Docket UE 416?

12 i. The Commission should reject components of the filing where PGE has
13 not met its burden of proof to show the proposed rates are just,
14 reasonable and in the public interest or that are a collateral attack on
15 issues resolved in Docket UE 416. CUB agrees with AWEC that a utility
16 test year should be based on actual results, not an annual budget.

17 55. Should the Commission adopt CUB’s proposed tracker to delay the rate effective date of
18 PGE’s rate request?

19 a. CUB has not proposed a “tracker” to delay the rate effective date of PGE’s rate
20 request. This phrasing comes from PGE’s testimony. Rather, CUB believes that
21 the timing of the general increase in rates should be tied to the used and useful
22 online operating of the Seaside battery storage project, which is slated to come
23 online mid-year. PGE could have timed this case with the online date for Seaside
24 rather than propose another mid-winter rate hike.

25 56. Should the Commission apply an overall or residential rate cap to address rate shock? If
26 so what parameters should there be for the rate cap?

a. Yes. CUB supports a cap on the total rate increase to the residential class at the
lower of 10 percent, or 7 percent plus the Consumer Price Index. In the
alternative, CUB supports Staff’s proposed residential rate cap for this
proceeding.

57. Should the Commission adopt CUB’s rate shock proposal?

a. Yes. The Commission must adopt a standard Rate Shock Mechanism to mitigate
the rate impact for residential customers. The first part of CUB’s proposal is a
threshold by which to limit rate increases. CUB is proposing that the Commission
cap the total rate increase to the residential class at the lower of 10 percent, or 7

1 percent plus the Consumer Price Index. The second part of CUB's Proposal is the
2 mitigation of rate shock. The mitigation element is only triggered if rates surpass
3 the threshold. CUB includes three mitigation tools constructed with these tools
4 that the Commission itself identified as available to mitigate rate shock.

5 58. Should the Commission require PGE to amortize the deferral related to PGE's Clearwater
6 project starting January 1, 2025?

7 a. N/A

8 59. What revenue requirement treatment should apply to the reflection of ITCs for the
9 Anderson Readiness Center?

10 a. N/A

11 60. Should the Commission address PGE's request to modify the Renewable Automatic
12 Adjustment Clause (RAAC) to allow PGE to recover costs of stand-alone batteries at the
13 transmission level in this docket or in a separate investigation?

14 a. CUB's general belief is that the regulatory process is inefficient. Stakeholders
15 spend a lot of time on issues that are always being relitigated. In this case, for
16 example, the utility proposed adding battery storage to the RAAC, a proposal it
17 has made with no success in multiple rate cases. Relitigating these issues crowds
18 out the ability of the regulatory process to investigate new issues. It is problematic
19 that the primary way regulation changes and adapts is through utilities making
20 broad proposals in rate cases that are usually one-sided mechanisms designed to
21 shift risk to customers and profits to shareholders. In addition, PGE argument that
22 placing battery storage in the RAAC is consistent with the legislative intent is
23 untrue. CUB's witness was part of the negotiations concerning SB 1547, focused
24 on protecting customers in those negotiations and is certain that the use of the
25 word "associated" was meant to limit storage to co-located storage.

26 61. Should the Commission open a docket investigating a framework for multi-year rate
cases?

a. CUB is open to exploring multi-year rate cases. But, not through a proposal in a
utility's GRC. A better approach would be to have the Commission open an
investigation into ratemaking mechanisms, which can begin with a look at best
practices from around the country including how such a mechanism can promote
cost control and affordability. Importantly, a Commission investigation would not
be limited to ten months, allowing for a robust review of contemporary, best
ratemaking practices. CUB understands with current workloads, it may be
difficult to carve out a space for such an investigation. If it took longer to design
an appropriate mechanism for Oregon, then we can take that time.

1 b. PGE dropped its Investment Recovery Mechanism (IRM) and says it will pursue a
2 multi-year rate case in the future. To extent that the Commission would consider
3 PGE's IRM, CUB is in opposition as it would allow billions of dollars to be added
4 to rate base –without updating current rate base for depreciation– and would
5 enable the Company to overcharge customers.

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9 62. Should the Commission require PGE to file a public version of its rate increase forecasts,
10 including forecasts contained in Monet updates and bench request, which has been
11 designated as confidential?

12 a. The Commission should require PGE to file a public version of its rate increase
13 forecasts, including forecasts that clearly identify how the rate change affects
14 major customer classes contained in Monet updates and bench requests, unless
15 PGE has a *valid reason* for designating that information as confidential.

16
17 63. Should the Commission require PGE to provide information on customer bills showing
18 average cost of electricity in a cents/kwh basis?

19 a. Yes, this is a common way to describe electric rates in customer bills.

20
21 64. Should the Commission require PGE, when PGE seeks to increase a residential rate
22 schedule, to file a plan for how it intends to communicate the rate change to residential
23 customers?

24 a. Yes. CUB recommends that before PGE is allowed to implement a new rate for
25 any residential schedule, the PUC should direct PGE to file with the Commission,
26 and copy all parties to this proceeding, a plan on how it intends to communicate
the rate change. Finally, the Commission should consider opening a rulemaking to
establish service quality standards for residential billing.

DATED this 8th day of October, 2024

Respectfully submitted,

/s/ Claire Valentine-Fossum

Claire Valentine-Fossum, VT# 6260
(admitted *pro hac vice*)
Staff Attorney
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
T: 503.227.1984
E: claire@oregoncub.org