

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 197

In the Matter of)	
)	OPENING BRIEF OF COMMUNITY
PORTLAND GENERAL ELECTRIC)	ACTION PARTNERSHIP OF OREGON
COMPANY,)	and OREGON ENERGY COORDINATORS
)	ASSOCIATION
Application for a general rate revision)	

Community Action Partnership of Oregon (CAPO) and the Oregon Energy Coordinators Association (OECA) participated in this Portland General Electric (PGE or Company) proceeding to protect the interests of low-income customers. CAPO/OECA submitted the direct and surrebuttal testimony of two witnesses in this proceeding: that of Roger Colton, a nationally known expert on low-income rate and customer service issues; and Jim Abrahamson, a state staffperson for CAPO/OECA.

CAPO/OECA urges to the Commission that electric bills present significant unaffordability problems to low-income customers today. Not only are electric bills unaffordable at the lowest levels of income, but that unaffordability is moving into increasingly moderate income levels as well. As a result of that unaffordability, electric customers are having an increasing difficulty in paying their bills. They carry higher arrears. They increasingly face

the loss of service due to nonpayment. They are facing increasing difficulties in paying for other household necessities. As a result, Oregon's utility regulators should pay particular attention to unnecessarily problematic rates and charges. The Commission should be particularly diligent in avoiding the unnecessary and unreasonable transfer of costs to low-income customers. The Commission should be particularly diligent in ensuring that low-income customers are not penalized by the very fact of their poverty, and by the very fact of their inability-to-pay.

Having noted this low-income interest, however, CAPO/OECA strongly urges that its testimony and proposals are not simply an effort to generate additional low-income energy assistance as argued by PGE. This PGE argument is simply an effort to "misdirect the Commission's attention" by misstating and mischaracterizing CAPO/OECA's testimony. (CAPO/OECA Exhibit 301, at 11). Each recommendation advanced by CAPO/OECA is based on fundamentally sound regulatory principles. (CAPO/OECA Exhibit 301, at 2 – 5; 11 – 12).

CAPO/OECA's concerns with the PGE rate proceeding can be broadly categorized into four areas:

- The cost-basis for PGE's proposed customer service fees;
- The disproportionate adverse impacts of Company's collection activities;
- The disproportionate adverse impact of the Company's rate increase on low-income customers least able to pay; and
- The poorly designed and unsupported rate stabilization mechanism advanced in the guise of a "decoupling" proposal.

CAPO/OECA witness Colton provided the expert foundation for each of CAPO/OECA's recommendations in this proceeding (CAPO/OECA Exhibits 200 and 301, and accompanying exhibits CAPO/OECA Exhibits 201 – 212). The following recommendations were made by CAPO/OECA and are supported by the weight of the evidence in this proceeding:

- The Commission should impose a rate freeze on the initial block of residential consumption (CAPO/OECA Exhibit 200, at 19 – 21, 5 – 18; CAPO/OECA Exhibit 301, at 13 – 16);
- The Commission should exempt low-income customers from payment of the Company's late payment charge (CAPO/OECA Exhibit 200, at 31 – 32). The Commission should find that the late fee is not cost based (CAPO/OECA Exhibit 200, at 23 – 25); serves no incentive function for low-income customers (CAPO/OECA Exhibit 200, at 25 – 26); and is discriminatory against low-income customers (CAPO/OECA Exhibit 200, at 27 – 31). Moreover, neither the late payment charge nor the reconnect fee (or field visit charge) provide a "price signal" to low-income customers (CAPO/OECA Exhibit 301, at 6 – 10);
- The Commission should earmark the Company's late fee revenue to purposes which advance the underlying arrearage prevention objective of the late fee (CAPO/OECA Exhibit 200, at 32 – 36);

- The Commission should disapprove the Company's proposed credit-related reconnection fee, as well as its field visit charge, or at a minimum, exempt low-income customers from payment of those fees (CAPO/OECA Exhibit 200, at 37 – 45). The Commission should find that the reconnect and field visit charges are not cost-based (CAPO/OECA Exhibit 200, at 37 – 41); and that the reconnect and field visit fees are excessive (CAPO/OECA Exhibit 200, at 41 – 45);
- The Commission should disapprove the Company's proposed decoupling mechanism (CAPO/OECA Exhibit 200, at 50 – 63; CAPO/OECA Exhibit 301, at 16 - 18);
- Should the Commission not disapprove the Company's proposed decoupling mechanism, the Commission should capture the avoided expenses generated by the Company's low-income conservation investments for re-use in further low-income weatherization (CAPO/OECA Exhibit 200, at 63 – 67);
- Should the Commission not disapprove the Company's proposed decoupling mechanism, the Commission should limit the recovery of lost margins exclusively to consumption in the second block (CAPO/OECA Exhibit 200, at 51 – 58); and
- Finally, should the Commission not disapprove the Company's proposed decoupling mechanism, the Commission should, at a minimum, limit PGE's rate stabilization mechanism to a certain proportion of the lost revenue as a means of encouraging the

Company to offset its lost revenues through improvements in its efficiency of operations. Under such an approach, CAPO/OECA proposes imposing a 50% limitations on the Company's recovery of lost revenue should the Commission decide to approve the rate stabilization mechanism at all. (CAPO/OECA Exhibit 200, at 60).

CAPO/OECA urges that the Company's proposed "decoupling" mechanism is not simply objectionable as a matter of policy, but is objectionable as a matter of regulatory principle as well. CAPO/OECA noted the following inconsistency of the decoupling proposal with fundamental regulatory principles in CAPO/OECA Exhibit 301, at 18 – 19:

- The purpose of a rate case, of course, is not to establish a specific level of revenue and expenses that a utility is entitled to recover on a monthly or annual basis. Rather, the purpose of a rate case is to establish the *relationship* between costs and revenues which will allow the Company a reasonable opportunity to earn its authorized rate of return.
- Only in extraordinary circumstances should an automatic adjustment clause be used to recover costs or revenues.
- Once one recognizes that PGE's fixed costs could just as easily be determined to be recovered by the *first* dollars paid by customers, any revenue reduction attributable to the Company's energy efficiency investments would be associated with variable costs rather than fixed costs. The *remedy* for the Company, in this situation, would be to become more efficient in its operations rather than to seek to ensure its collection of a certain level of revenue per customer through a rate stabilization mechanism.
- It is *not* appropriate to isolate the revenue reductions attributable to the energy efficiency programs for single issue rate recovery. It cannot simply be assumed that the Company's lost revenues associated with energy efficiency investments cause any earnings deficit.
- Collection of costs through volumetric base rates creates an incentive for PGE to be efficient in the expenses that it incurs.

- It would be inappropriate to allow PGE to adjust its collection of revenues in the absence of a full rate inquiry into the total costs and revenues of the Company. It is improper to isolate one component of the Company's cost-of-service for special rate recovery without considering the corresponding cost savings.
- Merely because some expenses increase and some revenues decrease does not mean that the relationship between costs and revenues has changed. Even if dollars of revenue do not equal the dollar amount that was included in cost-of-service in the most recent base rate case, in other words, it cannot be *a priori* concluded that the Company is not recovering its costs.

In addition to the specific rate-related recommendations explained above, CAPO/OECA raised substantial concerns about the credit and collection activities of PGE in this proceeding. In addition to the affirmative *rate* related relief requested above, CAPO/OECA requests the Commission to initiate an investigation into PGE credit and collection activities. In particular, CAPO/OECA documented in this proceeding that: (1) PGE places artificial and unproductive limits on the use of budget billing that redound to the particular detriment of low-income customers (CAPO/OECA Exhibit 200, at 28 – 29); (2) PGE places artificial and unproductive limits on the use of deferred payment plans through which customers may retire arrears, redounding to the particular detriment of low-income customers (CAPO/OECA Exhibit 200, at 13 – 14); and (3) PGE engages in a pattern and practice of “over-noticing” service disconnections for nonpayment, with the issuance of multiple notices of service terminations for nonpayment when no present intent exists at the time of the issuance to engage in the disconnection of service referenced in the notice (CAPO/OECA Exhibit 200, at 15 – 17).

Finally, by this reference thereto, CAPO/OECA requests that the Commission incorporate and consider the testimony of CAPO/OECA with respect to late payment charges (CAPO/OECA Exhibit 200, at 23 – 36) in its annual consideration of late fees pursuant to OAR, § 860-021-0126(3) (2008).

For all the reasons stated above, CAPO/OECA pray the Commission grant the relief requested in each and every respect cited above. CAPO/OECA further pray that the Commission grant such other and further relief as may seem just in the premises.

Respectfully Submitted,



Thomas James (Jim) Abrahamson
Community Action Partnership of Oregon
P.O. Box 7964
945 Columbia Street NE
Salem, OR 97301

CERTIFICATE OF SERVICE
UE 197

I hereby certify that on October 24, 2008, I served the foregoing Opening Brief of the Community Action Partnership of Oregon and the Oregon Energy Coordinators Association upon all parties of record in this proceeding by delivering a copy by electronic mail, and by postage-prepaid first class mail delivery to those parties accepting paper service.

Respectfully Submitted,



Thomas James Abrahamson
Oregon Energy Partnership Coordinator
Community Action Partnership of Oregon

W=waive paper service, C=Confidential

Jim Deason, Attorney at Law (C)
1 SW Columbia St, Suite 1600
Portland, Oregon 97258-2014
jimdeason@comcast.net

Jesse D. Ratcliffe, Assistant Attorney General (W,C)
1162 Court St. NE
Salem, OR 97301-4096
jesse.d.ratcliffe@doj.state.or.us

Citizens' Utility Board of Oregon
OPUC Dockets (W)
610 SW Broadway, STE 308
Portland, Oregon 97205
dockets@oregoncub.org

G. Catriona McCracken (W,C)
610 SW Broadway, STE 308
Portland, Oregon 97205
catriona@oregoncub.org

Bob Jenks (W,C)
610 SW Broadway, STE 308
Portland, Oregon 97205
bob@oregoncub.org

Davison Van Cleve PC
S Bradley Van Cleve (C)
333 SW Taylor, STE 400
Portland, Oregon 97205
mail@dvclaw.com

Department of Justice
Michael T. Weirich, Assistant Attorney General (C)
Regulated Utility & Business Section
1162 Court St NE
Salem, Oregon 97301
michael.weirich@doj.state.or.us

Janet L. Prewitt, Assistant Attorney General (C)
1162 Court St NE
Salem, Oregon 97301
janet.prewitt@doj.state.or.us

Jason W. Jones, Assistant Attorney General (C)
1162 Court St NE
Salem, Oregon 97301
jason.w.jones@state.or.us

Portland General Electric
Patrick Hager (C)
Rates & Regulatory Affairs
121 SW Salmon St 1WTC0702
Portland, Oregon 97204
pge.opuc.filings@pgn.com

Douglas C Tingey, Asst. General Counsel (C)
121 SW Salmon St 1WTC13
Portland, Oregon 97204
doug.tingey@pgn.com

Boehm Kurtz & Lowry
Kurt J. Boehm, Attorney (C)
36 E Seventh St., Suite 1510
Cincinnati, OH 45202
kboehm@bklawfirm.com

Michael L. Kurtz (C)
36 E Seventh St., Suite 1510
Cincinnati, OH 45202
mkurtz@bklawfirm.com

Community Action Partnership of Oregon
Jim Abrahamson (W,C)
PO Box 7964
Salem, Oregon 97301
jim@caporegon.org

Fisher, Sheehan & Colton

Roger D. Colton (W,C)
34 Warwick Rd.
Belmont, MA 02478
roger@fsconline.com

League of Oregon Cities

Scott Winkels (C)
PO Box 928
Salem, Oregon 97308
swinkels@orcities.org

Oregon Department of Energy

Kip Pheil (W,C)
625 Marion St. NE., Suite 1
Salem, Oregon 97301
kip.pheil@state.or.us

Oregon Energy Coordinators Association

Joan Cote (W,C)
2585 State St. NE
Salem, Oregon 97301
cotej@mwvcaa.org

Public Utility Commission

Judy Johnson (C)
PO Box 2148
Salem, Oregon 97308
judy.johnson@state.or.us