
BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

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

Docket No. UE-335

**REPLY BRIEF OF WALMART INC.
AND SAM'S WEST, INC.**

Pursuant to the General Rate Case Procedural Schedule issued in this case, Walmart Inc. and Sam's West, Inc. (collectively "Walmart") hereby submits its Reply Brief.

INTRODUCTION

The Parties have settled most, but not all, of the issues in this case. As noted in the Opening Brief of Portland General Electric ("PGE" or the "Company"), there remain only four broad issues left to be decided in this part of the docket.¹ Of those four issues, Walmart has taken a position on only one: PGE's proposal to apply the Sales Normalization Adjustment ("SNA") to Schedules 83 and 85. Nevertheless, Walmart's silence on any of the remaining issues should not be construed as an endorsement of, agreement with, or consent to PGE's filed position on the remaining issues not addressed herein.

ARGUMENT

I. PGE's Proposal Lacks Evidence to Support any Change to Its Current Decoupling Mechanism at this Time.

The Commission should reject the Company's proposal to include Schedules 83 and 85 in the SNA at this time. PGE has not provided sufficient evidence of any benefit to customers nor that customers would not be harmed as a result of this proposal.

¹ PGE Opening Brief at 2-3.

PGE states its reason for significantly changing its current decoupling mechanism is “to explore the ramifications of revenue-per-customer decoupling for large nonresidential customers.”² Customers should not be used as guinea pigs for exploratory procedures. As noted by both Staff³ and the Citizens’ Utility Board (“CUB”),⁴ applying the decoupling mechanism to Schedules 83 and 85 would likely have the detrimental effect of eliminating large non-residential customers’ ability to mitigate economic downturns by reducing electric usage. Without evidence of some countervailing benefit, this should be avoided.

PGE does not suggest there are any problems with the current decoupling mechanism. Nor does PGE provide substantial evidence as to why it should be significantly modified. Unless and until PGE can provide such evidence, Schedules 83 and 85 should remain outside PGE’s decoupling adjustments.⁵

II. PGE’s Proposal Further Deviates from Cost Causation Principles.

Walmart supports cost causation principles so that customers are charged a rate that reflects the cost to the utility of providing energy to that class of customers and believes that whenever possible, rates should be designed to meet this goal. Instead of developing a cost-based rate design to ensure it has the opportunity to recover its fixed generation costs, PGE has proposed expanding and modifying its decoupling mechanism, which is based on the Company’s ability to recover, not on its cost to serve.

2 PGE/1300/30.

3 Staff/1100/4-5.

4 CUB/300/11-12.

5 Though not proposed by PGE at this time, Walmart also opposes any proposal to include Schedules 83 and 85 in the Lost Revenue Recovery Adjustment.

As explained in Walmart’s opening testimony, a rate design approach that reflects PGE’s cost of service and correctly accounts for cost causation will minimize inter- and intra-class subsidization.⁶ It also sends correct price signals to customers, providing customers with the benefit of complete information related to bill impacts and enabling them to make informed decisions for energy usage.⁷ These are principles PGE purports to strive for and adhere to in developing its rates.⁸ However, by instead relying on decoupling, PGE is abandoning these principles. Accordingly, the Commission should reject PGE’s proposal.

CONCLUSION

Based on the record in this case and the reasons set forth above, Walmart requests that the Commission reject PGE’s proposal to include Schedules 83 and 85 in the SNA decoupling mechanism.

DATED this 19th day of October, 2018.

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⁶ Walmart/100/19.

⁷ *Id.*

⁸ *See, e.g.*, PGE/1300/13-14.

CERTIFICATE OF SERVICE

Docket No. UE 335

I hereby certify that on this 19th day of October 2018, I caused to be served, a true and correct copy of the foregoing **REPLY BRIEF OF WALMART INC. AND SAM'S WEST, INC.**, via electronic mail, to:

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