

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 435**

In the Matter of

PORTLAND GENERAL  
ELECTRIC COMPANY,

Request for a general rate revision.

VERDE'S CLOSING BRIEF

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## I. INTRODUCTION

PGE customers already face an affordability crisis. Despite this, the Company, in this proceeding, requests a nearly 10% additional rate increase.<sup>1</sup> Over the last four years alone, PGE's rates have increased by nearly 50%, at four times the inflation rate, including an 18% increase less than a year ago in January 2024.<sup>2</sup> Meanwhile, PGE's residential customers bear the heavy burdens of these increases, experiencing a record number of disconnections following the January 2024 rate hike.<sup>3</sup> Despite these dramatic increases and affordability concerns, PGE insists actions to improve customer affordability do not warrant immediate action in this proceeding. PGE's customers cannot wait: the consequences of the Company's latest increase in its string of rate hikes cannot be borne by its lowest income customers who experience the greatest disconnections.<sup>4</sup>

And yet the Company asks the Commission to approve another dramatic rate hike while postponing any action to support customers most harmed by its rate increases—such action is not “just or reasonable” and does not appropriately balance consumer interests in ratemaking. The Company claims that most efforts to alleviate energy burden should be addressed exclusively in UM 2211, the docket established to support implementation of House Bill 2475 (“HB 2475”), aimed at providing affordable energy to Oregonians.<sup>5</sup> Staff and Intervenors have voiced concerns regarding PGE's lack of urgency to address energy affordability in that docket or otherwise<sup>6</sup>

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<sup>1</sup> PGE's combined requests would amount to a 9.2% increase according to CUB's calculations. CUB Opening Br. at 7.

<sup>2</sup> CUB Opening Br. at 8.

<sup>3</sup> CUB Opening Br. at 7-8.

<sup>4</sup> Verde/200, Segovia Rodriguez/8.

<sup>5</sup> O.R.S. § 757.695(1). PGE also cites other dockets to address certain specific concerns, but the Company seeks to postpone the majority of Verde's concerns to UM 2211.

<sup>6</sup> Staff Opening Br. at 70 (“Staff . . . is concerned with PGE's lack of urgency with disconnections and arrearages . . . and with PGE's level of engagement with stakeholders.”);

and, without expedited action in this rate case, low-income and energy-burdened customers will bear the brunt of the proposed rate increases without access to necessary financial support.

The Commission has the legal authority and legislative directive to protect consumer interests—both to provide just and reasonable rates and to mitigate customer energy burden.<sup>7</sup> Verde does not dispute that the proposed outcomes of UM 2211 may provide meaningful long-term support to energy burdened Oregonians in the future, however, PGE’s requested rate increases are imminent. An increase to rates that fails to simultaneously provide measures addressing the urgency and severity of residents’ needs—particularly those already energy burdened—is not just or reasonable. The Commission must ensure rates are just and reasonable by protecting the most impacted ratepayers within this proceeding.

Among other proposals recommended by Verde, the Commission should:

- 1) If granting a rate increase, set the return on equity (ROE) at the lowest reasonable rate;
- 2) Direct PGE to re-calibrate its IQBD to provide the deeper discounts identified in PGE’s Energy Burden Assessment (EBA);
- 3) Direct PGE to suspend re-enrollment and post-enrollment verifications until further stakeholder informed program revisions may be considered and adopted;
- 4) Direct PGE to suspend disconnections through April 2025, to engage in the arrearages and disconnections investigation in UM 2211, and adopt an arrearages

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CUB Opening Br. at 71 (“The record shows there is an urgency to act [on IQBD recommendations].”).

<sup>7</sup> O.R.S. § 757.695(1) (“[T]he Public Utility Commission may address the mitigation of energy burdens through bill reduction measures or programs...”); O.R.S. § 757.210; *Gearhart v. PUC*, 255 Or App 58, 61, 63 (2013), *aff’d en banc*, 356 Or. 216, 232 (2014); see also *Pac. NW Bell Tel. Co. v. Katz*, 121 Or App 48, 53 (1993) (“The utility statutes in general reflect a legislative scheme in which PUC exercises broad powers to protect consumer interests.”).

management program and disconnections mitigation plan by April 1, 2025 or any effective date of any rate increase;

- 5) Direct PGE to adopt a one-time targeted arrearages forgiveness program which retroactively applies the applicable IQBD discount to IQBD eligible customers, a program suggested in the EBA. And, direct PGE to suspend the further accumulation of debt and referral to collection agencies for IQBD eligible customers until an arrearages management program is adopted.

## **II. ARGUMENT**

### **A. Return on Equity**

#### **1. Issues 1 & 55: Return on Equity**

Verde's opening testimony supported a lower Return on Equity ("ROE"), as low as 8.96%.<sup>8</sup> Staff's Opening Brief paralleled Verde's concerns that PGE's request for a higher ROE lacks evidentiary support.<sup>9</sup> Even after adjusting its request to 9.5%, PGE's requested ROE remains outside of Staff's data-informed range of 9.22% to 9.46%.<sup>10</sup> Verde urges the Commission to rely on Staff's expertise and reject PGE's arguments that there are methodological flaws in both Staff and AWEC's ranges. The Commission should also reject PGE's unsupported assertion that setting the ROE at the lowest reasonable level would violate regulatory principles, if based upon affordability concerns. Regulatory principles are satisfied

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<sup>8</sup> Verde Opening Br. at 10.

<sup>9</sup> Staff Opening Br. at 3-6.

<sup>10</sup> See Staff Opening Br. at 3 (documenting PGE's selection of an unsupported ROE).

when there is evidence that the rate is reasonable and when the basis for choosing a rate within a range is based upon balancing the interests of customers and shareholders.<sup>11</sup>

Finally, the Commission should address PGE’s disingenuous assertion that the ROE should not be used to address affordability because there are more appropriate tools, like assistance programs and rate designs to do so.<sup>12</sup> Despite Verde’s repeated requests, PGE failed to provide any meaningful discussion of affordability or propose such more appropriate meaningful tools with its request to increase rates.<sup>13</sup> The Commission should reject the either-or assertion; addressing affordability can be accomplished by both, using the ROE and other rate designed tools. The Commission should use the lowest ROE to address affordability now and direct PGE to convene separate Staff/Stakeholder meetings to develop those more appropriate tools and otherwise confer about and discuss why, as CUB suggests, that setting the ROE at the lowest rate should not become a standard tool.

**B. Mitigation of Energy Burden: Fostering Affordability, Equity, and Procedural Change**

**1. Issues 43-47. The Commission should ensure PGE acts “as soon as possible” to address Verde’s affordability Concerns.**

PGE’s requested increase to residential rates is not “just and reasonable” and does not strike a correct shareholder/customer balance if the Company insists it must delay all improvements to the IQBD and other affordability concerns to an unspecified later date. The

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<sup>11</sup> ORS 756.040(1); *Gearhart v. Pub. Util. Comm'n of Oregon*, 356 Or. 216, 220 (2014); *Federal Power Comm'n v. Hope Natural Gas Co.* 320 US 591, 602 (1944); *See also* CUB Opening Br. at 29-30 (setting forth 3 reasons why the ROE should no longer be set at the midpoint range but the lowest point in the range).

<sup>12</sup> PGE Opening Br. at 7.

<sup>13</sup> *See* Verde Opening Br. at 15.

proposed rate increase will wipe-out some of the benefits of PGE’s current income-discount program.

PGE’s cavalier attitude towards the actual consequences of raising rates on residential customers has unsettled intervenors, including Staff—who initially supported many of the Company’s proposals to address changes to affordability-related programs later in UM 2211.<sup>14</sup> Staff’s Opening Brief reinforces Verde’s position that increased protections for low-income, energy-burdened, and energy justice households must accompany any rate increase.<sup>15</sup> PGE’s “lack of urgency,” however, has led Staff to shift its views—in Opening Briefing, Staff now notes it “is concerned” with PGE’s lack of engagement and urgency in addressing energy affordability-related concerns, including IQBD discounts, arrearages, and disconnections.<sup>16</sup> Staff, while stating it could not adjust its position in the record now that the evidentiary stage of the proceeding had concluded, urged the Commission to direct PGE to “work expeditiously” to address affordability concerns “as soon as possible.”<sup>17</sup> Staff’s tonal shift supports Verde’s stance that UM 2211 and other dockets will not provide the needed expeditious consumer protections required by HB 2475.

Verde agrees with PGE that UM 2211 is an avenue to address *long-term solutions* to energy burden.<sup>18</sup> The Commission must, however, mitigate immediate harms by ensuring the measures detailed in Verde’s opening brief are included alongside any rate increases. Such action

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<sup>14</sup> Staff Opening Br. at 70 (expressing reservation about its position, especially because PGE failed to engage Staff and stakeholders in a meaningful discussion prior to filing its revised tariff).

<sup>15</sup> Staff/2500, Ayres/6-7 (supporting design changes to the IQBD program though, at the time, accepting the Company’s proposal to pursue changes within UM 2211).

<sup>16</sup> Staff Opening Br. at 70.

<sup>17</sup> Staff Opening Br. at 70.

<sup>18</sup> *See, e.g.*, Verde Opening Br. at 29 (suggesting that work in this docket can inform work in UM 2211).

is consistent with HB 2475's directives to mitigate energy burden through bill discounts and other programs.<sup>19</sup>

a. Issue 43. IQBD Discount Revisions

PGE does not deny that revisions to its IQBD would better support customers, instead the Company argues that any changes in this docket would be “premature.”<sup>20</sup> Verde disagrees; to wait will be too late. PGE has not responded to Verde's argument that any new rate increase will directly diminish the “meaningful discounts” it adopted through settlement in UE 416.

Verde advocated PGE increase its bill discounts by revising the existing IQBD to better reflect the customer needs supported by its EBA and to mitigate any new rate increase.<sup>21</sup> CUB offered similar recommendations with related reasoning: relief provided in other dockets like UM 2211 would not come soon enough to avoid harm to customers faced with another rate increase.<sup>22</sup> Staff, while not officially changing its position on IQBD discount revisions, emphasized the need for the Commission to address IQBD concerns “as soon as possible,” considering PGE's lack of concern over affordability.<sup>23</sup> The Commission should ensure PGE addresses bill discount concerns “as soon as possible” by requiring revisions suggested by Verde accompany this general rate case.

b. Issue 44. Post-Enrollment Verification (PEV) (Re-enrollment)

Verde advocated for suspension of IQBD program re-enrollment and post-enrollment verifications until such programs can be fine tuned to avoid unnecessary un-enrollment through

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<sup>19</sup> O.R.S. § 757.695(1).

<sup>20</sup> PGE Opening Br. at 143

<sup>21</sup> Verde Opening Br. at 20-23.

<sup>22</sup> CUB Opening Br. at 14-15.

<sup>23</sup> Staff Opening Br. at 70.



meaningful stakeholder engagement.<sup>24</sup> PGE does not want to address re-enrollment and post-enrollment verification in this case.<sup>25</sup> Verde has two concerns with PGE’s position. First, PGE’s advice filing revision to its post-enrollment targeting was not informed by Staff and broad based stakeholder engagement and neither does it appear that the current work-stream in UM 2211 will address IQBD re-enrollment or post-enrollment verification, specifically.<sup>26</sup> Second, it fails to respond to Verde’s concern that PGE should suspend re-enrollment and post-enrollment until further stakeholder-informed action occurs.<sup>27</sup> Thus, Verde asks the Commission to ensure PGE both appropriately engages stakeholders on this issue and pause action on verification and re-enrollment until it can do so.

c. Issues 45, 46, 47. Disconnections & Arrearages

PGE “does not dispute the importance” of addressing energy affordability concerns related to disconnections and arrearages.<sup>28</sup> Yet the Company claims current disconnection trends—which multiple intervenors have identified as extremely troubling—do not require immediate action. PGE justifies such delay by pointing to trends of disconnections which occurred prior to the COVID-19 pandemic, observing that disconnections and arrearages are relatively consistent with pre-2020 numbers.<sup>29</sup> As Staff’s Opening Brief pointed out, PGE’s lack of urgency is particularly troubling given these trends; the Company ignores that in the interim, HB 2475 was passed into law to reduce rates for customers and yet disconnections have

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<sup>24</sup> Verde Opening Br. at 23-24.

<sup>25</sup> PGE Opening Br. at 143.

<sup>26</sup> CUB/737/1(stating that PGE presented the EBA finding to IQBD stakeholders on June 25 and to its CBIAG on June 26th before publishing the June 30th EBA report); UM 2211, Staff’s Proposed Phase 2 Arrearage and Disconnection Action Plan (October 24, 2024).

<sup>27</sup> Verde Opening Br. at 23-24.

<sup>28</sup> PGE Opening Br. at 144.

<sup>29</sup> PGE Opening Br. at 144-145.

remained consistent with prior trends.<sup>30</sup> Put simply, the law intended to improve energy affordability appears to have no impact on energy affordability related to key metrics: arrearages and disconnections. Instead, these trends support Verde's position that the Commission must ensure PGE's rates do not worsen the affordability crisis to further the directives of HB 2475.

PGE further insists that disconnection concerns need not be revisited because its policies were addressed two years prior in AR 653.<sup>31</sup> Again, the troubling trends of disconnections remaining consistent prior-to and after these rule changes emphasizes that current disconnection practices and policies are inadequate at addressing concerns raised by Verde and other intervenors.<sup>32</sup> It is imperative the Commission recognize these troubling trends and support residents through any rate hike and it has authority to do so in this case

Verde asks for more robust engagement with stakeholders and a temporary moratorium on disconnections through April 2025, to allow meaningful engagement on the issues in UM 2211.<sup>33</sup> PGE wants to maintain the status quo on disconnections until whenever action in UM 2211 occurs, ignoring the immediate impacts of its rate increases. This strategy already harmed customers after the January 2024 rate hike, which led to the Company's highest ever residential disconnections.<sup>34</sup> Yet PGE fails to address this trend, instead asking simply to delay action once again. Continued delay, without interim protections, further exposes customers to disconnection risks associated with another rate hike while a longer-term disconnection and arrearage policies can be addressed in UM 2211.

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<sup>30</sup> Staff Opening Br. at 71.

<sup>31</sup> PGE Opening Br. at 145.

<sup>32</sup> Verde Opening Br. at 26.

<sup>33</sup> Verde Opening Br. at 24-25.

<sup>34</sup> Verde Opening Br. at 2.

d. Issues 48 & 54. Reporting and Stakeholder Engagement & Procedural

Equity

The Commission must ensure PGE engages in much-needed transparency and outreach. PGE fails to validate intervenors' complaints regarding its lack of engagement and transparency related to key stakeholder issues; the Company claims it is "committed to making best efforts" to inform stakeholders about the proceedings and again asks to push off any further work to UM 221.<sup>35</sup> But efforts to inform and engage in these dockets are far from "best efforts"; as Staff and Verde pointed out, PGE failed to convene stakeholders to discuss IQBD reform as requested by Staff.<sup>36</sup> PGE instead, seeks to push off these efforts to UM 2211. PGE claims that "parties have not demonstrated" how suggested work is failing to be addressed through UM 2211.<sup>37</sup> PGE misstates the issue. Rather, it is PGE who bears the burden of showing its requested rates are "just and reasonable," a burden the Company has not met, failing to demonstrate how the work it claims it will undertake in UM 2211 addresses concerns raised by intervenors as to the immediacy of PGE's affordability crisis, particularly for low and moderate-income customers.

**2. Issues 34 & 49. Residential Basic Charge**

Verde appreciates PGE's support for Verde's proposal to insulate IQBD customers from the basic rate increase with a \$2 credit to cover the increase.<sup>38</sup> Verde continues to ask the Commission to ensure protections are in place to support even those customers who are energy

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<sup>35</sup> PGE Opening Br. at 151.

<sup>36</sup> Staff Opening Br. at 70 ("In testimony in this docket, Staff recommended PGE convene Staff and stakeholders to discuss IQBD structure and discount levels, an arrearage management plan and/or forgiveness program for IQBD customers, adjustments to the definition of high usage customers for energy efficiency and weatherization reporting, and other opportunities for refinement. Staff wanted this engagement prior to the time PGE filed a tariff with its proposed changes to the program. PGE did not convene such a meeting."); Verde Opening Br. at 28.

<sup>37</sup> PGE Opening Br. at 148.

<sup>38</sup> PGE Opening Br. at 114.

burdened yet do not qualify for or are not enrolled in the IQBD program. Such protections may include rejecting the basic charge increase altogether.

### **3. Issues 63, 64, 65. Bill Design/Information Sharing**

PGE claims it should not be required to file a plan to communicate rate changes because such action will “negatively impact a utility’s ability to submit rate changes.”<sup>39</sup> The Company, however, fails to support this claim, instead arguing consumers are already well-enough informed about rate increases.<sup>40</sup> The Company, it appears, does not want better-informed consumers. Dismissal of CUB and Verde’s proposals to promote rate increase transparency demonstrate the need to promote transparency to empower consumers to engage in the public processes.<sup>41</sup> To do otherwise not only is a disservice to the public, but will erode consumer confidence in its utility service providers as accurate and effective communication is a critical part in the utility-consumer relationship.

#### **C. Issues 51, 52, 53. Energy Efficiency and Weatherization**

##### **1. Issues 51, 52, 53. PGE cannot continue to dismiss energy efficiency and weatherization as essential tools to addressing energy affordability**

PGE continues to dismiss energy efficiency as a viable solution in this rate case. In doing so, the Company ignores both the inadequacy of its current investments as well as the impacts increased rates will have on residential customers. The Company’s own EBA recommends investments in energy efficiency to support energy burdened residents.<sup>42</sup> PGE has failed to provide a compelling reason to delay action to support efficiency efforts to future dockets.

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<sup>39</sup> PGE Opening Br. at 141.

<sup>40</sup> PGE Opening Br. at 141-42.

<sup>41</sup> See Verde Opening Br. at 19-20.

<sup>42</sup> Exhibit Verde/201, Segovia Rodriguez/22 (PGE’s Energy Burden Assessment).

Instead, Verde emphasizes the continued importance of including energy efficiency support in this rate case to provide better tools to insulate households from rate increases.

PGE’s Opening Brief did erroneously insist that “no testimony or evidence was offered” supporting a ductless heat pump pilot or program. Verde addressed the benefits of an expanded heat pump program to PGE residents in its Opening and Rebuttal Testimonies.<sup>43</sup>

### III. CONCLUSION

For the foregoing reasons, we ask the Commission to take the requested relief in this docket.

Dated this 8th day of November, 2024.

Respectfully submitted,

*/s/ Tonia Moro*

Tonia Moro, OSB No. 893160

Attorney at Law PC

106 Talent Avenue, Ste. 6

Talent, Oregon 97540

(541) 973-2063 Telephone

[Tonia@ToniaMoro.com](mailto:Tonia@ToniaMoro.com)

Of Attorneys for Verde

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<sup>43</sup> Verde/200, Segovia Rodriguez/16; Verde100, Segovia Rodriguez/24.