

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 335

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Request for a General Rate Revision)
_____)

RESPONSE TESTIMONY OF

DR. BEN FITCH-FLEISCHMANN

ON BEHALF OF THE

**NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION**

September 17, 2018

1 **I. INTRODUCTION**

2 **Q. Mr. Fitch-Fleischmann, please state your name and business address.**

3 **A.** My name is Ben Fitch-Fleischmann. My business address is 121 Hickory Street,
4 Missoula, Montana 59801.

5 **Q. Are you the same Benjamin Fitch-Fleischmann who filed direct testimony in**
6 **this proceeding?**

7 **A.** Yes.

8 **Q. What is the purpose of this testimony?**

9 **A.** The purpose of this testimony is to respond to the concern raised by the Oregon
10 Citizens' Utility Board ("CUB") with the Joint Testimony in Support of the Direct
11 Access Partial Stipulation.¹

12 **Q. What is NIPPC's position on the settlement?**

13 **A.** NIPPC is generally supportive of the settlement as being a reasonable
14 compromise, but officially neutral. NIPPC would have signed the settlement, but
15 elected not to out of deference to the Association of Western Energy Consumers
16 and their concerns regarding having a program that prevents certain customers
17 from participating.

18 **II. CUB'S OBJECTIONS**

19 **Q. What concern does CUB raise?**

20 **A.** Even though CUB did not address the issue in its direct testimony, CUB opposes
21 the portion of the stipulated agreement that maintains the existing five-year period
22 for applying transition adjustment charges to direct access customers. CUB
23 instead supports Portland General Electric Company's ("PGE") initial proposal to

1 Stipulating Parties/500, Kaufman-Waidelich-Bieber-Higgins-Macfarlane.

1 apply transition adjustment charges for ten years, even though PGE supports the
2 stipulation, which maintains the existing five-year application of transition
3 charges. CUB states that ten years of transition charges are necessary to protect
4 residential customers from potential unwarranted cost-shifts that could result from
5 large customers switching to direct access.

6 **Q. Does CUB provide any evidence to support its arguments?**

7 **A.** No. As noted above, CUB did not address PGE's initial proposal for a ten-year
8 transition adjustment charge in its direct testimony. In raising concerns now, CUB
9 merely reiterates arguments in favor of the ten-year transition proposal that were
10 set out by PGE in its initial testimony and does not support its position with any
11 real facts or analysis.

12 **Q. How do you respond to CUB's concern?**

13 **A.** It is very difficult to respond given the lack any articulated grounds or evidence
14 for supporting ten years of transition charges. Multiple parties, including NIPPC,
15 Staff, AWEC, and Calpine, have noted that PGE's initial filing also contained *no*
16 *evidence* that there is currently any unwarranted shifting of costs from direct
17 access customers to cost-of-service customers that is not fully compensated for
18 via existing transition charges. Staff offered a blueprint for how PGE could
19 assemble evidence to determine if cost-shifts actually exist.² PGE declined to
20 provide any such evidence in its reply testimony. This lack of evidence is
21 sufficiently discussed elsewhere in the record so I do not repeat the discussion

2 Staff/800, Kaufman/40.

1 here. CUB's testimony suffers from the same lack of any evidence that identifies
2 unwarranted cost shifts.

3 **Q. On what specific grounds does CUB argue for increased transition charges?**

4 **A.** CUB raises the concern, previously raised by PGE, that because of PGE's
5 declining load forecasts, it cannot be assumed that future load growth will
6 materialize to effectively replace the load that has departed to direct access. CUB
7 states: "Large customers can no longer count on growing residential customers
8 relieving them from their responsibility for the costs that were incurred to serve
9 their loads. A ten-year transition charge is necessary to protect residential
10 customers in PGE's service territory."³

11 **Q. Does CUB present any evidence that that ten years is the appropriate time?**

12 **A.** No. There has been evidence presented in the record in this case that explains how
13 they arrive at their determination that ten years is the right amount of time for
14 transition charges.

15 **Q. How do you respond to CUB's concerns about flat or declining loads
16 justifying a ten-year transition adjustment?**

17 **A.** The current five years of transition charges provides ample time for PGE to
18 incorporate changes in direct access load into its planning process. Five years is
19 considerably longer than the resource planning process in Oregon, which takes
20 place on a two-year cycle, and utilities update their long-term load forecasts at an
21 even greater frequency than that. More importantly, PGE receives compensation
22 throughout the five-year period to off-set any harm caused to remaining bundled
23 customers. Furthermore, while expectations about long-term loads are one driver

3 CUB/400, Jenks/6.

1 of utility's resource needs, other factors (e.g., plant closings) also play a role.
2 Additionally, utilities do not operate in isolation and regularly buy and sell energy
3 and capacity. This is particularly relevant in the Pacific Northwest, where the
4 Northwest Power and Conservation Council anticipates regional capacity
5 inadequacy as early as 2023. In other words, were PGE to have surplus capacity,
6 increases in PGE's native load are not the only source of compensation for a
7 potential surplus in PGE-owned capacity.

8 **Q. Is there a direct connection between load growth and transition charges?**

9 **A.** The connection between load growth and transition adjustment charges is only
10 partial because the connection between resource acquisitions and load growth is
11 only partial itself, given the many other factors at play. For example, despite
12 PGE's recent history of flat or declining loads, as noted by CUB, PGE has
13 nonetheless acquired nearly 2 gigawatts of generation since 2007, including the
14 very recent acquisition of 300 megawatts of new sources of capacity.⁴ Customers
15 choosing direct access would benefit remaining customers because PGE might
16 need to build less of this new and expensive generation.

17 **Q. What do you recommend?**

18 **A.** Given that no parties have produced any evidence in this proceeding that shows
19 the current transition charges result in unwarranted cost-shifting, I recommend
20 that the Commission approve the Stipulation's maintenance of the status quo of
21 five years of charges, along with other elements of the Stipulation. I also
22 recommend that the Commission adopt the recommendation made in Staff's

4 PGE/2500, Macfarlane-Goodspeed/5; PGE/2500, Macfarlane-Goodspeed/9.

1 opening testimony to hold a workshop for parties to discuss concerns about the
2 potential costs and benefits that increases in direct access loads may have on
3 bundled. Multiple parties have noted that direct access load has the potential to
4 affect a utility's resource needs and, given the increasing sophistication of energy
5 consumers and advances in enabling technology, the potential impacts—both
6 costs and benefits—that direct access may have for bundled customers could
7 grow. The issues surrounding direct access and consumer choice more broadly
8 will become increasingly important and should therefore be strategically
9 incorporated into the utility planning process. A workshop would provide a
10 valuable opportunity for parties to pursue this.

11 **III. CONCLUSION**

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

13 **A. Yes.**