

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UE 335

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

Opening Testimony of George M. Waidelich

on behalf of

Albertson's, LLC and Safeway Inc.

June 6, 2018

1 **Q. Please state your name, employer, business address and party on whose behalf you**
2 **are testifying.**

3 **A.** My name is George M. Waidelich. I am employed as Director Energy Operations,
4 Albertsons Companies, Inc., and my business address is 11555 Dublin Canyon Road, Pleasanton,
5 California 94588. I am testifying on behalf of Albertson's, LLC and Safeway Inc., which are
6 owned by Albertsons Companies, Inc.

7 **Q. Please describe the interests of Safeway Inc. and Albertson's, LLC in this**
8 **proceeding.**

9 **A.** Albertsons Companies is one of the largest food and drug retailers in the United States,
10 with both a strong local presence and national scale. We operate stores across 35 states and the
11 District of Columbia under 20 well-known banners including Albertsons, Safeway, Vons, Jewel-
12 Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market,
13 Hagen and Carrs, as well as meal kit company Plated based in New York City. Albertsons
14 Companies is committed to helping people across the country live better lives by making a
15 meaningful difference, neighborhood by neighborhood.

16 Albertsons Companies has participated in Direct Access in the State of Oregon for over a
17 decade through its Albertsons and Safeway stores, including in Portland General Electric
18 Company's (PGE) service territory. Based on our experience with Direct Access across the
19 nation and the more recent PGE Rule K provisions, we have several recommendations to
20 improve PGE's Direct Access program, which I understand is up for reevaluation in this
21 proceeding.

22 We appreciate the Commission's efforts to maintain cost shifting fairness for both
23 bundled and Direct Access customers, and believe it is important for the Commission to make

1 retail choice available to as many customers as feasible. As one of PGE's largest customers, we
2 pay our fair share of charges for use of the transmission and distribution network and public
3 purpose riders for all of our accounts that take Direct Access service for generation service, and
4 we expect from PGE the same level of customer service and consideration at those Direct Access
5 meters as a bundled utility customer receives.

6 **Q. Can you summarize your concerns and overall recommendation?**

7 **A.** As a nonresidential customer, Oregon law mandates that all of our accounts be allowed to
8 purchase generation supply through direct access. However, many of our accounts face arbitrary
9 obstacles to participating in PGE's five-year opt-out program due to restrictive practices and
10 policies currently in place with respect to which customer electric service accounts may
11 participate in the program. I understand other proponents of Direct Access will address the
12 calculation of the transition adjustment charges, and I am not going to discuss those issues at this
13 time. My specific concern here regards the eligibility of an individual customer's service
14 accounts to enter the five-year opt-out program. The current program eligibility requirements are
15 overly restrictive, and the Commission should correct these overly restrictive elements to ensure
16 that more nonresidential customer load may have access to PGE's five-year opt-program. I have
17 eight specific proposals that I will discuss that are all consistent with this goal.

18 **Q. Can you provide some background on the current eligibility criteria for the five-**
19 **year opt-out program?**

20 **A.** My understanding is that the currently effective eligibility criteria for participation in the
21 five-year opt-out program were adopted by stipulation that was approved by the Commission in
22 Order No. 12-057 at Appendix A at p. 1, which states "The minimum demand thresholds of 250
23 kWa per site, and 1 MWa in aggregate in tariff Schedules 485 and 489 will remain in effect."

1 PGE's current Schedule 485 applies to sites sized 201 kW to 4,000 kW, and states as follows, in
2 relevant part, under the heading Applicable:

3
4 To each Large Nonresidential Customer whose Demand has exceeded 200 kW
5 more than six times in the preceding 13 months but has not exceeded 4,000 kW
6 more than once in the preceding 13 months, or with seven months or less of
7 service has not had a Demand exceeding 4,000 kW and who has previously
8 enrolled in a long-term opt-out window. To obtain service under this schedule,
9 Customers must initially enroll a minimum of 1 MWa determined by a
10 demonstrated usage pattern such that projected usage for a full 12 months is at
11 least 8,760,000 kWh (1 MWa) from one or more Service Points (SPs). Each SP
12 must have a Facility Capacity of at least 250 kW. Customers with existing
13 enrolled SPs meeting the 1 MWa criteria above may, in a subsequent enrollment
14 window enroll additional SPs so long as the 250 kW Facility Capacity
15 requirement is met.

16
17 PGE's Rule B, containing definitions, provides, in relevant part, the following definition for
18 Customer:

19 An individual, partnership, corporation, organization, government, governmental
20 agency, political subdivision, municipality, or other entity who has applied for,
21 been accepted, and is currently receiving Electricity Service at a Point of
22 Delivery. A Customer who voluntarily terminates service and subsequently
23 requests service with the Company at a new or existing location within 20 days
24 after terminating service retains Customer status.

25
26 Rule B also provides the following definition for Service Point:

27 Unless otherwise designated by agreement, the first point of connection of the
28 Company's service drop, service lateral or bus to the Customer's service entrance
29 conductors or equipment determined without regard to the location of the meter or
30 metering equipment.

31
32 Rule B also provides the following definition of Facility Capacity:

33 The Facility Capacity is the average of the two greatest non-zero monthly
34 Demands established anytime during the 12-month period which includes and
35 ends with the current Billing Period.

36
37 Rule B also provides the following definition of Demand:

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39 The maximum rate of delivery of Electricity metered for purposes of billing,
40 measured in whole kilowatts (kW) registered over a nominal 30-minute interval.

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Q. What is your general understanding of how this rule is supposed to work?

The general construct is that a single “Customer” must be at least 250 kW and must aggregate with other “Service Points” where that “Customer” takes service. Because “Customer” is broadly defined, an entity like Safeway Inc., for example, should be able to aggregate four 250-MW Safeway stores up the 1-MW limit to enroll in the first year of the five-year opt-out enrollment. Those four grocery stores (or Service Points) would begin paying the five years of transition charges on January 1 of the year after the election window the September prior. After that 1-MW load enrolls, Safeway Inc. could then enroll additional stores (or Service Points) in a subsequent enrollment window so long as the 250-kW Facility Capacity requirement is met for each one and each of these subsequent stores that would begin paying the five years of transition charges on January 1 of the year after the election window.

Under these rules and PGE’s application of them, we have experienced some significant problems that deter use of Direct Access for our stores and have prohibited us from enrolling in the five-year opt-out program. We believe the following changes will make Direct Access in PGE’s service territory more robust and fair for all stakeholders.

Q. What is your first proposed change?

A. First, I propose allowing smaller nonresidential customers be allowed to participate in the five-year opt-out program. Schedule 83 customers includes customers of 31 kW to 200 kW, and I believe customers on Schedule 83 should be allowed the option to participate in the five-year opt-out program. With over a decade of Direct Access experience in the State it is time to let the smaller customer accounts experience the risks and rewards of the five-year opt-out program. The five-year opt-out program is the only program that allows customers to eventually be free of ongoing obligations to pay for PGE’s generation costs through transition adjustment charges,

1 which is the original intent of retail direct access. It is the only program that allows customers
2 access to the competitive wholesale market, after paying appropriate transition charges. Smaller
3 nonresidential customers cannot reach the competitive market without perpetual ongoing annual
4 transition charges today.

5 **Q. What is your second proposed change?**

6 **A.** An account that participates in the five-year opt-out program and reduces its demand due
7 to energy efficiency should not be forced out the program because of insufficient demand to
8 meet the minimum 201-kW Demand threshold in Schedule 485. Currently, if the account drops
9 below 201 kW it defaults to Schedule 583 and incurs Schedule 128 transition charges even
10 though the account has already paid five years of transition charges on the Schedule 485 five-
11 year opt-out program. Albertsons Companies currently does not pursue energy efficiency
12 projects or distributed generation resources, like solar, inside PGE's service territory because of
13 this risk. The current Direct Access rules penalize customers for pursuing energy efficiency and
14 distributed generation and prevent customers from using the energy efficiency and distributed
15 generation programs they are funding through PGE's rates. This outcome is perverse and bad
16 policy.

17 **Q. What is your third proposed change?**

18 **A.** Some of our customer sites have more than one electric utility meter. The aggregated
19 load of those meters may qualify for Schedule 85 (201-4,000 kW) but are often on Schedule 83
20 (31-200 kW) or another applicable tariff due to the separate meters as determined by PGE. In
21 these situations, the combined site meters should be considered an aggregated or campus load for
22 purposes of qualifying for the five-year opt-out program and/or applying Rule K and other Direct
23 Access rule provisions. Currently, these sites are only allowed to participate in the annual Direct

1 Access program, not the five-year opt-out program. Which as I explained in my earlier
2 testimony is a suboptimal noncompetitive direct access offering.

3 **Q. What is your fourth proposed change?**

4 **A.** PGE's implementation of the definition of what constitutes the same "Customer" for
5 Direct Access is too restrictive. In our case, PGE does not recognize that Albertsons Companies,
6 Inc. is a single "Customer," apparently due to the fact that we have multiple Federal Tax
7 Identification numbers in PGE's customer accounting system. The current definition does not
8 consider the multiple Federal Tax Identification numbers that are typical in large organizations
9 that have been built through a series of acquisitions and mergers over time. Not recognizing that
10 a customer like Albertsons Companies has several Federal Tax Identification numbers prohibits
11 transferring Direct Access rights between accounts owned, ultimately, by the same Company.

12 We recommend PGE be directed to make the following changes to its practices and/or rules:

- 13 a. Allow direct access transfers under Rule K and any other direct access transfer
14 guidelines between companies that are wholly owned by the same company or parent
15 company.
- 16 b. Expand the scope of affiliates that are eligible for direct access transfers to include
17 companies that are "controlled" but not necessarily "wholly-owned" by the same
18 company or same parent company.

19 **Q. What is your fifth proposed change?**

20 **A.** As noted above, Schedule 485 provides: "Customers with existing enrolled SPs meeting
21 the 1 MWa criteria above may, in a subsequent enrollment window enroll additional SPs so long
22 as the 250 kW Facility Capacity requirement is met." A "Customer," as defined in the tariff,
23 who already has load participating in the five-year opt-out program, and thus already satisfied

1 the 1-MW_a aggregated limit, should not have to meet the minimum 1-MW_a of additional
2 aggregated load to add another account to that program if the load (or the combined load of a site
3 with multiple meters) meets the minimum demand threshold required under Schedule 485. It
4 appears this should be allowed under the language of Schedule 485. However, we have
5 experienced difficulty with PGE agreeing to allow this to occur.

6 **Q. What is your sixth proposed change?**

7 **A.** Rule K should provide an irrevocable Direct Access transfer right for a site/store that
8 pays five years of transition charges and closes or is sold. The current overly-restrictive rule puts
9 limitations on both the time required for the Direct Access transfer and the geographic distance
10 between the sites for the transfer.

11 **Q. What is the current rule?**

12 **A.** Currently, Rule K states, under the heading “Customer Change of Location”:
13
14 When a Customer moves to a new service location and elects to continue Direct
15 Access Service, the Customer’s ESS must submit a Drop DASR for the old
16 service location and an Enrollment DASR for the new service. Requests for
17 changes of location will not be considered should they occur more than 12 months
18 after the existing location has discontinued service.

19
20 With respect to the five-year opt-out program participants, it further provides:

21 4) For Schedules 485, 489, and 490, the new location must be expected to have a
22 Facility Capacity of at least 250 kW;

23
24 5) For the Long-Term Cost of Service Opt-Out, the enrollment period vintage of
25 the existing location and the associated Schedule 129 Long-Term Transition
26 Adjustments will be transferred to the new location.

27
28 **Q. What is your concern with the current requirements to transfer the direct access
29 service from one location to another?**

1 **A.** The large footprint of our operations, growth through acquisition, and the timing it takes
2 to open new stores make this current provision too restrictive and punitive to direct access
3 customers. We recommend:

4 a. The transfer of a Direct Access right for a newly constructed facility can include a
5 transfer between affiliated entities, i.e. transfers between corporate affiliates.

6 b. Eliminate the one-year constraint for an account to be transferred under Rule K.
7 Currently, the tariff restricts transfers occurring over 12 months after the time the
8 initial site closes. There should be no time limit.

9 c. Eliminate the geographic restriction PGE applies between sites to be anywhere in
10 PGE service territory.

11 d. There is effectively a \$7,000 fee to be charged to the Electricity Service Providers
12 per Schedule 600 for a change in location, which seems excessive when compared to
13 other Direct Access markets in the country. I recommend reducing the fee.

14 **Q. What is your seventh proposed change?**

15 **A.** At times a Retailer will close a store that is owned or leased. For various business
16 reasons, the store could lie idle for months or years. The current Direct Access rules do not
17 allow the customer to transfer the Direct Access rights to a new account until the original
18 account is closed. The original account cannot be closed because power must remain at the site
19 for fire control equipment and security. This load generally ranges between 5 to 10 kW. We
20 recommend elimination of the requirement for all service accounts under a customer's name at a
21 location that is being closed to be terminated before Direct Access service can start at the new
22 location and instead that the load at the closed location be consistent with closure of operations
23 there other than that necessary for fire control, security, and similar operations.

1 **Q. What is your eighth proposed change?**

2 **A.** Direct Access customers currently cannot participate in Demand Response (DR)

3 programs in Oregon. In most Direct Access markets across the nation, Direct Access facilities

4 can participate in Demand Response. To keep Oregon's rates as low as possible, DR resources

5 from Direct Access accounts should be considered.

6 **Q. Does that conclude your testimony?**

7 **A.** Yes.