

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

**In the Matter of PacifiCorp's Request for a )  
General Rate Revision )**

**Docket No. UE 399**

**REBUTTAL TESTIMONY OF**

**JUSTIN BIEBER**

**ON BEHALF OF**

**FRED MEYER STORES**

**AUGUST 11, 2022**



1 and supported the development of testimony before various state utility regulatory  
2 commissions.

3 Prior to joining Energy Strategies, I held positions at Pacific Gas and  
4 Electric Company as Manager of Transmission Project Development, ISO  
5 Relations and FERC Policy Principal, and Supervisor of Electric Generator  
6 Interconnections. During my career at Pacific Gas and Electric Company, I  
7 supported multiple facets of utility operations, and led efforts in policy, regulatory,  
8 and strategic initiatives, including supporting the development of testimony before  
9 and submittal of comments to the FERC, California ISO, and the California Public  
10 Utility Commission. Prior to my work at Pacific Gas & Electric, I was a project  
11 manager and engineer for heavy construction bridge and highway projects.

12 **Q. Have you testified previously before this Commission?**

13 **A.** Yes, I have testified in the following proceedings before this Commission:

- 14 • PGE's 2018 general rate case, Docket No. UE 335;
- 15 • PacifiCorp's 2020 general rate case, Docket No. UE 374; and
- 16 • PGE's 2021 general rate case, Docket No. UE 394.

17 **Q. Have you filed testimony previously before any other state utility regulatory**  
18 **commissions?**

19 **A.** Yes. I have testified before state utility commissions in Colorado, Indiana,  
20 Kentucky, Michigan, Montana, Nevada, New Mexico, North Carolina, Ohio, Utah,  
21 Virginia, Washington, and Wisconsin.

22

1 **Overview and Conclusions**

2 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

3 A. My rebuttal testimony responds to the reply testimony of PacifiCorp witness  
4 Robert M. Meredith and the opening testimony of Public Utility Commission of  
5 Oregon Staff (“Staff”) witness Curtis Dlouhy, Oregon Citizens’ Utility Board  
6 (“CUB”) witness William Gehrke, Small Business Utilities Advocates (“SBUA”)  
7 witness William A. Steele, and Klamath Water Users Association and Oregon Farm  
8 Bureau Federation (“KWUA and OFBF”) witness Lloyd Reed in regard to rate  
9 spread and the proposed Rate Mitigation Adjustment (“RMA”).

10 **Q. What are your primary conclusions and recommendations?**

11 A. I offer the following recommendations to the Commission:

12 • I recommend that the Commission accept Mr. Meredith’s proposed rate  
13 spread and RMA rate design *at the Company’s proposed revenue*  
14 *requirement* in its reply testimony. Mr. Meredith proposes a rate spread  
15 where no customer class receives a rate decrease or a rate increase that is  
16 greater than 150% of the system average. Given the circumstances of this  
17 case, the proposed RMA credits and surcharges represent a reasonable  
18 balance between minimizing inter-class subsidies through the RMA and  
19 mitigating rate impacts to certain customer classes. However, to the extent  
20 that the Commission approves a revenue requirement that is less than that  
21 being proposed by the Company in its reply testimony, then I recommend  
22 that the Commission take advantage of the opportunity to improve the  
23 alignment between revenue responsibility and cost causation while still

1 reducing the requested rate increase for *all* customer classes. To accomplish  
2 this objective, I recommend that the level of RMA credits and surcharges  
3 proposed in the Company's reply testimony be maintained

- 4 • I recommend that the Commission reject Mr. Gehrke's rate spread proposal  
5 to establish a minimum rate increase of 2.26% for all customer classes. The  
6 proposed minimum rate increase is arbitrary and does not strike a reasonable  
7 balance between rate mitigation and aligning rates with the cost of service.
- 8 • Mr. Dlouhy recommends a two-step rate spread methodology that would  
9 first adjust base rates and then adjust the RMA in order to achieve the  
10 desired outcome. I do not agree with Mr. Dlouhy's proposal to subjectively  
11 adjust *base* rates in this proceeding, and I recommend that any adjustments  
12 to the rate spread be accomplished through the RMA, not by adjusting *base*  
13 rates. Further, I have concerns with Mr. Dlouhy's proposed adjustments  
14 that would result in a 2.4-3.0% *net rate increase* for rate Schedules 28 and  
15 30, given that these schedule deserve a significant *cost-based rate decrease*.
- 16 • Mr. Steele recommends that Schedule 23 receive RMA credits at a level  
17 that would cause Schedule 23 to receive the same net increase as Schedule  
18 4 residential. The Company's proposed RMA in its reply testimony would  
19 provide rate mitigation to Schedule 23 through the RMA, and my  
20 recommendation to maintain the same level of RMA credits and surcharges  
21 as proposed by the Company would ensure that Schedule 23 receives some  
22 level of rate mitigation. Mr. Steele does not provide details about how his  
23 proposed rate spread objective would be accomplished. However, I

1 recommend that the Commission reject any proposal to increase the RMA  
2 surcharges for Schedule 28, 30, or the lighting schedules above the level of  
3 RMA surcharges proposed by the Company in its reply testimony.

- 4 • Mr. Reed recommends that Schedule 41 irrigation customers receive a rate  
5 increase that is equal to the system average rate increase but does not  
6 provide details about this objective would be accomplished. I recommend  
7 that the Commission reject any proposal to increase the RMA surcharges  
8 for Schedule 28, 30, or the lighting schedules above the level of RMA  
9 surcharges proposed by the Company in its reply testimony.

#### 11 **Rate Mitigation Adjustment**

12 *Response to PacifiCorp Witness Robert Meredith*

13 **Q. What general guidelines should be employed in spreading any change in rates?**

14 A. In determining revenue allocation, it is important to align rates with cost  
15 causation to the greatest extent practicable. Properly aligning rates with the costs  
16 caused by each customer class is essential for ensuring fairness, as it minimizes  
17 cross subsidies among customers. It also sends proper price signals, which  
18 improves efficiency in resource utilization.

19 At the same time, it can be appropriate to mitigate the impact of moving  
20 immediately to cost-based rates for customer classes that would experience  
21 significant rate increases from doing so. This principle of ratemaking is known as  
22 “gradualism.” When employing this principle, it is important to adopt a long-term

1 strategy of moving in the direction of cost causation, and to avoid schemes that  
2 result in permanent cross-subsidies from other customers.

3 **Q. What is the RMA?**

4 A. PacifiCorp witness Mr. Meredith explains that the RMA, which is recovered  
5 through schedule 299, is a rate mechanism that is designed to mitigate the impacts  
6 of changes in the functionalized revenue requirement on net rates across rate  
7 schedules. Net rates include the impacts of all tariff riders, including the RMA.  
8 Some rate schedules receive a credit through the RMA that provides rate mitigation,  
9 while other rate schedules receive offsetting charges.<sup>1</sup>

10 **Q. Is the RMA designed to be revenue neutral?**

11 A. Yes, it is. According to Mr. Meredith, the proposed RMA rates have been  
12 designed to be revenue neutral for the 2023 test period.<sup>2</sup>

13 **Q. What rate spread does the Company propose in its reply testimony?**

14 A. In reply testimony, Mr. Meredith proposes that no class receive an increase  
15 greater than 150% of the system average increase. Specifically, at an overall system  
16 average *net* rate increase of 6.9%, the Company proposes that no class have an  
17 increase greater than 10.4%. The Company also proposes that no customer class  
18 receive a net decrease.<sup>3</sup>

19 To achieve these goals, the proposed RMA credits limit the rate increase for  
20 Schedule 23 and irrigation Schedule 41 to 10.4%. The proposed RMA surcharges  
21 are applied to medium general service Schedules 28 and 30 and the lighting

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<sup>1</sup> Direct Testimony of Robert M. Meredith, p. 15

<sup>2</sup> *Id.* p.16

<sup>3</sup> Reply Testimony of Robert M. Meredith, p. 14.

1 schedules to keep their net rate impact at zero. For the large general service  
2 schedules 47 and 48, the company proposes to set the RMA to zero.<sup>4</sup> For residential  
3 customers, the Company proposes a to apply the remaining RMA funding, resulting  
4 in a rate increase that is approximately 135% of the system average.<sup>5</sup>

5 The Company's proposed rate spread and RMA is summarized in Table  
6 FM-1R below.

7 **Table FM-1R**  
8 **PacifiCorp Reply Testimony**  
9 **Proposed RMA Credits and Net Increase by Rate Schedule**

Description	Proposed Schedule	Net	Cost of Service		Proposed RMA (\$000)	PAC Proposed	
		Present Revenues (\$000)	Based Net Increase (\$000)	%		Net Increase <sup>1</sup> (\$000)	%
Residential	4	\$606,801	\$67,366	11.1%	(\$10,986)	\$56,380	9.3%
Gen. Svc. < 31 kW	23	\$125,453	\$13,155	10.5%	(\$80)	\$13,076	10.4%
Gen. Svc. 31 - 200 kW	28	\$172,929	(\$8,087)	-4.7%	\$8,049	(\$39)	0.0%
Gen. Svc. 201 - 999 kW	30	\$98,893	(\$5,268)	-5.3%	\$5,229	(\$39)	0.0%
Large General Service Schedules	47/48	\$214,708	\$14,953	7.0%	\$0	\$14,953	7.0%
Dist. Only Lg Gen Svc >= 1,000 kW	848	\$1,815	(\$360)	-19.8%	\$0	(\$360)	-19.8%
Agricultural Pumping Service	41	\$22,731	\$5,883	25.9%	(\$3,527)	\$2,356	10.4%
Outdoor Area Lighting Service	15	\$989	(\$188)	-19.0%	\$188	\$0	0.0%
Street Lighting Service Comp. Owned	51	\$3,885	(\$816)	-21.0%	\$816	\$0	0.0%
Street Lighting Service Cust. Owned	53	\$867	(\$269)	-31.1%	\$270	\$0	0.0%
Recreational Field Lighting	54	\$108	(\$36)	-33.3%	\$36	\$0	0.0%
<b>Subtotal</b>		<b>\$1,249,179</b>	<b>\$86,332</b>	<b>6.9%</b>	<b>(\$5)</b>	<b>\$86,327</b>	<b>6.9%</b>

<sup>1</sup> Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Public Purpose Charge (Sch. 290) and System Benefits Charge (Sch. 291).

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As can be seen in Table FM-1R above, despite the proposed system rate

12

increase in this case, based on PacifiCorp's cost of service study, Schedules 28 and

13

30 and the lighting schedules would actually require a substantial rate *decrease* to

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align class rates with the underlying cost of service. At the proposed RMA,

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* Exhibit PAC/2106.



1 Schedules 28 and 30 and the lighting schedules would pay approximately \$14.6  
2 million in RMA surcharges and receive a 0% rate increase. The RMA surcharges  
3 for Schedules 28 and 30 and the lighting schedules would fund approximately \$14.6  
4 million in RMA credits for Schedules 4, 23, and 41 to help mitigate the rate impacts  
5 that would otherwise be required to align rates with the underlying cost of service.

6 **Q. What is your assessment of the Company's proposed RMA in this case?**

7 A. I agree that Mr. Meredith's proposed rate spread methodology that would  
8 limit the class rate impacts so that no major rate schedule<sup>6</sup> receives a rate decrease,  
9 or an increase that is more than 150% of the system average, is reasonable *at the*  
10 *proposed revenue requirement*. However, to the extent the final revenue  
11 requirement is reduced, the 0% - 150% band applied to a smaller overall percentage  
12 increase becomes less useful, since the band collapses as the overall percentage  
13 increase is reduced. This can inhibit meaningful movement toward cost-based rates  
14 at a reduced revenue requirement. Further, in order to prevent any rate schedule  
15 from receiving a rate decrease, for the rate schedules that deserve a cost-based rate  
16 decrease in this case, the RMA surcharges would actually be required to *increase*  
17 at a *lower* revenue requirement, which would further inhibit movement towards  
18 cost-based rates.

19 **Q. Please explain why the RMA surcharges would be required to increase at a**  
20 **lower revenue requirement for Schedules 28 and 30 and the lighting classes if**  
21 **no class is allowed to receive a rate decrease?**

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<sup>6</sup> Major rate schedules excluding Schedules 47 and 848.

1 A. As I explained above, Schedules 28 and 30 and the lighting classes would  
2 require a significant rate *decrease* to align with the Company's cost of service at  
3 the proposed revenue requirement. The Company's proposed RMA surcharge  
4 would increase the net rates for these schedules so that the rate schedules would not  
5 receive a rate decrease at the Company's proposed revenue requirement. If the  
6 Commission were to approve a lower revenue requirement than what has been  
7 proposed by the Company in its reply testimony, then Schedules 28 and 30 and the  
8 lighting classes would require even more significant rate decreases to align with the  
9 cost of service. Therefore, if no class were allowed to receive a rate decrease at a  
10 reduced revenue requirement, the RMA surcharges for Schedules 28 and 30 and the  
11 lighting classes would be required to *increase* at a lower revenue requirement.

12 **Q. What do you recommend regarding the Company's proposed RMA?**

13 A. I recommend that the Commission approve the RMA credits and surcharges  
14 proposed by the Company in its reply testimony. To the extent that the Commission  
15 approves a revenue requirement increase that is less than that being proposed by  
16 the Company in its reply testimony, I recommend that the level of RMA credits and  
17 surcharges proposed in the Company's reply testimony be *maintained*.

18 The proposed RMA credits and surcharges provide a reasonable level of  
19 rate mitigation at the proposed revenue requirement. If the Commission approves a  
20 lower revenue requirement, maintaining the level of RMA credits and surcharges  
21 in the Company's reply testimony will allow the Commission take advantage of the  
22 opportunity to improve the alignment between revenue responsibility and cost

1 causation, without further increasing the proposed cross-subsidies between rate  
2 schedules, and still reduce the requested rate increase for *all* rate classes.

3 **Q. Can you provide an example that demonstrates how your recommendation**  
4 **could be implemented if the Commission approves a rate increase that is less**  
5 **than the Company's request?**

6 A. Yes, I have prepared an example to show how the rate spread and RMA  
7 could be allocated if the Commission approves a rate increase that is \$5 million less  
8 than the Company's request. To be clear, I am not recommending that \$5 million  
9 is the appropriate adjustment to PacifiCorp's proposed revenue requirement.  
10 However, this example is intended to demonstrate how my recommended rate  
11 spread can be applied for a rate increase that is less than PacifiCorp's proposed rate  
12 increase in its reply testimony.

13 This example assumes that the total base rate revenues for each rate  
14 schedule proposed in PacifiCorp's reply testimony are reduced by a pro rata amount  
15 so that each class receives a proportional benefit from this hypothetical reduction  
16 to the revenue requirement. The proposed RMA revenues and other adders are  
17 unchanged relative to the proposed rates in PacifiCorp's reply testimony. Table  
18 FM-2R summarizes the results of my recommended rate spread and RMA at a  
19 revenue requirement that is \$5 million less than PacifiCorp's proposed request.

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**Table FM-2R**  
**Example Adjustment to PacifiCorp's Proposed Rate Spread**  
**At A \$5 Million Rate Reduction Relative to PacifiCorp's Reply Testimony**

Description	Proposed Schedule	Net		PAC Proposed		Base Rate Reduction Relative to PAC Reply (\$000)	Net Increase at Reduced Rev. Req. <sup>1</sup>	
		Present Revenues (\$000)	Proposed RMA (\$000)	Net Increase <sup>1</sup> (\$000)	%		(\$000)	%
Residential	4	\$606,801	(\$10,986)	\$56,380	9.3%	(\$2,528)	\$53,852	8.9%
Gen. Svc. < 31 kW	23	\$125,453	(\$80)	\$13,076	10.4%	(\$520)	\$12,555	10.0%
Gen. Svc. 31 - 200 kW	28	\$172,929	\$8,049	(\$39)	0.0%	(\$616)	(\$655)	-0.4%
Gen. Svc. 201 - 999 kW	30	\$98,893	\$5,229	(\$39)	0.0%	(\$349)	(\$389)	-0.4%
Large General Service Schedules	47/48	\$214,708	\$0	\$14,953	7.0%	(\$856)	\$14,097	6.6%
Dist. Only Lg Gen Svc >= 1,000 kW	848	\$1,815	\$0	(\$360)	-19.8%	(\$5)	(\$365)	-20.1%
Agricultural Pumping Service	41	\$22,731	(\$3,527)	\$2,356	10.4%	(\$107)	\$2,249	9.9%
Outdoor Area Lighting Service	15	\$989	\$188	\$0	0.0%	(\$3)	(\$3)	-0.3%
Street Lighting Service Comp. Owned	51	\$3,885	\$816	\$0	0.0%	(\$12)	(\$12)	-0.3%
Street Lighting Service Cust. Owned	53	\$867	\$270	\$0	0.0%	(\$2)	(\$2)	-0.2%
Recreational Field Lighting	54	\$108	\$36	\$0	0.0%	(\$0)	(\$0)	-0.2%
<b>Subtotal</b>		<b>\$1,249,179</b>	<b>(\$5)</b>	<b>\$86,327</b>	<b>6.9%</b>	<b>(\$5,000)</b>	<b>\$81,327</b>	<b>6.5%</b>

<sup>1</sup> Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Public Purpose Charge (Sch. 290) and System Benefits Charge (Sch. 291).

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6 *Response to Citizens Utility Board Witness William Gehrke*

7 **Q. Please explain CUB witness William Gehrke rate spread recommendation.**

8 A. Mr. Gehrke's rate spread proposal would limit the rate increase for Schedule  
9 41 irrigation customers to 162% of the system average. Mr. Gehrke also proposes  
10 a minimum rate increase of 2.26% for Schedules 28 and 30 and the lighting classes  
11 and that the funding provided by the RMA surcharges from Schedules 28 and 30  
12 and the lighting classes be utilized to limit the rate increase for Schedule 4 and  
13 Schedule 23 to 126% of the system average.<sup>7</sup>

<sup>7</sup> Opening Testimony of William Gehrke, pp. 38-39

1 **Q. What justification does Mr. Gehrke provide to support his rate spread**  
2 **proposal?**

3 A. Mr. Gehrke explains that his rate spread proposal is intended to mitigate  
4 rate shock for residential customers.<sup>8</sup> He also refers to CUB witness Bob Jenks'  
5 opening testimony, in which Mr. Jenks explains that CUB is concerned that  
6 PacifiCorp's customers may be subjected to a difficult to manage rate shock due to  
7 other concurrent filings by the Company that are also expected increase rates.<sup>9</sup>

8 **Q. Does Mr. Gehrke explain how his rate spread proposal should be adopted if**  
9 **the Commission approves a revenue requirement that is different than**  
10 **PacifiCorp's proposed revenue requirement?**

11 A. No, he does not.

12 **Q. What is your assessment of Mr. Gehrke's proposal?**

13 A. I recommend that the Commission reject Mr. Gehrke's rate spread proposal.  
14 As I explained above, the Company's proposed RMA, which I recommend that the  
15 Commission approve, includes surcharges from Schedules 28 and 30 and the  
16 lighting classes that would provide approximately \$14.6 million to fund RMA  
17 credits to help mitigate the rate impacts for Schedules 4, 23, and 41. Mr. Gehrke's  
18 proposed minimum rate increase of 2.26% for Schedules 28 and 30 and the lighting  
19 classes would result in a significantly larger and unreasonable level of RMA  
20 surcharges for these rate schedules. This minimum rate increase component of Mr.

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<sup>8</sup> *Id.* p. 39.

<sup>9</sup> Opening Testimony of Bob Jenks, pp. 1-5.

1 Gehrke's proposal is arbitrary and does not strike a reasonable balance between rate  
2 mitigation and aligning rates with the cost of service.

3 Further, Mr. Gehrke does not provide any explanation about how his  
4 proposed rate spread or minimum rate increase would be adjusted if the  
5 Commission approves a revenue requirement that is different than PacifiCorp's  
6 proposed revenue requirement. At a reduced revenue requirement, maintaining a  
7 2.26% minimum rate increase would require an even higher and more unreasonable  
8 level of RMA surcharges for the customer classes that deserve a significant cost-  
9 based rate *decrease*.

10 It is also important to note that the Company's concurrent rate filings  
11 referenced by Mr. Gehrke would cause rate impacts to all of PacifiCorp's  
12 customers. The RMA, which is essentially a mechanism to implement inter-class  
13 subsidies between rate schedules, is not the appropriate tool to mitigate the rate  
14 impacts from concurrent proceedings for only a subset of customers, at the expense  
15 of other customers that are experiencing similar rate pressure.

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17 *Response to Commission Staff Witness Curtis Dlouhy*

18 **Q. Please explain Staff witness Curtis Dlouhy's rate spread recommendation.**

19 A. Mr. Dlouhy proposes a two-step process to calculate his proposed rate  
20 spread. In the first step, Mr. Dlouhy proposes that no customer class experience a  
21 *base* rate decrease and that the *base* rate increase for all customer classes should be  
22 limited to 125% of the system average increase in *base* rates. Mr. Dlouhy proposes  
23 that any costs that need to be reallocated to meet these *base* rate criteria should be

1 allocated to the customer classes that are not affected by the proposed limitations.<sup>10</sup>  
2 Mr. Dlouhy then proposes adjustments to the RMA so that no customer class  
3 receives a *net* increase that is greater than 125% of the system average net rate  
4 increase.<sup>11</sup>

5 Mr. Dlouhy explains that his proposal would cap the rate increase to any  
6 customer class at no more than 8.25%. He also explains that while the total rate  
7 increase is likely to change, that he recommends retaining this rule of thumb to cap  
8 the overall rate increase in order to mitigate rate shock.<sup>12</sup>

9 **Q. What justification does Mr. Dlouhy provide to support his rate spread**  
10 **proposal?**

11 A. Mr. Dlouhy states that he has concerns about the potential for a large overall  
12 rate increase resulting from this rate case, and the concurrent Transition Adjustment  
13 Mechanism proceeding, leading to rate shock, emphasizing that the burden from  
14 the rate increase should be spread across all customer classes. He also explains that  
15 the Commission has not supported raising rates for certain customers, while  
16 reducing it for others, absent compelling evidence.<sup>13</sup>

17 **Q. What is the difference between base rates and net rates?**

18 A. As I explained above, in addition to the base rates, net rates include the  
19 impacts of all tariff riders, including the RMA. As implied by the name, net rates  
20 represent the net impact to customers resulting from this proceeding.

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<sup>10</sup> *Id.* p.16

<sup>11</sup> *Id.* p. 19.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* p. 17

1 **Q. What is your assessment of Mr. Dlouhy's proposal to modify base rates in this**  
2 **proceeding in order to achieve a desired rate spread?**

3 A. In direct testimony, Mr. Meredith explains that the RMA was first  
4 implemented in docket UE116 to transition to cost of service rates under Senate  
5 Bill 1149.<sup>14</sup> I am not offering a legal opinion, but it is my understanding that *base*  
6 rates are intended to reflect cost-based rates consistent with the cost of service study  
7 and that the RMA is intended to reflect subjective adjustments to rate spread, such  
8 as the ones proposed by Mr. Dlouhy, that will ultimately impact customers' *net*  
9 rates. I do not agree with Mr. Dlouhy's proposal to subjectively adjust *base* rates  
10 in this proceeding to achieve a desired rate spread outcome and I recommend that  
11 any adjustments to the rate spread be accomplished through the RMA, not by  
12 adjusting base rates.

13 **Q. Do you have any other concerns with Mr. Dlouhy's proposed rate spread?**

14 A. As I illustrated in Table FM-1R above, Schedules 28 and 30 deserve a  
15 significant cost-based *decrease* to align rates with the Company's cost of service  
16 study. However, Mr. Dlouhy's rate spread proposal, which is based on the  
17 Company's proposed revenue requirement in its direct testimony, would result in a  
18 2.4% *net increase* for Schedule 28 and a 3.0% *net increase* for Schedule 30. Mr.  
19 Dlouhy's proposed adjustments that would result in a 2.4-3.0% *net rate increase*  
20 for these rate classes, that should otherwise deserve a significant cost-based rate  
21 decrease, does not allow for a reasonable amount of movement towards aligning  
22 rates with the cost of service in this proceeding.

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<sup>14</sup> Direct Testimony of Robert M. Meredith, pp. 15-16.



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2 *Response to Small Business Utility Advocates Witness William Steele*

3 **Q. What does witness SBUA witness William Steele recommend regarding rate**  
4 **spread?**

5 A. Mr. Steele recommends that the Company's rate spread be adjusted so that  
6 Schedule 23 customers receive the same net increase as Schedule 4 residential  
7 customers.<sup>15</sup>

8 **Q. Does Mr. Steele provide a specific example about how his proposed rate spread**  
9 **could be accomplished?**

10 A. No, he does not.

11 **Q. What justification does Mr. Steele provide to support his proposed rate**  
12 **spread?**

13 A. Mr. Steele explains that small business customers on Schedule 23 were hard  
14 hit financially with the impacts of COVID-19 shutdowns. According to Mr. Steele,  
15 the Commission could mitigate the rate impact to Schedule 23 customers on a  
16 gradual basis to prevent rate shock.<sup>16</sup>

17 **Q. How do you respond to Mr. Steele's rate spread proposal?**

18 A. As I explained above, the Company's rate spread proposal in its reply  
19 testimony would provide an RMA credit to Schedule 23 customers that limits the  
20 Schedule 23 rate increase to 150% of the system average *at the proposed revenue*  
21 *requirement*. My recommendation to maintain the same level of RMA credits and

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<sup>15</sup> Direct Testimony of William Steele, p. 13

<sup>16</sup> *Id.* p. 14.

1 surcharges as proposed by the Company in its reply testimony would ensure that  
2 Schedule 23 receives some level of rate mitigation. Mr. Steele does not provide  
3 details about how his proposed rate spread objective would be accomplished.  
4 However, for the reasons I have described above, I recommend that the  
5 Commission reject any proposal to increase the RMA surcharges for Schedule 28,  
6 30, or the lighting schedules above the level of RMA surcharges proposed by the  
7 Company in its reply testimony.

8

9 *Response to Klamath Water Users Association and Oregon Farm Bureau Federation*

10 *Witness Lloyd Reed*

11 **Q. What does witness KWUA and OFBF witness Lloyd Reed recommend**  
12 **regarding rate spread?**

13 A. Mr. Reed recommends that the percent rate increase for the Company's  
14 Oregon Schedule 41 customer class be established at 100% of the system average  
15 rate increase.<sup>17</sup>

16 **Q. Does Mr. Reed provide a specific example about how his proposed rate spread**  
17 **could be accomplished?**

18 A. No, he does not.

19 **Q. What justification does Mr. Reed provide to support his rate spread proposal?**

20 A. Mr. Reed explains that his proposed rate spread would result in a rate  
21 increase for irrigation customers in Oregon that is more consistent with the rate

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<sup>17</sup> Direct Testimony of Lloyd Reed, p. 28

1 increases experienced by the Company's irrigation customers in Washington and  
2 California.<sup>18</sup>

3 **Q. How do you respond to Mr. Reed's rate spread proposal?**

4 **A.** Mr. Reed does not provide details about how his proposed rate spread  
5 objective would be accomplished.<sup>19</sup> However, I recommend that the Commission  
6 reject any proposal to increase the RMA surcharges for Schedule 28, 30, or the  
7 lighting schedules above the level of RMA surcharges proposed by the Company  
8 in its reply testimony. Recent rate increases for irrigation customers in Washington  
9 or California would not provide a compelling justification to further increase the  
10 RMA surcharges for Schedule 28, 30, or the lighting schedules in this proceeding.

11 **Q. Does this conclude your rebuttal testimony?**

12 **A.** Yes, it does.

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<sup>18</sup> *Id.*, p. 27

<sup>19</sup> *Id.*

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

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In the matter of the PACIFICORP, DBA: )  
PACIFIC POWER, )  
 )  
Request for a General Rate Revision. )  
\_\_\_\_\_ )

UE 399

**AFFIDAVIT OF JUSTIN BIEBER**

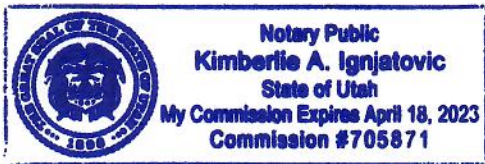
STATE OF UTAH )  
 )  
COUNTY OF SALT LAKE )

I, Justin Bieber, being first duly sworn on oath, depose and say:

1. He is a Senior Consultant with Energy Strategies. L.L.C., in Salt Lake City, Utah;
2. He is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Justin Bieber;"
3. Said testimony was prepared by him and under his direction and supervision;
4. If inquiries were made as to the facts and schedules in said testimony he would respond as therein set forth; and
5. The aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.

  
Justin Bieber

Subscribed and sworn to or affirmed before me this 11th day of August, 2022, by Justin Bieber.



  
Notary Public