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Via Electronic Mail – PUC.FilingCenter@state.or.us

August 22, 2023

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, Oregon 97301-3398
Attn: Filing Center

Re: Case No. UE-416

Dear Sir or Madam:

Please find attached the REPLY TESTIMONY OF JUSTIN BIEBER on behalf of FRED MEYER STORES AND QUALITY FOOD CENTERS, DIVISIONS OF THE KROGER CO. for filing in the above referenced matter.

Copies have been served on all parties of record. Please place this document of file.

Very truly yours,

Kurt J. Boehm

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

KJBkew
Enclosure

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

In the Matter of)
)
PORTLAND GENERAL ELECTRIC) **Docket No. UE 416**
COMPANY)
)
Request for a General Rate Revision.)

**REPLY TESTIMONY OF
JUSTIN BIEBER
ON BEHALF OF
FRED MEYER STORES**

AUGUST 22, 2023

1 and supported the development of testimony before various different state utility
2 regulatory 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 PGE's 2018 general rate case, UE 335, PacifiCorp's
14 2020 general rate case, UE 374, PGE's 2021 general rate case, UE 394, and
15 PacifiCorp's 2022 general rate case, UE 399.

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

18 **A.** Yes. I have testified in regulatory proceedings on the subjects of utility rates
19 and regulatory policy before state utility regulators in Colorado, Indiana, Kentucky,
20 Michigan, Montana, Nevada, New Mexico, North Carolina, Ohio, Texas, Utah,
21 Virginia, Washington, and Wisconsin.

22

1 **Overview and Conclusions**

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

3 A. I respond to the direct testimony of Citizens' Utility Board ("CUB") witness
4 William Gehrke regarding the rate design for Schedule 118.

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

6 A. I recommend that the Commission approve CUB's proposal to make the
7 Schedule 118 charge, which recovers costs for the Income-Qualified Bill Discount
8 ("IQBD") program, non-bypassable by eliminating the current cap of
9 \$1,000/month. The current cap significantly limits cost recovery from larger
10 electric customers. As program costs increase, more customer loads will be subject
11 to this cap, and the number of kWh over which the costs are recovered will
12 decrease. Reducing the number of kWh over which the costs are recovered in this
13 manner will put additional upward pressure on Schedule 118 rates. This would
14 create a positive feedback loop that would cause Schedule 118 rates for PGE's
15 smaller customers to skyrocket. By eliminating this element of the Schedule 118
16 rate design, the burden of the IQBD program costs will be shared by all customers
17 on a pro rata basis based on energy usage.

18

19 **Schedule 118 Rate Design**

20 **Q. What is Schedule 118?**

21 A. CUB witness Mr. Gehrke explains that Schedule 118 is an automatic
22 adjustment clause that tracks costs associated PGE's IQBD program for recovery
23 by the Company. The discount program was enabled by House Bill 2475 (2021).

1 The program is not funded by PGE shareholders, but rather by other PGE
2 ratepayers.¹

3 **Q. Please explain the current Schedule 118 rate design structure.**

4 A. CUB witness Mr. Gehrke explains that under the current Schedule 118 rate
5 design, a customer cannot pay more than \$1,000/month.² Residential customers
6 currently pay a charge of \$1.14/month. Non-residential customers currently pay
7 0.114 cents per kWh for the first 877,193 kWh/month,³ and zero cents for all energy
8 usage above 877,193 kWh.

9 **Q. What does Mr. Gehrke recommend regarding the Schedule 118 rate design.**

10 A. Mr. Gehrke recommends that the per kWh rate for Schedule 118 should be
11 non-bypassable and that the Commission should eliminate the cap for Schedule
12 118. According to Mr. Gehrke, everyone should pay for these bill discount
13 programs to help low-income customers, including industrial, commercial, and
14 residential paying their fair share for the programs. Mr. Gehrke also explains that
15 other Oregon energy utilities including Northwest Natural, Avista, and Cascade do
16 not have a bill cap on their low-income discount programs, and that CUB would
17 advocate for consistency between all Oregon energy utilities around cost recovery
18 for low-income discount programs.⁴

¹ CUB Exhibit 300, p. 22.

² *Id.* p. 24.

³ 877,193 kWh/month x 0.114 cents = \$1,000/month.

⁴ CUB Exhibit 300, p. 28.

1 **Q. What is your assessment of Mr. Gehrke's recommendation to eliminate the**
2 **Schedule 118 bill cap?**

3 A. I agree with Mr. Gehrke that the Schedule 118 bill cap should be eliminated.
4 For a low income assistance program, such as PGE's IQBD program, it would be
5 appropriate for all customers to pay a consistent \$/kWh rate based on their total
6 energy usage. This would also result in more consistency between the rate design
7 methodologies for the low income assistance programs of other Oregon energy
8 utilities.

9 **Q. Do you have any other concerns with the cap for the Schedule 118 rate design?**

10 A. Yes. When IQBD program costs increase, the current cap of \$1,000/month
11 could create a positive feedback loop that would cause Schedule 118 rates for
12 PGE's smaller customers to skyrocket.

13 **Q. Can you please explain how the current cap of \$1,000/month would create a**
14 **positive feedback loop that could cause Schedule 118 rates for PGE's smaller**
15 **customers to skyrocket?**

16 A. When program costs increase, the cost increase puts upward pressure on the
17 Schedule 118 rate. This upward rate pressure will then cause more customers'
18 loads to be subject to the cap, thus reducing the amount of load that will be subject
19 to Schedule 118 rates. And reducing the amount of load subject to Schedule 118
20 rate will require higher rates for the remaining load to recover the increase in
21 program costs which puts more upward pressure on rates causing even more load
22 to be excluded from the Schedule 118 charge. Thus, even a moderate increase in
23 program costs could result in a disproportionately larger cost increase for smaller

1 customers that are not subject to the cap, because the program costs would have to
2 spread over a smaller number of kWh loads. And to the extent that that there is a
3 more significant expansion to the IQBD program, a significant increase in IQBD
4 program costs could cause Schedule 118 rates to skyrocket for the smaller
5 customers that are not subject to the cap.

6 **Q. How much load is currently excluded from paying the Schedule 118 rate?**

7 A. The current cap of \$1,000/month already excludes approximately 5.5
8 million MWh of non-residential energy usage, or 25.1% of total energy usage, from
9 paying the Schedule 118 rate. As I explain above, the proportion of energy usage
10 that would be excluded under the current rate design structure could increase
11 significantly if IQBD programs costs increase. Table JB-1R below compares the
12 current Schedule 118 billing determinants to the total energy usage.

13 **Table JB-1R**
14 **Current Schedule 118 Billing Determinants Compared to Energy Usage⁵**

	Energy Usage (MWh)	Sch 118 (Bill/MWh)	Difference (MWh)	% of <u>Total</u> Energy Usage
Residential	7,902,781	9,926,511	2,023,730	9.2%
Non-residential	14,180,689	8,642,100	(5,538,589)	-25.1%
Total	22,083,470	18,568,611	(3,514,859)	-15.9%

15 **Q. Can you please summarize your recommendation regarding Schedule 118 rate**
16 **design?**

17 A. I recommend that the Commission approve CUB's proposal to eliminate the
18 current cap of \$1,000/month. The current cap significantly limits cost recovery
19 from larger electric customers. As program costs increase, more customer loads

⁵ PGE Exhibit 1300 workpaper 2024 Ratespread_Final for Filing – BD24-prop, columns R and AW.

1 will be subject to this cap, and the number of kWh over which the costs are
2 recovered will continue to decrease. Reducing the number of kWh over which the
3 costs are recovered in this manner will put additional upward pressure on Schedule
4 118 rates, resulting in a positive feedback loop that would cause Schedule 118 rates
5 for PGE's smaller customers to skyrocket. By eliminating this element of the
6 Schedule 118 rate design, the burden of the IQBD program costs will be shared by
7 all customers on a pro rata basis based on energy usage.

8 **Q. To the extent that the Commission does not approve CUB's recommendation**
9 **to eliminate the Schedule 118 cap, do you have an alternative**
10 **recommendation?**

11 A. To be clear, my primary recommendation is that the Commission approve
12 CUB's proposal to eliminate the Schedule 118 cap. However, to the extent that the
13 Commission determines that there should be some upper limit on Schedule 118
14 costs for large customers, then I recommend that the cap be set based on energy
15 usage, not based on customer cost. Setting the cap based on energy usage will avoid
16 a positive feedback loop where the amount of load excluded from paying Schedule
17 118 rates increases with program costs. And, to the extent that the Commission
18 does approve a Schedule 118 cap based on energy usage, I recommend that the cap
19 be set at level so that the maximum amount of load that would be excluded from
20 paying Schedule 118 rates under the cap does not exceed 10% of the total system
21 energy usage.

22 **Q. Does this conclude your reply testimony?**

23 A. Yes, it does.

