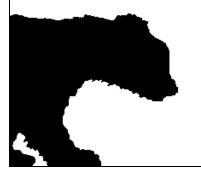
# BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

# **UM 1623**

In the Matter of	)
PORTLAND GENERAL ELECTRIC	)
COMPANY	)
Application for Deferral Accounting of	)
Excess Pension Costs and Carrying Costs	)
on Cash Contributions	)

# RESPONSE COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON



**SEPTEMBER 20, 2013** 

# BEFORE THE PUBLIC UTILITY COMMISSION

# **OF OREGON**

# **UM 1623**

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In the Matter of	)	
	)	RESPONSE COMMENTS OF THE
PORTLAND GENERAL ELECTRIC	)	CITIZENS' UTILITY BOARD OF
COMPANY	)	OREGON TO PORTLAND
Application for Deferral Accounting of	)	GENERAL ELECTRIC'S
Excess Pension Costs and Carrying Costs	)	SUPPLEMENTAL FILING
on Cash Contributions	)	

#### I. INTRODUCTION

The Citizens' Utility Board of Oregon ("CUB") submits the following comments regarding Portland General Electric Company's ("PGE") application for authorization and/or reauthorization of deferred accounting of pension costs ("Application") in Oregon Public Utility Commission ("OPUC" or the "Commission") Docket No. UM 1623. CUB continues to oppose PGE's efforts to defer and obtain dollar for dollar cost recovery (plus interest) of any deviations between its pension costs included in rates and its alleged actual pension costs. CUB continues to recommend that the Commission reject both of PGE's pension deferral requests because they are in violation of the deferred accounting statute, are contrary to Commission precedent, and because of the impact a decision in this docket could have upon the pending UM 1633 docket. CUB continues to believe that a decision needs to be made in the UM 1633 docket before further requested pension policy changes are addressed in any other dockets.

CUB respectfully requests that the Commission reject the UM 1623 Supplemental Application in addition to the previously filed UM 1623 deferral request (which was also

opposed by CUB).

#### II. BACKGROUND

PGE first filed an application to defer its excess pension costs and carrying costs on August 22, 2012. On October 31, 2012, CUB and the Industrial Customers of Northwest Utilities (ICNU) both filed comments opposing that request. Commission Staff, on the other hand, filed comments identifying concerns Staff had with that filing, and recommended that further investigation take place. Staff, therefore, recommended that the Commission hold PGE's request in abeyance until the completion of the Commission's separate investigation into generic pension issues in Docket No. UM 1633. PGE filed reply comments on November 13, 2012 urging the Commission to abandon its traditional approach to deferred accounting, and supporting Staff's recommendation to hold the proceeding in abeyance. The Commission has yet to take action with regard to the original pension deferral filing.

Skip forward one year. On August 22, 2013, PGE once again filed an Application, this one requesting that the deferral be "authorized or reauthorized" for another year. In this "Supplemental" or "2013 Application" (Application for Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions), PGE continues to request that 100% of any alleged pension costs plus interest be subject to recovery, and that there be no earnings test.<sup>1</sup>

#### III. COMMENTS

PGE's 2013 Application raises no new substantive issues and CUB will not, therefore, repeat its earlier comments filed in this same UM 1623 docket. Instead CUB adopts its prior comments in this docket by reference.

CUB continues to oppose both of PGE's requests for deferral of any pension costs

<sup>&</sup>lt;sup>1</sup> PGE's 2013 Application at 5-6.

because the requests constitute inappropriate single-issue ratemaking, would violate

Commission precedent as to appropriate implementation of the deferred accounting statute and deferred accounting rules<sup>2</sup>, and because both requests are inconsistent with agreements in PGE's general rate cases.

CUB opposes the further holding of this docket in abeyance pending the outcome of the Commission's generic investigation into pension costs. CUB's opposition is based on the fact that PGE's deferral requests should be judged with regard to current Commission policy and existing law regarding deferred accounting. The UM 1633 docket should resolve pension issues on a going-forward basis, and the primary issue in that case is whether pension costs should be treated as an expense or a rate base asset that allows the utilities to earn a return on their claimed investment in pensions. The UM 1633 pension investigation, which is a generic investigation, cannot retroactively change deferred accounting policy or resolve issues regarding PGE's specific pension deferrals. In fact, the UM 1633 investigation becomes more difficult to resolve when the resolution will retroactively allocated millions of dollars in deferred accounts to either shareholders or customers. CUB, therefore, recommends that the Commission apply existing policy and law to PGE's deferral requests and reject both of PGE's 2012 and 2013 Applications.

<sup>&</sup>lt;sup>2</sup> In its application, PGE failed to address the issue of what kind of risk it was seeking protection from. See CUB's October 31, 2012 comments; Order No 04-108, page 8-9.

# IV. CONCLUSION

PGE's 2013 Application contains all of the same legal, policy and factual flaws as PGE's 2012

Application for deferral and should, therefore, be rejected.

Respectfully Submitted, SEPTEMBER 20, 2013

Bel July

Bob Jenks

**Executive Director** 

Citizens' Utility Board of Oregon

# **UM 1623 – CERTIFICATE OF SERVICE**

I hereby certify that, on this 20<sup>th</sup> day of September, 2013, I served the foregoing **RESPONSE COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON TO PORTLAND GENERAL ELECTRIC'S SUPPLEMENTAL FILING** in docket UM 1623 upon each party listed in the UM 1623 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

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Respectfully submitted,

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