



Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8926 • Facsimile (503) 464-2200

Douglas C. Tingey
Associate General Counsel

September 30, 2013

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

**Re: UM 1623 – APPLICATION FOR DEFERRED ACCOUNTING OF EXCESS
PENSION COSTS & CARRYING COSTS ON CASH CONTRIBUTIONS**

Attention Filing Center:

Enclosed for filing in UM 1623 is an original and five copies of Portland General Electric Company's Reply Comments.

This document is being filed by electronic mail with the Filing Center. Simultaneous service is also being made upon the UM 1623 service list, via electronic mail.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "DCTingey", is written over the typed name.

Douglas C. Tingey
Associate General Counsel

DCT:qal
Enclosures
cc: Service List-UM 1623

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1623

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

Pursuant to OAR 860-027-0300(8), Portland General Electric (“PGE”) submits these reply comments in this matter.

DISCUSSION

PGE filed its initial deferral application in this docket on August 22, 2012, requesting deferral for later ratemaking treatment of excess FAS 87 pension expense and carrying costs on cash contributions to its pension for one year. PGE’s filing explained the cause of and need for the deferral including the greatly increased costs related to PGE’s pension plan caused by recent financial market performance and legal requirements. The Citizens’ Utility Board of Oregon (“CUB”) and the Industrial Customers of Northwest Utilities (“ICNU”) filed comments making various arguments including the unusual argument that the Commission should dismiss this application without any further action or development of a record. Staff of the Oregon Public Utility Commission filed comments and stated that further investigation into PGE’s request was warranted. Staff also recognized that the generic proceeding regarding pension cost issues, Docket UM 1633 was underway. Staff’s recommendation was as follows:

Accordingly, Staff recommends that the Commission either hold this application in abeyance, or simply not establish a procedural schedule, while the generic proceeding is underway.

On November 13, 2012, PGE filed Reply Comments, addressing all of the arguments made by CUB and ICNU. PGE also concurred with the recommendation of Staff to hold the docket in abeyance. In the event the Commission did not hold the docket in abeyance, PGE requested a hearing under ORS §757.259(2).

The Commission has taken no action on PGE's August 2012 application.

On August 22, 2013, PGE filed an application to continue the previously sought deferral for another year. PGE's 2013 application stated, since PGE's initial application the applicable discount rate has fallen further, from 4.4% to 4.2%. PGE's application also stated that the estimated amounts to be deferred under its applications are \$14.8 million for calendar year 2012 and \$29.8 million for calendar year 2013. Contrary to CUB's and ICNU's assertions, these are significant amounts that meet the requirements for deferred accounting.

CUB and ICNU have again filed comments opposing the application. Both state that PGE's application does not raise new substantive issues and both state that they, therefore, do not repeat their earlier arguments. Likewise, PGE will not repeat its responses to those arguments by CUB and ICNU.

CUB and ICNU both go on to claim that holding this application in abeyance will somehow impact, or "muddy the record and confuse the issues in the generic investigation." Comments in Opposition of ICNU, p.3. That is not the case. The generic proceeding will, hopefully, address certain policy issues regarding the ratemaking treatment of pension related costs. Application of those decisions will then occur in ratemaking dockets for each utility.

Once that generic docket is completed, then, and only then, will the Commission be able to determine if those decisions impact this docket in any way.

CUB also makes the unsupported claim that PGE's request somehow violates agreements from prior PGE rate cases. That is not the case. It is the case that, because of the greatly increased financial costs to PGE from legal requirements and financial market performance, PGE is requesting ratemaking treatment to reflect these changed circumstances. We do not know how such a request could be construed as a violation of any prior agreement by PGE.

CUB's arguments are also inconsistent with positions they have advocated with respect to Northwest Natural Gas ("NWN"). In the NWN rate case that in part led to the initiation of the generic pension docket (UM 1633), CUB argued that NWN could not recover certain pension expenses because NWN had not filed a deferral application. Now, where PGE has filed a deferral application, CUB argues that deferral is not appropriate, with ICNU following suit. PGE has done just what CUB argued NWN should have done.

Continuing to delay proceedings on this application, while the generic docket is moved forward, is a reasonable approach that PGE does not oppose. That would allow the subject costs to be handled consistent with the outcome of that docket, if the Commission deems that appropriate.

However, should the Commission not adopt Staff's recommendation to delay the proceedings in this docket, PGE requests a hearing under ORS §757.259(2).

CONCLUSION

CUB and ICNU have taken an unusual, and unsupported, position that this deferral application should be dismissed without any further inquiry by the Commission. They have not presented any convincing reasons why the Commission should take such a step. Staff previously

recognized the need for further investigation into the deferral request and the facts behind it. Staff also recommended that the Commission delay further proceedings on this application while the generic pension issue docket moves forward. The Commission has followed that recommendation. PGE continues to support that approach.

Dated this 30th day of September, 2013.

Respectfully submitted,

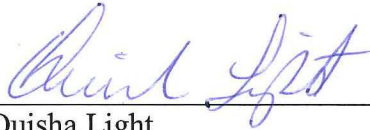


Douglas C. Tingey, # 044366
Associate General Counsel
Portland General Electric Company
121 SW Salmon St., 1WTC 1301
Portland, OR 97204
(503) 464-8926 (Telephone)
(503) 464-2200 (Fax)
doug.tingey@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **PORTLAND GENERAL ELECTRIC COMPANY'S REPLY COMMENTS** to be served by electronic mail to those parties whose email addresses appear on the attached service list and by First Class U.S. Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service for OPUC Docket No. UM 1623.

DATED at Portland, Oregon, this 30th day of September, 2013.



Quisha Light
Regulatory Paralegal
Portland General Electric Company
121 SW Salmon St., 1WTC 1301
Portland, OR 97204
503-464-8866 Telephone
503-464-2200 Fax
quisha.light@pgn.com

**SERVICE LIST 09/30/13
OPUC DOCKET # UM 1623**

<p>OPUC Dockets (C) CITIZENS' UTILITY BOARD OF OREGON dockets@oregoncub.org</p>	<p>Robert Jenks (C) CITIZENS' UTILITY BOARD OF OREGON bob@oregoncub.org</p>
<p>G. Catriona McCracken (C) CITIZENS' UTILITY BOARD OF OREGON catriona@oregoncub.org</p>	<p>Donald Schoenbeck (C) REGULATORY & COGENERATION SERVICES, INC. dws@r-c-s-inc.com</p>
<p>Irion Sanger (C) DAVISON VAN CLEVE, PC mail@dvclaw.com</p>	<p>S. Bradley Van Cleve (C) DAVISON VAN CLEVE, PC bvc@dvclaw.com; mail@dvclaw.com</p>
<p>Brian Bahr (C) OREGON PUBLIC UTILITY COMMISSION brian.bahr@state.or.us</p>	<p>Judy Johnson (C) OREGON PUBLIC UTILITY COMMISSION judy.johnson@state.or.us</p>
<p>Jason W. Jones DEPARTMENT OF JUSTICE jason.w.jones@state.or.us</p>	<p>Jay Tinker PORTLAND GENERAL ELECTRIC COMPANY pge.opuc.filings@pgn.com</p>
<p>Christopher A. Liddle PORTLAND GENERAL ELECTRIC COMPANY christopher.liddle@pgn.com</p>	<p>Douglas C. Tingey PORTLAND GENERAL ELECTRIC COMPANY doug.tingey@pgn.com</p>