

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1020

In The Matter of)	
)	
PORTFOLIO OPTIONS COMMITTEE)	ORDER
)	
Recommendations for Portfolio Options.)	

**DISPOSITION: PORTFOLIO COMMITTEE
RECOMMENDATIONS APPROVED**

Oregon residential and small nonresidential customers of Portland General Electric Company (PGE) and PacifiCorp, dba Pacific Power (Pacific Power), have several “portfolio” options in addition to basic service--including three renewable resource options and a time of use rate. The renewable resource options include Fixed Renewable (block product), Renewable Usage (matching 100 percent of a customer’s usage), and Habitat (Renewable Usage plus a contribution for restoring salmon habitat). The time of use rate is the market-based option to meet the requirements of ORS 757.603(2)(b).

The Portfolio Options Committee (Committee) recommends portfolio options to the Public Utility Commission of Oregon (Commission) in accordance with ORS 757.603(2) and OAR 860-038-0220. At the Commission’s June 25, 2008, Public Meeting, the Committee made several recommendations regarding portfolio options. Detailed analyses of the recommendations are contained in the Commission Staff Report, presented on behalf of the Committee, which is attached as Appendix A and incorporated by reference.

First, the Committee makes recommendations concerning time of use rates. Time of use rates are higher than standard rates during peak hours, and lower than standard rates during off-peak hours. Following evaluation of PGE’s and Pacific Power’s time of use programs in 2004 and 2005, the Commission adopted recommendations from the Committee to reduce program costs. Since that time, the utilities have continued to offer the time of use rate option for residential and small residential customers but with little investment in marketing or educational materials. The Committee recommends the utilities maintain this approach through 2009. Over the next year, the Committee will discuss PGE’s implementation of its advanced metering infrastructure and its impact on time of use options.

The Portfolio Options Committee recommends that the Commission require PGE and Pacific Power to continue to offer a time of use rate option for residential and small nonresidential customers in 2009 to comply with ORS 757.603(2)(b), according to the conditions described in Appendix A.

Second, the Committee recommends the appointment of Jennifer Gross to serve as Northwest Natural Gas Company's (NW Natural) representative on the Committee.

Third, the Committee recommends the appointment of Bill Edmonds as proxy for Committee member, Jennifer Gross, representing NW Natural.

The Commission adopts the Committee's recommendations.

ORDER

IT IS ORDERED that:

1. Portland General Electric Company and PacifiCorp, dba Pacific Power, are required to continue to offer a time of use rate option for residential and small nonresidential customers in 2009 to comply with ORS 757.603(2)(b).
2. Jennifer Gross is appointed as representative to the Portfolio Options Committee for Northwest Natural Gas Company.
3. Bill Edmonds is appointed as proxy for Committee member Jennifer Gross, representing Northwest Natural Gas Company.

Made, entered, and effective JUL 01 2008.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 25, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: June 16, 2008

TO: Public Utility Commission

FROM: Lori Koho *(Lgk)*
W

THROUGH: *EB* Lee Sparling, *WBT* Ed Busch and Bonnie Tatom

SUBJECT: PORTFOLIO OPTIONS COMMITTEE: (Docket No. UM 1020)
Recommendations for Portfolio Options.

SUMMARY RECOMMENDATIONS:

The Portfolio Options Committee recommends that the Commission:

1. Require Portland General Electric (PGE) and PacifiCorp to continue to offer a time of use rate option for residential and small nonresidential customers in 2009.
2. Appoint Jennifer Gross to serve as Northwest Natural Gas Company's (NW Natural) representative on the Portfolio Options Committee.
3. Appoint Bill Edmonds to serve as proxy for committee member Jennifer Gross, representing NW Natural.

DISCUSSION:

Oregon residential and small nonresidential customers of PGE and PacifiCorp have a choice of several "portfolio" options in addition to Basic Service — three renewable resource options and a time of use rate. The utilities have offered these options since March 2002.

The renewable resource options meet the requirements of ORS 757.603(2)(a). The options include Fixed Renewable (block product), Renewable Usage (matching 100% of a customer's usage) and Habitat (same as Renewable Usage, plus a contribution for restoring salmon habitat). The time of use rate is the market-based option to meet the requirements of ORS 757.603(2)(b).

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The Portfolio Options Committee (committee) makes the following recommendations pursuant to OAR 860-038-0220.

Time of Use Option for 2009

Compared to standard cost of service rates, time of use rates are higher during on-peak hours and lower during off-peak hours. Customers who significantly reduce usage during peak periods may be able to save money on a time of use rate option.

Following evaluation of PGE's and PacifiCorp's time of use programs in 2004 and 2005, the Commission adopted recommendations by the Portfolio Options Committee to reduce program costs. Since that time, the utilities have continued to offer the time of use rate option for residential and small residential customers but with little investment in marketing or educational materials. The committee recommends the utilities maintain this approach through 2009. Over the next year, the committee will discuss PGE's implementation of its advanced metering infrastructure and its impact on time of use options.

The Portfolio Options Committee recommends that the Commission require PGE and PacifiCorp to continue to offer a time of use rate option for residential and small nonresidential customers in 2009 to comply with ORS 757.603(2)(b). The utilities will minimize costs of the time of use program, including providing minimal information in general education materials on portfolio options, targeting any time of use education efforts to high-usage customers and keeping those efforts to a minimum.

Time of Use Option - Customer Guarantee

The time of use option customer guarantee assures customers that for the first 12 months of participation, they won't pay more than 10% above what they would have paid on the cost of service rate (excluding meter charges). It gives customers the opportunity to see if they can shift enough load to off-peak hours to save money, without too much additional cost if they fail.

In Order No. 06-350, the Commission ordered PGE and PacifiCorp to continue the customer guarantee for the first 12 months of the customer's participation in the time of use rate option. The committee noted there is no date specified in this particular order; therefore it can be assumed to continue to be in effect unless the Commission issues a new order.¹

¹ Commission Order No. 06-350, paragraph 4 reads, "Portland General Electric Company and PacifiCorp are required to continue the customer guarantee for the first 12 months of the customer's participation in the time of use rate option."

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Additional Staff Recommendations

Staff recommends that the Commission:

1. Appoint Jennifer Gross to serve as Northwest Natural's representative on the Portfolio Options Committee.

Jennifer Gross is a Tariff and Regulatory Consultant for NW Natural. She has worked in the utility industry for twelve years and has experience in energy efficiency and regulation.

2. Appoint Bill Edmonds to serve as proxy for committee member Jennifer Gross, representing NW Natural.

Bill Edmonds is the Director of Environmental Policy and Sustainability at NW Natural.

PROPOSED COMMISSION MOTION:

1. PGE and PacifiCorp be required to continue to offer a time of use rate option for residential and small nonresidential customers in 2009 to comply with ORS 757.603(2)(b).
2. Jennifer Gross be appointed as representative to Portfolio Options Committee for NW Natural.
3. Bill Edmonds be appointed as proxy for committee member Jennifer Gross, representing NW Natural.

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