



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

February 2, 2009

**Email /US Mail**

Vikie Bailey-Goggins  
550 Capitol St., NE, No.215  
Salem, OR 97301-2551

Ms. Bailey-Goggins

**Re: UM\_\_\_ PGE's Application for Accounting Order**

Enclosed for filing are an original and one copy of Portland General Electric Company's Application for an Accounting Order related to expenditures associated with repairing damage to customer-owned equipment as part of PGE's Automated Metering Infrastructure project.

By separate cover, PGE is also filing a tariff sheet (Schedule 330) that describes the proposed program.

We have provided notification of this application to the UE 197 service list. This document is being filed by electronic mail with the Filing Center. PGE waives paper service of documents in this proceeding and has E-filed a copy on this date.

Please direct all formal correspondence, questions, or requests to the following e-mail address:  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Thank you for your assistance in this matter. If you have any questions or require further information, please call Alex Tooman at 503-464-7623.

Sincerely,

Patrick G. Hager  
Manager, Regulatory Affairs

Encls

cc: Melinda Davison, ICNU  
Catriona McCracken, CUB  
UE 197 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_

In the Matter of the Application of Portland  
General Electric Company for an Accounting  
Order Regarding Costs Associated with PGE's  
Advanced Metering Infrastructure (AMI)

**Application for an Accounting Order**

Pursuant to Sections 757.120 and 757.125 of the Oregon Revised Statutes (ORS), Portland General Electric (PGE) respectfully requests an Oregon Public Utility Commission (Commission or OPUC) accounting order authorizing PGE to begin classifying as capital, expenditures associated with repairs to meter bases in conjunction with PGE's Advanced Metering Infrastructure (AMI) project, as of January 1, 2009. PGE estimates that the repair expenditures may total approximately \$319,000 but final costs will depend on the number and the average cost of those repairs. These repairs are necessary because, as it deploys AMI through meter exchanges, PGE has discovered (and expects to further discover) problems in and around some meter bases that are significant enough that PGE cannot safely restore service to the customer until the meter base is repaired. After discussions with interested parties, PGE has agreed that it will repair certain customer-owned equipment,<sup>1</sup> if service cannot be safely restored or if subsequent disconnection of service would be required, provided the Commission allows PGE to capitalize 90% of the repair costs (or approximately \$287,000). We expect AMI deployment will be completed no later than December 31, 2010. In support of this application, PGE states:

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<sup>1</sup> PGE will arrange and pay for repair of the customer's equipment limited to the customer-owned meter base out to PGE's service line. For overhead service, this is from the customer owned meter base out to PGE's service drop and for underground service this is from the customer owned meter base down to the bottom of the customer owned conduit.

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to the regulation of the OPUC.
2. Communications regarding this Application should be addressed to:

Randy Dahlgren  
Rates and Regulatory Affairs  
Portland General Electric,  
1 WTC0702  
121 SW Salmon Street  
Portland, Oregon 97204  
Phone: 503.464.7857  
E-mail: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Barbara Halle  
Associate General Counsel  
Portland General Electric,  
1 WTC1301  
121 SW Salmon Street  
Portland, Oregon 97204  
Phone: 503.464.8858  
E-mail: [barbara.halle@pgn.com](mailto:barbara.halle@pgn.com)

PGE waives paper service in this proceeding. In addition to the names and addresses above, the following are to received notices and communications via the e-mail service list:

Patrick G. Hager, Manager, Regulatory Affairs  
E-mail: [Patrick.Hager@pgn.com](mailto:Patrick.Hager@pgn.com)

Alex Tooman, Project Manager  
E-Mail: [Alex.Tooman@pgn.com](mailto:Alex.Tooman@pgn.com)

#### I. The Commission's Authority over Accounting

The Commission has plenary authority over PGE's accounting practices. ORS §§757.120 and 757.125. The Commission has adopted the Federal Energy Regulatory Commission's Uniform System of Accounts for use by all electric utilities in Oregon. OAR 860-27-0045. The Commission may, however, allow a utility to depart from strict FERC accounting practices, if it is practicable to do so. ORS 757.120(1) and 757.125(1).

#### II. Description of the Project

AMI is a system that enables the automated collection of meter data via a fixed network. A complete AMI system consists of solid-state electronic meters, a communication system/network to transmit the data, and a communication server or computer system that receives and stores data

from the meter, and as a two-way system, sends commands to the meter. This two-way capability enables the utility to send instructions to the meter or, at some later time with customer approval, control device(s) at the customers' premises. In addition, the system is expected to provide long-term cost savings by reducing operating costs, providing improved and new services to customers, enabling demand response programs, and improving billing accuracy and timeliness.

### III. Timing and Need for Recovery Remedy

Because the meter base is a customer-owned component of the premises' electrical system (as opposed to a PGE-owned component such as the meter and service drop), necessary repairs to the meter base and service lateral are typically the sole responsibility of the customer. Under normal circumstances, when PGE exchanges a meter and encounters significant problems at the meter base that would make service restoration unsafe, PGE does not restore service to the premises until appropriate repairs are completed at the owner's expense. As part of AMI deployment, PGE will exchange almost all of our existing meters with "smart" meters. We expect to encounter a small percentage of meter bases and/or service laterals that could require repairs either before service can be safely restored or shortly thereafter. Concern has been expressed over the potential magnitude of the cost of these repairs, and that a disproportionate number of them would fall on lower-income residential customers (where the meter base has been in place longer on older premises). In order to mitigate these impacts, PGE has agreed to arrange and pay for certain repairs to the customer-owned equipment, to the extent required to safely restore service, under the program described in Schedule 330 (Exhibit A to this application), for the following reasons:

- Implementation of the AMI project could be delayed with associated additional administrative costs if individual customers have to arrange for their own repairs. Same day response is guaranteed by PGE's contractor.
- There would otherwise be a risk that, upon discovery of damage to the meter base or related customer-owned equipment, customers could urge the PGE technician to complete restoration in order for them to avoid the cost of repair, without consideration of the potential service or safety impact on adjacent premises.
- This is a minimal charge for all customers that, because it will enable those few with damaged meter bases to get them repaired quickly, will avoid the risk of additional costs for potential disputes, adverse media coverage, complaints to the OPUC, etc. that are born by all customers.
- For a small cost to all customers, this repair service will be available to all customers who need it as AMI is deployed.

PGE would capitalize 90% of those costs, if approval of this request for accounting order is granted by the Commission.

#### IV. Estimated Costs

PGE currently has experienced an incidence rate of approximately 0.04% for meter exchanges during our 22,000 meter exchanges associated with AMI's system acceptance testing. If we round this rate to 0.05% and apply it times the approximately 850,000 meter exchanges necessary for AMI, we estimate 425 exchanges requiring repairs to the meter base. Assuming the average cost to repair the meter bases is approximately \$750 (based on the likely work we expect to encounter), then the estimated total cost of these repairs is approximately \$319,000. If PGE were to capitalize 90% of

these repair costs, the estimated capitalization per this request would be approximately \$287,000 during AMI deployment<sup>2</sup>, which should end no later than December 31, 2010.

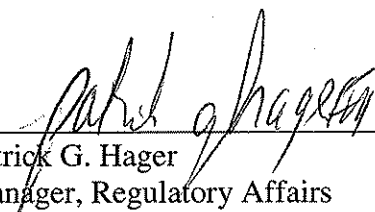
As a separate matter, PGE affirms that we have paid and will continue to pay for any costs to repair customer-owned equipment if the repair is needed to safely restore service during the AMI deployment and PGE has *caused* the problem that must be repaired.

#### V. Accounting Treatment

PGE requests approval to classify the 90% portion of these costs as capital associated with the AMI project. PGE will record these costs as FERC 370 (Meters) and incorporate them in the next general rate filing that includes AMI in rate base. The remaining costs will be classified as O&M expense in FERC 417.1 (Expenses of Non-utility Operations), so that they will not appear in PGE's regulated costs. Absent this accounting order, PGE would continue to require customers to complete all necessary repairs before service can be restored.

#### VI. Conclusion

For the reasons stated above, PGE requests that the Commission issue an accounting order granting its request to account for 90% of the O&M incurred costs of meter-base repairs as capitalizable costs for AMI. DATED this 2<sup>nd</sup> day of February, 2009



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Manager, Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-0702  
Portland, OR 97204  
Phone: 503-464-7580  
Facsimile: 503-464-7651  
E-Mail: patrick.hager@pgn.com

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<sup>2</sup> Including systems acceptance testing.

# **Exhibit A**

**PGE Tariff Schedule 330**

**SCHEDULE 330  
ADVANCED METER INFRASTRUCTURE (AMI PROJECT)  
METER BASE REPAIR PROGRAM**

**PURPOSE**

This schedule describes the limited Customer equipment repair and service reconnection program during the Advanced Metering Infrastructure meter deployment project (AMI Project). This Program provides that, subject to certain limitations, where the installation of the new AMI meter exposed defects in the Customer-owned meter base (and service lateral) requiring an immediate or subsequent safety disconnect of electric service to protect life and property, the Company will arrange and pay for corrective repairs to the meter base and certain other equipment. The purpose of this program is to allow the eligible Customer's Electricity Service to be restored as soon as possible without direct cost to the Customer as provided in this schedule.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To any secondary delivery voltage Customer whose meter is replaced as part of the AMI Project within the territory served by the Company.

**PROGRAM DESCRIPTION**

The Company will arrange and pay for the repair of Customer-owned equipment limited to the Customer-owned meter base and other equipment between the meter base and Company's service lateral\* at no direct cost to the Customer, where necessary to allow for the safe reconnection of Electricity Service provided that:

- The property owner provides, prior to commencing repairs, written authorization for a Company-authorized contractor to perform necessary repair work. The Company will accept authorization to perform work from the property owner or the owner's authorized agent.
- The repair of the applicable customer-owned equipment is limited to repairs which will, in the Company's judgment, allow for safe reconnection of service.
- The necessity to repair the Customer-owned equipment was identified by the Company in conjunction with the Company's plan to replace an existing meter with an AMI meter as a part of the regular AMI deployment process.

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\* For overhead service from the customer-owned meter base out to the Company's service drop and for underground service from the customer-owned meter base down to the bottom of the customer-owned conduit.



**SCHEDULE 330 (Concluded)**

**PROGRAM DESCRIPTION (Continued)**

- The Company will not under this program, arrange for or pay for any repairs, or any portion of a repair, if the meter base or related equipment's installation is unfinished, incomplete, or improperly installed.

**SPECIAL CONDITIONS**

1. If the property owner or Customer is not present on-site at the time the Company disconnects service under this program and identifies that a repair is necessary, the Company will make reasonable efforts to contact the customer and the property owner including use of known phone numbers.
2. The Company will require its independent electrical contractors providing repairs under this schedule to release the company from any liability resulting from the contractors actions and to carry adequate liability insurance. The Company's liability will be limited to the cost of the repairs themselves.

## **Attachment A**

Notice of Application for An Accounting Order

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM \_\_\_\_\_**

In the Matter of the Application of Portland  
General Electric Company for an Accounting  
Order Regarding Costs Associated with PGE's  
Advanced Metering Infrastructure (AMI)

**Notice of Application for  
An Accounting Order**

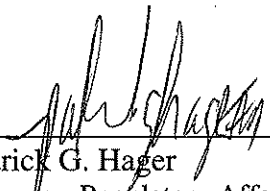
On February 02, 2009, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission ("Commission") for an Order authorizing PGE to classify as capital certain expenditures related to repairing certain customer-owned equipment in conjunction with deployment of PGE's Advanced Metering Infrastructure (AMI) Project. Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the costs to be included in PGE's rate base rates in a subsequent general rate proceeding.

Persons who wish to obtain a copy of PGE's application should contact the following:

Portland General Electric Company  
Attn: Patrick G. Hager  
Manager, Regulatory Affairs  
121 SW Salmon, 1 WTC-0702  
Portland, OR 97204  
Telephone: (503) 464-7580  
patrick.hager@pgn.com

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than March 4, 2009.

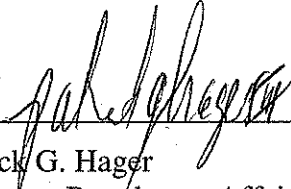
Dated: February 2, 2009

  
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Portland General Electric Company  
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Portland, OR 97204  
Telephone: 503.464.7580  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing **APPLICATION FOR AN ACCOUNTING ORDER ON METER BASE REPAIR COSTS** to be served by First Class US Mail, postage prepaid and properly addressed, upon each party on the attached service list from the last general rate case, OPUC Docket No. UE 197.

Dated at Portland, Oregon, this February 02, 2009



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Portland, OR 97204  
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**eDockets**

**Docket Summary**

[Return to Search Page](#)

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**Docket No:** UE 197      **Docket Name:** PORTLAND GENERAL ELECTRIC

[Print Summary](#)

**Subject Company:** PORTLAND GENERAL ELECTRIC

**See also:** UE 198 08-23

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a general rate revision. Filed by James J. Piro. Initial Utility Filing for electronic version.)

**Filing Date:** 2/27/2008

**Advice No:** 08-02

**Effective:** 1/1/2009

**Expiration:** 12/31/2008

**Status:** PERM SUSPEND

**Final Order:** 09-020

**Order Signed:** 1/23/2009

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 If you experience problems with the above 'Email Service List' links,  
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[General information about Tariff](#)

ACTIONS		SERVICE LIST (Parties)	SCHEDULE
<b>W=Waive Paper service</b>	<b>C=Confidential HC=Highly Confidential</b>	<a href="#">Sort by Last Name</a>	<a href="#">Sort by Company Name</a>
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