

ORDER NO. 03-701

ENTERED DEC 01 2003

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 153

In the Matter of)
)
PORTLAND GENERAL ELECTRIC) ORDER
)
Request to add Schedule 730, Surge Protection)
Program.)

DISPOSITION: ADVICE NO. 03-18 ALLOWED

On June 17, 2003, Portland General Electric Company (PGE) filed Advice No. 03-6 with the Public Utility Commission of Oregon, proposing a Schedule 12, Surge Protection Program. Because PGE and Staff could not agree on the special conditions applicable to the proposed Schedule 12, Staff recommended that the Commission suspend the filing at the August 20, 2003 Public Meeting. In Order No. 03-501 dated August 20, 2003, the Commission ordered suspension of Advice No. 03-6 pending an investigation and docketed the filing as UE 153.

During a workshop held on October 7, 2003, Staff and PGE agreed to a resolution of this matter. Staff advised PGE to withdraw Advice No. 03-06 and file a new tariff setting forth the terms and conditions agreed upon in the workshop. On October 20, 2003, Advice No. 03-18 was filed.

At its public meeting on November 13, 2003, the Commission adopted Staff's recommendation, attached as Appendix A and incorporated by reference, and approved the tariff.

ORDER

IT IS ORDERED that Portland General Electric's request for approval of Advice No. 03-18 is granted, effective November 20, 2003.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

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 to a court pursuant to applicable law.

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 13, 2003**

REGULAR _____ CONSENT X EFFECTIVE DATE November 20, 2003

DATE: October 31, 2003

TO: Lee Sparling through Marc Hellman, Jack Breen III and Rebecca Hathhorn

FROM: Carla Owings and Lynn Kittilison

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UE 153/Advice No. 03-18) Adds Schedule 730, Surge Protection Program.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's Advice No. 03-18, as filed on October 20, 2003, to become effective November 20, 2003.

DISCUSSION:

On June 17, 2003, Portland General Electric (PGE or the Company) filed Advice No. 03-6, which proposed a Schedule 12, Surge Protection Program. Because PGE and Staff could not agree on the special conditions applicable to the proposed Schedule 12, Staff recommended that the Commission suspend the filing at the August 20, 2003 Public Meeting. In Order No. 03-501 dated August 20, 2003, the Commission ordered suspension of Advice No. 03-6 pending an investigation and docketed the filing as UE 153.

During a UE 153 workshop held on October 7, 2003, Staff and the Company agreed to a resolution of this matter. Staff advised the Company to withdraw Advice 03-06 and refile under the terms and conditions agreed upon in the workshop. Advice No. 03-18 was filed on October 20, 2003, in accordance with ORS 757.205, *Filing Rate Schedules with the Commission*. The new filing was in settlement of the UE 153 dispute and will remain as a part of the open docket.

As described in PGE's advice letter, the purpose of this filing is to tariff the Company's Schedule 730, Surge Protection Program. The program provides customers with products that protect specific electronic equipment or the entire single-phase 200 or 320 amp electrical system from potential power surges and spikes. PGE's 700 series of tariff schedules provides descriptions of the company's nonutility services.

PGE offers two versions of surge protection. For customers with 200-amp service, PGE offers the Meter Socket Adaptor (MSA) Surge Suppressor that attaches directly to the 200-amp, single-phase electricity meter. Only PGE personnel can install this device because the meter seal must be broken in order to gain access. Consumers can purchase similar surge devices from other available sources such as other utility companies or on the Internet. If a device owned by a consumer meets the Company's quality standards, the consumer can request it to be installed by PGE for an installation fee of \$100.

For customers with larger service or Generlink service (Schedule 10), PGE offers the Home Surge Protection Center (HSPC) Surge Suppressor that is installed near a 320-amp electricity meter. The HSPC contains an option to purchase telephone and/or cable surge protection. PGE believes it is important to offer this service because the vendor currently only sells these products to utility companies. PGE is offering a purchase or lease to own option for the MSA Surge Suppressor.

In addition to meter-based surge suppressors, PGE is offering five models of inside outlet surge protectors. PGE represents that the surge suppressor strips are included as part of the offering in order to offer customers complete protection against surges. Meter devices only protect against surges coming through PGE's service. The internal strips offer protection against surges that originate from inside a building or enter through the cable or phone system. The surge suppressor devices offered in Schedule 730 are currently posted on PGE's web site.

Issues

Staff investigated the following issues:

1. Allocation of Costs.
2. Compliance with Oregon Administrative Rules (860-038-0500 – 860-038-0620), Code of Conduct Rules.

Allocation of Costs

Beginning in 2002, PGE booked fully distributed costs in nonregulated accounts. The recording of fully distributed costs in nonregulated accounts is consistent with the Commission's Transfer Pricing Policy stated in OAR 860-038-0580, *Prevention of Cross-subsidization Between Competitive Operations and Regulated Operations*. Staff examined PGE's labor, corporate governance and other loadings and is satisfied that PGE is applying fully distributed costs.

In the UE 153 workshop held on October 7, 2003, PGE agreed to book costs and revenues in nonregulated accounts. Staff agreed with this accounting procedure for the following reasons:

1. Surge protection is an optional service that consumers can receive from other sources. Although PGE's MSA and HSPC surge suppressors are only sold to utilities, consumers can obtain similar products that perform the same function from other electric utility companies, electric supply stores, building supply warehouses or on the Internet.

In the schedule, PGE acknowledges that similar products are available to consumers and has included an option to install Underwriter's Laboratories' (UL) listed meter socket adapters other than those sold by PGE for an installation charge of \$100.

Because two meter products and inside outlet surge suppressors meet the definition of competitive operations¹, Staff requested that PGE continue to record fully distributed costs and revenues into nonregulated accounts.

2. By recording fully distributed costs in nonregulated accounts, ratepayers would not be potentially subsidizing the program and would not assume any risks associated with under-recovery for the program.

Compliance with Oregon Administrative Rules (860-038-0500 – 860-038-0620), Code of Conduct

As previously discussed, Staff believes that PGE should continue to record revenue and expenses in nonutility accounts. In additional discussions with PGE, PGE agreed to book revenues and expenses in nonutility accounts.

¹ "Competitive operation" means any activities related to the provision of electricity services conducted by the electric company's nonregulated operation or the electric company's affiliate.

Also, since the surge suppressor devices are a competitive operation, Staff requested that PGE add the following special conditions to the proposed schedule:

Special Condition No. 1:

All fully distributed costs and revenues associated with the provision of Surge Protection shall be charged or credited to nonutility accounts.

Special Condition No. 2:

The Company shall communicate to Consumers in all its written and verbal communications regarding Surge Protection that the Consumer may buy similar products or services from other providers and is not required to buy surge suppressors from the Company in order to continue to receive the Company's safe and reliable Electricity Service.

Special Condition No. 3:

Any incentives or rebates offered in conjunction with this service will not be tied to the provision of Electricity Services.

These provisions are designed to ensure the requirements of Oregon Administrative Rules (860-038-0500 – 860-038-0620), Code of Conduct, are met. Staff believes the inclusion of these special conditions will allow for adequate consumer and competitive protection. Staff will continue to monitor these activities to ensure compliance with the Code of Conduct.

PROPOSED COMMISSION MOTION:

Portland General Electric's request for Advice No. 03-18, as filed on October 20, 2003, be allowed to go into effect on November 20, 2003.