

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1269

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Request for Deferral of Net Revenues)	
Associated with Stable Power Rate Tariff.)	

DISPOSITION: APPLICATION APPROVED

On June 22, 2006, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259. PGE requests authorization for a deferred account for revenues and costs associated with an experimental renewable resource tariff offering a stable power rate for residential and small nonresidential customers (Schedule 9).

This pilot program offers customers rate stability with renewable attributes and an opportunity to contribute to future wind development at a fixed rate. PGE requests deferral during the pilot period to determine if customers will want or subscribe to it. At its public meeting on August 22, 2006, the Commission adopted Staff's recommendation to approve PGE's application. Staff's recommendation is attached as Appendix A, and is incorporated by reference.

ORDER

IT IS ORDERED that Portland General Electric Company's application to defer revenues and costs associated with the Stable Power Rate Tariff, as filed on June 22, 2006, is approved and shall become effective August 23, 2006.

Made, entered, and effective AUG 22 2006 .

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: August 22, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE August 23, 2006

DATE: August 14, 2006

TO: Public Utility Commission

FROM: Carla Owings *us* *JMD*

THROUGH: Lee Sparling, Ed Busch and Judy Johnson *EB* *JJ*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1269) Request for deferral of net revenues associated with Stable Power Rate Tariff.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer revenues and costs associated with Stable Power Rate Tariff as filed on June 22, 2006, to become effective August 23, 2006.

DISCUSSION:

On June 22, 2006, Portland General Electric (PGE) filed a request to defer revenues and costs associated with an experimental renewable resource tariff offering, a stable power rate for residential and small nonresidential customers ("Schedule 9"). This pilot program offers customers rate stability with renewable attributes and an opportunity to contribute to future wind development at a fixed rate. PGE has concurrently filed Advice No. 06-13, requesting approval of tariffs to make available this stable power rate option.

PGE seeks authorization to establish, and maintain, a Schedule 9 balancing account to accrue the difference between all revenues collected on Schedule 9 less program costs of \$0.45 per kWh and a Wind Development charge of \$0.30 per kWh, and the revenues that would have been collected if the participants had remained on their cost of service tariffs. The Company proposes to apply interest at PGE's approved rate of return (currently 9.083%). Any difference between Schedule 9 and cost of service rates will be credited or charged to Schedule 7 (residential) and Schedule 32 (small nonresidential) cost of service customers.

PGE-UM 1269
August 14, 2006
Page 2

Because the Stable Rate costs are based on cost of service rates for 2007 from PGE's filed rate cases (Docket Nos. UE 180, UE 181 and UE 184), the Company has agreed (per Staff's request) to update the Stable Rate prices with the finalization of Resource Valuation Mechanism energy prices for 2007. This will help to balance the proposed differentials between actual 2007 rates and Stable Rate prices.

PGE estimates the accrued balance will be no more than \$50,000 if Schedule 9 becomes fully subscribed. However, if retail rates change significantly over the test period of the pilot program, the amount accrued in the Balancing Account could change significantly.

PGE is requesting the deferral during the offering of the Stable Rate Pilot program to determine if customers will want or subscribe to it. The Company is filing its request pursuant to ORS 757.259(2)(e), identifiable utility expenses and revenues, the recovery or refund of which, the Commission finds should be deferred in order to minimize the frequency of rate fluctuations, or to better match the costs borne by and the benefits received by ratepayers. Staff believes allowing this deferral better matches the costs borne by, and the benefits received by ratepayers because the Company has identified a program that may enhance customer satisfaction and is providing an opportunity for customers to participate in testing the quality of the offering.

Additionally, the Commission encourages utilities through policy implementation to develop and increase renewable resources in the region. Offering just such a program responds to customer feedback and interest in stable-rate renewable options. The Company believes, and Staff agrees, that it is important for the pilot program to be revenue-neutral so that the utility can continue the trial on a multi-year basis without fear that the revenue impact will necessitate ending the trial before significant data can be collected.

PGE proposes to record interest associated with the balancing account in FERC Account 229, Accumulated Provision for Rate Refund and a corresponding entry to FERC Account 182.3, Other Regulatory Assets.

Staff has reviewed the Company's request and finds that PGE's proposal to establish a balancing account for Schedule 9 net revenues is reasonable.

PGE-UM 1269
August 14, 2006
Page 3

PROPOSED COMMISSION MOTION:

The Commission approve Portland General Electric's request to defer revenues and costs associated with Stable Power Rate Tariff as filed on June 22, 2006, to become effective August 23, 2006.

PGE UM 1269, Deferral related to Stable Rate Option