

**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 & Light Company (PacifiCorp), 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 19, 2007, 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 recommends that the Commission approve PGE’s decision to extend its current marketing and supply agreement with Green Mountain Energy by 12 months, through December 31, 2009. Consistent with its review requirements, PGE notes high customer penetration rates, increases in new customers and total green power sold, integrated marketing using a variety of channels, product pricing and resource mix, and operational expertise and working relationships.

Second, 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 PacifiCorp’s time of use programs in 2004 and 2005, the Commission adopted recommendations from the Committee to reduce program costs. The Committee makes similar recommendations for 2008, recommending that PGE and PacifiCorp continue to offer a Time of Use rate option in compliance with ORS 757.603(2)(b), according to the conditions described in Appendix A.

Third, the Committee recommends the appointment of Joelle Steward to serve as PacifiCorp's representative, and Paul Wrigley as proxy, on the Committee.

Fourth, the Committee recommends the appointment of Lori Koho as the Commission's representative, and Lisa Schwartz as proxy, on the Committee.

The Commission adopts the Committee's recommendations.

**ORDER**

IT IS ORDERED that:

1. Portland General Electric Company is allowed to extend its current marketing and supply agreement with Green Mountain Energy by 12 months through December 31, 2009.
2. Portland General Electric Company and PacifiCorp are required to continue to offer a time of use rate option for residential and small non-residential customers in 2008 to comply with ORS 757.603(2)(b).
3. Joelle Steward is appointed to the Portfolio Options Committee, representing PacifiCorp.
4. Lori Koho is appointed to the Portfolio Options Committee representing Commission Staff.
5. Paul Wrigley is appointed as proxy for committee member Joelle Steward, representing PacifiCorp, and Lisa Schwartz as proxy for Lisa Schwartz, representing Commission Staff.

Made, entered, and effective JUN 22 2007.

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.

ITEM NO. 2

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 19, 2007

REGULAR  X  CONSENT \_\_\_\_\_ EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: June 7, 2007

TO: Public Utility Commission

FROM: Lori Koho *lk*  
*lis*

THROUGH: *eb* Lee Sparling, Ed Busch and *bbt* 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. Approve Portland General Electric's (PGE's) decision to extend its current marketing and supply agreement with Green Mountain Energy by 12 months through December 31, 2009.
2. Require PGE and PacifiCorp to continue to offer a time of use rate option for residential and small nonresidential customers in 2008.

Additionally, staff recommends that the Commission:

3. Appoint Joelle Steward to serve as PacifiCorp's representative on the Portfolio Options Committee.
4. Appoint Lori Koho to represent Commission Staff on the Portfolio Options Committee.
5. Appoint Paul Wrigley to serve as proxy for committee member Joelle Steward, representing PacifiCorp, and Lisa Schwartz as proxy for Lori Koho, representing Commission staff.

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**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).

The Portfolio Options Committee (POC or Committee) monitors ratepayer participation and satisfaction with these programs and makes recommendations to both the utilities and the Commission in the ratepayer's interest. As part of that routine monitoring, the Committee reviews how the utilities spend and appropriate specific funds. The Committee was surprised at the criticism these programs received in the Portland area press earlier this year. Specifically, the proportion of funds spent on marketing was questioned. The Committee, with the enthusiastic participation of PGE and PacifiCorp, reviewed the program design which includes marketing and administration costs. The program design and costs were then compared with comparable programs throughout the country. Additionally, the National Renewable Energy Laboratory (NREL) surveys and rates programs nationally. NREL's report shows both PGE and PacifiCorp's programs garner high participation rates and procure renewable power for their customers at a very low premium.

Therefore, the Committee continues to conclude that these are well designed programs and makes this statement to the Commission:

*The POC recommends PGE and PacifiCorp continue a robust education and marketing program as it is critical to overall program support of renewable resources. The committee will discuss and review the level of education, marketing and administration spending annually.*

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

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### 2009 Contract Extension for Green Mountain Energy

In Order No. 06-350, the Commission adopted a process that allows PGE to extend an existing agreement for renewable resources and marketing services, subject to Commission approval and with opportunity for input and recommendations from the Portfolio Options Committee. In determining whether the company should seek to extend the contract, PGE must consider such factors as product content, product price compared to prices from other suppliers in the market, customer participation and marketing activities. After three annual extensions, PGE must fully test the market through a request for proposal (RFP) process.

Order No. 06-350 also approved PGE's second request to extend for one year its existing agreement with Green Mountain Energy.

In support of PGE's current proposal to extend its contract with Green Mountain Energy through 2009, PGE notes high customer penetration rates, the percentage increase in new customers and total green power sold, integrated marketing using a variety of channels, product pricing and resource mix, and operational expertise and working relationships.

The Portfolio Options Committee passed the following motion unanimously (with PacifiCorp abstaining) at its meeting on May 9, 2007:

*The Portfolio Options Committee recommends that the Commission approve PGE's decision to extend its current marketing and supply agreement with Green Mountain Energy by 12 months, through December 31, 2009.*

### Time of Use Option for 2008

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. The committee adopted unanimously at its May 9, 2007, meeting a similar recommendation for 2008:

*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 2008 to comply with ORS 757.603(2)(b). The utilities will*

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*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.*

Staff notes that PGE is pursuing advanced metering infrastructure in its current rate case (UE 189) which could result in a more cost effective time of use option for PGE. The Committee will continue to observe and discuss the impact that implementation of an advanced metering infrastructure may have on time of use options.

#### 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.<sup>1</sup>

#### Additional Staff Recommendations

Staff recommends that the Commission:

1. Appoint Joelle Steward to serve as PacifiCorp's representative on the Portfolio Options Committee.

*Joelle Steward* is the Oregon Regulatory Manager for PacifiCorp, replacing Laura Beane. Prior to working for PacifiCorp, Ms. Steward was on staff at the Washington Utilities and Transportation Commission.

2. Appoint Lori Koho to represent Commission Staff on the Portfolio Options Committee.

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<sup>1</sup> 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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*Lori Koho* is a senior analyst and lead staff for the Commission's oversight of the Energy Trust of Oregon. She also has responsibilities in the areas of utility resource planning, electric industry restructuring and public purpose funds.

3. Appoint Paul Wrigley to serve as proxy for committee member Joelle Steward, representing PacifiCorp, and Lisa Schwartz as proxy for Lori Koho, representing Commission staff.

*Paul Wrigley* is the Director, Regulatory Affairs West at PacifiCorp. He previously represented the electric utilities on the Portfolio Advisory Committee (now the POC) from 2002 -2004.

*Lisa Schwartz* is a senior analyst at the Oregon Public Utility Commission, and has served on the committee since its inception, initially representing the Oregon Department of Energy and serving as the committee's chair. A senior analyst, she has represented Commission staff on the committee since August 2003.

#### **PROPOSED COMMISSION MOTION:**

1. PGE be allowed to extend its current marketing and supply agreement with Green Mountain Energy by 12 months through December 31, 2009.
2. PGE and PacifiCorp be required to continue to offer a time of use rate option for residential and small nonresidential customers in 2008 to comply with ORS 757.603(2)(b).
3. Joelle Steward be appointed as representative to Portfolio Options Committee for PacifiCorp.
4. Lori Koho be appointed to the Portfolio Options Committee representing Commission staff.
5. Paul Wrigley be appointed as proxy for committee member Joelle Steward, representing PacifiCorp, and Lisa Schwartz as proxy for Lori Koho, representing Commission staff.