

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1301(1)

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Application for Reauthorization of Deferral of)	
Quarterly Direct Access Open Enrollment)	
Costs/Benefits.)	

DISPOSITION: APPLICATION APPROVED

On January 17, 2008, Portland General Electric Company (PGE) filed a request for reauthorization with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259(2)(e), to defer costs associated with its 2008 Quarterly Direct Access Open Enrollment effective February 1, 2008 through January 31, 2009. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on February 26, 2008, the Commission adopted Staff's Recommendation.

ORDER

IT IS ORDERED that:

- 1) Portland General Electric Company's application to defer its 2008 Quarterly Direct Access Open Enrollment Costs/Benefits effective February 1, 2008 through January 31, 2009, is approved.

- 2) Any ratemaking treatment for deferred amounts is reserved for a ratemaking proceeding.

Made, entered, and effective MAR 04 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: February 26, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE February 1, 2008

DATE: February 5, 2008

TO: Public Utility Commission

FROM: Carla Owings *CO*

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

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1301(1)) Defers quarterly Direct Access Open Enrollment costs/benefits.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request in Docket UM 1301 to defer its 2008 Quarterly Direct Access Open Enrollment Costs/Benefits, including the November 2007 Enrollment Window, effective February 1, 2008, through January 31, 2009. Any ratemaking treatment for deferred amounts should be reserved for a ratemaking proceeding.

DISCUSSION:

In Order 07-108 (Docket No. UM 1301), the Commission authorized Portland General Electric (PGE) to defer the Quarterly Direct Access Open Enrollment costs and benefits for the period February 1, 2007, through January 31, 2008. By application dated January 17, 2008, PGE filed a request for reauthorization to defer costs/benefits on a quarterly basis for the period February 1, 2008, through January 1, 2009.

Previously, on December 12, 2007, PGE filed an application requesting authorization to defer costs/benefits related to its November 2007 Annual Direct Access Open Enrollment Window (Docket No. UM 1359). Both applications relate to the difference between the value of the energy based on (1) the forward curves used to establish the Transition Adjustment rates and (2) the actual sale of power by PGE's Power Operations Group for 2008. Staff believes the December 12 application is unnecessary because the costs/benefits associated with the November window are appropriately treated under the provisions of the UM 1301 deferral.

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Staff has requested that PGE withdraw its UM 1359 application should the Commission agree that the cost/benefits associated with the November window are appropriately treated under the UM 1301 deferral request.

Quarterly Direct Access (QDA) enrollment windows were adopted by the Commission in Order No. 06-528. At that time, PGE and parties entered into, and the Commission approved, a stipulation by which eligible customers on a cost-of-service rate schedule will be provided an opportunity to move to direct access service or an applicable non-cost of service pricing option. For those customers electing to move from the cost-of-service option, PGE will defer the difference between the value of the energy based on (1) the forward curves used to establish the Annual Transition Adjustment rates and (2) the actual sale of power by PGE's Power Operations Group, if such amounts exceed \$60,000 on a quarterly basis, as specified in PGE's Schedule 128.

PGE filed tariff Schedule No. 128 pursuant to the Stipulation and in compliance with Commission Order No. 07-015, on January 16, 2007. This schedule provides for windows in addition to the annual November election window PGE offered in the past. An election to move to QDA by an eligible customer will apply for the balance of the calendar year. Each QDA open enrollment window will be open for not less than three full business days following the posting of the applicable transition adjustment rates. Since the request to defer on a quarterly basis overlaps with the annual November election window, Staff believes only a single application is necessary to incorporate all four quarters of the year.

PGE proposes to post the applicable Transition Adjustment rates on its website and with the Commission on:

- November 15th, or the next business day for the January 1 (1st Quarter applicable for 12 months) effective date of the election.
- February 15th, or the next business day for the April 1 (2nd Quarter applicable for 9 months) effective date of the election.
- May 15th, or the next business day for the July 1 (3rd Quarter applicable for 6 months) effective date of the election.
- August 15th, or the next business day for the October 1 (4th Quarter applicable for 3 months) effective date of the election.

This deferral provides a mechanism for PGE to track the cost or benefit of open enrollment options and defer those costs or benefits for later rate-making treatment pursuant to ORS 757.259(2)(e). The deferral of such costs or benefits will minimize the frequency of rate changes or fluctuations and match appropriately the costs borne by and benefits received by customers.

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The amount to be deferred could be a credit or a charge to customers depending upon the actual wholesale power prices at the time PGE disposes of any surplus power resulting from customer elections. If the deferred amount is a credit to customers, PGE proposes to record the deferral in FERC Account 254 (Other Regulatory Liabilities) and debit FERC Account 447 (Sales for Resale) as an offset. If the deferred amount is a charge to customers, PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Regulatory Assets) and credit FERC Account 447 (Sales for Resale).

Since the deferred amount is a function of changes in the wholesale market prices and the amount of customer load that moves, a precise amount of the deferral is not known. However, PGE estimates an amount of approximately \$3 million related to the November window, and notes that interest will accrue at PGE's authorized cost of capital, currently 8.29%.

Staff has reviewed the application and finds that PGE's request is reasonable. Staff recommends that the rate-making treatment for such costs or benefits be reserved for a subsequent ratemaking proceeding.

PROPOSED COMMISSION MOTION:

The Commission approve Portland General Electric's request in Docket UM 1301 to defer its 2008 Quarterly Direct Access Open Enrollment Costs/Benefits, including the November 2007 Enrollment Window, effective February 1, 2008, through January 31, 2009. Any ratemaking treatment for deferred amounts should be reserved for a ratemaking proceeding.

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