

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1147

In the Matter of the)	
)	
PUBLIC UTILITY COMMISSION OF)	ORDER
OREGON)	
)	
Sets interest rate for amortized deferred)	
accounts.)	

DISPOSITION: STAFF'S RECOMMENDATION APPROVED

On May 22, 2008, the Public Utility Commission of Oregon (Commission) issued Order No. 08-263, which established guidelines for determining the interest rate to be applied to amortized deferred accounts. In this Order, the Commission determined that a blended Treasury Rate, updated annually, should apply. A description of the discussion and ordering paragraph is contained in the Staff Report, attached as Appendix A and incorporated by reference.

At the July 8, 2008, Public Meeting, the Commission adopted Staff's Recommendation to adopt a Blended Treasury Rate of 4.27 percent to be applied to all deferred accounts for which the Commission grants amortization approval in 2008 and prior years.

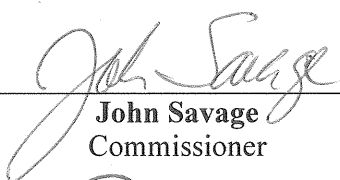
ORDER

IT IS ORDERED that a Blended Treasury Rate of 4.27 percent is adopted and applied to all deferred accounts for which amortization approval is granted in 2008 and prior years.

Made, entered and effective JUL 14 2008



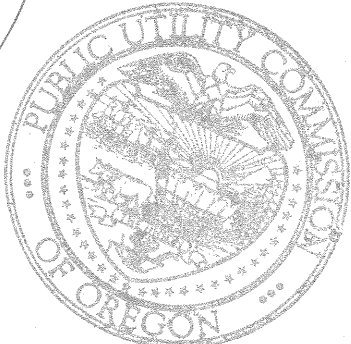
Lee Beyer
 Chairman



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 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: July 8, 2008

REGULAR CONSENT EFFECTIVE DATE NA

DATE: June 26, 2008

TO: Public Utility Commission

FROM: Bryan Conway *BAC*

THROUGH: ^{*and*} Lee Sparling and Marc Hellman *[Signature]*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1147) Sets interest rate for amortized deferred accounts.

STAFF RECOMMENDATION:

The Commission should adopt a Blended Treasury Rate of 4.27% to be applied to all deferred accounts for which the Commission grants amortization approval in 2008 and prior years.

DISCUSSION:

On May 22, 2008, the Commission issued Order No. 08-263, which established guidelines for determining the interest rate to be applied to amortized deferred accounts. In this Order, the Commission determined that a blended Treasury Rate, updated annually, should apply. Specifically, the Commission ordered:

“The Blended Treasury Rate shall be calculated by the tenth day of January each year, based on Treasury rates published on the first two Thursdays, as opposed to the last two Fridays, in the preceding December. The Blended Treasury Rate in effect when the Commission authorizes amortization of a deferred account shall be applied to the deferred account beginning on the date of the Commission’s approval of the amortization and continuing throughout the entire period of amortization.”

The Order directed Staff to calculate the new interest rate and present it to the Commission at a public meeting. The new rate will apply as of 60 calendar days

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after May 22, 2008, the date of the Order, "to all deferred accounts in amortization now or in the future, including the balances in existing deferred accounts already in amortization, whether such accounts are accruing prospective deferrals or not."¹

Using the Federal Reserve Statistical Release H.15, Selected Interest Rates, found at www.federalreserve.gov, Staff determined the 1-, 3-, and 5-year Treasury Rates for the first two Thursdays of December 2007 and calculated an average as follows:

	1-yr	3-yr	5-yr
Thursday, December 6, 2007	3.20%	3.03%	3.39%
Thursday, December 13, 2007	3.22%	3.22%	3.54%
Average	3.21%	3.13%	3.47%
Grand Average	3.27%		
100 basis point adder	1.00%		
Blended Treasury Rate	4.27%		

Note: the final result, "Blended Treasury Rate" was rounded to the nearest basis point.

PROPOSED COMMISSION MOTION:

A Blended Treasury Rate of 4.27% be adopted and applied to all deferred accounts for which amortization approval is granted in 2008 and prior years.

UM 1147 Interest Rate.doc

¹ Order No. 08-263 at 15, 17. The Order indicated that the Commission would consider applications for exception to application of the new rate for existing amortized deferrals.