

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1294(3)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

ORDER

Application for Reauthorization of Deferred  
Accounting of Annual Power Cost Variance.

**DISPOSITION: APPLICATION APPROVED**

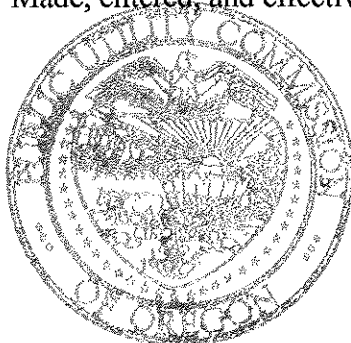
On December 1, 2009, Portland General Electric Company (PGE) filed a request, with the Public Utility Commission of Oregon (Commission), for an accounting order reauthorizing it to defer, for later ratemaking treatment, the annual net variable power cost variances pursuant to Commission Order No. 07-015, ORS 757.259(2)(e) and PGE tariff Schedule 126, effective January 1, 2010. 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 December 22, 2009, the Commission adopted Staff's Recommendation.

**ORDER**

IT IS ORDERED that Portland General Electric Company's application for reauthorization of deferred accounting of the Annual Power Cost Variance, effective January 1, 2010, is approved.

Made, entered, and effective DEC 28 2009.



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. CA14



PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 22, 2009

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2010

DATE: December 15, 2009

TO: Public Utility Commission

FROM: Carla Owings 

THROUGH: Lee Sparling, Ed Busch and Judy Johnson  

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1294(3))  
Reauthorizes Deferred Accounting for Annual Power Cost Variance.

**STAFF RECOMMENDATION:**

Staff recommends Portland General Electric's application for deferred accounting of the Annual Power Cost Variance, effective January 1, 2010, be approved.

**DISCUSSION:**

On December 1, 2009, Portland General Electric (PGE or Company) filed a request for an accounting order reauthorizing the Company to defer for later ratemaking treatment the annual net variable power cost variances pursuant to Order No. 07-015, ORS 757.259(2)(e) and PGE tariff Schedule 126.

Description of deferral:

In Commission Order No. 07-015, the Commission ordered the adoption of an annual Power Cost Adjustment Mechanism (PCAM). In this application, PGE seeks to defer the difference between the actual annual net variable power costs and the annual net variable power costs collected in rates for the one-year period beginning January 1, 2010. Amortization of this deferral is subject to the terms of Schedule 126, including an earnings test and the application of an asymmetric deadband and sharing mechanism. Amortization is not part of this application.

Reason for deferral request:

PGE seeks to accrue the annual variances between the actual annual power costs and the annual forecasted power costs that will be amortized in rates pursuant to the terms established on its Schedule 126 and Commission Order No. 07-015. Continuance of

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 December 15, 2009  
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this deferral will minimize the frequency of rate changes and more appropriately match the costs borne by and benefits received by ratepayers.

PGE has filed and received authorization for this deferral as shown in Table 1 below:

Table 1

Filing Date	Renewal Period	Order No.	Approval Date	PCV Refund or (Surcharge)	Deferral for Amortization
01-16-08	01-17-08/01-16-09	08-154	03/04/08	\$16.5 M	\$16.5 M
12-19-08	01-01-09/12-31-09	09-023	01/27/09	\$16.1 M	\$0 <sup>1</sup>

Proposed Accounting:

PGE proposes to record the deferral as a regulatory liability in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 456 (Other Revenue) if there is an amount to collect from customers. PGE would record the Deferred Amount in FERC 254 (Regulatory Liabilities) and debit FERC Account 456 (Other Revenue) if there is a refund to customers. In the absence of a deferred accounting order, PGE would record the costs to FERC Accounts 501 and 547 (Fuel) and FERC 447 (Sales for Resale) as well as FERC 565 (Transmission by Others) and FERC 555 (Purchased Power).

Estimated Amounts to be Deferred:

PGE cannot provide an estimate of the amount to be deferred because it is dependent upon actual 2010 information that is currently unknown. Interest will accrue on the unamortized portion of the balance at PGE's authorized weighted average cost of capital (currently 8.284<sup>2</sup> percent) until amortization is approved. At that time, interest will accrue at the rate determined to be the blended treasury rate pursuant to Commission Order No. 08-263 (UM 1147).

**PROPOSED COMMISSION MOTION:**

Portland General Electric's application for deferred accounting of the Annual Power Cost Variance, effective January 1, 2010, be approved.

PGE UM 1294 (3) Deferral of Annual Power Cost Variance

<sup>1</sup> No refund was required after application of the earnings review.

<sup>2</sup> 8.284 percent is adjusted by 10 basis points of ROE for decoupling pursuant to Commission Order 09-020.