

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1417(1)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application for Reauthorization of  
Deferred Accounting of Revenues  
Associated with ROE Refund and Sales  
Normalization Adjustment and Lost  
Revenue Recovery.

ORDER

**DISPOSITION: DEFERRED ACCOUNTING APPROVED**

On January 30, 2009, Portland General Electric Company (PGE) filed a request with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259, to defer revenues associated with Schedule 123, the Sales Normalization (SNA) and Lost Revenue Recovery Adjustments (LRRA) and the refund of Return on Equity (ROE) effective February 1, 2009. The Commission approved PGE's request in Order No. 09-162.

On January 20, 2010, PGE filed a request to reauthorize deferral of revenues associated with the SNA, LRRA, and ROE. The details of the filing and Staff's recommendation are described in Staff's Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on February 23, 2010, the Commission adopted Staff's recommendation.

**ORDER**

IT IS ORDERED that:

- 1. Portland General Electric Company’s request for reauthorization to defer revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment, and the refund of Return on Equity effective February 1, 2010, is approved.
- 2. Any ratemaking treatment for such deferred amounts shall be reserved for a ratemaking proceeding.

Made, entered, and effective     MAR 02 2010    .

BY THE COMMISSION:



*Becky L. Beier*  
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 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. CALL

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 23, 2010**

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

DATE: February 16, 2010

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 1417(1)) Requests reauthorization to defer the revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment and the refund of Return on Equity.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric's request to reauthorize deferral of revenues associated with the Sales Normalization and Lost Revenue Recovery Adjustments and the refund of Return on Equity effective February 1, 2010. Any ratemaking treatment for such deferred amounts should be reserved for a ratemaking proceeding.

**DISCUSSION:**

On January 20, 2010, Portland General Electric (PGE) filed a request to reauthorize deferral of revenues associated with the Sales Normalization Adjustment (SNA), Lost Revenue Recovery Adjustment (LRRRA) and the refund of Return on Equity (ROE).

Background:

In Docket No. UE 197, Portland General Electric (PGE or the Company) asked the Commission to approve proposed decoupling and revenue recovery mechanisms implemented through the deferral of certain revenues pursuant to formulas for the SNA and the LRRRA specified in a tariff, Schedule 123. Commission Order No. 09-020 allowed PGE's request, subject to multiple modifications and conditions,<sup>1</sup> including the following:

<sup>1</sup> See Commission Order No. 09-020 pages 28-30 for all modifications and conditions.

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1. The fixed cost-recovery factors should be conformed to the revenue requirement decisions in Commission Order No. 09-020.
2. The interest rate to be applied to the monthly SNA balance and the LRRRA balance shall be the Modified Blended Treasury Rate<sup>2</sup> applied to deferred accounts in amortization rather than the authorized Rate of Return (ROR) originally proposed by PGE.
3. PGE's authorized ROE shall be reduced by ten (10) basis points to reflect the reduction in the Company's risk and PGE should file an application to defer the revenue requirement effect of this change until it can be reflected in base rates.
4. The SNA and LRRRA mechanisms will terminate two years after the effective date of the approved tariffs unless extended by the Commission. During the two-year period parties are encouraged to convene and to evaluate and recommend revisions in the mechanisms.

The Commission ordered the Company to file a revised Schedule 123 and a deferred accounting application consistent with the terms of Order No. 09-020 no later than 15 days from the date the Order was issued, or to notify the Commission of its decision not to file such a decoupling tariff.

On January 30, 2009, PGE submitted a request for approval to defer revenues associated with the SNA, the LRRRA, and refund of ROE. PGE also submitted, as a compliance filing, Advice No. 09-01, Schedule 123, which set forth both the mechanics and certain rate parameters of the SNA and the LRRRA, requesting an effective date of February 1, 2009. The Commission adopted Schedule 123 in Commission Order 09-162.

Reason for Deferral:

The Company seeks to continue to defer revenues associated with the SNA, the LRRRA, and refund of ROE.

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<sup>2</sup> See Commission Order No. 08-263 page 15 for a description of the Modified Blended Treasury Rate.

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Description of Amounts:

Pursuant to Commission Order 09-020 and the terms described above, PGE accrued a refund of approximately \$4 million related to the ROE adjustment and the SNA as of the first nine months of 2009.

Estimate of Amounts:

For 2010, PGE forecasts the refund related to ROE to be approximately \$1.9 million. No forecast related to the SNA or LRRRA has been provided as the SNA adjustment is dependent upon actual, weather-adjustment usage per customer and the usage projected in UE 197.

For the LRRRA, the difference is based upon energy efficiency savings reported by the Energy Trust of Oregon (ETO) and the savings incorporated into the UE 197 load forecast. The LRRRA may be positive or negative. A negative LRRRA for a given test year will occur if kWh savings reported by the ETO are less than those estimated in setting base rates. A positive LRRRA for a given test year will occur if kWh savings reported by the ETO are greater than those estimated for the test year in setting base rates. The LRRRA for each year subsequent to the test year will incorporate incremental kWh savings reported by the ETO for that year.

Proposed Accounting:

PGE uses three separate accounts to record deferrals associated with the SNA and LRRRA mechanisms and the ROE<sup>3</sup> refund. The SNA deferral account is composed of two subaccounts so that net accruals for the residential schedule (Schedule 7) will track separately from the net accruals for the commercial schedules (Schedules 32 and 532).

For the ROE refund, the Company credits FERC Account 229 (Accumulated Provision for Rate Refunds) and debits FERC Account 449.1 (Provision for Rate Refunds).

For the LRRRA and SNA deferral accounts, the Company records the deferred amounts to FERC Account 182.3 (Regulatory Assets) if the deferred amount is to be collected from customers and FERC Account 254 (Regulatory Liabilities) if the deferred amount is to be refunded to customers. The corresponding debit or credit for the LRRRA and SNA accounts is to FERC Account 456 (Other Revenue). As indicated in Commission Order

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<sup>3</sup> Interest will accrue at the Modified Blended Treasury rate consistent with the deferrals related to SNA and LRRRA.

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No. 09-020, each of the deferred accounts will accrue interest at the Modified Blended Treasury Rate.

Staff Analysis:

Staff has reviewed PGE's accruals and interest calculations related to these deferral accounts and finds PGE's request to reauthorize deferral for the 12-month period beginning February 1, 2010, to be reasonable.

**PROPOSED COMMISSION MOTION:**

PGE's request to defer revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment, and the refund of Return on Equity, be approved, effective February 1, 2010. Any ratemaking treatment for such deferred amounts should be reserved for a ratemaking proceeding.

PGE – UM 1417(1) Decoupling Deferral