

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1471

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for authorization of deferred
accounting of qualifying renewable
resource projects.

ORDER

DISPOSITION: DEFERRED ACCOUNTING APPROVED

On April 1, 2010, Portland General Electric Company (PGE) filed a request with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259, to defer the costs related to its Renewable Resource Automatic Adjustment Clause, effective April 1, 2009 through December 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 March 30, 2010, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that:

1. Portland General Electric Company's request to defer the costs associated with its Renewable Resource Automatic Adjustment Clause, effective April 1, 2009 through December 31, 2009, is approved.
2. Any ratemaking treatment for deferred amounts will be reserved for a ratemaking proceeding.

Made, entered, and effective APR 01 2010.

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. CA8

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 30, 2010**

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2009

DATE: March 2, 2010

TO: Public Utility Commission

FROM: Carla Owings *CO*

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

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1471) Requests authorization to defer costs related to Renewable Resource Automatic Adjustment Clause.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer costs related to its Renewable Resource Automatic Adjustment Clause, effective April 1, 2009 through December 31, 2009. Any ratemaking treatment for deferred amounts should be reserved for a ratemaking proceeding.

DISCUSSION:

Background:

On April 1, 2009, Portland General Electric (PGE) filed a request to update its Schedule 122, Renewable Resource Automatic Adjustment Clause (RAC) to recover costs associated with qualifying Company-owned and/or contracted new renewable energy resource projects not otherwise included in rates.

PGE's filing included three new resources: SunWay I and SunWay II (Solar Projects) and Biglow Canyon Phase 2 (wind generation). The Solar Projects came into service prior to the April 1 filing date for the RAC filings. For this reason, PGE requested authorization to defer costs related to the Solar Projects on December 3, 2008. The request was docketed as UM 1407 and was granted by the Commission in Order No. 09-398 where the request was also consolidated with UE 209.

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UM 1407 granted PGE the right to defer costs associated with the RAC filing beginning December 3, 2008 and to update for actual costs beginning December 3, 2008 through December 2, 2009. However, it did not remain in effect long enough to allow for updated actual O&M costs after December 2, 2009.

On December 1, 2009, PGE provided updated O&M costs through October 31, 2009 and on December 10, 2009. PGE provided updated O&M costs through November 30, 2009, related to the actual output of Biglow Canyon Phase 2. This actual output had the effect of reducing the production tax credits related to Biglow's wind generation. These effects, along with a forecast of production for December 2009, were included in PGE's rates for Schedule 122, which was implemented on January 1, 2010.

On February 9, 2010, PGE filed a request to update costs related to the *actual* output of Biglow Canyon Phase 2 for the month of December 2009. Staff and Staff's counsel initially advised PGE that we did not believe PGE had legal standing to request such an update. However, PGE referred us to its original request filed April 1, 2009, in its testimony at PGE/200, Tinker-Brown/1, Lines 11 through 13 where it states:

"PGE is seeking to consolidate UM 1407 with the deferral request in this filing, which is for the period of April 1, 2009 through December 31, 2009."

For this reason, Staff's counsel has advised us that they believe PGE's original request was made in a timely manner and at that time an additional docket should have been established as a separate request to defer in order to capture the costs related to the actual output for December 1, 2009 through December 31, 2009. Counsel advises us that the timely request allows the Commission to now authorize PGE to defer the costs through December 31, 2009.

Description of Amount:

Updating the actual output for Biglow Canyon Phase 2 for December 2009, has the effect of increasing net variable power costs (NVPC) related to approximately 18,000 MWh of less output. The lesser output reduces the NVPC benefit by approximately \$1.1 million and reduces the available production tax credit by approximately an additional \$400,000.

In addition, changes to the rules by the Oregon Department of Energy and laws enacted by the Oregon Legislature have the effect of removing the benefits available relating to 2009 BETC tax credits already modeled into rates as of January 1, 2010. This creates an increase to revenue requirement of approximately \$2.2 million. The total impact of

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these updates increases revenue requirement by approximately \$4.1 million. Any ratemaking treatment for deferred amounts should be reserved for a ratemaking proceeding.

Reasons for Deferral:

To match appropriately costs borne by and benefits received by ratepayers pursuant to ORS 757.259.

PROPOSED COMMISSION MOTION:

PGE's request to defer costs associated with its Renewable Resource Automatic Adjustment Clause effective April 1, 2009 through December 31, 2009, be approved. Any ratemaking treatment for deferred amounts should be reserved for a ratemaking proceeding.

PGE UM 1471 -- Defer RAC