

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1103(7)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization to Defer
Intervenor Funding Costs.

ORDER

DISPOSITION: REAUTHORIZATION FOR DEFERRAL APPROVED

On June 16, 2010, Portland General Electric Company (PGE) requested reauthorization to defer costs related to Intervenor Funding Grants for later incorporation in rates. Current authorization for deferral extends through June 30, 2010, pursuant to Order No. 09-268.

On July 2, 2003, the Public Utility Commission of Oregon (Commission) issued Order No. 03-388, which approved the Intervenor Funding Agreement among PacifiCorp, PGE, Northwest Natural Gas Company, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon and Industrial Customers of Northwest Utilities, pursuant to ORS 757.072. A description of the Intervenor Funding Agreement is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on August 24, 2010, the Commission adopted Staff's Recommendation and approved PGE's request for reauthorization for deferred costs related to Intervenor Funding Grants.

ORDER

IT IS ORDERED that:

1. Portland General Electric Company's request for reauthorization to defer costs related to Intervenor Funding Grants beginning July 1, 2010 to June 30, 2011, is approved.
2. Portland General Electric Company is directed to account for the grants by customer class.

SEP 02 2010

Made, entered and effective _____.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 24, 2010**

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2010

DATE: July 28, 2010

TO: Public Utility Commission

FROM: Carla Bird *CB*

THROUGH: *li* Lee Sparling, *MS by JK* Maury Galbraith and *JJ* Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1103(7))
Reauthorizes deferral of costs associated with Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer costs related to Intervenor Funding Grants beginning July 1, 2010 to June 30, 2011.

DISCUSSION:

On June 16, 2010, Portland General Electric Company (PGE) filed a request for reauthorization to defer Intervenor Funding Costs. Current authorization for this deferral extends through June 30, 2010, pursuant to Order No. 09-268.

On July 2, 2003, the Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement among PacifiCorp, PGE, Northwest Natural Gas Company, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities, dated February 5, 2003 (the Intervenor Funding Agreement). Pursuant to 757.072(2) "...any agreement entered into... must be approved by the Commission before any financial assistance is provided..." and (3) "...in administering an agreement...the Commission by rule or by order may determine...(c) the manner in which the financial assistance will be recovered in rates."

On December 19, 2007, the Commission approved the First Amended and Restated Intervenor Funding Agreement (IFA) which extended intervenor funding through December 12, 2012 (Commission Order No. 07-564). The IFA amends and clarifies the use of funds for dockets that extend two or more calendar years, modifies some of the original terms and conditions, adds new reporting requirements and changes the

PGE – UM 1103(7) Intervenor Funding
 July 28, 2010
 Page 2

funding amounts to be contributed by each utility. Additionally, the IFA adds new accounts for additional participating utilities¹.

The IFA sets forth the amounts to be contributed by each utility, the procedures for budget submittals by intervenors, and the payment of grants by each utility. For PGE the agreement authorizes the utility to account for the grants in three separate funds:

- 1) CUB Fund of \$57,500;
- 2) Preauthorized Matching Fund of \$57,500; and
- 3) Issue Fund of \$125,000.

The Intervenor Funding Agreement required the costs of each fund be allocated to the appropriate customer class. CUB funds are generated from residential rates and industrial customers fund the amounts for the Preauthorized Matching Fund (Matching Fund). The Commission allocates requested amounts from the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

In its June 16, 2010 filing, PGE reports the following balances and accruals in its Intervenor funding accounts:

| Fund Description | Balance as of June 2010 | Estimated 2010 Accrual | Estimated balance June 2011² |
|-------------------------|--------------------------------|-------------------------------|--|
| CUB Fund | \$ 198,745 | \$ 57,500 | \$ 256,245 ² |
| Matching Fund | \$ 192,065 | \$ 57,500 | \$ 249,565 ² |
| Issue Fund | \$ 400,439 | \$125,000 | \$ 525,039 ² |
| Balance | \$ 790,849 | \$ 240,000 | \$ 1,030,849² |

¹ The Order adds new accounts for Cascade Natural Gas and Avista Utilities.

² Approximate balance does not consider interest accruals and exact payout dates.

PGE – UM 1103(7) Intervenor Funding
July 28, 2010
Page 3

Proposed Accounting:

The proposed deferrals would be recorded in separate subaccounts of FERC account 182.3 (Miscellaneous Deferred Debits). In the absence of deferral approval, the company would record the amounts in the subaccounts of FERC account 930 (Miscellaneous General Expenses).

Estimated Deferrals in Authorization Period:

The IFA permits Intervenor to request grants from the various funds at any time during the calendar year, though the deferral period generally runs from July 1 to June 30 of each year. Amounts will be debited to the deferral account as funds are actually dispersed and balances in the funds may rollover into the following year if intervenors do not use the entire amount available. In recent years, the CUB and Matching Funds have permitted Intervenor to request advances from future-year accruals.

Staff Analysis:

Staff has reviewed PGE's balances and interest calculations. In January 2008, PGE amortized the balances of the Intervenor deferral accounts for a 12-month period in order to recover the balances that had accrued from 2005 through 2009. In 2009, PGE discontinued its amortization in order to allow the balances to grow to a meaningful amount. PGE proposes this method due to its large customer base and the difficulty of doing ratespread for relatively small amounts. Staff agrees to PGE's proposal to discontinue amortization; however Staff has suggested to the Company that it propose amortization prior to a 4-year delay.

PROPOSED COMMISSION MOTION:

Portland General Electric's request to defer costs related to Intervenor Funding Grants beginning July 1, 2010, to June 30, 2011, be approved.

PGE UM 1103(7) Defer Intervenor Funding