

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1269(4)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization to Defer
Stable Rate Pilot Lost Revenues Associated
with PGE Schedule 9.

ORDER

DISPOSITION: APPLICATION FOR REAUTHORIZATION APPROVED

On August 22, 2006, Portland General Electric Company (PGE) was granted authorization to defer revenues and costs associated with an experimental renewable resource tariff offering, a stable power rate for residential and small nonresidential customers (“Schedule 9”) in Commission Order No. 06-487. Commission Order No. 08-012 reauthorized the deferral related to lost revenues associated with the Stable Rate Option for the period between August 31, 2007, and August 30, 2008. Commission Order No. 08-457 reauthorized the deferral related to lost revenues associated with the Stable Rate Option for the period between August 31, 2008, and August 30, 2009. Commission Order No. 09-407 reauthorized the deferral related to lost revenues associated with the Stable Rate Option for the period between August 31, 2009, and August 30, 2010.

On August 17, 2010, PGE filed a request to reauthorize this deferral for a 12-month period to begin August 31, 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 September 21, 2010, the Commission adopted Staff’s recommendation.

ORDER

IT IS ORDERED that Portland General Electric Company's application for reauthorization to defer lost revenues associated with the offering of the Stable Rate Option in PGE's Schedule 9, effective the 12 months beginning August 31, 2010, is approved.

Made, entered, and effective OCT 05 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. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 21, 2010

REGULAR CONSENT EFFECTIVE DATE August 31, 2010

DATE: August 31, 2010

TO: Public Utility Commission

FROM: Carla Bird *CB*

THROUGH: Lee Sparling *LS*, Maury Galbraith *MG* and Judy Johnson *JJ*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1269(4)) Requests reauthorization to defer costs associated with Stable Rate Option.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to reauthorize the deferral of lost revenues associated with the offering of the Stable Rate Option associated with Schedule 9, effective the twelve months beginning August 31, 2010.

DISCUSSION:

On August 17, 2010, Portland General Electric (PGE or the Company) filed an application requesting reauthorization of its deferral of lost revenues associated with Schedule 9, Stable Rate Option, effective the twelve months beginning August 31, 2010.

Background:

On August 22, 2006, PGE was granted authorization to defer revenues and costs associated with an experimental renewable resource tariff offering, a stable power rate for residential and small nonresidential customers ("Schedule 9") in Commission Order No. 06-487, effective August 22, 2006. This pilot program offers customers rate stability with renewable attributes and an opportunity to contribute to wind development at a fixed rate. Commission Order No. 08-457 reauthorized the deferral related to lost revenues associated with the Stable Rate Option for the period between August 31, 2009 and August 30, 2010.

PGE – UM 1269(4)
Stable Rate
August 31, 2010
Page 2

PGE seeks authorization to maintain a Schedule 9 balancing account to accrue the difference between all revenues collected on Schedule 9, less program costs of \$0.0045 per kWh and a Wind Development charge of \$0.0030 per kWh, and the revenues that would have been collected if the participants had remained on their cost of service tariffs. The Company proposes to apply interest at PGE's approved rate of return (currently 8.28 percent) until amortization begins. At that time, the Company will accrue interest determined in accordance to Commission Order No. 08-371 (UM 1147).

In its original application, PGE estimated that the accrued balance would be no more than \$50,000 if Schedule 9 became fully subscribed. However, since that time the Residential Exchange benefits (RPA) from Bonneville Power Administration (BPA) were unexpectedly suspended raising PGE's residential Cost of Service (COS) rate by approximately 14 percent. At the time of the suspension of BPA credits, PGE decided that the most prudent option would be to suspend the enrollment¹ into the Stable Rate Pilot and honor the stable rates to the current subscribers; however, since the Schedule 9 rates did not change the risk of an increased differential elevated.

It was estimated at the time of the BPA suspension that if credits were not refunded for the full term of the Stable Rate Pilot program the amount in the Schedule 9 Deferral could exceed a \$1 million debit balance, resulting in a charge to customers at the end of the pilot. The BPA credit has been reinstated, but at a lower rate than that used to derive the rates for the Stable Rate Pilot. If the BPA credit remains at its current level, PGE would expect to accrue a debit balance of approximately \$500,000 during the deferral period. Schedule 9 deferral amounts may fluctuate significantly due to the uncertain future of the BPA credit amounts, the significant fluctuation in power costs and the fixed assumptions used to establish the rate.

As of June 30, 2010, the Stable Rate Balancing Account was approximately \$184,000; meaning that PGE would receive \$184,000 from customers. Any difference between Schedule 9 and cost of service rates will be credited or charged to Schedule 7 (residential) and Schedule 32 (small nonresidential) cost of service customers.

The Company proposes to record interest associated with the balancing account in FERC Account 229, Accumulated Provision for Rate Refund and a corresponding entry to FERC Account 182.3, Other Regulatory Assets.

¹ PGE suspended additional enrollment in Schedule 9 on June 1, 2007, as a result of the suspension of the RPA benefits.

PGE – UM 1269(4)
Stable Rate
August 31, 2010
Page 3

Staff has reviewed the Company's request and finds that PGE's proposal to maintain a balancing account for Schedule 9 net revenues is reasonable. However, ratemaking treatment for these costs should be reserved for a future ratemaking proceeding.

PROPOSED COMMISSION MOTION:

PGE's request to reauthorize deferral of lost revenues associated with the offering of the Stable Rate Option associated with Schedule 9, effective the twelve months beginning August 31, 2010, be approved.

PGE UM 1269(4) Stable Rate Option