

ORDER NO. 11 012

ENTERED JAN 12 2011

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1402

In the Matter of

PORTLAND GENERAL ELECTRIC

Proposed Tariff for Electric Service.  
Advice No. 10-20

ORDER

**DISPOSITION: TARIFF SHEETS SUSPENDED**

On October 22, 2010, PORTLAND GENERAL ELECTRIC filed tariff sheets in Advice No. 10-20 to be effective January 1, 2011. The terms of the proposed tariff sheets are set forth in the Staff Report dated December 22, 2010, attached as the Appendix to this order.

At its public meeting on December 28, 2010, the Public Utility Commission of Oregon found good and sufficient cause exists to investigate the propriety and reasonableness of the tariff sheets pursuant to ORS 757.210 and 757.215. The Commission ordered suspension of the advice pending that investigation.

IT IS ORDERED that Advice No. 10-20 filed by PORTLAND GENERAL ELECTRIC is suspended for a period of time not to exceed six months from January 1, 2011, the effective date of the tariff sheets.

Made, entered, and effective JAN 12 2011

BY THE COMMISSION:



*Becky L. Beier*  
Becky L. Beier  
Commission Secretary

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

UM 1402

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON  
 STAFF REPORT  
 PUBLIC MEETING DATE: December 28, 2010

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2011

DATE: December 22, 2010

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: *w* Lee Sparling and *MG* Maury Galbraith

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1402/  
 Advice No.10-20) Requests authorization to amortize incremental costs  
 associated with the Trojan Refund.

**STAFF RECOMMENDATION:**

I recommend that the Commission suspend Portland General Electric's request to be allowed to amortize incremental costs associated with the Trojan refund for a period of three months.

**DISCUSSION:**

The purpose of this filing is to allow Portland General Electric (PGE) to recover incremental costs in 2009 to carry out the Trojan refund as directed in Commission Order No. 08-487. The Order directed PGE to refund \$33.1 million to customers who received service from October 1, 2000 to September 30, 2001, plus interest dating from October 1, 2008.

PGE states it successfully refunded, in a manner consistent with Commission Order No. 08-487, \$33.1 million plus interest to customers. The refund amount for each class of customers was allocated using its share of revenues to total PGE retail base revenues as set forth in the UM 989 Settlement. Interest was calculated from October 1, 2008, until the refunds were issued. The amount refunded totaled approximately \$36.98 million, with 425,241 claims confirmed and validated.

Methods used by PGE to announce the refund to eligible customers included: direct mail notification, advertisements in 15 Oregon newspapers, information on the

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company's external website and customer newsletters. PGE believes that it reached a large number of those eligible for the refund.

The company engaged a third party to assist in the refund claims process and distribution of checks. PGE states that the third party vendor, Epiq Systems, enabled it to administer the refund in the required timeframe.

The company states that its refund process was particularly unique for two reasons: a high response rate and complexity. Epiq Systems typically experiences a response rate of 30-40 percent for large-scale refund campaigns, with 40 percent considered above average. PGE's refund campaign generated a response rate of 58 percent for Residential and General Service customers. PGE states that the administration of the Trojan refund process required more customization due to the regulatory requirements and complexity in which the refund was to be administered.

The total incremental costs to administer the Trojan refund were \$2,528,479 or approximately \$5.92 for each of the 425,241 paid claims, of which \$2,161,037 relates to 2009. The majority of the overall incremental expenses were paid to Epiq Systems, totaling \$1,759,100. PGE's internal incremental costs of \$401,937 consist primarily of mailing costs and newspaper publications. Generally, labor for PGE Staff members was not considered incremental.

PGE, with this filing, is requesting the recovery of expenses in 2009, totaling \$2,161,037, plus interest over a one-year period beginning January 1, 2011 via Schedule 105, Regulatory Adjustments.

Staff acknowledges that it would recommend that the amortization be allowed to go forward. However, in this case there are other parties who would like to further examine the filing. In order to give sufficient time for additional examination of this filing, Staff is recommending a three month suspension of the tariffs.

**PROPOSED COMMISSION MOTION:**

Portland General Electric's request to be allowed to amortize incremental costs associated with the Trojan refund be suspended for three months.

PGE Advice No. 10-20