

ORDER NO. 11 408

ENTERED OCT 10 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1269(5)

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. The Commission reauthorized the deferral in Order Nos. 08-012, 08-457, 09-407, and 10-387.

On July 29, 2011, PGE filed a request to reauthorize this deferral effective August 31, 2011, through December 31, 2011. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

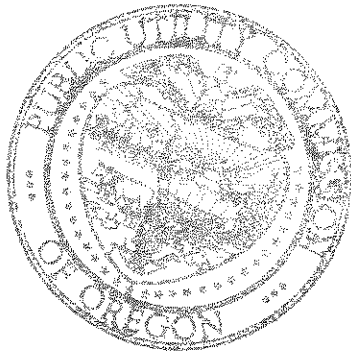
At its Public Meeting on October 4, 2011, the Commission adopted Staff's recommendation.

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 August 31, 2011, through December 31, 2011, is approved.

Made, entered, and effective OCT 10 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.

ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
 STAFF REPORT
 PUBLIC MEETING DATE: October 4, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE August 31, 2011

DATE: September 20, 2011

TO: Public Utility Commission

FROM: Carla Bird *CB*

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

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1269(5)) 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 August 31, 2011 through December 31, 2011.

DISCUSSION:

On July 29, 2011, 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, to be effective August 31, 2011 through December 31, 2011. Schedule 9 is a pilot which terminates December 31, 2011, therefore, PGE requests authorization to defer through the date of termination of the pilot.

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. 10-387 reauthorized the deferral related to lost revenues associated with the Stable Rate Option for the period between August 31, 2010 and August 30, 2011.

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PGE seeks reauthorization 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 from Bonneville Power Administration (BPA) were unexpectedly suspended, raising PGE's residential cost of service 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 enrollment into the Stable Rate Pilot and honor the stable rates to the current subscribers.¹

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 \$600,000 during the deferral period.

As of June 30, 2011, the Stable Rate Balancing Account was approximately \$460,000; meaning that PGE would receive \$460,000 from customers. Any difference between Schedule 9 rates and current cost of service rates will be credited or charged to Schedule 7 (residential) and Schedule 32 (small nonresidential) 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 Residential Exchange benefits.

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Staff review:

On April 20, 2011, PGE filed a Program Evaluation with the Commission to report the results of the Stable Rate pilot. The Company forecasts a total balance in the deferral account associated with the variance between rates paid by Schedule 9 customers and current cost of service rates paid on Schedules (Schedule 7 and Schedule 32 customers) to be approximately \$600,000 by December 31, 2011. Due to the temporary suspension and subsequent reduction of the Residential Exchange credits, residential customers on Schedule 9 would have had larger rates had they been on Schedule 7 during the pilot period. Therefore, PGE forecasts the balance attributable to residential customers by the termination date of December 31, 2011, to be a *collection* of approximately \$640,000. Since Schedule 32 customers are less impacted by Residential Exchange credits, PGE forecasts the balance attributable to nonresidential Stable Rate customers to be a *refund* of approximately \$49,000.

The Company has indicated a desire to request amortization of these amounts in a future filing to be effective January 1, 2012. Staff will discuss results of the Program Evaluation with PGE's future request for amortization.

Staff has reviewed the Company's request for reauthorization to defer and recommends the Commission approve deferral and reserve any ratemaking treatment for a future rate 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 August 31, 2011 through December 31, 2011, be approved.

PGE UM 1269(5) Stable Rate Option