

ORDER NO. 12 141

ENTERED APR 24 2012

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1571

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

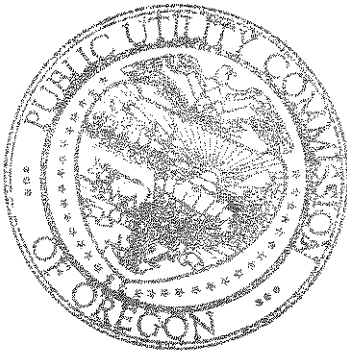
Application for an Accounting Order and  
Amortization of Certain Accounts.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on April 24, 2012, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

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.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 24, 2012

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE April 24, 2012

DATE: March 26, 2012

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: *BAC* Bryan Conway and *MG* Maury Galbraith

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1571) Requests an accounting order and amortization of customer credits associated with renewable energy certificates, FERC land fees, and sulfur dioxide emissions allowances.

**STAFF RECOMMENDATION:**

I recommend that Portland General Electric's application be denied.

**DISCUSSION:**

Portland General Electric (PGE or Company) makes this filing pursuant to ORS 757.120, and ORS 757.125, to request that the Oregon Public Utility Commission issue an accounting order approving (1) the reclassification of revenue associated with certain Federal Energy Regulatory Commission (FERC) land fees in 2011; and (2) the future amortization of customer credits from (i) the sale of Tradable Renewable Energy Certificates; (ii) the reclassification of revenue associated with certain FERC land fees in 2011; and (iii) the Environmental Protection Agency auction of SO<sub>2</sub> allowances, as offsets against the future expense associated with a biomass burn at the Boardman facility expected to occur in 2014.

PGE is seeking approval for future amortization of customer credits identified above to help offset the incremental fuel expenses of the biomass burn at the Boardman Plant that is expected to occur in 2014. The Company states that it is currently engaged in work on the Boardman biomass project that concerns the possible substitution of biomass for coal as the fuel source for the Boardman Plant. The Company also states that current biomass costs are not classified as an expense but rather as fuel inventory. When PGE conducts the Boardman Biomass Burn, the associated fuel inventory will be

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reclassified to net variable power costs. PGE requests the authority to amortize the customer credits identified above against the net variable power cost associated with the Boardman Biomass Burn when it occurs.

Staff objects to customer credits being used to offset net variable power costs. Staff believes the biomass is fuel and should be handled through PGE's Annual Update Tariff (AUT) as are all other fuel costs.

On March 22, 2012, Staff, representatives from PGE, and CUB had a telephone conference. At the end of the conference all parties agreed that the biomass would be treated as fuel and run through the Company's AUT. The parties further agreed with Staff's recommendation that PGE's application be denied.

**PROPOSED COMMISSION MOTION:**

Portland General Electric's application be denied.

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