

ORDER NO. 15 408

ENTERED OCT 29 2013

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1532(3)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

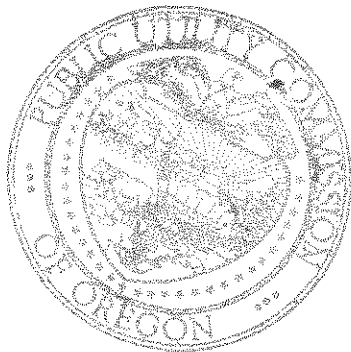
Application for Reauthorization of Deferred
Accounting Treatment of Certain Expenses
Associated with an Independent Evaluator.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 28, 2013, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is 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.

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ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 28, 2013

REGULAR _____ CONSENT X EFFECTIVE DATE October 1, 2013

DATE: October 7, 2013

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH:  Jason Eisdorfer,  Maury Galbraith, and  Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1532(3)) Requests
Reauthorization of Deferred Accounting for costs associated with an
Independent Evaluator.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer costs associated with an Independent Evaluator for the 6-month period beginning October 1, 2013, through April 1, 2014. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

DISCUSSION:

On September 30, 2013, Portland General Electric (PGE or the Company) submitted an application requesting authorization to defer costs associated with an Independent Evaluator (IE) required by Commission Order No. 06-446, for the Power Supply Request for Proposal (RFP).

Commission Order No. 06-446 sets forth the guidelines established by the Commission for the Competitive Bidding process. These guidelines require utilities to issue a RFP for all major resource acquisitions – those with durations greater than five years and quantities greater than 100 MW. The guidelines require an IE to be used in each RFP process to ensure that all offers are treated fairly.

Reason for Deferral

PGE seeks reauthorization to continue recording, in a deferred account, all amounts it is required to pay the IE pursuant to ORS 757.259(e).

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Proposed Accounting

PGE proposes to record the deferral as a regulatory asset in FERC account 182.3, Other Regulatory Assets. In the absence of a deferred accounting order from the Commission, PGE would record the costs associated with the IE to FERC account 923, Outside Services Employed.

Estimates of Amounts

PGE currently estimates the amount subject to deferral will be approximately \$30,000 over the next deferral period.

Information Related to Future Amortization

- Earnings review – The Company states that an Earnings Review is not applicable based on Commission Order No. 06-446, Appendix A, Page 1. The Commission adopted Competitive Bidding Guidelines that require utilities to issue a Request for Proposal for all major resource acquisitions and also an Independent Evaluator to be used in each RFP process to ensure that all offers are treated fairly. However, Staff's counsel advises that under the law an Earnings Review must be done according to the deferral statute. At the time of the Earnings Review Staff can take into account Commission Order No. 06-446 and make its recommendations accordingly.
- Prudence Review – A prudence review is a requirement of the earnings review and should include the verification of the accounting methodology used to determine the final amortization balance. The prudence review will be held after PGE files for amortization.
- Sharing – One hundred percent (100%) of the deferred costs are subject to utility recovery, pending a prudence review.
- Rate Spread/Design – PGE expects to propose spreading the costs to customer classes on the basis of an equal percent of generation revenue.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

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PROPOSED COMMISSION MOTION:

Approve Portland General Electric's request to defer costs associated with an Independent Evaluator for the 6-month period beginning October 1, 2013, through April 1, 2014. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

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