

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UCB 63

CUSTOM DRY KILNS & SAWMILL  
OF OREGON, INC.,

Complainant,

vs.

PORTLAND GENERAL ELECTRIC  
COMPANY,

Defendant.

ORDER

DISPOSITION: COMPLAINT DENIED; DOCKET CLOSED

In this order, we find for the defendant, Portland General Electric Company (PGE) and deny the complaint in all respects.

**I. PROCEDURAL HISTORY**

The complainant, Custom Dry Kilns & Sawmill of Oregon, Inc. filed a formal complaint on October 23, 2013. A copy of the complaint, which alleges improper and unjustified security deposit requirements, was served upon PGE, which filed an answer on November 7, 2013. Telephone prehearing conferences were held on December 11, 2013, February 21, 2014, and April 24, 2014. On January 24, 2014, the parties filed a joint statement of undisputed facts, facts in dispute, and issues for resolution. A hearing was held in Salem, Oregon, on April 25, 2014, at which time the record was closed.

**II. DISCUSSION**

**A. Statement of Facts**

Complainant's place of business is located at 22000 SW Rock Creek Road, Sheridan, Oregon. The premises at which the business is located receives electric utility service from PGE.<sup>1</sup> Due to complainant's repeated failure to timely pay its electric bill, PGE sent complainant Urgent 5-Day Shut Off Final Notices on January 3, February 4 and March 5, 2013, respectively. The February 4 notice was accompanied by a Deposit

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<sup>1</sup> We take Official Notice of Custom Dry Kilns & Sawmill of Oregon, Inc.'s Articles of Dissolution filed with the Oregon Secretary of State on November 14, 2011. At the conference on April 24, 2014, the complainant stated that bills for the service provided to the associated premises are being paid on its behalf by another entity. *See also* Joint Exhibit 1 at 3.

Warning Letter advising complainant that, if it received a third past due notice within a 12 month period, PGE would “automatically” charge complainant a deposit, which would be assessed in three installments. Complainant was given the alternative to providing a deposit by submitting either an irrevocable letter of credit issued by a bank or a surety bond issued through an insurance company.<sup>2</sup> At no time did the complainant assert either that the amounts billed to the account by PGE were in error or that payments made by complainant to PGE had not been properly credited to the account.

On March 6, 2013, PGE assessed a deposit in three equal installments of \$771 on March 26, April 24 and May 24, 2013. Complainant continued to receive past due and 5-day shut off notices in each subsequent month.<sup>3</sup>

On September 11, 2013, complainant’s office manager called PGE’s customer service department because PGE crews were at its property to disconnect service. The service representative advised the office manager that, unless a minimum payment of \$2,408.29 was made, the crew would return to disconnect the service. At complainant’s request, the PGE representative submitted the request for a waiver of the deposit requirement to PGE’s commercial credit department. The credit department reviewed the account and denied the request.<sup>4</sup> The complainant filed an informal complaint with the PUC on October 1, 2013.

After PGE received the complaint on October 2, 2013, it suspended disconnection of the account pending resolution of the complaint. As of January 9, 2014, the account had a \$4,223.25 balance due. To show its creditworthiness, complainant identified a number of associated accounts as PGE customers. PGE was able to identify nine additional accounts from the list provided by the complainant of which three had received either 15-day or 5-day notices in the last year with one receiving two 5-day notices in early 2013.<sup>5</sup>

## **B. Positions of the Parties**

### *a. Custom Dry Kilns & Sawmill of Oregon, Inc.*

Complainant’s witness George Gabriel stated that complainant may not always have paid its bills on a timely basis, but that PGE’s eventual receipt of payment was never in jeopardy or doubt and that imposition of a deposit requirement was unwarranted in the absence of any financial risk to PGE.

### *b. Portland General Electric Company*

PGE witness Matthew McHill, the supervisor of the company’s credit and collections department, stated that it is PGE’s regular business practice and policy that deposits are

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<sup>2</sup> Joint Exhibit 1 at 1-2.

<sup>3</sup> *Id.* at 2. Those subsequent notices were received by the complainant on April 2, May 1, May 31, July 2, August 1, August 30, October 2, and October 31, 2013. *Id.* at 1, fn 1.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 3.

assessed according to PGE's tariff.<sup>6</sup> He stated that "maintaining creditworthiness would be not having more than two 5-day disconnect notices within a 12-month period." He further explained that the deposit amount is the equivalent of two months of average service and is divided into three monthly installments which are added on to the following three months' bills.<sup>7</sup> Mr. McHill added that the deposit payments were applied to the complainant's bills according to the tariff, and that accounts are looked at individually and not in light of payment on other accounts under the control of a common entity or person.

PGE witness Joshua Lovall was the customer service representative with whom complainant's office manager and Mr. Gabriel spoke on September 11, 2013. He said that he had done the supervisory review on the complainant's account. Mr. Lovall said he told Mr. Gabriel on that date that he felt that the deposit was properly assessed after complainant received the third 5-day past due notice within twelve months, although the account "was at the low end of the threshold." Mr. Lovall indicated that he did discuss the account with PGE's commercial credit group and that they had confirmed the proper application of the tariff and directed that the deposit requirement remain.

### **C. Commission Resolution**

Complainant challenges PGE's assessment of a security deposit on its account. The rules for deposit requirements for nonresidential customers are set forth in PGE's Tariff PUC Oregon No. E-18, Sheets E-6 to E-11. Those provisions, which were filed with and allowed to go into effect by this Commission, allow PGE to require a deposit of 1/6 of the estimated annual usage charge in the event that the basis for establishment of the customer's credit has materially changed.

We find that complainant's consistent failure to pay accrued charges by the due date in the customer bill, as reflected in the receipt of three consecutive 5-day shut-off notices, constitutes a material change sufficient to warrant the deposits imposed by PGE.

It is not the Commission's role to evaluate every decision made by a utility with respect to the creditworthiness of individual commercial customer accounts to determine, in hindsight, if the decision was reasonable in light of various factors. Rather, our role is to ensure that the utility applies its approved tariffs in a fair and consistent manner. In this instance, we conclude that the company acted within the terms of its tariff in adding the deposit requirements to the complainant's account.

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<sup>6</sup> See Tariff PUC Oregon E-18, Sheets E6-E11. See also PGE/100

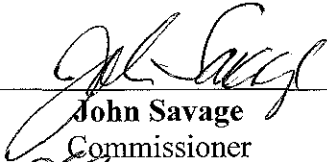
<sup>7</sup> See PGE/100 at 1, paragraph 2. B. 1) a) 1 and at 2, paragraph D. 1.


**III. ORDER**

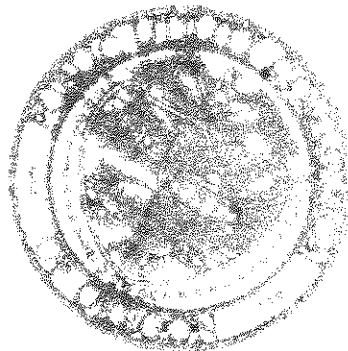
IT IS ORDERED that the complaint filed by Custom Dry Kilns & Sawmill of Oregon, Inc. against Portland General Electric Company is denied. This docket is closed.

Made, entered, and effective MAY 09 2014.

  
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**Susan K. Ackerman**  
Chair

  
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**John Savage**  
Commissioner

  
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**Stephen M. Bloom**  
Commissioner



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.