

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1371

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	ORDER
COMPANY	)	
	)	
Application for Waiver of a Part of	)	
OAR 860-038-0200(5).	)	

**DISPOSITION: APPLICATION APPROVED**

On March 13, 2008, Portland General Electric Company (PGE), filed an application, with the Public Utility Commission of Oregon (Commission), requesting the Commission waive the filing requirements under OAR 860-038-0200(5) that requires a report of unbundled costs to be filed with the annual results of operations report.

Division 038 of the Commission’s rules was adopted in response to the passage of Senate Bill 1149 that, in part, directed the Commission to restructure the provision of electricity service to allow certain customers to purchase electricity in the wholesale market. The purpose of OAR 860-038-0200(5) was to enable regulatory oversight of the allocation of restructuring costs between classes of customers to avoid cross-subsidization.

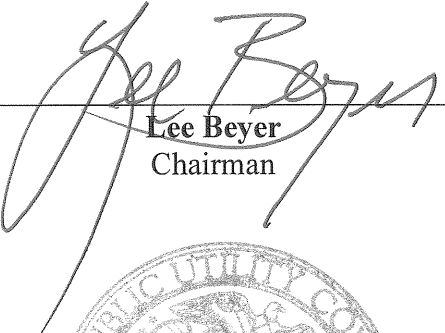
To a large extent the ratemaking and regulatory expectations that existed when the Division 038 rules were adopted no longer exist. A full description of the filing and its procedural history and Staff’s recommendation are contained in the Staff Report, attached as Appendix A and incorporated by reference.

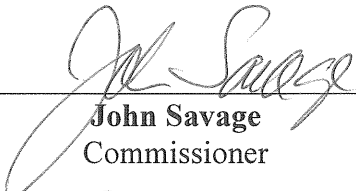
At its Public Meeting on April 8, 2008, the Commission adopted Staff’s recommendation, and approved PGE’s application to waive the requirements of OAR 860-038-0200(5) that requires a report of unbundled costs to be filed with the annual results of operations report.

**ORDER**

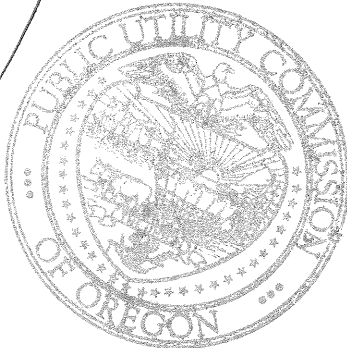
IT IS ORDERED that Portland General Electric's application to waive the part of OAR 860-038-0200(5) that requires a report of unbundled costs to be filed with the annual results of operations report, is granted.

Made, entered, and effective APR 11 2008.

  
\_\_\_\_\_  
**Lee Beyer**  
Chairman

  
\_\_\_\_\_  
**John Savage**  
Commissioner

  
\_\_\_\_\_  
**Ray Baum**  
Commissioner



A party may request rehearing or reconsideration of this order pursuant to 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 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 8, 2008

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ Upon approval by the Commission

DATE: March 25, 2008

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *LS* Lee Sparling, *EB* Ed Busch, and *JJ* Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1371) Application to waive the part of OAR 860-038-0200(5) that requires a report of unbundled costs to be filed with the annual results of operations report.

**STAFF RECOMMENDATION:**

I recommend that Portland General Electric's petition be approved to waive the part of OAR 860-038-0200(5)<sup>1</sup> that requires a report of unbundled costs to be filed with the annual results of operations report.

**DISCUSSION:**

Division 038 of the Commission's rules was adopted in response to the passage of Senate Bill 1149 that in part directed the Commission to restructure the provision of electricity service to allow certain customers to purchase electricity in the wholesale market. The purpose of OAR 860-038-0200(5) was to enable regulatory oversight of the allocation of restructuring costs between classes of customers to avoid cross-subsidization.

To a large extent the ratemaking and regulatory expectations that existed when the Division 038 rules were adopted no longer exist. It was anticipated that utility costs and revenues would be substantially unbundled and the annual review of unbundled costs

<sup>1</sup> OAR 860-038-0200(5) Each electric company must file its functionally unbundled costs with its general rate filings and results of operations reports filed with the Commission. The electric company filing must clearly identify the allocation factor(s) used to functionalize each rate base, expense, and revenue item. All allocation and functionalization procedures adopted by the Commission for an electric company must be used in subsequent filings until expressly modified by the Commission.

PGE UM 1371  
March 25, 2008  
Page 2

and allocations would be necessary. The OAR itself contemplates "allocation and functionalization procedures adopted by the Commission." That, however, has not yet happened. At this point, the unbundled costs and identified cost allocation factors used to functionalize the rate base, expense, and revenue items are only used by PGE to establish rates as part of a rate case filing and may be used by other parties during that proceeding. By this application,<sup>2</sup> PGE does not propose to change its accounting procedures, so nothing would prevent the generation of unbundled results of operations reports (unbundled reports) as necessary for a rate case or in response to a Commission request.

This filing only requests to discontinue filing unbundled reports on an annual basis. The other rule requirements would still apply. The steps to create an unbundled report require significant time and resources that are paid for by ratepayers. The elimination of unnecessary expense is an important consideration in this request. Although Staff does not generally recommend and the Commission does not favor exempting a utility from compliance with an administrative rule, the Commission has on occasion found it to be in the public interest to grant such a request.<sup>3</sup> As the annual report is not used by Staff or the Company for any business purpose between rate cases, I am persuaded that PGE's application is in the public interest and recommend the Commission approve it.

Staff discussed this filing with both the Industrial Customers of Northwest Utilities and Citizens' Utility Board and neither organization opposes PGE's request.

#### **PROPOSED COMMISSION MOTION:**

PGE's application to waive the part of OAR 860-038-0200(5) that requires a report of unbundled costs to be filed with the annual results of operations report be granted.

PGE UM 1371

---

<sup>2</sup> This filing is made in accordance with OAR 860-038-001 which says in part, "Upon application by an entity subject to these rules and for good cause show, the Commission may relieve it of any obligations under these rules."

<sup>3</sup> Order 04-243 NW Natural (OAR 860-021-0200(3)(a)); and Order No. 02-135, Page 3, Footnote 1. See e.g., South Hills Water System, Inc., April 21, 1998 Public Meeting (OAR 860-036-0235 & 0120(3)), and Agate & Apache Water, August 10, 1999 (OAR 860-036-0015, 0235(2)).