

ORDER NO. 11 110

ENTERED APR 07 2011

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1417(2)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application for Reauthorization of  
Deferred Accounting of Revenues  
Associated with ROE Refund, Sales  
Normalization Adjustment, and Lost  
Revenue Recovery.

ORDER

**DISPOSITION: DEFERRED ACCOUNTING APPROVED**

On January 20, 2011, Portland General Electric Company (PGE) filed a request with the Public Utility Commission of Oregon (Commission), for reauthorization to defer revenues associated with the Sales Normalization Adjustment, Lost Revenue Recovery Adjustment, and the refund of Return on Equity. Original authorization for decoupling was authorized in Commission Order No. 09-020 and modified in Order No. 09-162. Reauthorization was granted in Order No. 10-077. Order No. 10-478 granted an extension of this mechanism and reset the base under PGE's general rate proceeding, docket UE 215.

The basis for the request and its procedural history is detailed in Staff's Report, attached as Appendix A, and incorporated by reference. At its Public Meeting on April 5, 2011, the Commission adopted Staff's recommendation to reauthorize deferred accounting.

**ORDER**

IT IS ORDERED that:

1. Portland General Electric Company's request for reauthorization to defer revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment, and the refund of Return on Equity effective February 1, 2011, is approved.
2. Any ratemaking treatment for such deferred amounts shall be reserved for a ratemaking proceeding.

APR 07 2011

Made, entered, and effective \_\_\_\_\_

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. CA6

PUBLIC UTILITY COMMISSION OF OREGON  
 STAFF REPORT  
 PUBLIC MEETING DATE: April 5, 2011

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE February 1, 2011

DATE: March 30, 2011

TO: Public Utility Commission

FROM: Carla Bird *CB*

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

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1417(2)) Requests reauthorization to defer the revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment and the refund of Return on Equity.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric's request to reauthorize deferral of revenue associated with the Sales Normalization and Lost Revenue Recovery Adjustments and the refund of Return on Equity effective February 1, 2011. Any ratemaking treatment of such deferred amounts should be reserved for a ratemaking proceeding.

**DISCUSSION:**

On January 20, 2011, Portland General Electric (PGE or the Company) filed a request to reauthorize deferral of revenues associated with the Sales Normalization Adjustment (SNA), Lost Revenue Recovery Adjustment (LRRRA) and the refund of Return on Equity (ROE). Original authorization for decoupling was authorized in Commission Order 09-020 and modified in Commission Order 09-162. Reauthorization was granted in Commission Order 10-077. Commission Order 10-478 granted an extension of this mechanism beyond the original two year agreement and reset the base pursuant to PGE's general rate proceeding, Docket No. UE 215.

Background:

Schedule 123 is designed to recover variances from two mechanisms; the SNA and non-residential LRRRA. In addition, Schedule 123 allows for the accrual of the variance

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between PGE's originally authorized ROE of 10.20 percent (in Docket No. UE 197) and the reduction to ROE of 10 basis points ordered in Commission Order 09-020.

The SNA reconciles on a monthly basis for Customers served under Schedules 7, 32 and 532, differences between:

- the monthly revenues resulting from applying distribution, transmission and fixed generation charges (Fixed Charge Energy Rate) of 5.689 cents/kWh for Schedule 7 and 5.306 cents/kWh for Schedules 32 and 532 to weather-normalized kWh energy sales, and
- the Fixed Charge Revenues (actuals) that would be collected by applying the Monthly Fixed Charge per Customer of \$49.94 per month for Schedule 7 and \$75.81 per month for Schedules 32 and 532 to the numbers of active Schedule 7 and Schedule 32 and 532 customers, respectively, for each month.

The SNA is calculated monthly as the Fixed Charge Revenue less actual weather-adjusted revenues and will accrue to the SNA Balancing Account. The monthly amount accrued may be positive (an under-collection) or negative (an over-collection). The SNA is divided into sub-accounts so that net accruals for Schedule 7 will track separately from the net accruals for Schedules 32 and 532.

The non-residential LRRR is applicable to all customers except those served under Schedules 7, 32 and 532. These amounts will be equal to the reduction in distribution, transmission, and fixed generation revenues due to the reduction in kWh sales as reported to PGE by the Energy Trust of Oregon.

When base rates are adjusted in the future as a result of a general rate review, the test year load forecast used to determine new base rates will reflect all energy efficiency kWh savings that have been previously achieved. The cumulative kWh savings are eligible for Lost Revenue Recovery until new base rates are established as a result of a general rate review; the kWh base is then reset to equal the amount of kWh savings that accrue from Energy Efficiency Measures following an adjustment in base rates.

The non-residential LRRR may be positive or negative. A negative LRRR for a given test year will occur if kWh savings reported by the Energy Trust of Oregon are less than those estimated in setting base rates. A positive LRRR for a given test year will occur if kWh savings reported by the Energy Trust of Oregon are greater than those estimated for the test year in setting base rates. The LRRR for each year subsequent to the test year will incorporate incremental kWh savings reported by the Energy Trust of Oregon for that year.

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Description of Amounts:

In May 2010, PGE refunded approximately \$2.7 million related to the 12-month period ending January 31, 2010<sup>1</sup>, as weather-adjusted use-per-customer exceeded the amount that was approved in Docket No. UE 197 (PGE's 2009 general rate proceeding).

For this filing, PGE estimates a SNA *surcharge* of approximately \$4.5 million<sup>2</sup> related to a reduction in use-per-customer for residential customers on Schedule 7 during the February 2010 through January 2011 period. Over the same number of months for the 2009 period (February 2009 through January 2010), Schedule 7 customers were *refunded* approximately \$2.7 million. Staff asked PGE for to explain what conditions or factors relate to the \$7.2 million swing for Schedule 7 customers. PGE stated that the reduction in use-per-customer is attributable to numerous factors including:

- The aggressive promotion of energy efficiency on the part of both the ETO and PGE;
- Increased energy efficiency funding for the ETO through PGE's Schedule 109; and
- The continued increase in the number of net-metering installations.

For this filing PGE estimates a surcharge of approximately \$2.6 million<sup>3</sup> for its Schedule 32 customers<sup>4</sup>. This variance is very similar to the variance related to the 2009 period which was a surcharge of approximately \$2.4 million.

Reason for Deferral:

The continued use of a deferral account is necessary to track the variances for each of the mechanisms described above.

Proposed Accounting:

PGE uses three separate accounts to record deferrals associated with the SNA and LRRR mechanisms and the ROE<sup>5</sup> refund. The SNA deferral account is composed of

<sup>1</sup> January 2010 represented the end of the first twelve-month period of the deferral.

<sup>2</sup> Estimate of \$4.5 million is without the application of interest. Accrued interest is approximately \$140,000. Total estimated surcharge for May is approximately \$4.7 million.

<sup>3</sup> \$2.6 million does not include accrued interest. Accrued interest is approximately \$70,000 in addition to the estimated variance of \$2.6 million.

<sup>4</sup> The variance related to the 2009 period was not discussed in Staff's memo last year.

<sup>5</sup> Interest will accrue at the Modified Blended Treasury rate consistent with the deferrals related to SNA and LRRR.

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two subaccounts so that net accruals for the residential schedule (Schedule 7) will track separately from the net accruals for the commercial schedules (Schedules 32 and 532).

For the ROE refund, the Company credits FERC Account 229 (Accumulated Provision for Rate Refunds) and debits FERC Account 449.1 (Provision for Rate Refunds).

For the LRRR and SNA deferral accounts, the Company records the deferred amounts to FERC Account 182.3 (Regulatory Assets) if the deferred amount is to be collected from customers and FERC Account 254 (Regulatory Liabilities) if the deferred amount is to be refunded to customers. The corresponding debit or credit for the LRRR and SNA accounts is to FERC Account 456 (Other Revenue). As indicated in Commission Order No. 09-020, each of the deferred accounts will accrue interest at the Modified Blended Treasury Rate.

Staff Analysis:

Staff has reviewed PGE's accruals and interest calculations related to the deferral accounts and finds the Company's request to reauthorize deferral for the 12-month period beginning February 1, 2011, to be reasonable.

**PROPOSED COMMISSION MOTION:**

PGE's request to defer revenues associated with the Sales Normalization Adjustment, the Lost Revenue Recovery Adjustment, and the refund of Return on Equity, be approved, effective February 1, 2011. Any ratemaking treatment for such deferred amounts should be reserved for a ratemaking proceeding.

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