




PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 14, 2012

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2012

DATE: July 10, 2012

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH: Jason Eisdorfer and Maury Galbraith  

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1103(9))
Reauthorizes deferral of costs associated with Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2012 to June 30, 2013.

DISCUSSION:

On June 29, 2012, Portland General Electric Company (PGE or Company) filed a request for reauthorization to defer Intervenor Funding Costs. Current authorization for this deferral extends through June 30, 2012, pursuant to Order No. 11-282.

Background

The Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement among PacifiCorp, PGE, Northwest Natural Gas Company, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities, dated February 5, 2003 (the Intervenor Funding Agreement). Pursuant to 757.072(2) "...any agreement entered into... must be approved by the Commission before any financial assistance is provided..." and (3) "...in administering an agreement...the Commission by rule or by order may determine...(c) the manner in which the financial assistance will be recovered in rates."

In 2007, the Commission approved the First Amended and Restated Intervenor Funding Agreement (IFA) which extended intervenor funding through December 12, 2012 (Commission Order No. 07-564). The IFA amends and clarifies the use of funds for

dockets that extend two or more calendar years, modifies some of the original terms and conditions, adds new reporting requirements and changes the funding amounts to be contributed by each utility. Additionally, the IFA adds new accounts for additional participating utilities.¹

Description of Expense

The IFA sets forth the amounts to be contributed by each utility, the procedures for budget submittals by Intervenor, and the payment of grants by each utility. For PGE the agreement authorizes the utility to account for the grants in three separate funds:

- 1) CUB Fund of \$57,500;
- 2) Preauthorized Matching Fund of \$57,500; and
- 3) Issue Fund of \$125,000.

Estimated Deferrals in Authorization Period

In its June 29, 2012 filing, PGE reports the following balances and accruals in its Intervenor funding accounts:

Fund Description	Balance as of June 2012	2013 Accrual as of June 2012	Estimated Balance as of June 2013
CUB Fund	\$ 88,190	\$ 57,500	\$ 145,690
Matching Fund	\$ 88,715	\$ 57,500	\$ 146,215
Issue Fund	\$ 66,048	\$ 125,000	\$ 191,048
Balance	\$ 242,953	\$ 240,000	\$ 482,953

Reason for Deferral

PGE will continue to incur Intervenor Funding expenses until December 12, 2012, pursuant to the IFA adopted in Commission Order No. 07-564. PGE wishes to continue to use the deferral mechanism as approved, including any expenses accrued under an

¹ The Order adds new accounts for Cascade Natural Gas and Avista Utilities.

amended agreement. PGE requests that the additional amounts it is required to pay to the three funds during the period of July 1, 2012 through June 30, 2013, be treated similarly.

Proposed Accounting:

The proposed deferrals would be recorded in separate subaccounts of FERC account 182.3 (Miscellaneous Deferred Debits). In the absence of deferral approval, the company would record the amounts in the subaccounts of FERC account 930 (Miscellaneous General Expenses).

The IFA permits Intervenors to request grants from the various funds at any time during the calendar year, though the deferral period generally runs from July 1 to June 30 of each year. Amounts will be debited to the deferral account as funds are actually dispersed and balances in the funds may rollover into the following year if intervenors do not use the entire amount available. In recent years, the Intervenors have been permitted to request advances from future-year accruals in the CUB and Matching Funds.

Information Related to Future Amortization

- Earnings review – An earnings review is not applicable to this deferral.
- Prudence Review – A prudence review is a requirement of the earnings review which does not apply to this deferral.
- Sharing – Sharing is not applicable to this deferral.
- Rate Spread/Design – The Intervenor Funding Agreement required the costs of each fund be allocated to the appropriate customer class. CUB funds are generated from residential rates and industrial customers fund the amounts for the Preauthorized Matching Fund (Matching Fund). The Commission allocates requested amounts from the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.
- 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. The three percent test is not applicable to this deferral.

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Staff Analysis

Staff has reviewed PGE's balances and interest calculations and recommends Commission approval.

PROPOSED COMMISSION MOTION:

Portland General Electric's request to defer costs related to Intervenor Funding Grants for a 12-month period beginning July 1, 2012, to June 30, 2013, be approved.

PGE UM 1103(9) Defer Intervenor Funding