

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 31, 2007**

REGULAR X CONSENT EFFECTIVE DATE June 1, 2007

DATE: May 30, 2007

TO: Public Utility Commission

FROM: Lisa Schwartz and Marc Hellman

THROUGH: Lee Sparling

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 07-12) Closing Schedule 9, Stable Rate Pilot, to New Service Due to Suspension of Regional Power Act Credits From the Bonneville Power Administration

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric (PGE) Advice No. 07-12, as filed on May 29, 2007, and amended on May 30, 2007, to go into effect June 1, 2007, with less than statutory notice.

DISCUSSION:

On August 22, 2006, the Commission approved PGE Advice No. 06-13 to add an experimental renewable resource tariff with a stable power rate for residential and small nonresidential customers.¹ The Commission also approved the company's request to defer revenues and costs associated with the tariff. The balancing account accrues the difference between: (1) revenues collected on Schedule 9, less program costs of \$0.45 per kWh and a Wind Development charge of \$0.30 per kWh and (2) revenues that would have been collected if the participants had remained on their cost of service tariffs. Any difference between Schedule 9 and cost of service rates is credited or charged to Schedule 7 (residential) and Schedule 32 (small nonresidential) cost of service customers.

¹ Earlier this year, the company updated the Stable Rate prices consistent with the Resource Valuation Mechanism energy prices for 2007, as required by the Commission's order approving the Stable Rate pilot program.

The purpose of the Stable Rate pilot program is to test interest in and workability of a renewable resource option that mirrors the fuel price stability of resources such as wind. Therefore, Schedule 9 provides participants an all-in power charge that is not subject to change through December 31, 2011, with the following exceptions: the Basic Charge, Public Purpose Charge (Schedule 108), Low-Income Energy Assistance (Schedule 115), and taxes or fees required by law. These charges are billed at current adjustment schedule rates. The all-in power charge covers all energy, transmission and distribution charges under Schedules 7 and 32.

On May 21, 2007, the Bonneville Power Administration (BPA) notified all investor-owned utilities that it was suspending payments under the Regional Power Act. Regional Power Act credits under Schedule 102 are included in the all-in power rate under PGE Schedule 9, and are therefore not subject to change for Stable Rate participants through 2011.

On May 29, 2007, PGE filed Advice No. 07-12 under ORS 757.205. The company amended its filing on May 30, 2007, to allow at least 24 hours' notice for considering the filing at a public meeting.

PGE proposes to close Schedule 9, the Stable Rate Pilot, to new participants. If the Commission approves the filing, the schedule would be available only to customers enrolled under Schedule 9 as of May 31, 2007.

Staff agrees that the Stable Rate pilot program should be closed to participation at this time as a result of BPA's suspension of the Regional Power Act credit. The experimental tariff was not intended to address an unexpected loss of the credit.

PROPOSED COMMISSION MOTION:

PGE's Advice No. 07-12, as filed on May 29, 2007, and amended on May 30, 2007, be allowed to go into effect June 1, 2007, with less than statutory notice.