

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

REGULAR X **CONSENT** **EFFECTIVE DATE** April 15, 2008

DATE: April 2, 2008

TO: Public Utility Commission

FROM: Marc Hellman

THROUGH: Lee Sparling

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 08-04) Schedule 102
Regional Power Act Exchange Credit.

STAFF RECOMMENDATION:

Staff recommends that Portland General Electric's tariff to restore the Residential Exchange Credit be adopted with less than statutory notice.

DISCUSSION:

At the March 20, 2008, Special Public Meeting, the Commission directed Portland General Electric (PGE) to execute the Interim Agreement. This agreement, offered by the Bonneville Power Administration (BPA), restores the flow of payments from BPA to PGE in recognition of PGE's statutory rights to residential exchange benefits. PGE executed the agreement and today Staff addresses PGE's rate filing to again provide residential and small-farm customers with residential exchange credits.

PGE filed its tariff on April 2, 2008, with less than statutory notice for rates effective for service on and after April 15, 2008. As noted in the March 20, 2008, staff memo, the Interim Agreement offered by BPA provides for \$43.2 million in residential exchange benefits for 2008. (The year 2008 in this case represents BPA's fiscal year, which began in October 2007 and ends in September 2008.) With these monies, PGE will pay off the Regional Power Act balancing account of approximately \$8.7 million that customers owe PGE. The monies made available after the \$8.7 million amount is \$34.5 million. Instead of establishing the credit at the \$34.5 million amount, PGE proposes to establish the credit using BPA's rate case estimate for PGE's 2008 level of residential exchange benefits of \$51.6 million and set the Schedule 102 credit at 0.625 cents per kWh. (0.625 cents per kWh equals \$51.6 million divided by PGE's estimate of 2008

eligible energy). PGE also notes that the ultimate findings of BPA's current WP-07 Supplemental rate case will likely prompt a need to revise Schedule 102 pricing effective either October 1, 2008, or January 1, 2009. PGE's proposed approach seems reasonable and should provide a smooth transition to the BPA-forecasted rate-case credits for 2008.

For residential customers, the proposed credit of 0.625 cents per kWh for all kWh usage will retain the current Schedule 7 block energy charge differential of 1.775 cents per kWh. In the rate design stipulation in UE 180, parties agreed to maintain a differential of at least 1.75 cents per kWh between the first two blocks of kWh usage. (The stipulation is attached to Order No. 07-015.) I contacted CUB to see if they had any concerns regarding the rate design. CUB relayed that for purposes of this tariff filing, having the credit applied equally to all qualifying kWh is reasonable. However it should not be precedential in nature in that rate design will be an open issue in PGE's current general rate filing.

For an average customer consuming 900 kWh a month, the rate reduction in percentage and dollar terms is about -6.3% and -\$5.80 a month, respectively.

PROPOSED COMMISSION MOTION:

Portland General Electric's tariff to restore the Residential Exchange Credit be allowed into effect on April 15, 2008, with less than statutory notice.