

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 10, 2009**

REGULAR CONSENT EFFECTIVE DATE June 1, 2008

DATE: February 10, 2009

TO: Public Utility Commission

FROM: Lisa Gorsuch

THROUGH: Lee Sparling, Ed Busch, Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1418) Requests an Accounting Order authorizing repair costs of customer-owned equipment associated with the deployment of the Advanced Metering Infrastructure, to be classified as capital.

STAFF RECOMMENDATION:

Staff recommends approval of Portland General Electric's (PGE or Company) request in Docket UM 1418 with an effective date of June 1, 2008.

DISCUSSION:

PGE, the Citizens' Utility Board (CUB) and Staff (collectively, the Parties), were present at the Public Meeting held on January 20, 2009, which included an update by PGE about the Advanced Metering Infrastructure (AMI) project as well as a proposal regarding meter base repair issues. The Parties agreed that PGE should arrange and pay for certain meter base repairs¹ to customer owned equipment associated with the deployment of AMI, to the extent needed to safely restore service.

PGE estimates approximately 425 meter exchanges, during AMI deployment, will result in repairs necessary to safely restore service. This is out of approximately 850,000 meter exchanges that will take place overall. The Company calculated this estimate from repair issues experienced during the System Acceptance Test (SAT) of this project. The Company estimates the total cost of the repairs to be approximately \$319,000, assuming the average cost of each repair to be around \$750.

¹ Repairs meeting the descriptions and conditions in PGE's proposed Schedule 330, Advanced Metering Infrastructure (AMI Project) Meter Base Repair Program.

PGE proposes and the Parties support allowing 90% of the repair costs (or approximately \$287,000) to be classified as capital. If the proposed Accounting Order is approved, these costs would be recorded under Federal Energy Regulatory Commission (FERC) Account 370 (Meters). The remaining costs would be classified as Operation & Maintenance (O&M) expense under FERC Account 417.1 (Expenses of Nonutility Operations), so that they would not appear in PGE's regulated costs.

The Parties agree that the approval of this Accounting Order would mitigate potential AMI project delays and address concerns about a disproportionate number of repair costs that would fall on low income customers (where the meter base has been in place longer on older premises).

Staff recommends changing PGE's proposed effective date for this Accounting Order from January 1, 2009, to June 1, 2008. PGE agrees with Staff that this effective date would be consistent with the effective date of Schedule 111, Advanced Metering Infrastructure, and would allow for the similar treatment of repairs² made in 2008 resulting from the SAT prior to full deployment of AMI. Costs associated with AMI deployment should end no later than December 31, 2010.

PROPOSED COMMISSION MOTION:

PGE's request in Docket UM 1418 for an Accounting Order authorizing repair costs of customer owned equipment associated with the deployment of AMI to be classified as capital be approved with an effective date of June 1, 2008.

² Customer owned meter base repairs, paid for by customers that took place during SAT for AMI that meet the descriptions and conditions of proposed Schedule 330, Advanced Metering Infrastructure (AMI Project) Meter Base Repair Program.