



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

March 13, 2008

Email / US Mail

Commission Filing Center
Public Utility Commission of Oregon
550 Capitol St NE #215
Salem OR 97301-2551

Re: UM___ Application for Deferred Accounting of Costs for BPA-Related Matters

Ms. Bailey-Goggins:

Enclosed for filing are the original and five copies of Portland General Electric's Application for Deferred Accounting of Costs for BPA-Related Matters. We have provided notification of this application to the UE 188 Service List.

PGE waives paper service of documents in this proceeding.

If you have any questions or require further information, please call me at (503) 464-7580 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick G. Hager", written over a white background.

Patrick G. Hager
Manager, Regulatory Affairs

PGH/llh

encls.

cc: UE 188 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Costs for Services Associated with the Suspension of the Residential Exchange and Subsequent Proceedings and Resumption of the 2007 BPA Power Wholesale Rate Case

**Application for Deferred Accounting of
Costs for BPA-Related Matters**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (“PGE”) hereby requests authorization to defer for later rate-making treatment certain incremental expenses associated with the residential exchange program (“REP”) established by section 5(c) of the Northwest Power Act, including but not limited to Bonneville Power Association (“BPA”) 2007 Supplemental Power Wholesale Rate Case, BPA’s proposed revised Average System Cost (“ASC”) Methodology, BPA’s expedited ASC review process for FY 2008, petition for review by the United States Supreme Court of the Ninth Circuit’s May 2007 decisions regarding the 2000 REP Settlement Agreement, and BPA’s offer of Interim Relief and Standstill Agreement (collectively, the “BPA-Related Matters”). PGE may seek amortization of the deferred amount in a future Commission proceeding. In support of this Application PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services and accounting practices are subject to the regulation of the Oregon Public Utility Commission (“Commission”).

2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.
3. PGE waives paper service in this proceeding. Communications regarding this Application should be addressed to:

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I. OAR 860-027-0300(3) Requirements

The following is provided pursuant to OAR 860-027-0300(3).

A. Background

On July 17, 2006, the Administrator of BPA signed the Final Record of Decision concluding the 2007 Wholesale Power Rate Adjustment Proceeding (“WP-07”) that established BPA’s power rates for October 1, 2006, through September 30, 2009 (FY 2007-2009). BPA received interim approval of the WP-07 from FERC on September 21, 2006.

On May 3, 2007, the U.S. Court of Appeals for the Ninth Circuit opined in two separate lawsuits. On May 21, 2007, BPA notified PGE, Pacific Power, and five other northwest utility companies that the federal court decisions forced BPA to suspend \$25 million in monthly

settlement payments to the investor-owned utilities. The utilities had passed those payments through to residential and small-farm customers as bill credits since 2001. These credits represented our customers' share of power-cost benefits from the Northwest's federal hydropower system and have been provided in various forms for almost 30 years.

Due to the Ninth Circuit rulings, BPA requested a stay in the final approval of its FY 2007-2009 power rates. BPA published its new rate proposal through the WP-07 Supplemental Power Rate Case. The outcome of this rate case affects FY 2009 rates but BPA has submitted its direct case which reviews the REP benefits paid to IOUs and the REP benefits the IOUs would have received in the absence of the REP settlements from FY 2002-2008 (http://www.bpa.gov/corporate/ratecase/2008/2008_WP-07S).

PGE is a party to the WP-07 Supplemental Power Rate Case that includes the *FY 2002-2008 Lookback Study*, included in BPA's direct case filed on February 19, 2008.

B. Reasons for Deferral

PGE files this deferral for incremental costs associated with the BPA-Related Matters. PGE's expenses will support our efforts to secure residential exchange benefits for our customers and to advocate for an ASC methodology that comports with the Northwest Power Act and that equitably shares the benefits of the federal hydro system with our small farm and residential customers. These service costs were not included in projections used to set rates.

PGE seeks deferred accounting treatment of the potential expenses associated with these additional costs pursuant to ORS 757.259(2)(e). All of the REP payments have been passed through to PGE customers. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving the Application will not authorize a change in rates, but will permit the Commission

to consider allowing such deferred amounts in rates in a subsequent proceeding.

C. Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC account 407.4, Regulatory Credits. In the absence of a deferred accounting order from the Commission, PGE would record costs in an assortment of FERC accounts, including, but not limited to, FERC account 923, Outside Services Employed, and potentially FERC account 920, Administrative and General Salaries.

D. Estimate of Amounts

Due to the complexity and the number of issues surrounding the BPA-Related Matters, PGE cannot estimate the amount subject to the deferral. However, based on the level of work so far this year, we estimate billings for the remainder of 2008 to be approximately \$500,000.

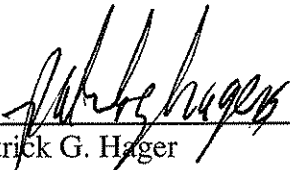
E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with the notice are attached to the Application as Attachment A.

II. Conclusion

For the reasons stated above, PGE requests permission to defer costs described herein from the date of this Application and continuing for a period of one year.

DATED this 13th day of March, 2008.



Patrick G. Hager
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
Telephone: 503.464.7580
Fax: 503.464.7651
E-Mail: patrick.hager@pgn.com

Attachment A

**Notice of Application for Deferred Accounting of
Incremental Costs for BPA-Related Matters**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM _____**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Costs for Services Associated with the Suspension of the Residential Exchange and Subsequent Proceedings and Resumption of the 2007 BPA Power Wholesale Rate Case

Notice of Application for Deferred Accounting of Costs for BPA-Related Matters

On March 13, 2008, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order authorizing deferral of incremental costs associated with the BPA-Related Matters. These costs will support PGE’s efforts to secure residential exchange benefits for our customers.

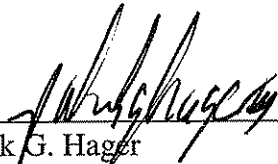
Approval of PGE’s Application will not authorize a change in PGE’s rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE’s application should contact the following:

Patrick G. Hager
Rates & Regulatory Affairs
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Portland, OR 97204
Telephone: (503) 464.7857
Fax: (503) 464.7651
Email: pge.opuc.filings@pgn.com

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than April 14, 2008.

Dated: March 13, 2008



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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **NOTICE OF APPLICATION FOR AN ORDER APPROVING THE DEFERRAL OF COSTS FOR SERVICES ASSOCIATED WITH THE SUSPENSION OF THE RESIDENTIAL EXCHANGE AND SUBSEQUENT PROCEEDINGS AND RESUMPTION OF THE 2007 BPA POWER WHOLESALE RATE CASE** to be served by electronic mail to those parties whose email addresses appear on the attached service list (OPUC Docket No. UE 188), First Class US Mail, postage prepaid and properly addressed, upon each party on the attached service list who have not waived paper.

Dated at Portland, Oregon, this March 13, 2008.



Patrick G. Mager
Manager, Regulatory Affairs

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UE-188 Service List

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PGE Portland General Electric Company

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UE-188 Service List

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Confidentiality: No
