

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 204

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| In the Matter of |) | |
| |) | |
| PORTLAND GENERAL ELECTRIC |) | RULING |
| COMPANY, |) | & |
| |) | NOTICE OF |
| Request for recovery of costs associated with |) | STATUS CONFERENCE |
| its Selective Water Withdrawal Project. |) | |

**DISPOSITION: PROCEDURAL SCHEDULE SUSPENDED;
STATUS CONFERENCE SCHEDULED**

On February 13, 2009, Staff of the Public Utility Commission of Oregon (Staff) filed a motion to suspend the tariffs in this docket for an additional three months. Because testimony is due to be filed by Staff and intervenors on February 19, 2009, Staff seeks expedited consideration of its motion. Staff’s motion is supported by the Citizens’ Utility Board (CUB) and the Industrial Customers of Northwest Utilities (ICNU). On February 17, 2009, Portland General Electric Company (PGE or the Company) filed a response opposing Staff’s request for a further extension.

Because Staff’s review is not yet complete, the procedural schedule in this docket is suspended. Notice is hereby given that a status conference will be held to discuss the issues raised by Staff’s motion. A ruling on Staff’s motion will be issued after the status conference.

BACKGROUND

In a stipulation filed in docket UE 197, Staff, PGE, CUB, and ICNU agreed to address issues raised by PGE’s Selective Water Withdrawal Project (SWW) in this separate docket. The stipulating parties also agreed, as part of that stipulation, to make good-faith efforts to complete this docket in time for rates that include PGE’s recovery of approved costs from the SWW docket to be effective the latter part of May 2009, or when the SWW project is closed to plant for accounting purposes. *See* UE 197 Stipulation Regarding Revenue Requirement at 2(b)(2) (filed October 9, 2008).

On October 24, 2008, PGE filed tariff sheets in Advice No. 08-15 to implement rate changes addressing the SWW project. The tariff sheets had a November 24, 2008, effective date. At its November 4, 2008, Public Meeting, the Public Utility Commission of Oregon (Commission) found good cause to investigate the tariff sheets and suspended the tariff sheets for six months. A prehearing conference was held, and a schedule was established with a March 2, 2009, hearing date and a target date for a Commission decision around May 1, 2009. This schedule was amended twice by agreement of the parties, most recently on February 3, 2009, when the hearing date was rescheduled for March 30, 2009, and the target date for Commission decision was moved to the latter half of May 2009.

STAFF'S MOTION

In its motion, Staff now seeks to suspend PGE's tariff schedule for an additional three months to allow Staff to complete its investigation.¹ According to Staff, its review of the SWW project has been complex and has been further complicated by cost estimates for the project that have risen above PGE's original forecasts. Staff seeks additional time to investigate the nature of the cost overruns and the reasonableness of the project's general contracting and design costs. Staff also suggests that additional suspension would give parties time to appropriately review the initial performance and actual costs of the project.

PGE'S OPPOSITION

In its opposition, PGE challenges Staff's proffered reasons for the requested suspension and asserts that a three-month delay will cost PGE an estimated \$3 million, based on the project's projected June 1, 2009, completion date. PGE asks the Commission to deny Staff's motion or, in the alternative, to authorize interim rates at the level requested in PGE's tariffs effective June 1, 2009.

According to PGE, no new facts or information justify a further suspension of the tariff sheets. PGE contends that the increased costs,² modified designs, and complexity of the SWW project described in Staff's motion were all issues known to Staff when Staff signed the Stipulation in docket UE 197, as well as throughout this docket. PGE also asserts the SWW project is scheduled to be fully tested and closed to plant on June 1, 2009—the same completion date that was contemplated when the most recent procedural schedule was adopted. Finally, PGE asserts that Staff's stated desire to review the plant's initial performance is inconsistent with the parties' agreement that the new rates should be effective when the plant is closed to book, as well as with the Commission's past practice. PGE states that it has fully cooperated with the investigation in this case, providing Staff with a tremendous amount of information in a short period of time. For these reasons, PGE argues, the Commission should deny Staff's motion.

¹ See ORS 757.215(1)(allowing the Commission to suspend a rate or schedule of rates for up to three months beyond the last day of an initial six-month suspension).

² PGE asserts that projections for PGE's share of the project have actually decreased by \$2.5 million since they were projected in docket UE 197.

In the alternative, PGE argues, the Commission should authorize an interim rate increase.³ PGE states that it is not responsible for the delay in Staff's investigation, yet a delay would cost PGE about \$1.072 million for each month the SWW project is closed to plant in service but not included in rates. The implementation of interim rates would protect PGE from these costs, yet hold PGE's customers harmless because such rates would be subject to refund to the extent the Commission ultimately deems appropriate.⁴

RULING

Although Staff needs additional time to complete its investigation in this case, PGE raises legitimate concerns about the cost impact of further suspensions of its tariff schedules. The procedural schedule in this docket is **SUSPENDED**. A status conference will be held to discuss the issues raised in Staff's motion. A ruling on Staff's motion will be issued after the status conference.

NOTICE IS GIVEN that a status conference will be held in this matter to: (1) identify issues affecting the procedural schedule; (2) set a revised schedule; and (3) address the proposed suspension order and the appropriateness of interim rates. The status conference will be held as follows:

DATE: Friday, February 27, 2009

TIME: 9:30 a.m.

LOCATION: Public Utility Commission of Oregon
550 Capitol Street NE
1st Floor, Main Hearing Room
Salem, OR 97301

Dated at Salem, Oregon, this 19th day of February, 2009.

Lisa D. Hardie
Administrative Law Judge

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³ See ORS 757.215(5) (allowing the Commission to authorize an interim rate schedule as part of a suspension order).

⁴ See ORS 757.215(5) (stating that upon completion of the hearing and decision, the Commission shall order the utility to refund any portion of the increase in an interim rate or schedule that the Commission finds is not justified).