

ORDER NO. 11 007

ENTERED JAN 05 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1066

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation Into Regulatory Policies
Affecting New Resource Development.

ORDER

DISPOSITION: DOCKET CLOSED; NEW RULEMAKING OPENED

This docket is one of a related group of dockets we opened to reexamine and update our resource planning acquisition policies. Its specific purpose was to reexamine whether new generating resources should continue to be included in revenue requirement at market price, as required by OAR 860-038-0080(1)(b), or whether new resources should be included at the utility's cost. Since 2005, this docket has been held in abeyance pending the outcome of dockets UM 1056, UM 1182, and UM 1276. *See* Order No. 05-133.

We have now completed our review in those other three dockets. In UM 1056, we adopted updated guidelines to govern the Integrated Resource Planning process. *See* Order Nos. 07-002 and 07-047. In UM 1182, we adopted updated policies and guidelines governing competitive bidding for investor-owned utilities. *See* Order No. 06-446. Most recently, in UM 1276, we concluded our investigation into the potential bias favoring utility ownership of new resources by reopening docket UM 1182 to address identified issues in the competitive bidding process. *See* Order No. 11-001.

With those decisions, we return to this docket and conclude that OAR 860-038-0080(1)(b) should be amended to require that new resources be included in a utility's revenue requirement at cost. Our decisions in this group of dockets reflect our preference to return to a cost basis for utility-owned resources. This preference has also been reflected in practice, as we have routinely granted requests by utilities to waive the rule to allow a resource to be placed in the utility's revenue requirement at cost. *See, e.g.*, Order No. 04-376 (granting request of Portland General Electric Company to waive rule's application to Port Westward).

Accordingly, we close this docket, and open a new rulemaking to amend OAR 860-038-0080(1)(b) to require that new utility-owned resources be included in revenue requirement at cost. Notice and publication of the new rulemaking will be provided separately.

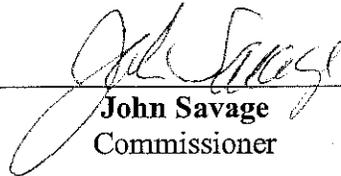
ORDER

IT IS ORDERED that this docket is closed. A new rulemaking will be opened to amend OAR 860-038-0080(1)(b) consistent with the terms of this order.

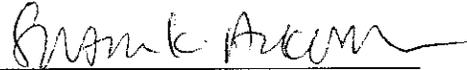
Made, entered, and effective JAN 05 2011



Ray Baum
Chairman



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484