

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1131

In the Matter of the Application of Portland
General Electric Company for an Order to
Reauthorize the Deferral of Information
Technology Costs

APPLICATION FOR
REAUTHORIZATION TO
DEFER INFORMATION
TECHNOLOGY COSTS

Pursuant to ORS 757.259, OAR 860-027-0300 and OPUC Order No. 01-777 (Appendix B, Item S-45, pages 8-9), Portland General Electric Company ("PGE") requests reauthorization to defer for later ratemaking treatment certain information technology costs ("IT Deferral" or "Deferred Amount"). PGE seeks reauthorization to defer information technology costs as described below from January 1, 2007 through December 31, 2007 (the "Deferral Period"). PGE is currently amortizing through Advice No. 05-19.

I. Deferral History

In OPUC Docket UE-115, PGE entered into a Stipulation regarding cost of service changes that was approved by the Commission in Order No. 01-777 (Appendix B to the Order). The Stipulation requires that PGE compare the revenue requirement of certain IT capital expenditures included in base rates in UE-115 to the revenue requirement based on actual expenditures.

The Stipulation also required an OPUC Staff audit of the actual expenditures to determine if the expenditures were reasonable and prudent. OPUC Staff completed the audit of the relevant IT capital expenditures made from 2000 to 2003 in February 2004. The Stipulation further requires that the 2003 True-Up accrue to the deferred account in each subsequent year

until new base rates are established. Finally, as a component of the Stipulation, PGE has agreed to waive any earnings test, if needed, to implement a rate refund.

a. 2002 True-up

PGE compared the actual IT capital revenue requirement for 2002 to the amount placed in base rates in UE-115 and established that it had underspent IT capital by an amount equivalent to \$7.5 million in revenue requirements. PGE established a customer credit of \$7.5 million that was refunded to customers from November 2002 to December 2003.

b. 2003 True-up

PGE compared the actual IT capital revenue requirement for 2003 to the amount placed in base rates in UE-115. PGE estimated that it had underspent IT capital by an amount equivalent to \$4.3 million in revenue requirements. On December 30, 2003, PGE filed for authorization to defer the \$4.3 million in revenue requirements for 12 months beginning January 1, 2004. The Commission approved the deferral in OPUC Order 04-169. PGE amortized this credit during 2004. Subsequent to the OPUC Staff audit, the 2003 deferral amount was determined to be \$4.2 million. This credit amount was then amortized in 2005 and 2006 per Commission Orders No. 05-126 and 06-438.

c. 2003 True-up Continued to 2006

Because new base rates have not been established, customers will be owed \$4.2 million based on the actual revenue requirement associated with decreased capital expenditures through December 31, 2003, compared to the amounts used in the UE-115 test year. PGE requests reauthorization to defer this amount beginning January 1, 2007. PGE will amortize this credit during 2007.

II. OAR 860-027-0300 Requirements

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

a. Description

For 2007, PGE has determined that customers are owed \$4.2 million based on under-spending on capital IT projects through December 31, 2003 relative to the amounts used in UE-115.

b. Reasons for Deferral

PGE seeks reauthorization of the IT Deferral pursuant to a stipulation in UE-115 and approved by the Commission in Order No. 01-777. In accordance with the Stipulation requiring that each January 1st an amount equal to the 2003 True-Up be deferred in a balancing account, PGE is filing this reauthorization application for the period January 1, 2007 through December 31, 2007. Without reauthorization, this deferral will expire on December 31, 2006.

c. Proposed Accounting

PGE proposes to record the deferral as a regulatory liability in FERC Account 254, debiting FERC Account 449.1 (Provision for Rate Refunds). In the absence of a deferred accounting order, PGE would absorb the Deferred Amount in its retail revenues (FERC 440, 442, and 444).

d. Estimate of Amounts

PGE will refund \$4.2 million resulting from the 2003 True-Up. Consistent with the stipulation, the actual 2003 True-Up will accrue to the deferred account on January 1, 2007 and will accrue interest at PGE's authorized cost of capital, currently 9.083%.

e. Notice

A copy of the Notice of Application for Reauthorization to Defer Information Technology Costs and a list of persons served with the Notice are attached to the Application as Attachment A.

III. The following is provided pursuant to OAR 860-027-0300(4):

a. Description of Deferred Account Entries

Please see section (II)(c)

b. The reason for continuing deferred accounting

PGE is seeking approval to continue the IT Deferral pursuant to conditions stipulated in UE-115 and approved in Commission Order No. 01-777 as described in Section (II)(b) above.

IV. PGE Contacts

The authorized address to receive notices and communications in respect of this Application is:

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (telecopier)
pge.opuc.filings@pgn.com

The names and addresses to receive notices and communications via the e-mail service list are:

Barbara Halle, Assistant General Counsel
E-Mail: Barbara.Halle@pgn.com, and

Patrick G. Hager, Manager, Regulatory Affairs
E-Mail: Patrick.Hager@pgn.com,

V. Conclusion

For the reasons stated above, PGE requests permission to defer 2003 True-Up information technology costs from January 1, 2007 until December 31, 2007.

DATED this 4th day of December, 2006.

Respectfully Submitted,

/s/ Patrick G. Hager
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company

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Attachment A

**Notice of Application for Reauthorization
to Defer Information Technology Costs**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1131**

In the Matter of the Application of Portland General Electric Company for an Order to Reauthorize the Deferral of Information Technology Costs

NOTICE OF APPLICATION
FOR REAUTHORIZATION
TO DEFER INFORMATION
TECHNOLOGY COSTS

On December 04, 2006, Portland General Electric Company ("PGE") filed an Application with the Oregon Public Utility Commission (the "Commission") for an Order reauthorizing deferral of information technology costs. 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 either of the following:

Barbara Halle
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1 WTC 1301
Portland, Oregon 97204
Phone: 503-464-8858
Facsimile: 503-464-2200
Barbara_halle@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon St., 1 WTC-0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (telecopier)
pge.opuc.filings@pgn.com

Any person who wishes to submit written comments to the Commission on PGE's Application must do so not later than January 3, 2006.

Dated this 4th day of December, 2006.

/s/ Patrick G. Hager
Manager, Regulatory Affairs
Portland General Electric Company

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NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER



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

December 04, 2006

Electronic Mail / US MAIL

Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97301

Attn: **Commission Filing Center**

Re: **UM 1131**
PGE's Application for Reauthorization to Defer Information Technology Costs

Enclosed for filing is the original and one copy of Portland General Electric Company's Application for Reauthorization to Defer Information Technology Costs. We have provided copies of a Notice of Application to the UE-180 service list.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me (503-464-7580), or Alex Tooman (503-464-7623).

Sincerely,

/s/ Patrick G. Hager
Manager, Regulatory Affairs

encls.

cc: Bob Jenks, CUB
Melinda Davison, ICNU
Barbara Halle
Service List (UE-180)

CERTIFICATE OF SERVICE

I certify that this day I have served the foregoing **APPLICATION FOR REAUTHORIZATION OF DEFERRAL OF INFORMATION TECHNOLOGY COSTS** upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, **or by electronic mail pursuant to ORS 860-013-0070**, to the following parties or attorneys of parties listed on the attached official service list:

Dated this 04th day of December, 2006.

/s/ Patrick G. Hager
Manager, Regulatory Affairs
On behalf of Portland General Electric Company

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CERTIFICATE OF SERVICE (APPLICATION FOR REAUTHORIZATION TO DEFER)