



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

January 17, 2007

Email / US Mail

Vikie Bailey-Goggins
Administrator
Oregon Public Utility Commission
550 Capitol Street NE, Ste 218
Salem, OR 97301

Re: **UM _____**
PGE's Application for Deferred Accounting of Annual Power Cost Variance

Ms. Bailey-Goggins:

Enclosed for filing are the original and five copies of Portland General Electric Company's Application for Deferred Accounting of Annual Power Cost Variance. We have provided notification of this 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 at 503-464-7580.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick G. Hager".

Patrick G. Hager
Manager, Regulatory Affairs

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Accounting
Order Authorizing Deferral Of Excess Power
Costs

Application for Deferred Accounting of
Annual Power Cost Variance

Pursuant to ORS 757.210, ORS 757.259 and OAR 860-027-0300, Portland General Electric Company ("PGE") hereby requests an accounting order authorizing PGE to defer for later ratemaking treatment annual net variable power cost variances pursuant to Order No. 07-015 and PGE tariff Schedule 126. Schedule 126 is an "automatic adjustment clause" as defined in ORS 757.210. PGE seeks authorization for this deferral effective as of the effective date of Schedule 126. 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. Communications regarding this Application should be addressed to:

Rates and Regulatory Affairs
Portland General Electric, 1WTC0702
121 SW Salmon Street
Portland, Oregon 97204
Phone: 503-464-7857
E-mail: pge.opuc.filings@pgn.com

Douglas C. Tingey
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Portland General Electric, 1WTC13
121 SW Salmon Street
Portland, Oregon 97204
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I. OAR 860-027-0300 Requirements

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

a. Description

With this deferral application, PGE seeks authorization from the Commission to accrue, for future amortization, the difference between annual actual net variable power costs and the net variable power costs forecasted pursuant to tariff Schedule 125, in accordance with Order No. 07-015. The annual variance will be determined pursuant to the terms of Schedule 126, which includes a Positive Annual Power Cost Deadband for a positive annual variance, a Negative Annual Power Cost Deadband for negative annual variance, and an earnings test.

b. Reasons for Deferral

In Order 07-015, the Commission ordered the adoption of an Annual Power Cost Variance Mechanism (“APCVM”) for PGE. PGE Schedule 126 contains the terms of the APCVM. The APCVM provides for recognition in rates of the difference, for a given year, between the actual net variable power costs incurred by PGE and the net variable power costs forecasted pursuant to PGE Schedule 125. This deferral is to capture the net variable power cost difference that will be amortized in rates

This deferral is filed pursuant to Order 07-115 and ORS §757.259(2)(e). This deferral will minimize the frequency of rate changes or the fluctuation of rate levels or match appropriately the costs borne by and benefits received by customers.

c. Proposed Accounting

PGE proposes to record the Deferred Amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 456 (Other Revenue) if there is an amount to collect from customers. PGE would record the Deferred Amount in FERC 254 (Regulatory Liabilities); debiting FERC Account 456 (Other Revenue) if there is a refund to customers. In the absence of a deferred accounting order from the Commission, PGE would record costs associated with the Deferred Amount to FERC 501 (Fuel), FERC 547 (Fuel), FERC 447 (Sales for Resale), FERC 565 (Transmission by Others) and FERC 555 (Purchased Power).

d. Estimate of Amounts

The Deferred Amount is a function of several unknown and unpredictable factors customer usage, the wholesale market price for electricity, and the wholesale market price for natural gas. Since the Deferred Amount is dependent on factors that cannot be precisely forecast, PGE cannot provide a precise estimate of the Deferred Amount. PGE requests that, in accordance with ORS 757.259(4), it be allowed to accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital (set at 8.29% in Order 07-015).

e. Notice

A copy of the Notice of Application for Deferred Accounting of Excess Power Costs due to Plant Outage and a list of persons served with the Notice are attached to the Application as Attachment A.

II. Conclusion

Deferred accounting treatment is an appropriate, just and reasonable means of implementing Order 07-015 and PGE Schedule 126

For the reasons stated above, PGE requests permission to defer annual net variable power cost variances pursuant to Order No. 07-015 and PGE tariff Schedule 126.

DATED this 17th day of January 2007.

Respectfully Submitted,

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

Attachment A

**Notice of Application for
Deferred Accounting of Annual Power Cost Variance**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Accounting
Order Authorizing Deferral Of Excess Power
Costs

NOTICE OF APPLICATION FOR
DEFERRED ACCOUNTING OF ANNUAL
POWER COST VARIANCE

On January 17, 2007, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order authorizing deferral of the annual net variable power cost variance pursuant to Order 07-015 and PGE tariff Schedule 126.

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.

PGE’s application will be posted on the OPUC website for persons who wish to obtain a copy or they may contact the following:

Patrick G. Hager
Manager, Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1 WTC 0702
Portland, Oregon 97204
Phone: 503-464-7580
Facsimile: 503-464-7651
Patrick.Hager@pgn.com

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than February 16, 2007.

Dated: January 17, 2007.

/S/PATRICK G. HAGER
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
Telephone: 503-464-7580
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NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING OF ANNUAL POWER COST VARIANCE** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived papers service.

Dated at Portland, Oregon, this 17th day of January, 2007.

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

SERVICE LIST

UE 180, UE 181, UE 184

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