



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

January 16, 2008

**Email / US Mail**

OPUC Filing Center  
Oregon Public Utility Commission  
550 Capitol Street NE, Ste 215  
Salem, OR 97301-2148

**Re: UM 1294 PGE's Application for Reauthorization To Defer  
Annual Power Cost Variance**

Ms. Bailey-Goggins:

Enclosed for filing are the original and five copies of Portland General Electric Company's Application for Reauthorization of Deferred Accounting of Annual Power Cost Variance.

PGE originally received permission to defer the difference between annual actual net power costs and the net variable power costs forecasted pursuant to tariff Schedule 126 and Commission Order No. 07-050.

We have provided copies of a Notice of Application to the UE-180 service list. PGE waives paper service of documents in this proceeding and has e-filed a copy on this date.

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,

Patrick G. Hager  
Manager, Regulatory Affairs

Encl.

cc: Jason Eisdorfer, CUB  
cc: Melinda Davison, ICNU  
cc: Ed Durrenberger, OPUC  
cc: UE 180 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1294**

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

Application For Reauthorization To Defer  
Annual Power Cost Variance Expenses

Pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, OPUC Orders No. 07-015, 07-050 and PGE tariff Schedule 126, Portland General Electric Company ("PGE") requests reauthorization to defer for later ratemaking treatment certain annual net variable power cost variances ("PCV Deferral"). Schedule 126 is an "automatic adjustment clause" as defined in ORS 757.210.

**I. Deferral History.**

In Order 07-015, the Commission ordered the adoption of an Annual Power Cost Variance Mechanism ("PCV") for PGE. PGE Schedule 126 contains the terms of the PCV. The PCV 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.

On January 17, 2007, PGE filed an application for 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 126, in accordance with Order No. 07-015. This PCV Deferral is to capture the net variable power cost difference that will be amortized in rates. The annual variance is 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.

The PCV Deferral was allowed through OPUC Order No. 07-050 and the request to continue the PCV deferral is filed pursuant to Order 07-115 and ORS §757.210. The continuance of the 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.

## II. OAR 860-027-0300 Requirements

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

### a. Description of Amounts

See the Deferral History above. As reported in PGE's Third Quarter 10-Q, PGE recorded an \$11.8 million credit to customers related to the 2007 PCV. However, PGE cannot provide a precise amount until determined after year end 2007.

### b. Reasons for Deferral

PGE seeks reauthorization to defer annual net variable power cost variances from January 17, 2008 through January 16, 2009 ("Deferral Period 2008"). Without reauthorization, this deferral will expire on January 16, 2008. The continuance of the 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

See II (a) above. 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 Reauthorization to Defer annual net variable power cost variances 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)(a) and II(c) above.

b. The reason for continuing deferred accounting

PGE is seeking approval to continue the PCV Deferral pursuant to Commission Order 07-015, PGE tariff Schedule 126, Order No. 07-050 effective January 17, 2007, and (II)(b) above.

IV. PGE Contacts

The authorized addresses to receive notices and communications in respect of this Application are:

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PGE waives paper service in this proceeding. In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

E-mail: [Jay.Tinker@pgn.com](mailto:Jay.Tinker@pgn.com)

V. Conclusion

For the reasons stated above, PGE requests permission to continue to defer annual net variable power cost variances from January 17, 2008 until January 16, 2009.

DATED this 16<sup>th</sup> of January, 2008.

Respectfully Submitted,

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

## **Attachment A**

### **Notice of Application for Reauthorization to Defer annual net variable power cost variances**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1294**

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 Reauthorization To  
Defer Annual Power Cost Variance Expenses

On January 16, 2008, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission (the "Commission") for an Order reauthorizing deferral of the annual net variable power cost variance pursuant to Order 07-015 and PGE tariff Schedule 126.

Approval of PGE's reauthorization 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  
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[Patrick.Hager@pgn.com](mailto: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, 2008.

Dated: January 16, 2008.

  
\_\_\_\_\_  
Patrick G. Hager  
Manager, Regulatory Affairs  
Portland General Electric Company

## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing Notice of Application for Reauthorization of 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 16<sup>th</sup> day of January, 2008.

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

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app\_(1-16-2008).doc



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