



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

December 3, 2008

Email/US Mail

Vickie Bailey-Goggins
Administrator
550 Capitol Street, N.E., Ste 215
Salem, OR 97301-2551

Re: UM___ PGE's Application for Deferral of Incremental Costs Associated with the SunWay 1, LLC and SunWay 2, LLC Solar Projects

Ms. Bailey-Goggins:

Enclosed for filing is the original and one copy of PGE's Application for Deferral of Incremental Costs Associated with the SunWay 1, LLC and SunWay 2, LLC Solar Projects. We have provided notification of this application to the UE-197 service list.

PGE waives paper service of documents in this proceeding and has E-filed a copy on this date.

If you have any questions or require further information, please call me at 503-464-7580 or Rebecca Brown at 503-464-8545. Please direct all formal correspondence and requests to the following email address: pge.opuc.filings@pgn.com

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

PGH:smg

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral of Incremental Costs
Associated with the SunWay 1, LLC &
SunWay 2, LLC Solar Projects

**Application for Deferral of Incremental
Costs Associated with the SunWay 1, LLC
& SunWay 2, LLC Solar Projects**

Pursuant to ORS 469A.120(1) & (3), OAR 860-027-0300¹ and Oregon Public Utility Commission ("Commission") Order No. 07-572, Portland General Electric Company ("PGE") hereby requests authorization to defer for later rate-making treatment incremental costs associated with SunWay 1, LLC (SunWay 1) and SunWay 2, LLC (SunWay 2). SunWay 1 and 2 were formed for the sole purpose of developing, constructing, managing, and operating two solar energy facilities in Oregon. 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 Commission.
2. This application is filed pursuant to ORS 469A.120(3) and Order No. 07-572, which allow the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.
3. Communications regarding this Application should be addressed to:

Randy Dahlgren
Portland General Electric
121 SW Salmon Street
Portland, Oregon 97204
E-mail: pge.opuc filings@pgn.com

Doug Tingey
Portland General Electric
121 SW Salmon Street
Portland, Oregon 97204
E-mail: Doug.Tingey@pgn.com

¹ PGE is seeking deferral pursuant to the rules and guidelines of ORS 469A.120 and Order No. 07-572. We are using a format similar to that provided in OAR 860-027-0300 for general deferrals.

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:

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

Rebecca T. Brown, Analyst, Regulatory Affairs
E-mail: Rebecca.Brown@pgn.com

Christopher A. Liddle, Analyst, Regulatory Affairs
E-mail: Christopher.Liddle@pgn.com

I. OAR 860-027-0300(3) Requirements (for a general deferral)

A. Background

On June 6, 2007, Senate Bill 838 (SB 838) was enacted, creating a Renewable Portfolio Standard which requires large, Oregon electric utilities to meet 25 percent of their Oregon load with electricity generated by renewable resources by 2025. PGE and other large Oregon electric utilities must also meet interim goals of 5 percent by 2011, 15 percent by 2015 and 20 percent by 2020.

In Docket No. UM 1330, Order No. 07-572, the Commission approved a stipulation regarding the Renewable Adjustment Clause (RAC) supporting the use of deferred accounting to allow for the recovery of prudently incurred costs of an eligible resource for the period of time between the in-service date and when the resource enters rates.

Consistent with the Order, PGE is seeking recovery of the incremental costs² associated with the SunWay 1 and SunWay 2 solar projects. PGE will make available for Commission review its costs associated with these solar projects and its efforts to keep costs low through Renewable Adjustment Clause filing(s), annual Affiliated Interest Reports, and audits, if necessary.

² The 2009 power cost benefits associated with SunWay 2 were included in PGE's November 2008 Annual Update Tariff filing.

B. Schedule

PGE expects to make two filings, including this deferral application, associated with the SunWay 1 and SunWay 2 during the next 12 months. First, PGE is making this request for authorization to defer for later rate-making treatment incremental costs. Second, PGE expects to make a Renewable Adjustment Clause filing by April 1, 2009 seeking inclusion into rates effective January 1, 2010 of the two in-service projects as well as the deferred amount.

C. Description of Projects

SunWay 1 was formed to construct, install, maintain, own, and operate the nation's first solar project in a highway right of way. The 104 kilowatt solar photovoltaic generating system will be installed on land owned by the State of Oregon and acting through its Oregon Department of Transportation (ODOT). Electricity for the highway interchange (I-5 North and I-205 South in Tualatin, Oregon) will be provided directly to ODOT through the combination of a purchased power agreement with SunWay 1 and a net metering arrangement with PGE.

SunWay 2 was formed for the sole purpose of constructing, in the aggregate, an approximately 1095 kilowatt photovoltaic thin-film system, to be installed on the rooftops of three separate buildings owned by ProLogis. SunWay 2 will lease the three rooftop spaces from ProLogis and PGE will purchase the entire output from SunWay 2 through a purchase power agreement.

More detailed descriptions of these projects will be available in PGE's Affiliated Interest filings which will be submitted to the OPUC by December 15, 2008.

D. Reasons for Deferral

Order No. 07-572 allows for the recovery of prudently incurred costs for eligible renewable resources, that PGE may request a deferral of costs prior to inclusion in rates, and that the deferral is exempt from an earnings test.

PGE seeks deferred accounting treatment of the incremental costs associated with the SunWay 1 and SunWay 2 solar projects pursuant to ORS 469A.120(3) & (4) and Order No. 07-572. Consistent with PGE's RAC Schedule 122, these costs include the fixed costs of the renewable resource and associated transmission (including return on and return of the capital costs), operation and maintenance costs, income taxes, property taxes, and other fees and costs that are applicable to the renewable resource or associated transmission.

The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving the Application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

E. Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC account 456, Other Electric Revenue. In the absence of a deferred accounting order from the Commission, PGE would record costs to several different FERC accounts, including FERC account 921, Office Supplies and Expenses, FERC account 403.1, Depreciation Expense, etc.

F. Estimate of Amounts

PGE estimates the amount subject to the deferral would be approximately \$665,000 (see work papers for detail). This estimate includes PGE's portion of any net income or net loss at SunWay 1 or SunWay 2, return on PGE's initial investments, and PGE's portion of any tax impacts (either positive or negative).

Customers will benefit from the addition of renewable generation capacity. As renewable resources, the sites will generate Renewable Energy Credits (RECs), which PGE has rights to a portion

of and will use to meet Oregon's Renewable Energy Standard or to lower customer prices³.


G. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with the notice are attached to the Application as Attachment A.

II. Conclusion

For the reasons stated above, PGE requests permission to defer incremental costs associated with the SunWay 1 and SunWay 2 solar projects as described herein from the date of this Application.

Dated this December 3, 2008.



Patrick G. Hager
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
Telephone: 503-464-7580
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³ Should PGE choose to sell the RECs, PGE would act in a manner consistent with OPUC Order No. 07-083 (UP 236), where net proceeds from the sale are recorded in the property sale deferred account. Net proceeds from a sale would result in either lower customer electric bills and/or acquisition of additional renewable resources.

Attachment A

Notice of Application for Deferred Accounting of
Incremental Costs Associated with the

SunWay 1, LLC

and

SunWay 2, LLC Solar Projects

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral of Incremental Costs
Associated with the SunWay 1, LLC and
SunWay 2, LLC Solar Projects

**Notice of Application for Deferral of
Incremental Costs Associated with the
SunWay 1, LLC and SunWay 2, LLC
Solar Projects**

On December 1, 2008, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission (the "Commission") for an Order authorizing deferral of incremental costs associated with the SunWay 1, LLC and SunWay 2, LLC solar projects.

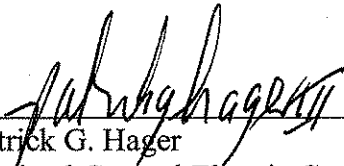
Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE's application should contact the following:

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

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than January 2, 2009.

Dated this December 3, 2008.




Patrick G. Hager
Portland General Electric Company
Telephone: 503-464-7580
E-Mail: patrick.hager@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **PORTLAND GENERAL ELECTRIC COMPANY'S NOTICE OF APPLICATION FOR DEFERRAL OF INCREMENTAL COSTS ASSOCIATED WITH THE SUNWAY 1, LLC AND SUNWAY 2, LLC SOLAR PROJECTS** 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 paper service from OPUC Docket No. UE 197.

Dated at Portland, Oregon, this 3rd day of December 2008.



Patrick G. Hager
Manager, Regulatory Affairs

eDockets**Docket Summary**[Return to Search Page](#)[eFillir](#)**Docket No:** UE 197**Docket Name:** PORTLAND GENERAL ELECTRIC[Print Summary](#)**Subject Company:** PORTLAND GENERAL ELECTRIC**See also:** UE 198

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a general rate revision. Filed by James J. Piro.
Initial Utility Filing for electronic version.)

Filing Date: 2/27/2008**Advice No:** 08-02**Effective:** 1/1/2009**Expiration:** 12/31/2008**Status:** **SUSPENDED****Case Manager:** JUDY JOHNSON**Phone:** (503) 378-6636**Email:** judy.johnson@state.or.us**Law Judge:** ALLAN ARLOW**Phone:** (503) 378-3511

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[General information about Tariffs](#)

<u>ACTIONS</u>		<u>SERVICE LIST (Parties)</u>	<u>SCHEDULE</u>
W=Waive Paper service	C=Confidential HC=Highly Confidential	<u>Sort by Last Name</u>	<u>Sort by Company Name</u>
	JIM DEASON (C) ATTORNEY AT LAW	1 SW COLUMBIA ST, SUITE 1600 PORTLAND OR 97258-2014 jimdeason@comcast.net	
	BOEHM KURTZ & LOWRY		
	KURT J BOEHM (C) ATTORNEY	36 E SEVENTH ST - STE 1510 CINCINNATI OH 45202 kboehm@bklawfirm.com	
	MICHAEL L KURTZ (C)	36 E 7TH ST STE 1510 CINCINNATI OH 45202-4454 mkurtz@bklawfirm.com	
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W	CITIZENS' UTILITY BOARD OF OREGON		
	OPUC DOCKETS	610 SW BROADWAY STE 308 PORTLAND OR 97205 dockets@oregoncub.org	
	ROBERT JENKS (C)	610 SW BROADWAY STE 308	

		PORTLAND OR 97205 bob@oregoncub.org
W	COMMUNITY ACTION DIRECTORS OF OREGON	
	JIM ABRAHAMSON (C) COORDINATOR	PO BOX 7964 SALEM OR 97301 jim@cado-oregon.org
	DAVISON VAN CLEVE PC	
	S BRADLEY VAN CLEVE (C)	333 SW TAYLOR - STE 400 PORTLAND OR 97204 mail@dvclaw.com
	DEPARTMENT OF JUSTICE	
	JASON W JONES (C) ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
	JANET L PREWITT (C) ASSISTANT AG	NATURAL RESOURCES SECTION 1162 COURT ST NE SALEM OR 97301-4096 janet.prewitt@doj.state.or.us
	MICHAEL T WEIRICH (C) ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 michael.weirich@doj.state.or.us
W	FISHER SHEEHAN & COLTON	
	ROGER D. COLTON (C)	34 WARWICK RD BELMONT MA 02478 roger@fsconline.com
	LEAGUE OF OREGON CITIES	
	SCOTT WINKELS (C) INTERGOVERNMENTAL RELATIONS ASSOCIATE	PO BOX 928 SALEM OR 97308 swinkels@orcities.org
W	OREGON DEPARTMENT OF ENERGY	
	KIP PHEIL (C)	625 MARION ST NE - STE 1 SALEM OR 97301-3737 kip.pheil@state.or.us
W	OREGON ENERGY COORDINATORS ASSOCIATION	
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PUBLIC UTILITY COMMISSION

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