

**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 Certain Costs and
Revenues Associated With Grid West

**APPLICATION FOR DEFERRED
ACCOUNTING TREATMENT OF
CERTAIN EXPENSES ASSOCIATED
WITH GRID WEST LOANS**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (“PGE”) hereby requests authorization to defer for later rate-making treatment certain expenses associated with the Grid West loans (the “Deferred Amount”), described in more detail below. Depending upon the balance of the Deferred Amount, if any, PGE may seek amortization of the Deferred Amount in a future Commission proceeding. 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
121 SW Salmon Street
Portland, Oregon 97204
E-mail: pge.opuc.filings@pgn.com

Douglas C. Tingey
Portland General Electric
121 SW Salmon Street
Portland, Oregon 97204
E-mail: doug.tingey@pgn.com

I. OAR 860-027-0300 REQUIREMENTS

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

A. DESCRIPTION

Over at least the last five years, PGE has been involved in developing a regional transmission organization in the Pacific Northwest, currently known as Grid West. Like other members of Grid West, PGE has provided a share of the funds loaned to Grid West¹, and expects to advance funds to Grid West over the next two years. PGE's share of the Grid West loans through 2005 was \$1.2 million², and its forecasted share of the Grid West loans for 2006 and 2007 is \$1.7 million³ (collectively, the "Grid West Loans").

PGE has entered its share of the 2005 Grid West Loan as a balance sheet item. The loan is not a current expense because in exchange for the loan PGE receives a loan receivable with a balance equal to the loan amount. PGE accounts for the loan receivable from Grid West as an asset. If in the future the Grid West Loans are no longer deemed to be recoverable, then Generally Accepted Accounting Principles ("GAAP") would require PGE to write off a part or all of the receivable. If PGE writes off all or part of the asset, the amount written-off becomes an expense effective as of the date of the write-off pursuant to GAAP. GAAP provides objective

¹ Advances to Grid West accrue interest at a contractual rate based on the average prime rate published in the Federal Reserve Bulletin (Per CFR 35.19).

² Reflects loan advances of \$1.0 million and approximately \$0.2 million of accrued interest through year-end 2005.

³ Reflects forecast loan advances of \$1.4 million and approximately \$0.3 million of additional forecast accrued interest from Jan 1, 2006 through year-end 2007. Assumes the actual prime rate of 7.0% at year-end 2005 applies for the remainder of 2006 and 2007.

measures for determining when an asset should be written-off. The Deferred Amounts under this Application consist of any expense that is incurred if PGE is required to write off a part or all the receivable(s) from the Grid West Loans.

B. REASONS FOR DEFERRAL

PGE seeks deferred accounting treatment of the potential expense associated with Grid West pursuant to ORS 757.259(2)(e). The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. The creation of a deferred account may avoid the need to adjust rates to reflect PGE's share of the Grid West funding obligations. Without a deferred account, PGE would be forced to seek recovery in rates for the Grid West funding. Moreover, the Grid West Loans are provided pursuant to FERC requirements to develop a regional transmission entity. Deferred accounting will match the potential expense associated with Grid West Loans with the customers who would benefit from the formation of a regional transmission entity.

C. PROPOSED ACCOUNTING

PGE proposes to record the Deferred Amounts as a regulatory asset in FERC account 182.3, crediting FERC account 124, Other Investments. In the absence of approval of this deferred accounting application, PGE would record the amounts written off (if any) to FERC account 426.5, Other Deductions [comment: don't want to suggest that we necessarily will have write-offs]. Amounts deferred will accrue interest at PGE's authorized cost of capital from the date the amounts are deferred until collected from customers [comment: "deferral date" might suggest the date of the application or approval of application].

D. ESTIMATE OF AMOUNTS

It is difficult to project the amount of the deferred balance. The balance could be as high as \$2.9 million if PGE is forced to write off the entire amount of PGE's share of the Grid West

Loans for 2005 through the projected loans for 2006 and 2007. On the other hand, the Deferred Amount could be zero if PGE does not write off the receivable from Grid West.

E. 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 certain expenses associated with the Grid West Loans described herein from the date of this Application.

DATED this 21st day of March 2006.

/s/ PATRICK G. HAGER, III
PATRICK G. HAGER, III
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
Telephone: 503-464-7580
Fax: 503-464-7651
E-Mail: patrick.hager@pgn.com

Attachment A

**Notice Of Application For Deferred Accounting Of
Certain Expenses Associated With Grid West Loans**

**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 Certain Costs and
Revenues Associated With Grid West

**NOTICE OF APPLICATION FOR
DEFERRED ACCOUNTING
TREATMENT OF CERTAIN EXPENSES
ASSOCIATED WITH GRID WEST
LOANS**

On March 21, 2006, Portland General Electric Company (“PGE”) filed an application with the Oregon Public Utility Commission (the “Commission”) for an Order authorizing deferral of certain expenses associated with the Grid West loans.

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:

Portland General Electric Company
Attn: Adam Menendez
121 SW Salmon, 1 WTC-1301
Portland, OR 97204
Telephone: (503) 464-7357
adam.menendez@pgn.com

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than April 20, 2006.

Dated: March 21, 2006

/s/ PATRICK G. HAGER, III
PATRICK G. HAGER, III
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
Telephone: 503-464-7580
Fax: 503-464-7651
E-Mail: patrick.hager@pgn.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING TREATMENT OF CERTAIN EXPENSES ASSOCIATED WITH GRID WEST LOANS to be served by First Class US Mail, postage prepaid and properly addressed, upon each party on the attached service list from the last general rate case, OPUC Docket No. UE 115.

Dated at Portland, Oregon, this 21st day of March, 2006.

/s/ PATRICK G. HAGER, III
Patrick G. Hager, III

UE 115 Service List

<p>L HELLER EHRMAN WHITE & MCAULIFFE LLP 200 SW MARKET ST STE 1750 PORTLAND OR 97201-5718</p>	<p>PORTLAND BOMA 1020 SW TAYLOR ST STE 760 PORTLAND OR 97205-2512</p>
<p>SUSAN ANDERSON PORTLAND CITY OF - OFFICE OF SUSTAINABLE DEV 721 NW 9TH AVE -- SUITE 350 PORTLAND OR 97209-3447</p>	<p>LINCOLN WOLVERTON EAST FORK ECONOMICS PO BOX 620 LA CENTER WA 98629</p>
<p>JULIE BRANDIS ASSOCIATED OREGON INDUSTRIES 1149 COURT ST NE SALEM OR 97301-4030</p>	<p>PHIL CARVER OREGON DEPARTMENT OF ENERGY 625 MARION ST NE STE 1 SALEM OR 97301-3742</p>
<p>MELINDA J DAVISON DAVISON VAN CLEVE PC 333 SW TAYLOR - STE 400 PORTLAND OR 97204</p>	<p>JIM DEASON 521 SW CLAY ST STE 107 PORTLAND OR 97201-5407</p>
<p>MICHAEL C DOTTEN HELLER EHRMAN WHITE & MCAULIFFE LLP 200 SW MARKET ST - STE 1750 PORTLAND OR 97201-5718</p>	<p>ANDREA FOGUE LEAGUE OF OREGON CITIES PO BOX 928 1201 COURT ST NE STE 200 SALEM OR 97308</p>
<p>MICHAEL EARLY INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES 333 SW TAYLOR STE 400 PORTLAND OR 97204</p>	<p>JASON EISDORFER CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY STE 308 PORTLAND OR 97205</p>
<p>EDWARD A FINKLEA CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW 5TH - STE 2000 PORTLAND OR 97204</p>	<p>ANN L FISHER AF LEGAL & CONSULTING SERVICES 2005 SW 71ST AVE PORTLAND OR 97225-3705</p>
<p>DAVID E HAMILTON NORRIS & STEVENS 621 SW MORRISON ST STE 800 PORTLAND OR 97205-3825</p>	<p>DAVID HATTON DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096</p>
<p>BRUCE HELLEBUYCK PACIFICORP 825 NE MULTNOMAH STE 800 PORTLAND OR 97232</p>	<p>ONITA KING NORTHWEST NATURAL 220 NW 2ND AVE PORTLAND OR 97209-3991</p>

MICHAEL L KURTZ BOEHM, KURTZ & LOWRY 36 E 7TH ST STE 1510 CINCINNATI OH 45202-4454	STEVEN G LINS GLENDALE CITY OF 613 E BROADWAY STE 220 GLENDALE CA 91206-4394
S BRADLEY VAN CLEVE DAVISON VAN CLEVE PC 333 SW TAYLOR - STE 400 PORTLAND OR 97204	KATHERINE A MCDOWELL STOEL RIVES LLP 900 SW FIFTH AVE STE 1600 PORTLAND OR 97204-1268
JAN W MICHAEL APPLIED ECONOMICS GROUP 566 CENTER RD HILLSBORO NH 03244	MICHAEL M MORGAN TONKON TORP LLP 888 SW 5TH AVE STE 1600 PORTLAND OR 97204-2099
PAUL M MURPHY MURPHY & BUCHAL LLP 2000 SW FIRST AVE STE 320 PORTLAND OR 97201-5342	WARREN PARRISH 30450 NE WILSONVILLE RD NEWBERG OR 97132
NORMAN A PEDERSEN JONES DAY REAVIS & POGUE 555 W FIFTH ST STE 4600 LOS ANGELES CA 90013-1025	WALTER PERRY DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM OR 97310-0560
LON L PETERS NORTHWEST ECONOMIC RESEARCH INC 624 SE ANDOVER PL PORTLAND OR 97202-9006	DAVID ROBERTSON NATIONAL ENERGY AND GAS TRANSMISSION INC 1400 SW 5TH AVE - STE 900 PORTLAND OR 97201
DONALD W SCHOENBECK REGULATORY & COGENERATION SERVICES INC 900 WASHINGTON ST STE 780 VANCOUVER WA 98660-3455	RACHEL SHIMSHAK RENEWABLE NORTHWEST PROJECT 917 SW OAK ST STE 303 PORTLAND OR 97205-2806
JOHN SIEKAS OREGON STEEL MILLS INC PO BOX 2760 PORTLAND OR 97208	JACK SNYDER ATOFINA CHEMICALS INC 6400 NW FRONT AVENUE PORTLAND OR 97210
HARVARD P SPIGAL PRESTON GATES ELLIS LLP 222 SW COLUMBIA ST STE 1400 PORTLAND OR 97201-6632	JOHN W STEPHENS ESLER STEPHENS & BUCKLEY 888 SW FIFTH AVE STE 700 PORTLAND OR 97204-2021
BENJAMIN WALTERS PORTLAND OFFICE OF CITY ATTORNEY 1221 SW 4TH AVE - RM 430 PORTLAND OR 97204	STEVEN WEISS NORTHWEST ENERGY COALITION 4422 OREGON TRAIL CT NE SALEM OR 97305



Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8926 • facsimile (503) 464-2200

Douglas C. Tingey
Assistant General Counsel

March 21, 2006

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 2148
Salem OR 97308-2148

Re: Application for Deferred Accounting Treatment of Certain Expenses Associated with
Grid West Loans
OPUC Docket No. UM _____

Attention Filing Center:

Enclosed for filing with the Commission are the following documents:

- Application of Portland General Electric Company for Deferred Accounting Treatment of Certain Expenses Associated with Grid West Loans; and
- Notice of Application of Portland General Electric Company for Deferred Accounting Treatment of Certain Expenses Associated with Grid West Loans.

The Notice of Application is being served to the UE 115 Service List.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

/s/ DOUGLAS C. TINGEY

DCT:mmd
Enclosure

BEGIN:VCARD
VERSION:2.1
X-GWTYPE:USER
FN:Mary Draper
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N:Draper;Mary
END:VCARD