



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

March 31, 2008

**Email / US Mail**

Commission Filing Center  
Public Utility Commission of Oregon  
550 Capitol St NE #215  
Salem OR 97301-2551

**Re: UM \_\_\_ Application for Deferral of Investigation & Remediation Response Costs  
Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and  
Restoration**

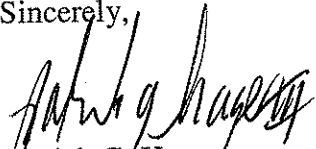
Ms. Bailey-Goggins:

Enclosed for filing are the original and five copies of Portland General Electric's Application for Deferral of Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration. We have provided notification of this application to the UE 188 Service List.

PGE waives paper service of documents in this proceeding.

If you have any questions or require further information, please call me at (503) 464-7580 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence, questions, or requests to the following e-mail address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,



Patrick G. Hager  
Manager, Regulatory Affairs

PGH/bmm

encls.  
cc: UE 188 Service List

**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 Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration

**Application for Deferral of Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (“PGE”) hereby requests authorization to defer for later ratemaking treatment PGE’s allocated share of certain environmental costs associated with the Portland Harbor and Harbor Oil Superfund Sites including investigation, study, oversight, and likely remediation costs. PGE will 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:

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Rates & Regulatory Affairs  
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Douglas C. Tingey  
Assistant General Counsel  
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E-mail: [Doug.Tingey@pgn.com](mailto:Doug.Tingey@pgn.com)

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](mailto:Patrick.Hager@pgn.com)

Richard George, Attorney  
E-mail: [Richard.George@pgn.com](mailto:Richard.George@pgn.com)

Arya Behbehani-Divers, Manager, Environmental Services  
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## **I. OAR 860-027-0300(3) Requirements**

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

### **A. Background**

PGE seeks authorization to record and defer all environmental costs pursuant to the provisions of ORS 757.125 and 757.259(2)(e). Specifically, PGE seeks authorization to record and defer all environmental costs, including but not necessarily limited to, the costs related to investigation, study, monitoring, oversight, legal expenses, remediation costs, and all costs related to pursuing any contribution (hereafter “environmental costs”) associated with PGE’s allocated share of liability in the Portland Harbor and Harbor Oil Superfund Sites.

#### **1. Portland Harbor Superfund Site**

The Portland Harbor Superfund Site currently extends from approximately mile 2 through mile 12 of the Willamette River as shown in Exhibit 1<sup>1</sup>. The EPA commenced investigation of the site in 1997, and based upon that investigation, initially sent “Notices of Potential Liability” to sixty-nine parties (including PGE), formally identifying them as Potentially Responsible Parties (“PRPs”) under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC §§9601 *et seq.* There are now hundreds of other parties under investigation and the EPA has assigned

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<sup>1</sup> For additional detail, the United States Environmental Protection Agency has posted the map in Exhibit 1 at [http://yosemite.epa.gov/R10/CLEANUP.NSF/ph/Uplands/\\$FILE/Portlandharbormaplg.jpg](http://yosemite.epa.gov/R10/CLEANUP.NSF/ph/Uplands/$FILE/Portlandharbormaplg.jpg)

approximately 80 parties formal PRP status. Currently, PRPs are conducting a Remedial Investigation (“RI”) of the site and intend to conduct a Feasibility Study (“FS”) in the near future. Current published estimates of RI costs incurred to date are \$55 million<sup>2</sup>.

Investigations by EPA indicate the presence of polychlorinated biphenyls, a chemical used in various types of electrical equipment including transformers. For this reason, EPA recently served PGE with a formal information request pursuant to CERCLA Section 104(e) (a “104e Data Request”). This 104e Data Request includes more than eighty questions about “any Property you currently own, lease, operate on, or otherwise are affiliated or historically have owned, leased, operated on, or otherwise been affiliated with” from 1937 to the present, within 800 feet of the Willamette River between River miles 2 through 16. PGE has operated since the 19<sup>th</sup> century on a substantial number of properties in the area identified by the 104e Data Request, and thus anticipates an enormous amount of work will be required to comply with this mandatory data request.

Under CERCLA, PGE’s potential liability as a PRP includes claims for site assessment costs, clean up costs, damages to natural resources, state and national oversight costs, and remediation and restoration costs. Given the strict liability nature of PRP status under CERCLA, PGE is actively participating in ongoing meetings with other PRPs and parties identified by EPA that may eventually receive PRP notices. The meetings are organized and facilitated by a neutral convener provided by EPA for the purpose of assisting the parties with developing and implementing an Allocation Process. The Allocation Process is very complex and involved with the goal of ultimately developing possible settlement proposals that would allocate liability amongst all the participating PRPs pursuant to negotiated agreements. Such agreements would establish liability for the costs described above and also would ensure performance of remediation activities at the site. PGE anticipates this process

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<sup>2</sup> (Todd Murphy, *For Those Who Look Close, Bill Tells Tale* (Sept. 28, 2007), available at [http://www.portlandtribune.com/news/story.php?story\\_id=119093798](http://www.portlandtribune.com/news/story.php?story_id=119093798) 894904900.

taking several years to complete and involving substantial costs associated with internal investigations, documentation generation and evaluation, the hiring of consultants and other contractors to assist in complying with EPA and Oregon DEQ procedures, internal administrative costs, and legal expenses for representation in the CERCLA PRP liability allocation negotiations.

## **2. Harbor Oil Superfund Site**

Harbor Oil, Inc. (Harbor Oil), located in north Portland, was utilized by PGE to process used oil from the Company's power plants and electrical distribution system from at least 1990 until 2003. Harbor Oil is also utilized by other entities for the processing of used oil and other lubricants.

In 1974 and 1979, major oil spills occurred at the Harbor Oil site that impacted an approximate two acre area. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyls (PCBs), have been detected at the site. On September 29, 2003, Harbor Oil was included on the federal National Priority List as a federal Superfund site.

PGE received a Special Notice Letter for Remedial Investigation/Feasibility Study (RI/FS) from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. The letter started a period for the PRPs to participate in negotiations with the EPA to reach a settlement to conduct or finance an RI/FS of the Harbor Oil site. On May 31, 2007, an Administrative Order on Compliance was signed by the EPA and six other parties, including PGE, to implement an RI/FS at the Harbor Oil site. The final revised work plan for the RI/FS has been submitted to the EPA. Site access agreements are being negotiated with surrounding properties and the site operator. On site work sampling is expected to begin in the first quarter of 2008.

## **B. Reasons for Deferral**

PGE seeks deferred accounting treatment of the potential expenses associated with the environmental costs pursuant to ORS 757.259(2)(e). The granting of this Application will minimize the frequency of rate changes and the fluctuation of rate levels. 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.

## **C. 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 407.4, Regulatory Credits. In the absence of a deferred accounting order from the Commission, PGE would record the environmental costs of internal PGE labor to FERC account 920, Administrative and General Salaries, and the costs of outside services (e.g. consulting) to FERC account 923, Outside Services Employed.

## **D. Estimate of Amounts**

### **1. Portland Harbor Superfund Site**

PGE acknowledges that OAR 860-027-0300(3)(d) requires applications for deferred accounting to include an estimate of the deferral amount, however, at this time, accurate estimates for the potential liability for investigation and remediation costs associated with PGE's potential allocation of liability are unknown. There are potentially hundreds of parties that may have contributed to the contamination of the Portland Harbor site. Additionally, both the EPA's and the parties' investigation of the site continues. New facts affecting potential allocation of liability may come to light and any actions by the EPA or the Oregon DEQ could have a direct affect on any allocation of liability to any particular party. Given these unknowns and their affect on potential allocations of liability, PGE is unable to provide any accurate estimation of the environmental costs it seeks to record and defer with this application. PGE seeks to record and defer the environmental costs similar to those approved by the

Commission for Northwest Natural Gas in UM 1078. *See, e.g.*, Orders No. 03-328, 04-244, 05-138, 06-211, and 07-147.

## **2. Portland Oil Site**

Sufficient information is currently not available to determine the total cost of investigation and remediation of the Harbor Oil site or the liability of the PRPs, including PGE. Management cannot predict the ultimate outcome of this matter.

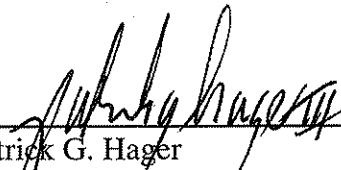
### **E. Notice**

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 environmental costs as described herein from the date of this Application.

DATED this 31st day of March, 2008.



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Manager, Regulatory Affairs  
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**Attachment A**

**Notice of Application for Deferred Accounting of  
Certain Expenses Associated With Investigation and Remediation  
Response Costs Related to the Portland Harbor and Harbor Oil  
Superfund Sites Cleanup and Restoration**

**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 Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration

**Notice of Application for Deferred Accounting of Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration**

On March 28, 2008, 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 Investigation and Remediation Response Costs related to the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration.

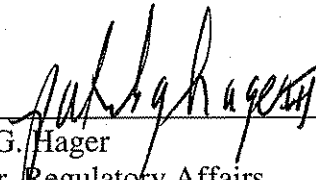
Approval of PGE’s Application will not authorize a change in PGE’s rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

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

Patrick G. Hager  
Manager, Regulatory Affairs  
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121 SW Salmon Street, 1WTC-0702  
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[pge.opuc.filings@pgn.com](mailto: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 April 30, 2008.

Dated: March 31, 2008



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UE-188 Service List

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**PGE Portland General Electric Company**

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Confidentiality: No

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Confidentiality: No

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