



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

March 30, 2009

Email / US Mail

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

Re: UM 1373 Reauthorization 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

Ms. Bailey-Goggins:

Enclosed for filing are the original and five copies of Portland General Electric's Reauthorization 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 197 and UM 1373 Service Lists.

PGE waives paper service of documents in this proceeding.

If you have any questions or require further information, please contact Chris Liddle at (503) 464-7458. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

PGH/jmb

encls.

cc: UE 197 Service List
UM 1373 Service List

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1373

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 Reauthorization to Defer 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 reauthorization to defer for later ratemaking treatment PGE’s allocated share of certain environmental costs including investigation, study, oversight, and potential remediation, associated with the Portland Harbor Superfund Site, Harbor Oil Superfund Site, plus two new projects at the Oak Grove Hydroelectric Facility (Oak Grove). PGE will seek amortization of the deferred amount in a future Commission proceeding.

I. Deferral History

On March 31, 2008, PGE filed an application for authorization from the Commission to defer, for future amortization, 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.

This deferral request was authorized through Order No. 09-052. The continuance of this deferral will minimize the frequency of rate changes. PGE requests that this reauthorization commence effective March 31, 2009, the date on which the 12-month period of the initial deferral authorization expires.

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

a. Description of Amounts

See the Deferral History above.

1. **Description of New Project: Oak Grove (PCBs and Lead)**

PGE operates the Oak Grove facility, which is located entirely on federal lands administered by the U.S. Forest Service, pursuant to a FERC license. In August 2005, PGE retained environmental consultants, to perform a site investigation of potential petroleum contamination discovered near the maintenance shop at the Oak Grove facility. The site investigation was conducted in five phases between August 2005 and April 2008. The consultants discovered petroleum contamination in the area of the maintenance shop, which has been remediated. The consultants also discovered PCB contamination downhill of a storm water outfall near the maintenance shop. The contamination appears to be limited to surface soils and does not extend to the nearby Clackamas River.

In April 2008, the U.S. Forest Service (Forest Service) notified PGE that Forest Service oversight and approval of any cleanup under a mutually negotiated "Settlement Agreement and Administrative Order on Consent" (AOC) would be required before cleanup could commence. The Forest Service, under its delegated Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) authority, also issued a CERCLA §104(e) Information Request – a mandatory order broadly requiring production of all documents and certain information related to the Oak Grove PCB spill. The CERCLA §104(e) Information Request constitutes an order of the government, and requires timely compliance and production of documents. On July 11 and August 9, 2008, PGE submitted information and documents to the Forest Service to comply with the CERCLA §104(e) Information Request. PGE is pursuing options to work with the Forest Service on a process that is as cost effective and timely as

possible. Remediation is likely to begin during summer 2009.

Additionally, on September 17, 2008, PGE sent formal notification to the U.S. Forest Service of potential lead contamination of the area under the Cripple Creek, Pint Creek and Canyon Creek support trestles. In 1968, 1970, and 1971 PGE sandblasted the trestles in preparation for re-painting, and re-painted the trestles. In June 2005, PGE began preparation to again re-paint the trestles. However, in the process of preparing the trestles, the contractor requested soil testing to ensure the company was not contributing to any previous contamination in the area. PGE and an environmental consultant took soil samples which were analyzed for eight Resource Conservation and Recover Act (RCRA) heavy metals. Testing confirmed that several samples exceeded the Ecological Probable Effects Concentration & Default Background Levels for Arsenic, Cadmium, Chromium, Lead, and Silver. PGE expects the Forest Service to require resolution of the lead contamination issue in a comprehensive Administrative Order on Consent (AOC) under CERCLA. Engineers are expected to begin working on the site in mid-2009, with the majority of remediation work beginning in 2010.

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 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. However, in 2008, PGE spent approximately \$735,000 and we expect the investigation and cleanup efforts to continue for several years. 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. Harbor Oil Site

In 2008, PGE spent approximately \$150,000. 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, but we expect the process to continue for several years.

3. Oak Grove Site

PGE is in the early stages of resolving the contamination issues at the Oak Grove site and, as a result, relatively little has been spent to date. Costs associated with remediation of the PCB contamination are likely to be incurred beginning in the summer of 2009. Regarding the lead contamination, costs associated with engineering are expected to be incurred beginning in mid-2009, with costs associated with remediation expected to be incurred beginning in 2010. Sufficient information is currently not available to determine the total cost of investigation, remediation or liability for either the PCB or Lead contamination. Management cannot predict the ultimate outcome of this matter.

4. Insurance Recovery

PGE is pursuing potential insurance recovery related to each of these sites. In December 2008, PGE contacted its solvent domestic insurers regarding the Portland Harbor Superfund Site. PGE is in the process of evaluating its ability to file claims associated with contamination at the Harbor Oil and Oak Grove sites.

e. Notice

A copy of the notice of application for reauthorization for deferred accounting treatment 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) Requirements:

a. Description of deferred account entries

Please see section II(a) above.

b. The reason for continuing deferred accounting

PGE is seeking approval to continue to defer, for future amortization, all environmental costs pursuant to ORS 757.259, OAR 860-027-0300, and II(b) above.

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.

IV. PGE Contacts

Communications regarding this Application should be addressed to:

Randy Dahlgren
Rates & Regulatory Affairs
Portland General Electric,
1 WTC0702
121 SW Salmon Street
Portland, Oregon 97204
Phone: 503.464.7857
E-mail: pge.opuc.filings@pgn.com

Douglas C. Tingey
Assistant General Counsel
Portland General Electric,
1 WTC1301
121 SW Salmon Street
Portland, Oregon 97204
Phone: 503.464.8926
E-mail: 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

Richard George, Attorney
E-mail: Richard.George@pgn.com

Arya Behbehani-Divers, Manager, Environmental Services
E-mail: Arya.Behbehani@pgn.com

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

V. Conclusion

For the reasons stated above, PGE requests permission to continue to defer certain expenses associated with the environmental costs as described herein from the date of this Application.

DATED this 30th day of March, 2009.

Respectfully Submitted,



Patrick G. Hager
Manager, Regulatory Affairs
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UM 1373
Attachment A

Notice of Application for Reauthorization 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 1373**

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

On March 30, 2009, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission (the "Commission") for an Order reauthorizing deferral of certain expenses associated with the Investigation and Remediation Response Costs related to the Portland Harbor Superfund Site, Harbor Oil Superfund Sites, plus two new projects at the Oak Grove Hydroelectric Facility (Oak Grove).

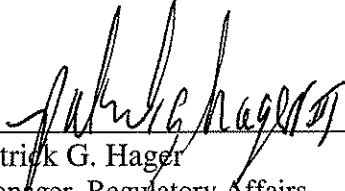
Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

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

Patrick G. Hager
Manager, Regulatory Affairs
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 April 30, 2009.

Dated: March 30, 2009

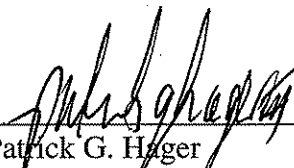


Patrick G. Hager
Manager, Regulatory Affairs

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization 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** to be served by Electronic Mail to those parties whose e-mail addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, upon those parties on the attached service list who have not waived paper service from OPUC Docket No. UE 197 and UM 1373.

Dated at Portland, Oregon, this 30th day of March 2009



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Summary Report**UE 197 PORTLAND GENERAL ELECTRIC****Category:** Electric Rate Case**Filed By:** PORTLAND GENERAL ELECTRIC

This filing requests a general rate revision.

Filing Date: 2/27/2008 **Advice No:** 08-02**Effective Date:** 1/1/2009 **Expiration Date:** 12/31/2008 **Status:** PERM SUSPEND**See also:** UE 198 08-23**Final Order:** **Signed:** 2/27/2008**SERVICE LIST:**

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Summary Report

UE 197 PORTLAND GENERAL ELECTRIC

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SCOTT WINKELS -- CONFIDENTIAL
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SALEM OR 97308

Summary Report**UM 1373 PORTLAND GENERAL ELECTRIC****Category:** Miscellaneous

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY

Application for Deferral of Investigation and Remediation Response Costs Associated with the Portland Harbor and Harbor Oil Superfund Sites Cleanup and Restoration (w/waiver of paper service).
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