

This is an electronic copy. Format and font may vary from the official version. Attachments may not appear.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 784 / UM 1039

In the Matter of)	
)	ORDER
PORTLAND GENERAL ELECTRIC)	
COMPANY)	
)	
Application for Reauthorization to Defer)	
Certain Costs Associated with Conservation)	
Programs and Changes in Power Costs)	

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 18, 2002, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Portland General Electric's conservation programs and for reauthorization to defer changes in power costs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to Pacific General Electric's Conservation Programs costs, for a 12-month period beginning July 1, 2002, and as related to Portland General Electric's Power Cost Adjustment, for an additional 3 months beginning October 1, 2002, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580

ITEM NO. CA21

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 18, 2002**

REGULAR _____ CONSENT X EFFECTIVE DATE As Noted

DATE: June 12, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket Nos. UM 784 and UM 1039)
Requests reauthorization to defer certain costs associated with the company's energy efficiency programs and the 15-month power cost adjustment.

STAFF RECOMMENDATION:

I recommend that the Commission approve reauthorization of Portland General Electric's (PGE or company) deferred accounting for energy efficiency costs associated with evaluation and verification (UM 784) for 12 months beginning July 1, 2002, and the 15-month power cost adjustment (UM 1039) for an additional 3 months beginning October 1, 2002.

DISCUSSION:

Energy Efficiency

As of March 1, 2002, and the implementation of SB 1149, PGE is no longer engaging in regulated energy efficiency expenditures. As a result, only costs associated with evaluation and verification are subject to deferral. Current authorization extends through June 30, 2002.

The account is subject to ORS 757.259 and OAR 860-027-0300, and the Commission may authorize deferred accounts for periods of 12 months or less. As a result, the deferrals will cease on June 30, 2002, unless the Commission reauthorizes the process. Therefore, Staff recommends the Commission allow PGE to continue the previously

Portland General Electric, Docket UM 784 and UM 1039
June 12, 2002
Page 2

authorized deferred accounting for the evaluation and verification costs only beginning July 1, 2002, for up to 12 months.

These amounts would be subject to recovery through the company's annual Schedule 101 rate filing. The company estimates that for the 12-month period beginning July 1, 2002, the net deferrals of its evaluation and verification costs will be less than \$1.0 million.

The company proposes to record the evaluation and verification cost deferrals in FERC Account 182.3, Other Regulatory Assets.

Power Cost Adjustment

By Order No. 01-1108, the Commission authorized PGE to defer changes in power costs associated with the power cost adjustment mechanism approved by the Commission in Order No. 01-777, Docket UE 115. This authorization is for the 12 months ending September 30, 2002.

PGE seeks reauthorization of the deferral pursuant to the terms of the Stipulation approved by Order No. 01-777. The deferral generally reflects variations in PGE's net variable power costs (NVPC) and energy revenues, which may be caused by changes in retail load, fuel costs, hydro conditions, and purchased power, among other factors. The deferral will assure that the costs of supplying electricity to current customers will match the benefits received by those customers and minimize the fluctuation of rate levels.

This account is subject to ORS 757.259 and OAR 860-027-0300, and the Commission may authorize deferred accounts for periods of 12 months or less. Since the power costs deferral authorization will cease on September 30, 2002, and the power cost adjustment mechanism was previously approved through December 31, 2002, Staff is requesting reauthorization of the deferrals associated with the power cost adjustment mechanism for an additional 3 months effective October 1, 2002.

The company estimates it will defer approximately \$4.0 million during the 3-month period October 1, 2002 through December 31, 2002. The total estimated deferral for the 15-month period is \$27.0 million.

Portland General Electric, Docket UM 784 and UM 1039
June 12, 2002
Page 3

The company proposes to record the power cost deferrals in FERC Account 182.3, Other Regulatory Assets.

PROPOSED COMMISSION MOTION:

Portland General Electric's deferred accounting reauthorization for energy efficiency costs associated with evaluation and verification (UM 784) for 12 months beginning July 1, 2002, and the 15-month power cost adjustment (UM 1039) for 3 months beginning October 1, 2002, be approved.