

ORDER NO.

04 375

ENTERED

JUL 20 2004

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

LC 33

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	ORDER
COMPANY	)	
	)	
OAR 860-038-0080, Resource Policies.	)	

**DISPOSITION: INTEGRATED RESOURCE FINAL ACTION PLAN  
ACKNOWLEDGED, WITH EXCEPTION AND  
CONDITIONS**

We acknowledge the plan filed by Portland General Electric Company (PGE) on March 26, 2004, with one exception and three conditions. First, we acknowledge the construction or acquisition of a high efficiency gas-fired resource, rather than the specific Port Westward plant. We also reserve the issue of whether this gas-fired resource will be included in rates at cost or market. As for conditions, we require three: 1) PGE must discuss constraints on competitive renewable development in the region with Staff, renewable developers, Bonneville Power Administration (BPA), the Energy Trust of Oregon (ETO) and other stakeholders; 2) PGE must include an action item in its 2005 Integrated Resource Plan (IRP) to address how it will work with BPA and others to develop transmission capacity over the Cascades so that additional wind (and other) resources are accessible to PGE at a reasonable price; and 3) PGE must demonstrate that it has taken reasonable measures to acquire or option, as well as retain, cost effective transmission capacity over the Cascades before issuing its next Request For Proposal (RFP). Finally, we ask PGE to specifically address demand response program issues, outlined in the order below, in its next IRP.

**Participants**

Numerous entities have participated in this matter, including Northwest Independent Power Producers Coalition (NIPPC), Oregon Department of Energy (ODOE), Ascentergy Corporation, Citizens' Utility Board of Oregon (CUB), Energy Consulting Group, PGE, ETO, Renewable Northwest Project (RNP), Industrial Customers of Northwest Utilities (ICNU), Oregon Electric Utility Company, Northwest

Energy Coalition (NVEC) and Utility Staff of the Public Utility Commission of Oregon (Staff).

### **Background**

On August 9, 2002, PGE filed its 2002 IRP. PGE asked the Commission to: 1) acknowledge that the resource approaches and specific resource actions proposed in Chapter 8 of the IRP were in accordance with Order No. 89-507; and 2) find that the IRP meets the requirements of OAR 860-038-0080.

During a prehearing conference held September 13, 2002, the participants agreed that the only issue to be decided in this proceeding is whether PGE's 2002 IRP includes resource approaches and actions that are reasonable and consistent with the least cost planning policies and principles set forth in OPUC Order No. 89-507.

The participants held workshops, filed comments and responded to data requests. On December 23, 2002, Staff submitted a draft recommendation to the Commission, stating that PGE's IRP should not be acknowledged as filed because 1) the IRP lacked specificity; and 2) Staff disagreed with some of the IRP's cost assumptions.

Additional workshops were held. On March 4, 2003, PGE filed an IRP Supplement (Supplement). In the Supplement, PGE sought acknowledgement of only two action items: 1) its plan to issue an RFP in the summer of 2003; and 2) its plan to continue permitting and design work for its proposed self-built combined cycle combustion turbine (CCCT) at its Port Westward (Pt WW) site.

Participant comments regarding the Supplement were received on March 21 and March 24, 2003. On April 7, 2003, PGE filed a response to comments. On May 7, 2003, Staff's recommendations and PGE's response were presented to the Commission during a regular public meeting.

Based on arguments heard at the May 7, 2003 public meeting, additional written participant comments, and arguments heard at a June 9, 2003 public meeting, the Commission issued Order No. 03-461, approving PGE's plan to issue an RFP.<sup>1</sup> At the June 9, 2003 meeting, PGE withdrew its request for acknowledgement of its plan to proceed with siting and permitting of Pt WW.

After filing interim reports on the progress of the RFP process, PGE filed its Proposed Action Plan on January 14, 2004. Staff and other participants filed comments on the Proposed Action Plan to alert PGE to issues that the participants wanted addressed in PGE's Final Action Plan. On April 8, 2004, PGE filed a response outlining

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<sup>1</sup> The RFP process was subject to the requirements of Commission Order No. 91-1383 and was monitored by Staff, an independent observer and other participants in Docket No. UM 1080.

how participants' comments on the Proposed Action Plan were addressed in either the Final Action Plan or in responses to data requests.

On February 6, 2004, PGE filed an application for waiver of OAR 860-038-0080(1)(b), so that: 1) the rule would not prohibit PGE from rate-basing the Pt WW gas turbine project if it decided to pursue the project; 2) PGE would not be prohibited from including the operation and maintenance costs of Pt WW in its revenue requirement; and 3) PGE would not be prohibited from including the costs of acknowledged contracts in its revenue requirement. Participants responded to PGE's application on March 8 and 9, 2004. PGE filed its reply to the responses on March 29, 2004.

On March 26, 2004, PGE filed its Final Action Plan (Plan). On April 1, 2004, PGE described its filing to the Commission during a public meeting. At the meeting, several participants made oral comments and raised questions about the Plan. Participants subsequently filed written comments about the Plan. On April 13, 2004, PGE provided a written response to questions raised by the participants.

On April 12, 2004, NIPPC filed a petition requesting the Commission to direct PGE to open a second phase of bidding to qualified bidders who participated in PGE's first RFP process. According to NIPPC, bidders should be directed to "beat" PGE's proposed configuration and costs for its proposed Pt WW plant. NIPPC believes that a second round of bidding would allow the Commission to assure itself that PGE's Plan offers PGE's customers the lowest cost resource.

On April 23, 2004, Staff filed its recommendations and draft proposed order regarding the Plan. On April 30, 2004, the participants filed comments. These comments were incorporated into Staff's final recommendation submitted May 19, 2004.

On May 26, 2004, a public meeting was held before the Commission. Staff presented its final recommendation, after which participants commented and raised issues to the Commission.

The Commission took the matter under advisement, and issues its determination in this order.

**Overview of PGE's Final Action Plan:**

PGE asks the Commission to acknowledge the following action items<sup>2</sup>:

1. Build one unit (350 MWa) of Port Westward (Pt WW) as a cost-based resource, using G-class turbine technology.
2. Acquire 25 MW of duct firing capability at Pt WW for peak loads and economic dispatch.
3. Acquire approximately 65 MWa (195 MW) of wind generation, provided that the necessary transmission and integration services can be obtained, and that the ETO funds permit a price within the range of other alternatives.
4. Acquire 135 MWa in fixed price power purchase agreements (PPAs) for durations of five to ten years.
5. Acquire up to 50 MWa of baseload energy tolling in place of fixed price PPAs, if required, and 400 MW of tolling capability for peak purposes.
6. Rely on the ETO to achieve 55 MWa of energy efficiency in PGE's service territory by 2007.
7. Evaluate the market potential for combined heat and power systems at customer sites.
8. Build a "virtual" peaking plant from 30 MW of dispatchable standby generation.
9. Acquire capacity through customer demand reduction programs.
10. Acquire short-term energy supply to meet the average annual energy need for direct access customers.

PGE states that it is willing to add an additional action item to initiate a discussion with Staff, renewable developers, BPA, the ETO and other stakeholders about constraints to competitive renewable development in the region. It has also communicated its willingness to include an action item in its 2005 IRP to address how it will work with BPA and others to develop transmission capacity over the Cascades so that additional wind (and other) resources are accessible to PGE at a reasonable price.

**Staff Recommendation**

Staff recommends acknowledgement of PGE's least cost plan, as outlined in its Final Action Plan, with an exception and three conditions. The exception is that although the plan to pursue Pt WW is reasonable and should be acknowledged, the

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<sup>2</sup> PGE also asked the Commission to acknowledge the acquisition of seasonal exchange contracts "as available and appropriate" and to acknowledge buying and selling "to balance its energy position to meet daily, weekly and monthly energy requirements." Plan at 11-12. However, we consider the acquisition of such contracts, along with purchases and sales required to balance energy requirements, to be part of the general course of business for PGE. These action items do not require acknowledgement. See Order No. 89-507.

specification that it be a cost-based resource should not be acknowledged because the Commission has not ruled on PGE's request for waiver of OAR 860-038-0080(1)(b) or made a determination in Docket UM 1066, which addresses the treatment of new generating resources.

Staff recommends that the following three conditions be placed on the Plan:

- 1) PGE must commit to initiate discussion with Staff, renewable developers, BPA, ETO and other stakeholders to discuss constraints to competitive renewable development in the region. PGE has agreed to this provision.
- 2) PGE must include an action item in its 2005 IRP to address how it will work with BPA and others to develop transmission capacity over the Cascades so that additional wind (and other) resources are accessible to PGE at a reasonable price. PGE has also agreed to this condition.
- 3) PGE must demonstrate that it has taken reasonable measures to acquire or option cost effective transmission capacity over the Cascades before issuing its next RFP.

### Participant Comments

NIPPC, ODOE, CUB, NWECC and RNP submitted written and/or oral comments regarding PGE's Final Action Plan.

CUB states that, based on analysis presented in the Plan, it is not unreasonable to select a diverse portfolio of resources such as is included in PGE's preferred portfolio. However, it expresses a strong reservation that acknowledging the Plan, under present circumstances, could lead to a situation where PGE could gain acknowledgement of Pt WW as part of a mix of resources and then acquire only Pt WW without pursuing any of the other resources in the portfolio. CUB questions whether participants would be able to challenge the decision to build Pt WW if this situation becomes reality. CUB further questions whether PGE's least cost plan is the sum of all the specific actions it identifies in its preferred portfolio, or if it is a set of individual resource actions. While CUB notes that no action plan is precisely followed, it cautions that care must be given to avoid the situation described above.

CUB is also concerned that acknowledgement of Pt WW, based on known cost assumptions, could be construed as pre-approval. If so, then the burden of proof regarding the prudence of investment in the plant could possibly be shifted from PGE to the Commission or other participants. Further, participants could potentially be precluded from questioning PGE's choice of site, technology or provider when PGE files for cost recovery of the plant.

Finally, CUB expresses concern that the RFP process is not adequate to allow for acknowledgement of a specific resource and that constraints on development of renewable resources may not have adequately been addressed, particularly given high volatile gas prices.

ODOE observes that projected load resource deficits for 2012 indicate there will be future flexibility to obtain more renewable resources between 2011 and 2016. ODOE believes that PGE should acquire or option at least 400 MW of transmission capacity before issuing its next RFP to mitigate the transmission constraints that prevent PGE from obtaining more wind resources pursuant to this IRP.

ODOE believes that PGE's approach to demand response is inappropriate and should not be acknowledged. ODOE argues that PGE should be proactive in developing and refining demand response programs for conservation and reliability. ODOE recommends that PGE incorporate the estimated effectiveness of all demand response programs in its next forecast of peak load.

Finally, ODOE believes that, independently from the IRP process, the Commission should determine how to calculate the above market cost of new renewables for the purposes of determining the amount of ETO subsidies.

RNP commends PGE for its renewable resource and energy efficiency targets described in the Plan. However, RNP encourages PGE to participate in efforts to reduce transmission, shaping and integration barriers, and to include "all environmental and risk mitigation values of renewable resources in its planning and procurement processes." It also questions whether all the risk mitigation benefits of wind resources were properly considered in PGE's evaluation process.

NIPPC proposes that the Commission require PGE to publish some aspects of its Pt WW cost assumptions and allow participants in PGE's RFP an opportunity to "beat" the Pt WW "bid." NIPPC makes this recommendation because, in its view: 1) the RFP process may not have assured participants that the RFP process was, in actuality, fair; 2) the fact that the independent observer was retained by PGE raises questions regarding whether it was, in actuality, independent; 3) the life-of-plant approach to price scoring may have penalized shorter term proposals in a manner contrary to that understood by bidders; 4) the RFP does not appear to be designed to produce bids that could realistically compete with the utility's project; 5) PGE's role as competitor and judge precludes a fair comparison of all bids; 6) it is unlikely that the Commission or Staff will have the knowledge and expertise required to evaluate the costs and risks of Pt WW and its components; and 7) a second round of bidding will provide the Commission with more information on which to assess whether PGE's Plan is the least cost mix of resources.

NWEC raised concerns regarding whether the Rate Volatility Index (RVI) used in PGE's analysis is an appropriate measure of risk, whether the cost/risk tradeoff



between owning versus "renting" resources had been adequately evaluated, and whether ratemaking decisions should be settled in UM 1066 before Pt WW is acknowledged. NVEC also indicated that the Pt WW project should be delayed until gas volatility and transmission constraints have abated.

#### **Comments on or after May 26, 2004**

During the May 26, 2004 public meeting, CUB, RNP and NVEC asked the Commission to place additional conditions on the acknowledgement of PGE's Plan. Specifically, they asked that PGE be required to: 1) get into the BPA transmission queue for long-term firm transmission rights for possible future resources east of McNary; 2) participate in BPA's open season process for system upgrades and provide updates to the Commission; and 3) collect data for the January 1, 2007 report required by ORS 757.617(b) for determining whether the current level of demand side management funding, along with other programs, is showing cost-effective conservation.

On May 28, 2004, PGE submitted its response to these three conditions. PGE agreed that transmission congestion is a threshold issue inhibiting further development of renewables, but it does not support the first condition, as PGE believes such a condition is impractical. To get into the BPA queue, according to PGE, is very costly and time consuming. A resolution to the transmission issues will need the concerted efforts of utilities, BPA, developers, regulators and stakeholders working together. PGE is not willing to have such a condition placed upon it.

As for Condition 2, PGE is not sure what the participants meant by the proposal. Further, PGE does not believe that the Commission should require PGE to participate in a process that is not defined, and does not, as of yet, exist. PGE contends that the transmission conditions recommended by Staff are sufficient.

Finally, PGE agrees that more information is needed to determine whether the current programs and incentives capture all cost-effective demand-side management resources. However, PGE does not believe such a condition is appropriate for acknowledgement of its Plan. It suggests that monies collected through the Public Benefit Charge be used to support such data collection.

On June 22, 2004, PGE informed the participants that it is willing to hold a workshop within a few weeks of the Plan's acknowledgement to work with the participants to develop an opt-out proposal for large customers pursuant to ORS 757.212(3) and (4). PGE also stated that it was willing to look at possible mechanisms for PGE to share the risks and rewards of potential cost under-runs and over-runs of Pt WW with all the non-exempted customers.

On June 24, 2004, RNP informed the Commission that BPA was hosting an open season for eligible customers requesting transmission service for the West of

McNary/West of Slatt transmission path. RNP asked that PGE be required to participate in this open season process.

On June 25, 2004, PGE informed the participants that the target date for commercial operation of Pt WW has been moved from November 2006 to May 2007. On June 30, 2004, NIPPC submitted a letter to the Commission, asserting that an underbid process is "warranted now more than ever." NIPPC contends that since the project date has changed, an additional six months of time no longer jeopardizes the timeliness of the project.

## OPINION

### Jurisdiction

PGE is an Oregon public utility, as that term is defined in ORS 757.005, which provides electric service to or for the public.

On April 20, 1989, pursuant to its authority under ORS 756.515, the Commission issued Order No. 89-507 (Docket UM 180) adopting least-cost planning for all energy utilities in Oregon.

### Requirements for Least-Cost Planning Under Order 89-507

Order No. 89-507 establishes procedural and substantive requirements for least-cost planning and provides for the Commission's acknowledgement of plans that meet the requirements of the order.

Procedural Requirements: At a minimum, the least-cost planning process must involve the Commission and public prior to making resource decisions rather than after the fact. *See* Order No. 89-507 at 3.

PGE solicited, received and considered both written and oral input from the public and from the Commission.

Substantive Requirements: The substantive requirements set forth in Order No. 89-507 are as follows:

1. All resources must be evaluated on a consistent and comparable basis.
2. Uncertainty must be considered.
3. The primary goal must be least cost to the utility and its ratepayers consistent with the long-run public interest.



4. The plan must be consistent with the energy policy of the State of Oregon, as expressed in ORS 469.010.

PGE's Plan is consistent with the substantive requirements of Order No. 89-507. We reviewed PGE's methods for evaluating different types of resources and found that all resources were compared on a consistent and comparable basis. PGE considered uncertainty by using a wide range of possible conditions and assumptions in its portfolio modeling, as well as by using the RVI mechanism. PGE selected a portfolio that reflects a favorable trade-off between least risk and least cost to ratepayers, consistent with the long-run public interest. Oregon's energy policy promotes the efficient use of energy resources and sustainability. PGE's demand side management action items, its selection of renewable resources, and its willingness to continue to work on these areas shows consistency with ORS.769.010.

Finally, we want to reiterate that under least cost planning, the risks of implementation in a cost effective manner rest with the utility. As we stated in Order No. 89-507 at 6:

The establishment of least-cost planning in Oregon is not intended to alter the basic roles of the Commission and the utility in the regulatory process. The Commission does not intend to usurp the role of utility decision-makers. Utility management will retain full responsibility for making decisions and for accepting the consequences of the decisions. Thus, the utilities will retain their autonomy while having the benefit of the information and opinion contributed by the public and by the Commission.

### **Commission Discussion**

We agree with Staff's assessment that the Plan is reasonable. Therefore, we acknowledge PGE's least-cost plan as outlined in its Final Action Plan, subject to one exception and three conditions. We discuss each of these separately.

*Exception: Generic Gas Resource* – PGE asked for acknowledgement of Pt WW in its Plan. Some participants are concerned that by acknowledging Pt WW, this Commission is engaging in pre-approval of the resource for ratemaking purposes. This issue was discussed during the May 26, 2004 public meeting, at which PGE indicated that Commission acknowledgment of the construction or acquisition of a 350 MWa generic gas resource was acceptable. Due to the issues involved with pre-approval, and because we currently have an open docket to review how IRPs will be handled in the future (UM 1056), we choose to not acknowledge the construction of the resource at Pt WW. However, we understand that with our acknowledgement of a generic gas resource, PGE intends to build Pt WW using G-class turbine technology.

Because we do not acknowledge the construction of Pt WW, we also cannot acknowledge Action Item 2, which is as follows:

Acquire 25 MW of duct firing capability at Port Westward for peak loads and economic dispatch.

We therefore delete the reference to Pt WW in Action Item 2, and acknowledge the revised action item.

NIPPC requested that the Commission order PGE to participate in an underbid process for Pt WW. We decline. Based on our decision to acknowledge a generic gas resource, the issue of a Pt WW underbid is moot. Further, NIPPC has not demonstrated to our satisfaction that a substantially different result would occur if we allowed an underbid process.

PGE also asked for acknowledgement of the resource as cost-based resource. As we previously noted, PGE requested a waiver of OAR 860-038-0080(1)(b) which requires all new generating resources to be included in a company's revenue requirement at market. We address this request in a separate order issued this same date. See, Order No. 04-376.

*Conditions:*

1. PGE must initiate discussions with Staff, renewable developers, BPA, ETO and other stakeholders to discuss constraints to competitive renewable development in the region;
2. PGE must include an action item in its 2005 IRP to address how it will work with BPA and others to develop transmission capacity over the Cascades so that additional resources are accessible to PGE at a reasonable price; and
3. PGE must demonstrate that it has made reasonable efforts to acquire, retain or option cost effective transmission capacity over the Cascades before issuing its next RFP.

Although PGE agreed to the first two conditions, we want to clarify our intent of the conditions. While PGE is the moving party to organize and begin the discussions, PGE must also be evaluating the constraints to competitive renewables development in the region, and working with the participants to determine ways to remove the identified constraints. It is not enough to simply organize conversations. As for the second condition, PGE should not wait until the filing of its 2005 IRP to discuss prospectively its plans for developing transmission capacity over the Cascades. Along with outlining future plans, PGE is also expected to report in its 2005 IRP what it has done since the issuance of this order to develop transmission capacity over the Cascades.

PGE recommended modifying Staff's third condition to add the word "retain" to the list of reasonable measures it must take. Staff agreed with this addition, as long as PGE understands that simply retaining capacity is not enough to satisfy the condition. PGE should demonstrate that it has made reasonable efforts to acquire or option cost-effective capacity before submitting its next RFP. With this caveat, we adopt PGE's modification.

*Conditions requested by participants:* CUB, RNP, and NVEC recommended that PGE should submit a request to BPA for long-term firm transmission rights that would accommodate resources east of McNary and commit to participating in BPA's open season process for systems upgrades. PGE argued that these requirements should not be made part of the Plan. Since the time of the May 26, 2004 public meeting, we have been made aware that BPA has begun an open season for a McNary-John Day transmission project.

We decline to adopt these specific action items at this point in the process. However, in light of the three conditions we are acknowledging, we expect PGE to assess the merits of any opportunity to acquire or foster the development of transmission capacity that will make renewables more accessible to PGE and its customers. PGE will be held accountable for its decisions that affect resource costs incurred and included in future rate cases. PGE must undertake appropriate steps to address transmission constraints that inhibit its ability to obtain generation from the east side of the Cascades at a reasonable cost.

*Demand Response:* The Plan we are acknowledging today states that PGE will determine the expected load reductions obtained through demand buybacks at various prices, which may allow buybacks to be treated as a capacity resource. PGE also plans to issue an RFP in late 2004 for customized demand response contracts for critical peak periods. We support these activities, because we expect PGE to assess the size of different demand response resources (e.g., likely customer participation at different incentive levels) as well as the benefits (e.g., avoided generation or purchase costs during critical peak hours). We urge PGE to run more pilot programs as needed to determine customer acceptance and benefits and costs, and to offer demand response programs more widely where they appear to be cost-effective.

As for its 2005 IRP, PGE should model dispatchable demand response resources (such as direct load control and demand buybacks) as portfolio options that compete with supply-side options. Further, PGE's load forecasts should recognize the effects of nondispatchable demand response resources (such as time-of-use pricing).

*Study for Cost-Effective Conservation:* CUB, RNP and NVEC also ask PGE to gather data regarding demand side management. We believe that this is an important issue to be addressed in UM 1056.

*Acknowledgement:* There has been extensive discussion about the meaning of acknowledgement of PGE's Plan. The participants engaged in extensive discussions about PGE's IRP, and, at times, seemed to view this matter as a contested case. We hold that the meaning of acknowledgement for this Plan is no different than for any other plan. Acknowledgement of this Plan means that the Plan as a whole appears reasonable, based on the information and analysis available now. It also means that the specific resource actions, when combined with other action items, should result in "the mix of options which yields, for society over the long run, the best combination of expected costs and variance of costs." Order No. 89-507 at 2.

Acknowledgement of this Plan does not preclude participants from challenging any of the action items included in the Plan. As stated in Order No. 89-507 at 7, "Consistency with the [least cost] plan may be evidence in support of favorable rate-making treatment of the action, although it is not a guarantee of favorable treatment." Acknowledgement of this Plan will not relieve PGE of its responsibility to prove, in a future rate proceeding, that its actions were prudent.

This order does not constitute a determination on the ratemaking treatment of any resource acquisitions or other expenditures undertaken pursuant to PGE's 2002 IRP, its IRP Supplement, or its Final Action Plan. Legally, the Commission must reserve judgment on all ratemaking issues for an appropriate contested case. We do, however, consider the least-cost planning process to complement the ratemaking process. In rate-making proceedings in which the reasonableness of resource acquisitions is considered, the Commission will give considerable weight to utility actions that are consistent with acknowledged least-cost plans. Utilities will also be expected to explain actions taken that are inconsistent with Commission-acknowledged plans.

## CONCLUSION

PGE's least cost plan, consisting of the following specific action items, is acknowledged on the condition that PGE: 1) commits to initiating discussions with Staff, renewable developers, BPA, ETO and other stakeholders to discuss constraints to competitive renewable development in the region; 2) agrees to include an action item in its 2005 IRP to address how it will work with BPA and others to develop transmission capacity over the Cascades so that additional resource are accessible to PGE at a reasonable price; and 3) agrees to demonstrate that it has made reasonable efforts to acquire, retain, or option cost effective transmission capacity over the Cascades before issuing its next RFP.

The acknowledged action items are:

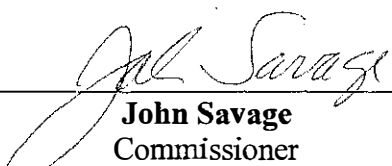
1. Build or acquire 350 MWa of a high efficiency gas-fired resource.
2. Acquire 25 MW of duct firing capability for peak loads and economic dispatch.
3. Acquire approximately 65 MWa (195 MW) of wind generation, provided that the necessary transmission and integration services can be obtained, and that ETO funds permit a price within the range of other alternatives.
4. Acquire 135 MWa in fixed price PPAs for durations of five to ten years.
5. Acquire up to 50 MWa of baseload energy tolling in place of fixed price PPAs if required, and 400 MW of tolling capability for peak purposes.
6. Rely on the ETO to achieve 55 MWa of energy efficiency in PGE's service territory by 2007.
7. Evaluate the market potential for combined heat and power systems at customer sites.
8. Build a "virtual" peaking plant from 30 MW of dispatchable standby generation.
9. Acquire capacity through customer demand reduction programs.
10. Acquire short-term energy supply to meet the average annual energy need for direct access customers.

**ORDER**

IT IS ORDERED that Portland General Electric's least cost plan, as set forth in its 2002 Integrated Resource Final Action Plan, is acknowledged in accordance with the terms of this order and Order No. 89-507.

Made, entered, and effective JUL 20 2004

  
**Lee Beyer**  
Chairman

  
**John Savage**  
Commissioner

  
**Ray Baum**  
Commissioner

