

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1131(4)

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	
COMPANY)	ORDER
)	
Application for Reauthorization to Defer)	
Information Technology Costs.)	

DISPOSITION: DEFERRED ACCOUNTING APPLICATION APPROVED

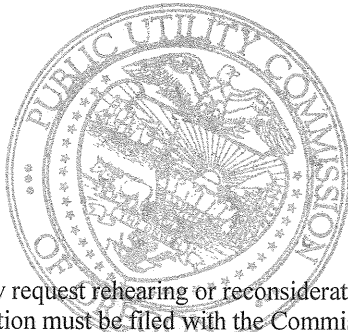
On December 4, 2006, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission), pursuant to OAR 860-027-0300(3), for reauthorization to defer certain Information Technology costs for a 12-month period beginning January 1, 2007. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A and incorporated by reference.

At its Public Meeting on January 23, 2007, the Commission adopted Staff's Recommendation and approved PGE's current request.

ORDER

IT IS ORDERED that Portland General Electric Company's application for reauthorization to defer Information Technology costs for the period beginning January 1, 2007, is approved for accounting purposes only. Ratemaking treatment for these costs is to be reserved for a ratemaking proceeding.

Made, entered and effective JAN 29 2007.



BY THE COMMISSION:

Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA5




**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 23, 2007**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2007

DATE: December 19, 2006

TO: Public Utility Commission

FROM: Carla Owings 

THROUGH:  Lee Sparling,  Ed Busch and  Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1131(4)) Requests Reauthorization to Defer Information Technology Costs.

STAFF RECOMMENDATION:

Staff recommends Portland General Electric's application for reauthorization to defer Information Technology Costs for the period beginning January 1, 2007 to December 31, 2007, be approved.

DISCUSSION:

On December 6, 2006, Portland General Electric (PGE or Company) filed a request for reauthorization of certain Information Technology Costs pursuant to OAR 860-027-0300(3).

Description of deferral:

In Order No. 01-777, PGE entered into a stipulation (Appendix B to the Order) requiring the Company to compare the revenue requirement of certain Information Technology (IT) capital expenditures included in base rates in UE 115 to the revenue requirement based on actual expenditures.

In the stipulation, PGE is required to compare the revenue requirement of certain IT capital expenditures included in base rates in UE 115 to actual expenditures for the same capital projects. Also, as a part of the stipulation, PGE agreed to waive any earnings test to implement a rate refund.

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Staff completed an audit of the actual expenditures from February 2000 to December 31, 2003, in order to determine if expenditures were reasonable and prudent, as well as used and useful. The Staff audit resulted in the following true-ups:

2002 True-up:

In 2002, PGE had underspent IT capital by an amount equivalent to \$7.5 million in revenue requirement. PGE established a customer credit of \$7.5 million that was refunded to customers from November 2002 to December 2003.

2003 True-up:

PGE had estimated that it had underspent IT capital (the amount by which actual capital expenditures were lower than the estimates used in the UE 115 test period) by an equivalent of \$4.3 million in revenue requirement and amortized that credit during 2004. Subsequently, Staff's audit of IT capital determined that the deferral amount should be the equivalent of \$4.2 million in revenue requirement annually until base rates were changed in a general rate proceeding.

2004 through 2005 True-up:

For 2004 and 2005, on January 1 of the following year, PGE created a lump sum deferral amount of \$4.2 million. PGE has amortized \$4.2 million each year as a result of its January 1st true-up and pursuant to the stipulation. That credit amount was amortized in 2005 and 2006, pursuant to Commission Order Nos. 05-126 and 06-438.

2006 True-up:

For 2006, PGE has determined that customers will still be owed \$4.2 million based on the actual revenue requirement for the UE 115 test period when compared to actual decreased capital expenditures through December 31, 2003. PGE requests to defer this amount for 2007. Interest will accrue at PGE's authorized overall cost of capital. PGE requests to amortize this amount beginning January 1, 2007.

Staff has reviewed PGE's estimate of the \$4.2 million including the accrual for interest and recommends the Commission approve PGE's request to defer this amount.

Reason for deferral request:

PGE seeks to continue to defer these costs pursuant to the terms of the Stipulated Agreement in UE 115 in accordance with ORS 757.259(2)(e). This deferral will minimize the frequency of rate changes or fluctuations of rate levels.

The Company makes this application pursuant to OAR 860-027-0300(3) Deferred Accounting by Energy and Large Telecommunications Utilities.

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Proposed Accounting:

PGE proposes to record the deferral as a regulatory liability in FERC Account 254, debiting FERC Account 449.1 (Provision for Rate Refunds). In the absence of a deferred accounting order, PGE would absorb the deferred amount in its retail revenues (FERC 440, 442 and 444).

Notice:

A copy of the Notice of Application for Reauthorization to Defer IT Costs was served by the Company to the UE 115 Service List on December 4, 2006.

PROPOSED COMMISSION MOTION:

Portland General Electric's application for reauthorization to defer Information Technology Costs for the period beginning January 1, 2007 to December 31, 2007, be approved.

PGE UM 1131(4) Reauthorize IT Cost Deferral