

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1347(1)

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Application for Reauthorization to Defer Certain)	
Expenses Associated with an Independent)	
Evaluator for a Request for Proposal.)	

DISPOSITION: APPLICATION APPROVED

On September 25, 2008, Portland General Electric Company (PGE) filed a request with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259, to defer costs associated with an Independent Evaluator to assist in designing, implementing, evaluating and reporting on the Request for Proposals submitted pursuant to Commission Order No. 08-010. 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 October 21, 2008, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that:

1. Portland General Electric Company's request to defer costs associated with an Independent Evaluator is approved.
2. Ratemaking treatment for such costs shall be reserved for a ratemaking proceeding.

Made, entered, and effective OCT 23 2008.



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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 21, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE September 27, 2008

DATE: September 29, 2008

TO: Public Utility Commission

FROM: Carla Owings 

THROUGH: ^{lis} Lee Sparling, ^{EB} Ed Busch and ^{JJ} Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1347(1)) Defers costs associated with an Independent Evaluator.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request to defer costs associated with an Independent Evaluator, effective September 27, 2008, pursuant to ORS 757.259. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

DISCUSSION:

On September 25, 2008, Portland General Electric (PGE or Company) submitted an application for reauthorization to defer costs associated with an Independent Evaluator (IE) to assist in designing, implementing, evaluating and reporting on the Request for Proposals (RFP) submitted pursuant to the Commission's order on its 2007 Integrated Resource Plan (IRP). PGE had received prior approval for such costs on January 18, 2008, pursuant to Commission Order No. 08-010, for a 12-month period commencing on September 27, 2007 through September 26, 2008.

The Commission updated its IRP planning principles and analysis guidelines in Commission Order No. 07-002. The objective of PGE's IRP process is to identify new electric generation, demand-side, and transmission resources which, when considered with the existing portfolio, will provide the best combination of expected cost and associated risks for PGE and its ratepayers.

All major resource acquisitions must undergo a bidding process to ensure acquisition of least-cost resources for ratepayers according to the adopted Competitive Bidding

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Guidelines¹ (Guidelines). The Commission stated in its Order No. 06-446, "that if an IE is useful to the process, and we believe that to be so, then the cost of the IE should be included in rates."

Since the initial approval of this deferral, PGE has been consulting with an IE to complete the RFP process for Renewable Energy Resources. An initial short-list has been reviewed by the IE and bidders were notified on September 10, 2008. Over the next several weeks following the review of the short-list, PGE will work on selecting the final few bidders which will be reviewed by the IE. Within three weeks following that review, the IE will submit its assessment of the RFP process.

The Company anticipates that the IE will be involved with this process until December 31, 2008, absent unforeseen delays. PGE estimates the balance of the IE deferral as of September 27, 2008, to be approximately \$154,000 and forecasts that the maximum amount to be deferred over the next four months to be an additional \$100,000. Staff's review of the initial estimates provided by PGE to hire an IE was approximately \$200,000 to \$250,000. Combining the current deferral balance of \$154,000 with the maximum estimate of \$100,000 appears to be compliant with PGE's original estimate of cost.

PGE seeks to defer the potential expenses associated with an IE pursuant to ORS 757.259(2)(e). The granting of this application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

The Company 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 costs associated with the IE to FERC Account 923, Outside Services Employed.

Staff has reviewed the Company's proposal and recommends the Commission approve PGE's request to defer costs associated with the IE. However, Staff recommends the Commission reserve the ratemaking treatment of such costs for a ratemaking proceeding.

¹ Competitive Bidding Guidelines were adopted in Commission Order No. 06-446.

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PROPOSED COMMISSION MOTION:

PGE's request to defer costs associated with an Independent Evaluator, effective September 27, 2008, be approved pursuant to ORS 757.259. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

PGE UM 1347(1) IE for RFP