

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1294(2)

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Application for Reauthorization of Deferred)	
Accounting of Annual Power Cost Variance.)	

DISPOSITION: APPLICATION APPROVED

On December 19, 2008, Portland General Electric Company (PGE) filed a request, with the Public Utility Commission of Oregon (Commission), for an accounting order reauthorizing it to defer, for later ratemaking treatment, the annual net variable power cost variances pursuant to Commission Order No. 07-015, ORS 757.259(2)(e) and PGE tariff Schedule 126, effective January 1, 2009. 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 20, 2009, the Commission adopted Staff's Recommendation.

ORDER

IT IS ORDERED that Portland General Electric Company's application for reauthorization of deferred accounting of the Annual Power Cost Variance, effective January 1, 2009, is approved.

Made, entered, and effective JAN 27 2009.



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: January 20, 2009**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2009

DATE: January 13, 2009

TO: Public Utility Commission

FROM: Ed Durrenberger



THROUGH: Lee Sparling, Ed Busch, and Bonnie Tatom



SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1294 (2))
Application for reauthorization of deferred accounting of annual power cost variance.

STAFF RECOMMENDATION:

Staff recommends Portland General Electric's application for reauthorization of deferred accounting of the Annual Power Cost Variance, effective January 1, 2009, be approved.

DISCUSSION:

On December 19, 2008, Portland General Electric (PGE or company) filed a request for an accounting order reauthorizing the Company to defer for later ratemaking treatment the annual net variable power cost variances pursuant to Order No. 07-015, ORS 757.259(2)(e) and PGE tariff Schedule 126.

Description of deferral:

In Order No. 07-015, the Commission ordered the company to file an annual Power Cost Adjustment Mechanism (PCAM). As a result, PGE filed and the Commission adopted tariff Schedule 126, the Annual Power Cost Variance Mechanism. The deferred account reauthorization requested here seeks to record the difference between the actual annual net variable power costs and the annual net variable power costs collected in rates for the one-year period starting January 1, 2009. Amortization of this deferral is subject to the terms of Schedule 126, including an earnings test and the application of an asymmetric dead band and sharing mechanism. Amortization is not part of this application.

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Reason for deferral request:

PGE seeks reauthorization of the deferred accounting of annual variances between the actual annual power costs and the annual forecasted power costs that will be amortized in rates pursuant to the terms of Schedule 126 and Order No. 07-015. Continuance of the deferral will minimize the frequency of rate changes or fluctuations and more appropriately match the costs borne by and benefits received by customers.

Proposed Accounting:

PGE proposes to record the deferral as a regulatory liability in FERC Account 182.3 (Regulatory Assets) and credit FERC Account 456 (Other Revenue) if there is an amount to collect from customers. PGE would record the deferred amount in FERC Account 254 (Regulatory Liabilities) and debit FERC Account 456 (Other Revenue) if there is a refund to customers. In the absence of a deferred accounting order, PGE would record the costs to FERC Accounts 501 and 547 (Fuel) and FERC Account 447 (Sales for Resale) as well as FERC Account 565 (Transmission by Others) and FERC Account 555 (Purchased Power).

Estimated Amounts to be Deferred:

PGE cannot provide an estimate of the amount to be deferred until after the end of the deferral period.

Notice:

A copy of the Notice of Application was distributed on December 19, 2008, to the Citizens' Utility Board, the Industrial Customers of Northwest Utilities and the service list for the most recent general rate case UE 197 and most recent net variable power cost adjustment filing UE 198.

PROPOSED COMMISSION MOTION:

Portland General Electric's application to reauthorize deferred accounting of the Annual Power Cost Variance, effective January 1, 2009, be approved.

PGE UM 1294 (2) Deferral of Annual Power Cost Variance