

ORDER NO. 11 154

ENTERED MAY 10 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1532

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Authorizes Deferred Accounting for costs
associated with an Independent Evaluator.

ORDER

DISPOSITION: DEFERRED ACCOUNTING APPROVED

On March 21, 2011, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission), requesting authorization to defer costs associated with an Independent Evaluator required by Commission Order No. 06-446, for up to three Requests for Proposals. 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 May 3, 2011, the Commission adopted Staff's recommendation.

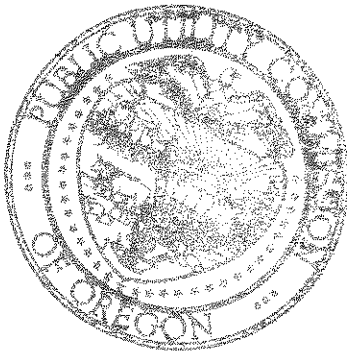
ORDER

IT IS ORDERED that:

1. Portland General Electric Company's request to defer costs associated with an Independent Evaluator is approved, for the 12-month period beginning April 1, 2011.
2. Ratemaking treatment for these costs is reserved for a separate ratemaking proceeding.

Made, entered, and effective MAY 10 2011.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 3, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2011

DATE: April 28, 2011

TO: Public Utility Commission

FROM: Carla Bird *li* FOR

THROUGH: *us* Lee Sparling, *MG* Maury Galbraith and *li* Judy Johnson FOR

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1532) Authorizes Deferred Accounting for 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 for the 12-month period beginning April 1, 2011. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

DISCUSSION:

On March 21, 2011, Portland General Electric (PGE or the Company) submitted an application requesting authorization to defer costs associated with an Independent Evaluator (IE) required by Commission Order No. 06-446, for up to three Requests for Proposals (RFP).

Commission Order No. 06-446 sets forth the guidelines established by the Commission for the Competitive Bidding process. These guidelines require utilities to issue a RFP for all major resource acquisitions – those with durations greater than five years and quantities greater than 100 MW. The guidelines require an IE to be used in each RFP process to ensure that all offers are treated fairly.

In its recently completed evaluation process, PGE selected Accion Group, Inc (Accion) as the top bidder (see Docket No. UM 1524). Accion will consult with PGE to prepare each RFP. If PGE allows ownership bids or proposes a Benchmark Resource, then Accion will independently score the Benchmark Resource and all or a sample of the

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bids. Accion will compare results with PGE and attempt to resolve any differences. PGE intends to propose a Benchmark Resource in each RFP.

Finally, Accion will prepare a closing report for the Commission after the final short-list of bids is selected. If PGE requests the Commission's acknowledgment of the final short list, Accion will participate in the RFP acknowledgement proceeding as described in Commission Order No. 06-446.

PGE's 2009 IRP Action Plan in LC 48¹ identified up to three separate RFPs to be issued in 2011: capacity, renewables and baseload energy. PGE proposes a single IE will participate in these three separate RFP processes. The Company anticipates that these RFP processes may take as long as 18 months to complete. The Company also acknowledges that a request for reauthorization for this deferral application will be necessary since the proposed timeline exceeds the 12-month period related to deferral requests.

Reason for Deferral:

Commission Order No. 06-446 requires that an IE must be used in each RFP to ensure that all offers are treated fairly. PGE expects to incur incremental costs to pay for the IE that were not included in UE 215 base rates. Thus, PGE requests the approval to defer these expenses.

Proposed Accounting:

PGE proposes to record the deferral as a regulatory asset in FERC account 182.3, Other Regulatory Assets.

Estimates of Amounts:

PGE currently estimates the amount subject to deferral will be approximately \$400,000 for the three RFPs over an 18-month period, based on the winning bid awarded to Accion.

PROPOSED COMMISSION MOTION:

The Commission approve Portland General Electric's request to defer costs associated with an Independent Evaluator for the 12-month period beginning

¹ Acknowledged in Commission Order No.10-457.

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April 1, 2011. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

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