

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1347

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

DISPOSITION: APPLICATION APPROVED

On September 27, 2007, 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 retained to assist in designing, implementing, evaluating and reporting on the Request for Proposals submitted during its Integrated Resource Planning process. 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 8, 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, effective September 27, 2007, is approved.

2. Ratemaking treatment for such costs will be reserved for a ratemaking proceeding.

Made, entered, and effective JAN 14 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: January 8, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE September 27, 2007

DATE: December 17, 2007

TO: Public Utility Commission

FROM: Carla Owings *CO*

THROUGH: *in* Lee Sparling, *EB* Ed Busch and *JJ* Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1347) 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, 2007, pursuant to ORS 757.259. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

DISCUSSION:

On September 27, 2007, Portland General Electric (PGE or Company) submitted an application for approval to defer costs associated with an Independent Evaluator (IE) to assist in designing, implementing, evaluating and reporting on the Request for Proposals (RFP) submitted during its Integrated Resource Planning (IRP) process.

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 Guidelines¹ (Guidelines). The Commission stated in its Order No. 06-446, "that if an IE

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

PGE UM 1347
December 17, 2007
Page 2

is useful to the process, and we believe that to be so, then the cost of the IE should be included in rates.”

PGE proposes to consult with the IE in preparing the RFP, and the IE will submit its assessment of the final draft RFP. In the event that PGE neither proposes a self-build option nor solicits an ownership option, the IE will not independently score the bids, but rather determine if PGE’s scoring and selection of the short-list bids are reasonable. If PGE proposes an ownership bid or a self-build option, the IE will independently score the results with PGE and attempt to resolve any differences.

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.

PGE estimates the amount subject to the deferral would be approximately \$200,000. However, the exact amount will depend on the IE selected, the number of bids received and the amount of work performed by the IE.

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.

PROPOSED COMMISSION MOTION:

PGE’s request to defer costs associated with an Independent Evaluator, effective September 27, 2007, be approved pursuant to ORS 757.259. Ratemaking treatment for such costs should be reserved for a ratemaking proceeding.

PGE UM 1347 IE for RFP