



Portland General Electric Company
Legal Department
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May 23, 2007

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UM ____ - APPLICATION FOR DEFERRED ACCOUNTING TREATMENT OF RESIDENTIAL EXCHANGE COSTS AND BALANCE

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and one copy of:

- **PORTLAND GENERAL ELECTRIC COMPANY'S APPLICATION FOR DEFERRED ACCOUNTING TREATMENT OF RESIDENTIAL EXCHANGE COSTS AND BALANCE.**

This document is being filed by electronic mail with the Filing Center.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

We have provided copies of the Notice of Application to the UE 180/181/184 service list.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Dahlgren", written in a cursive style.

RANDY DAHLGREN
Director, Regulatory Policy & Affairs

RD:jbf
Enclosures

cc: Service List-UE 180/181/184

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral of Direct and Indirect
Costs and the Balance of the Residential
Exchange

Application For Deferral Of Residential
Exchange Costs and Balance

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company ("PGE") hereby requests authorization to defer for later ratemaking treatment direct and indirect costs as well as balances resulting from the administration of the Residential Exchange Program under the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (the "Northwest Power Act"), and PGE's Schedule 102 (the "Deferred Amount"). PGE seeks authorization to defer the Deferred Amount more fully described below effective with this filing, through December 31, 2007 (the "Deferral Period"). PGE will seek amortization of the Deferred Amount in a future Commission proceeding.

PGE is filing this Application out of an abundance of caution. Since 1992 deferrals have not been filed for these pass-through credits. PGE is filing this Application, however, because the Bonneville Power Administration ("BPA") has notified PGE that it is immediately suspending payments under the agreements PGE entered into with BPA due to the decisions of the Ninth Circuit Court of Appeals referenced below. PGE's Schedule 102 currently credits customers for the benefits received from BPA. As a result of BPA's actions, PGE has made an Advice Filing to change Schedule 102 to cease passing-through the benefits effective June 1, 2007. However,

if that Advice Filing is implemented as requested, PGE will pay customers an estimated \$2.1 million more than PGE has received from BPA. Because of the uncertainty of the situation, and to be cautious, PGE is filing this Application for deferral of the amount paid to customers in excess of the benefits received from BPA.

I. The following is provided pursuant to OAR 860-027-0300(3):

a. Description

Section 5(c)(3) of the Northwest Power Act requires that all Residential Exchange benefits be passed through directly to residential and small farm customers. In 2000, PGE signed a contract with BPA regarding the Residential Exchange, pursuant to OPUC Order Nos. 00-678 and 01-427, and ORS 757.663, for the period October 2001 thru September 2011.¹ The benefits have been credited to customers through tariff Schedule 102. As a result of two decisions issued on May 3, 2007, by the Ninth Circuit Court of Appeals, BPA notified PGE by letter dated May 21, 2007, that BPA would make no further Residential Exchange payments to PGE. PGE is seeking Commission permission to suspend credits under Schedule 102, effective June 1, 2007.

b. Reasons for Deferral

Although PGE will, if approved by the Commission, suspend credits under Schedule 102 on June 1, 2007, PGE will overpay Residential Exchange benefits to its residential and small farm customers by an estimated \$2.1 million. Per ORS 757.259 (1), (2)(b) and (2)(c), PGE seeks to defer any overpayment to customers for later amortization in rates.

c. Proposed Accounting

PGE currently maintains a balancing account to track the difference between benefits

¹ There have been subsequent amendments to this agreement.

provided by BPA to PGE and benefits provided by PGE to customers through Schedule 102. The balancing account is recorded in either FERC Account 182.3 (Regulatory Asset) when benefits provided to customers exceed benefits provided from BPA or in FERC Account 254 (Regulatory Liability) when benefits provided to customers are less than those provided from BPA. PGE debits (amortizes) the balancing account based on the rate credits provided to customers through Schedule 102 (FERC Account 440, Residential Sales). PGE credits the balancing account based on benefits received from BPA.

PGE is not seeking to change its accounting of the BPA balancing account with this deferral application.

d. Estimate of Amounts

PGE estimates that the Deferred Amount will be about \$2.1 million. The exact amount will depend on the date credits under Schedule 102 are suspended, and on customer usage before that date. Amounts deferred will accrue interest at PGE's authorized cost of capital.

e. Notice

A copy of the Notice of Application for Deferral of Residential Exchange Costs and Balances and a list of persons served with the Notice are attached to the Application as Attachment A.

II. Communications regarding this Application should be addressed to:

Rates and Regulatory Affairs
Portland General Electric,
1WTC0702
121 SW Salmon Street
Portland, Oregon 97204
Phone: 503-464-7857
E-mail: pge.opuc.filings@pgn.com

Douglas C. Tingey
Assistant General Counsel
Portland General Electric,
1WTC13
121 SW Salmon Street
Portland, Oregon 97204
Phone: 503-464-8926
E-mail: doug.tingey@pgn.com

III. Conclusion

For the reasons stated above, PGE requests permission to defer certain Residential Exchange Costs and Balances described above effective from this filing, until December 31, 2007.

DATED this 23rd day of May 2007.

Respectfully Submitted,



Randy Dahlgren
Director, Regulatory Policy & Affairs
On Behalf of Portland General Electric Company

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Attachment A

**Notice of Application for
Deferral of Residential Exchange Costs and Balances**

UE 180 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of Portland
General Electric Company for an Order
Approving the Deferral of Direct and Indirect
Costs and the Balance of the Residential
Exchange

**Notice of Application For Deferred
Accounting Treatment Of Residential
Exchange Costs And Balance**


On May 23, 2007, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission (the "Commission") for an Order authorizing deferral of direct and indirect costs and the balance of the Residential Exchange. Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE's application should contact the following:

Portland General Electric Company
Attn: Patrick G. Hager
Manager, Regulatory Affairs
121 SW Salmon, 1 WTC-1301
Portland, OR 97204
Telephone: (503) 464-7580
patrick.hager@pgn.com

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than June 29, 2007.

Dated: May 23, 2007



PATRICK G. HAGER
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **APPLICATION FOR DEFERRED ACCOUNTING TREATMENT OF RESIDENTIAL EXCHANGE COSTS AND BALANCE** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service.

Dated at Portland, Oregon, this 23RD day of May 2007.



RANDY DAHLGREN

SERVICE LIST

UE 180, UE 181, UE 184

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