



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204

June 22, 2004

*via U.S. and ELECTRONIC MAIL*

**Re: OPUC Docket No. LC 33**

Dear LC 33 Participants:

Some parties have raised concerns about Commission acknowledgment of PGE's proposal to construct the Port Westward generating plant (or a generic gas-fired plant) in the absence of a large customer opt-out policy, such as has been proposed in Docket UM-1066. PGE and others have filed comments urging the Commission not to adopt the opt-out policy as proposed in Docket UM-1066. Parties have also expressed concerns that acknowledgment of a PGE-constructed plant will expose customers to the risk of construction cost-overruns that would not otherwise exist if the Commission were to acknowledge a purchase from an IPP plant. At the acknowledgement hearing, PGE commented about the differences between a long-term purchase and an investment, and the opportunity for customers to also benefit from cost under-runs from an investment. Nevertheless, we recognize the desire of some parties to have the option of exempting themselves from the costs and benefits of a PGE-constructed plant or protecting themselves from cost-overruns.

Therefore, assuming our IRP is acknowledged and that the Commission determines that cost-based treatment is available, PGE by this letter commits to hold a workshop within a few weeks following such determination to develop, for future Commission consideration: (a) a mechanism for qualifying large customers to exempt themselves from costs and benefits of the Port Westward plant pursuant to ORS 757.212 (3) and (4); and, (b) possible mechanisms for PGE to share with all its non-exempted customers the rewards and risks of potential PGE construction cost under-runs and over-runs.

We hope that by making commitments to work with interested parties on these issues we can alleviate some of the concerns that have been raised with regard to the acknowledgment of Port Westward (or a generic gas-fired plant) as part of PGE's Integrated Resource Plan. Please contact me if you have any questions concerning this matter.

Sincerely,

Randy Dahlgren  
Director, Regulatory Policy and Affairs

cc: Commissioner Lee Beyer                      Commissioner Ray Baum                      Commissioner John Savage