



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

December 19, 2008

Email / US Mail

OPUC Filing Center
Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2148

**Re: UM 1294 PGE's Application for Reauthorization To Defer
Annual Net Variable Power Cost Variance**

Enclosed for filing are the original and one copy of Portland General Electric Company's Application For Reauthorization To Defer Annual Net Variable Power Cost Variance.

PGE originally received permission to defer the annual difference between actual and forecasted net variable power costs pursuant to tariff Schedule 126 and Commission Order No. 07-050.

We have provided copies of a Notice of Application to the UE-197 and UE-198 service lists. PGE waives paper service of documents in this proceeding and has e-filed a copy on this date.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-7580.

Sincerely,

Alex Tooman
for Patrick G. Hager
Manager, Regulatory Affairs

Encl.

cc: Bob Jenks, CUB
cc: Melinda Davison, ICNU
cc: Ed Durrenberger, OPUC
cc: Service Lists: UE 197, UE 198, UM 1294

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1294

In the Matter of the Application of Portland
General Electric Company for Deferred
Accounting of Annual Power Cost Variance

Application For Reauthorization To Defer
Annual Net Variable Power Cost Variance

Pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, OPUC Orders No. 07-015, 07-050, and 08-154, and PGE tariff Schedule 126, Portland General Electric Company ("PGE") requests reauthorization to defer for later ratemaking treatment certain annual net variable power cost variances ("PCV Deferral"). Schedule 126 is an "automatic adjustment clause" as defined in ORS 757.210.

I. Deferral History.

In Order 07-015, the Commission ordered the adoption of an Annual Power Cost Adjustment Mechanism ("PCAM") for PGE. PGE Schedule 126 contains the terms of the PCV Deferral. The PCV Deferral provides for recognition in rates of the difference, for a given year, between the actual net variable power costs incurred by PGE and the net variable power costs forecasted pursuant to PGE Schedule 125.

On January 17, 2007, PGE filed an application for authorization from the Commission to accrue, for future amortization, the 2007 difference between annual actual net variable power costs and the net variable power costs forecasted pursuant to tariff Schedule 126, in accordance with Order No. 07-015. This PCV Deferral is to capture the net variable power cost difference that will be amortized in rates. The annual variance is determined pursuant to the terms of Schedule 126,

which includes a Positive Annual Power Cost Deadband for a positive annual variances, a Negative Annual Power Cost Deadband for negative annual variances, and an earnings test.

The PCV Deferral was allowed through OPUC Order No. 07-050 and the request to continue the PCAM deferral is filed pursuant to Order 07-115 and ORS §757.210. The continuance of the deferral will minimize the frequency of rate changes or the fluctuation of rate levels or match appropriately the costs borne and benefits received by customers.

On July 1, 2008, PGE filed an application seeking to establish prices associated with its 2007 power cost variance (PCV), proposing to refund \$15.8 million to its customers under its PCAM. Commission Order 08-553 modified Schedule 126 resulting in amortization of PCAM charges or credits to begin on January 1, 2009. PGE requests that the reauthorization dates of this deferral period coincide with PGE's Schedule 126 effective date of January 1, 2009.

PGE filed and received reauthorization for this deferral, as shown in Table 1 below:

Table 1

Filing Date	Renewal Period	Order No.	Approval Date
01-16-08	1-17-08 / 1-16-09	08-154	03/04/08
12-19-08	1-01-09 / 1-01-10		

II. OAR 860-027-0300 Requirements

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

a. Description of Amounts

See the Deferral History above. Amounts will be deferred pursuant to the terms of Schedule 126.

b. Reasons for Deferral

PGE seeks reauthorization to defer annual net variable power cost variances from January 01, 2009 through December 31, 2009 ("Deferral Period 2009"). Without reauthorization, this deferral will expire on January 16, 2009. The continuance of the deferral will minimize the frequency of rate changes or the fluctuation of rate levels or match appropriately the costs borne and benefits received by customers.

c. Proposed Accounting

PGE proposes to record the Deferred Amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 555 (Purchased Power) if there is an amount to collect from customers. PGE would record the Deferred Amount in FERC 254 (Regulatory Liabilities); debiting FERC Account 555 (Purchased Power) if there is a refund to customers. In the absence of a deferred accounting order from the Commission, PGE would record costs associated with the Deferred Amount to FERC 501 (Fuel), FERC 547 (Fuel), FERC 447 (Sales for Resale), FERC 565 (Transmission by Others) and FERC 555 (Purchased Power).

d. Estimate of Amounts

PGE cannot provide an estimate of the amount to be deferred because it is dependent on actual 2009 information that is currently unknown, including the 2009 PCV and the earnings test required by Schedule 126. PGE requests that, in accordance with ORS 757.259(4), it be allowed to accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital (currently set at 8.29% in Order 07-015), until amortization of any deferred amounts begin. Afterwards, interest will accrue at a rate to be determined pursuant to the methodology approved in Order 08-263 (UM-1147).

e. Notice

A copy of the Notice of Application for Reauthorization to Defer Annual Net Variable Power Cost Variances and a list of persons served with the Notice are attached to the application as Attachment A.

III. The following is provided pursuant to OAR 860-027-0300(4):

a. Description of deferred account entries

Please see section (II)(a) and II(c) above.

b. The reason for continuing deferred accounting

PGE is seeking approval to continue the PCV Deferral pursuant to Commission Order 07-015, PGE tariff Schedule 126, and Orders No. 07-050, 08-154 and 08-553 effective January 1, 2009, and (II)(b) above.

IV. PGE Contacts

The authorized addresses to receive notices and communications in respect of this Application are:

Douglas C. Tingey
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
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Rates & Regulatory Affairs
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121 SW Salmon Street, 1 WTC0702
Portland, OR 97204
Phone: (503) 464.7857
Fax: (503) 464.7651
E-mail: pge.opuc.filings@pgn.com

PGE waives paper service in this proceeding. In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

E-mail: Jay.Tinker@pgn.com

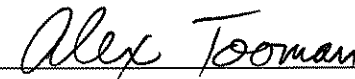
E-mail: Launa.Harmon@pgn.com

V. Conclusion

For the reasons stated above, PGE requests permission to continue to defer annual net variable power cost variances from January 01, 2009 to and including December 31, 2009.

DATED this 19th of December, 2008.

Respectfully Submitted,



for Patrick G. Hager
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company

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Attachment A

Notice of Application for Reauthorization to Defer Annual Net Variable Power Cost Variance

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

In the Matter of the Application of Portland
General Electric Company for Deferred
Accounting of Annual Power Cost Variance

Notice Of Application For Reauthorization To
Defer Annual Net Variable Power Cost
Variance

On December 18, 2008, Portland General Electric Company ("PGE") filed an application with the Oregon Public Utility Commission (the "Commission") for an Order reauthorizing deferral of the annual net variable power cost variances pursuant to Order 07-015 and PGE tariff Schedule 126.

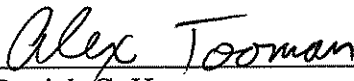
Approval of PGE's reauthorization application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

PGE's application will be posted on the OPUC website for persons who wish to obtain a copy or they may contact the following:

Patrick G. Hager
Manager, Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1 WTC 0702
Portland, Oregon 97204
Phone: 503-464-7580
Facsimile: 503-464-7651
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 January 18, 2009.

Dated: December 19, 2008.

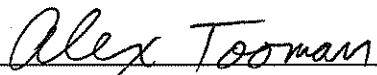


for Patrick G. Hager
Manager, Regulatory Affairs
Portland General Electric Company

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing Notice Of Application For Reauthorization To Defer Annual Net Variable Power Cost Variance 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 lists (UE-197, UE-198, and UM-1294) for parties who have not waived paper service.

Dated at Portland, Oregon, this 19th day of December, 2008.



for Patrick G. Hager
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company

Summary Report**UE 197 PORTLAND GENERAL ELECTRIC****Category:** Electric Rate Case**Filed By:** PORTLAND GENERAL ELECTRIC

This filing requests a general rate revision.

Filing Date: 2/27/2008 **Advice No:** 08-02**Effective Date:** 1/1/2009 **Expiration Date:** 12/31/2008 **Status:** SUSPENDED**See also:** UE 198**Final Order:** **Signed:** 2/27/2008**SERVICE LIST:**

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Summary Report

UE 197 PORTLAND GENERAL ELECTRIC

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Summary Report**UE 198 PORTLAND GENERAL ELECTRIC--NET VARIABLE POWER COST****Category:** Electric Rate Case**Filed By:** PORTLAND GENERAL ELECTRIC

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY

Request for Net Variable Power Cost Revision.

Filed by James J. Piro, together with UE 197, PGE Request for a general rate revision.

(See UE 197 Initial Utility Filing for electronic and hard copy...

Filing Date: 2/27/2008**Public Meeting:** 3/25/2008**Final Order:** 08-505**Signed:****SERVICE LIST:**

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