



Portland General Electric
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May 11, 2009

VIA EMAIL (BPAAverageSystemCost@bpa.gov)

Ms. Tina Ko, PFE-6
Bonneville Power Administration
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Re: PGE's Comments on BPA's 2009 and 2010 - 2011 ASC Draft Reports

Dear Ms. Ko:

PGE submits the attached comments in response to the decision statements BPA has made in their 2009 and 2010 - 2011 Average System Cost Draft Reports. We appreciate the opportunity to provide input on BPA's findings and further explain our perspective on these particular ASC issues.

By return e-mail, please confirm BPA's receipt of our submission.

Sincerely,

Stefan Brown, Ph.D.
BPA Policy Analyst
Portland General Electric Company

Portland General Electric Company
COMMENTS ON BPA'S FY 2009 and FY 2010 - 2011 DRAFT AVERAGE SYSTEM COST REPORTS
Docket Numbers: ASC-09-PG-01 and ASC-10-PG-01
Submission Date: May 11, 2009

Portland General Electric Company (PGE) appreciates the opportunity to comment on Bonneville's Draft ASC Reports. PGE has previously filed comments regarding these issues which are referenced by BPA in the draft reports which we incorporate by reference in these comments. Our lack of comment here on any issues raised during development of the ASC Methodology does not signify a change in our position nor do we waive any of our objections to the ASC Methodology. Rather, our comments are focused on acceptance of BPA's decisions or recommended changes in implementation of the methodology as reflected in the Draft ASC Reports.

PGE Comments on BPA's 2009 and 2010 – 2011 Draft ASC Reports

Section 4.2 - Unresolved Issues

Account 182.3 – Regulatory Assets

In our ASC Model filings, PGE functionalized and provided documentation that the balances in Account 182.3 have been deferred for ratemaking purposes. Rather than discuss these items individually, the following comments are directed to all of the Account 182.3 balances listed in BPA's draft report. PGE agrees that these amounts are not currently collected in rates, but it is very likely that these will be amortized and collected at some future date. PGE believes that because the 2009 and 2010/11 ASC Forecast Models are based on 2006 and 2007 FERC data, the Forecast Models are likely to miss regulatory asset balances that end up in rates in the 2009 through 2011 time period. For this reason PGE included the balances in our ASC models. Since it appears that other utilities were not allowed to include any significant balances from this account in their ASC calculations PGE accepts BPA's decision to remove these balances from PGE's ASC calculation. However, we believe that this continues to be a potential issue in the future with BPA's ASC methodology.

Section 4.3 - Unresolved Issues

Account 254 – Regulatory Liabilities

In our ASC Model filings, PGE functionalized and provided documentation that the balances in Account 254 have been deferred for ratemaking purposes. Rather than discuss these items individually, the following comments are directed to all of the Account 254 balances listed in BPA's draft report. PGE agrees that current rates are not adjusted for these balances, but it is very likely that rates will be adjusted for them at some future date. PGE believes that because the 2009 and 2010/11 ASC Forecast Models are based on 2006 and 2007 FERC data, the Forecast Models are likely to miss regulatory liability balances that end up in rates in the 2009 through 2011 time period. For this reason PGE included the balances in our ASC models. Since it appears that other utilities were not allowed to include any significant balances from this account in their ASC calculations PGE agrees with BPA's decision to remove these balances from PGE's ASC calculation. However, we believe that this continues to be a potential issue in the future with BPA's ASC methodology.

Generic Issues

2009 PGE ASC Forecast Model New Resource Additions

For the Biglow 2 and Selective Water Withdrawal new resource additions PGE respectfully requests that the new resources be grouped together in 2009. The projected completion dates are in close proximity for these two projects.

Section 6.1.6 ASC Forecast Model: New Plant Additions – Natural Gas Prices

PGE's 2009 Draft ASC Decision states on page 54:

BPA will accept the utilities' as-filed projected natural gas prices used for new resources for FY 2009 ASC filings.

PGE's 2010 – 2011 Draft ASC Decision states on page 56:

BPA will use the natural gas forecast used in the BPA rate case for new gas-fired resource in the ASC Forecast Model.

PGE believes that BPA should use consistent natural gas price forecasts (basis and transmission adjusted) for all filing utilities for the 2009 ASC Forecast Model as well as for the 2010 - 2011 ASC Forecast Model that is concurrent with the forecast BPA used in its WP-07 Supplemental Rate Proceeding. For the 2009 ASC Forecast Model BPA reasons that the utility-supplied natural gas forecasts "would more closely match projected gas prices that were used to set the PF Exchange Rate in BPA's 2007 Supplemental Rate Proceeding than would using a more recent forecast." PGE disagrees with this reasoning because it potentially allows for a significant difference in gas prices between the filing utilities. PGE notes that an exception to the use of a consistent natural gas price forecast for all exchanging utilities would be an existing contract that is used to justify a price for a new resource.

Section 6.1.5 SCHEDULE 3: Expense Account 555, Purchased Power Expenses; Account 447, Sales for Resale, Price Spread

PGE accepts BPA's draft decision on this issue.

Section 6.1.7 ASC Forecast Model: New Plant Additions – Capacity Factor

PGE accepts BPA's draft decision on this issue.

Section 6.2 - FY 2010 & 2011 - ASC FORECAST MODEL: New Resource Additions during FY 2010-2011

PGE accepts BPA's revision of the ASC Forecast model calculations described in this section.

Section 6.3 - FY 2010 & 2001 - ASC Forecast Model Calculates the Contract System Cost: Depreciation and Purchased Power

PGE accepts BPA's revision of the ASC Forecast model calculations described in this section.