

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: December 18, 2001

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2002

DATE: December 3, 2001

TO: Phil Nyegaard through Lee Sparling and Jack Breen III

FROM: Bill McNamee

SUBJECT: PORTLAND GENERAL ELECTRIC: Updates the Company's avoided cost information for the first quarter 2002.

STAFF RECOMMENDATION:

I recommend approval of Portland General Electric (PGE) Company's first quarter 2002 avoided energy cost filing.

DISCUSSION:

OAR 860-029-0080(4) requires electric utilities contracting to buy non-firm power from a PURPA qualifying facility (QF) to submit quarterly filings of avoidable energy costs. PGE is the only one of Oregon's three investor-owned electric utilities with such a contract.

The OPUC received PGE's first quarter (*January, February, March*) 2002 avoided energy cost filing on November 16, 2001. The quarterly avoided cost filing represents the price PGE will pay for non-firm electric power. During the first quarter of 2002, PGE expects that the Ogden Martin solid waste facility in Brooks, Oregon, may receive payments based on quarterly avoided costs. The PGE contract with this facility states that energy delivered in excess of 110 percent of scheduled delivery will be purchased at the non-firm rate. Ogden Martin is likely to deliver excess power during the 2002 first quarter.

PGE's first quarter energy cost estimate is 3.65 cents per kWh for on-peak power and 3.01 cents per kWh for off-peak power. These values were developed from PGE's most recent forward market price curves. PGE states that its first quarter energy cost estimates reflect reduced regional demand and improved stability in California's electricity marketplace.

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PROPOSED COMMISSION MOTION:

Portland General Electric Company's First Quarter 2002 Avoided Cost filing be allowed to go into effect on January 1, 2002.

PGE's 2002 First Quarter Avoided Costs