

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 17, 2002**

REGULAR **CONSENT** **EFFECTIVE DATE** October 1, 2002

DATE: September 5, 2002

TO: John Savage through Lee Sparling and Jack Breen III

FROM: Bill McNamee

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

STAFF RECOMMENDATION:

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

DISCUSSION:

OPUC 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 fourth quarter (*October, November, December*) 2002 avoided energy cost filing on August 15, 2002. The quarterly avoided cost filing represents the price PGE will pay for non-firm electric power. During the fourth 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 fourth quarter.

PGE's fourth quarter energy cost estimates are 3.430 cents per kWh for on-peak power and 2.828 cents per kWh for off-peak power. These values are comparable to the third quarter 2002 estimates of 3.993 cents per kWh for on-peak power and 2.847 cents per kWh for off-peak power. PGE's energy cost estimates were developed from the Company's most recent forward market price curves. PGE states that the fourth quarter energy cost estimates reflect good hydro conditions, a slow regional economy, and moderate temperatures.

PGE's Fourth Quarter 2002 Avoided Cost
September 5, 2002
Page 2

PROPOSED COMMISSION MOTION:

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

PGE's 2002 Fourth Quarter Avoided Costs