

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 3, 2003**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  July 1, 2003

**DATE:** May 22, 2003

**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 third quarter 2003.

**STAFF RECOMMENDATION:**

I recommend approval of Portland General Electric (PGE) Company's third quarter 2003 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 third quarter (*July, August, September*) 2003 avoided energy cost filing on May 13, 2003. The quarterly avoided cost filing represents the price PGE will pay for non-firm electric power. During the third quarter of 2003, PGE expects that the Covanta Marion 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. Covanta Marion is likely to deliver excess power during the 2003 third quarter.

PGE's third quarter energy cost estimates are 4.97 cents per kWh for on-peak power and 3.85 cents per kWh for off-peak power. These values are comparable to the second quarter 2003 estimates of 4.57 cents per kWh for on-peak power and 3.59 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 indicates that the third quarter 2003 energy cost estimates reflect a slow regional economy and below normal water conditions.

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**PROPOSED COMMISSION MOTION:**

Portland General Electric Company's Third Quarter 2003 Avoided Cost filing be allowed to go into effect on July 1, 2003.

PGE's 2003 Third Quarter Avoided Costs