

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • mail@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

May 28, 2008

Via Electronic and U.S. Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY
Request for a General Rate Revision
Docket No. UE 197

Dear Filing Center:

Enclosed please find an original and one courtesy copy of the Proposed Budget for Issue Fund Grant on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket. Thank you for your attention to this matter.

Sincerely yours,

/s/ Brendan E. Levenick
Brendan E. Levenick

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Proposed Budget for Issue Fund Grant on behalf of the Industrial Customers of Northwest Utilities upon the parties, on the service list, by causing the same to be deposited in the U.S. Mail, postage-prepaid, where paper service has not been waived.

Dated at Portland, Oregon, this 28th day of May, 2008.

/s/ Brendan E. Levenick
Brendan E. Levenick

PORTLAND GENERAL ELECTRIC
DOUGLAS C TINGEY
121 SW SALMON 1WTC13
PORTLAND OR 97204
doug.tingey@pgn.com

JIM DEASON
ATTORNEY AT LAW
1 SW COLUMBIA ST, SUITE 1600
PORTLAND OR 97258-2014
jimdeason@comcast.net

BOEHM KURTZ & LOWRY
KURT J BOEHM (C)
MICHAEL L KURTZ
36 E SEVENTH ST - STE 1510
CINCINNATI OH 45202
kboehm@bkllawfirm.com
mkurtz@bkllawfirm.com

PUBLIC UTILITY COMMISSION
JUDY JOHNSON (C)
PO BOX 2148
SALEM OR 97308-2148
judy.johnson@state.or.us

JANET L PREWITT
1162 COURT ST NE
SALEM OR 97301-4096
janet.prewitt@doj.state.or.us

FISHER SHEEHAN & COLTON (W)
ROGER D. COLTON
34 WARWICK RD
BELMONT MA 02478
roger@fsconline.com

PORTLAND GENERAL ELECTRIC
RATES & REGULATORY AFFAIRS
PATRICK HAGER (C)
121 SW SALMON ST 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com

JESSE D. RATCLIFF (W)
ASSISTANT ATTORNEY GENERAL
1162 COURT ST NE
SALEM OR 97301-4096
jesse.d.ratcliffe@doj.state.or.us

DEPARTMENT OF JUSTICE
STEPHANIE S ANDRUS (C)
ASSISTANT ATTORNEY GENERAL
REGULATED UTILITY & BUSINESS SECTION
1162 COURT ST NE
SALEM OR 97301-4096
stephanie.andrus@state.or.us

COMMUNITY ACTION DIRECTORS OF OREGON (W)
JIM ABRAHAMSON (C)
PO BOX 7964
SALEM OR 97301
jim@cado-oregon.org

LEAGUE OF OREGON CITIES
SCOTT WINKELS
PO BOX 928
SALEM OR 97308
swinkels@orcities.org

OREGON ENERGY COORDINATORS ASSOC (W)
JOAN COTE (C)
2585 STATE ST NE
SALEM OR 97301
cotej@mwvcaa.org

CITIZENS' UTILITY BOARD OF OREGON (W)

LOWREY R BROWN (C)

JASON EISDORFER (C)

ROBERT JENKS (C)

610 SW BROADWAY - STE 308

PORTLAND OR 97205

lowrey@oregoncub.org

jason@oregoncub.org

bob@oregoncub.org

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 197

| | | |
|------------------------------------|---|-------------------------|
| In the Matter of |) | |
| |) | |
| PORTLAND GENERAL ELECTRIC |) | PROPOSED BUDGET FOR |
| COMPANY |) | ISSUE FUND GRANT OF THE |
| |) | INDUSTRIAL CUSTOMERS OF |
| Request for General Rate Revision. |) | NORTHWEST UTILITIES |
| _____ |) | |

Pursuant to Section 6.3 of the First Amended and Restated Intervenor Funding Agreement (“IFA”) approved by the Oregon Public Utility Commission (Commission) by Order No. 07-564 (December 19, 2007), the Industrial Customers of Northwest Utilities (“ICNU”) files this Proposed Budget in UE 197 (the “Proceeding”) for an Issue Fund Grant in the amount of \$83,248. ICNU will bear all its costs in this proceeding that exceed \$83,248 in order to leave additional Issue Funds available for other parties and future proceedings. ICNU proposes that this grant be funded from the Portland General Electric Company (“PGE”) Issue Fund Account. ICNU respectfully requests that the Commission act on this Proposed Budget within fourteen days of receipt, as provided in Section 6.4 of the IFA. The following information is provided in accordance with Section 6.3 of the IFA:

(1) Statement of the work to be performed by ICNU for which ICNU is seeking the Issue Fund Grant:

ICNU has retained Davison Van Cleve, P.C. to represent ICNU in UE 197. In UE 197, PGE filed a request for a general rate revision. The IFA defines an Eligible Proceeding as “any Commission proceeding that directly affects one or more of the Participating Public Utilities” IFA, Section 1(c). UE 197 is PGE’s first litigated general rate case since 2006

(UE 180). UE 197 directly affects PGE, which falls under the definition of “Participating Public Utility” in Section 1(k) of the IFA. Therefore, UE 197 is an Eligible Proceeding and an Issue Fund Grant may be made for this proceeding under Section 6.1 of the IFA.

ICNU will attend all clarifying sessions, workshops, settlement conferences, public meetings, oral presentations and hearings in UE 197. ICNU plans to conduct extensive discovery in this proceeding. In addition, ICNU will submit expert witness testimony and briefs as called for by the procedural schedule in this Docket.

(2) Description of the areas to be investigated by ICNU:

ICNU intends to investigate numerous aspects of PGE’s request for a general rate revision, including compensation, benefits, staffing levels, cost of capital (including return on equity), and rate spread/rate design. ICNU also plans to investigate PGE’s tariffs applicable to direct access and partial requirements service. ICNU intends to address power costs; however, power cost issues have been separated into another docket, UE 198. ICNU intends to file a separate request for an issue fund grant in UE 198.

(3) Description of the particular customer class or classes that will benefit from the intervenor’s participation:

ICNU’s participation will directly benefit industrial customers, as well as all other large non-residential customers who purchase service from PGE.

(4) Identification of the specific Fund account from which ICNU is seeking the Issue Fund Grant:

ICNU is seeking an Issue Fund Grant in the amount of \$83,248. ICNU will bear the cost of its participation to the extent that its costs exceed the amount requested. ICNU proposes that the grant amount be allocated from the PGE Issue Fund Account established under

IFA Section 4.2.3. ICNU has been informed that the amount available in the PGE Issue Fund Account is \$214,429.28.

(5) Budget showing estimated attorney and consultant fees and expert witness fees:

Attached as Exhibit A is ICNU's proposed budget in UE 197.

(6) Matching Funds

ICNU represents that it will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20% of the Eligible Expenses for which ICNU is seeking an Issue Fund Grant. As such, ICNU seeks an issue fund grant for 80% of its proposed budget in this proceeding.

(7) Cooperation

Pursuant to Section 6.6 of the IFA, ICNU has entered into an agreement with the Citizens Utility Board to jointly sponsor and share the cost of two witnesses in this proceeding.

Basis for Request

ICNU respectfully requests that the Commission grant its request for this Issue Fund Grant in the amount of \$83,248 based on the following considerations:

1. In this proceeding, PGE proposes to increase rates by approximately \$145.9 million, with an effective date of January 1, 2009. If approved, the \$145.9 million increase would represent an 8.9% overall increase in rates. The rate increase is expected to be 9.1% for Schedule 89-S customers, 9.9% for Schedule 89-P customers, and 10.8% for Schedule 89-T customers.
2. PGE identifies three major categories of cost increases that each account for about one-third of the requested rate increase: 1) fuel and purchased power costs; 2)

operations and maintenance and administrative and general costs; and 3) increased investment in existing power plants and an increase in capital costs. PGE also is requesting to increase its authorized return on equity (“ROE”) from 10.1% to 10.75%. PGE states that without the rate increase, its ROE will only be 3.4%. PGE’s rate request is not based on the addition of new generating resources.

3. ICNU represents the interests of industrial customers and has significant experience participating in Commission proceedings involving PGE. ICNU’s participation will benefit all PGE industrial and large non-residential customers. In addition, ICNU has participated in numerous previous rate cases of PGE. Thus, ICNU possesses significant interest and expertise with respect to this proceeding.

4. ICNU has been pre-certified under Section 5.2(b)(2) of the IFA and OAR § 860-012-0100(3) as eligible to receive an Issue Fund Grant by Order No. 03-502, which was entered on August 21, 2003.

5. ICNU has been actively participating in UE 196, a case related to recovery of Boardman outage costs. UE 196 has become much more complex than originally contemplated. The schedule has been changed twice. ICNU did not request an issue fund grant in UE 196. ICNU expects to fully use its 2008 PGE Matching Fund Grant for costs associated with UE 196.

Therefore, ICNU respectfully requests that the Commission issue an order granting an Issue Fund Grant in the amount specified above.

Dated this 28th day of May, 2008.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion A. Sanger

S. Bradley Van Cleve

Irion A. Sanger

333 S.W. Taylor, Suite 400

Portland, Oregon 97204

(503) 241-7242 phone

(503) 241-8160 facsimile

mail@dvclaw.com

Of Attorneys for Industrial Customers
of Northwest Utilities

UE 197

Exhibit A

ICNU Proposed Budget for Issue Fund Grant

| Personnel | Hours | Rate | Cost |
|--|-------|----------|-----------|
| <i>Attorney Fees</i> | | | |
| Senior Attorney | 102 | \$215.00 | \$21,930 |
| Associate Attorney | 118 | \$155.00 | \$18,290 |
| Paralegal | 35 | \$125.00 | \$4,375 |
| <i>Expert Witness Fees</i> | | | |
| Witness 1 (Cost of Capital) | | | \$15,000* |
| Witness 2 (Revenue Requirements) | | | \$15,000* |
| Witness 3 (Rate Spread/Rate Design) | | | \$25,000 |
| <i>Other Expenses</i> | | | |
| Travel | | | \$3,200 |
| Printing and Postage | | | \$1,500 |
| Total | | | \$104,295 |
| 20% of In-House Expenditures | | | \$20,859 |
| | | Total | \$83,436 |

**ICNU's portion of total cost, which is shared with CUB*

(ICNU is requesting less money than it expects to expend in this docket)