



1 PGE interprets the Commission’s order to mean that the dollar value of the PCVM deadband  
2 should be expressed on an after-tax basis. PGE explains its design of the PCVM as follows:

3 We understand the Commission’s statement as a positive assertion that the  
4 impact of SB 408 should be taken into account when defining the dollar value of  
5 the deadband to achieve either 150 or -75 basis points of ROE. PGE calculates  
6 the dollar values for the deadband by applying the Commission-approved values  
of PGE’s rate base (\$1,728.66 million before Port Westward and \$2,008.75  
million with Port Westward) and equity structure (50/50) from Order 07-015 and  
applying the relevant basis points of ROE.<sup>3</sup>

7 PGE proposes pre-Port Westward deadband values of positive \$12.965 million and negative  
8 \$6.482 million. The deadband values increase to positive \$15.066 million and negative \$7.533  
9 million with the addition of Port Westward. PGE’s interpretation omits the gross-up to the  
10 adjustment for taxes and other revenue sensitive costs in order to remove the tax implication  
11 from the expense.

12 Staff believes PGE’s interpretation of the Commission’s order is incorrect. Staff  
13 understands the Commission’s statement to mean that in light of the potential “double whammy”  
14 effect of SB 408, the deadband in PGE’s PCVM is smaller than it would have been absent SB  
15 408. Therefore, staff believes that the Commission intended the PCVM deadband to be  
16 expressed in pre-tax dollars. Accordingly, staff recommends that the Commission issue an order  
17 clarifying that PGE’s proposed deadband values must be grossed-up for State and Federal taxes  
18 and other revenue sensitive costs. Staff puts the PGE PCVM deadband values without Port  
19 Westward at positive \$21.991 million and negative \$10.995 million. The deadband values  
20 increase to positive \$25.554 million and negative \$12.777 million with the addition of Port  
21 Westward. Work papers demonstrating staff’s calculations are attached.

22 ///

23 ///

24 ///

25 ///

26 

---

<sup>3</sup> PGE Advice No. 07-04 at 2.

1 **CONCLUSION**

2 For the reasons stated above, staff requests that the Commission issue an order clarifying  
3 its intent regarding the calculation of the dollar amount of the deadband in PGE's PCVM.

4  
5 DATED this 12th day of February 2007.

6 Respectfully submitted,

7 **HARDY MYERS**  
8 Attorney General

9 /s/Stephanie S. Andrus  
10 Stephanie S. Andrus, #92512  
11 Assistant Attorney General  
12 Of Attorneys for staff of the Public  
13 Utility Commission of Oregon  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**Calculations of PGE PCAM Deadband  
Based on Order 07-015  
in \$000**

|              |   | <b>Without<br/>Port Westward</b> | <b>With<br/>Port Westward</b> |
|--------------|---|----------------------------------|-------------------------------|
| (1)          | Total Utility Ratebase                    | 1,728,659                        | 2,008,749                     |
| (2)          | Percentage of Equity in Captial Structure | 0.5                              | 0.5                           |
| (3)=(1)x(2)  | Equity Share of Ratebase                  | 864,330                          | 1,004,375                     |
| (4)          | 150 Basis Points                          | 1.50%                            | 1.50%                         |
| (5)          | 75 Basis Points                           | 0.75%                            | 0.75%                         |
| (6)=(3)x(4)  | 150 Basis Points of ROE                   | 12,965                           | 15,066                        |
| (7)=(3)x(5)  | 150 Basis Points of ROE                   | 6,482                            | 7,533                         |
|              | <b>PGE (After-tax) Positive Deadband</b>  | <b>12,965</b>                    | <b>15,066</b>                 |
|              | <b>PGE (After-tax) Negative Deadband</b>  | <b>-6,482</b>                    | <b>-7,533</b>                 |
| (8)          | Net-to-Gross Factor                       | 1.696155                         | 1.696155                      |
| (9)=(6)x(8)  | <b>Staff (Pre-tax) Positive Deadband</b>  | <b>21,991</b>                    | <b>25,554</b>                 |
| (10)=(7)x(8) | <b>Staff (Pre-tax) Negative Deaband</b>   | <b>-10,995</b>                   | <b>-12,777</b>                |

1 **CERTIFICATE OF SERVICE**

2  
3 I certify that on February 12, 2007, I served the foregoing upon all parties of record in  
4 this proceeding by electronic mail and by mailing a copy by postage prepaid first class mail or by  
5 hand delivery/shuttle mail to the parties accepting paper service.

6 **JIM DEASON - CONFIDENTIAL**  
7 ATTORNEY AT LAW  
8 1 SW COLUMBIA ST - STE 1600  
9 PORTLAND OR 97258-2014  
10 jimdeason@comcast.net

**CABLE HUSTON BENEDICT ET AL**  
TAMARA FAUCETTE  
1001 SW 5TH AVE STE 2000  
PORTLAND OR 97204  
tfaucette@chbh.com

9 ROBERT VALDEZ  
10 PO BOX 2148  
11 SALEM OR 97308-2148  
12 bob.valdez@state.or.us

EDWARD A FINKLEA  
1001 SW 5TH - STE 2000  
PORTLAND OR 97204  
efinklea@chbh.com

11 **AF LEGAL & CONSULTING SERVICES**  
12 ANN L FISHER - **CONFIDENTIAL**  
13 ATTORNEY AT LAW  
14 PO BOX 25302  
15 PORTLAND OR 97298-0302  
16 energlaw@aol.com

CHAD M STOKES  
1001 SW 5TH - STE 2000  
PORTLAND OR 97204  
cstokes@chbh.com

14 **BOEHM KURTZ & LOWRY**  
15 KURT J BOEHM - **CONFIDENTIAL**  
16 ATTORNEY  
17 36 E SEVENTH ST - STE 1510  
18 CINCINNATI OH 45202  
19 kboehm@bkllawfirm.com

**CITIZENS' UTILITY BOARD OF OREGON**  
LOWREY R BROWN - **CONFIDENTIAL**  
UTILITY ANALYST  
610 SW BROADWAY - STE 308  
PORTLAND OR 97205  
lowrey@oregoncub.org

17 MICHAEL L KURTZ - **CONFIDENTIAL**  
18 36 E 7TH ST STE 1510  
19 CINCINNATI OH 45202-4454  
20 mkurtz@bkllawfirm.com

JASON EISDORFER - **CONFIDENTIAL**  
ENERGY PROGRAM DIRECTOR  
610 SW BROADWAY STE 308  
PORTLAND OR 97205  
jason@oregoncub.org

19 **BONNEVILLE POWER ADMINISTRATION**  
20 GEOFFREY M KRONICK LC7 - **CONFIDENTIAL**  
21 PO BOX 3621  
22 PORTLAND OR 97208-3621  
23 gmchronick@bpa.gov

**COMMUNITY ACTION DIRECTORS OF OR**  
JIM ABRAHAMSON - **CONFIDENTIAL**  
COORDINATOR  
PO BOX 7964  
SALEM OR 97301  
jim@cado-oregon.org

22 CRAIG SMITH  
23 PO BOX 3621--L7  
24 PORTLAND OR 97208-3621  
25 cmsmith@bpa.gov

**CONSTELLATION NEWENERGY INC**  
WILLIAM H CHEN  
REGULATORY CONTACT  
2175 N CALIFORNIA BLVD STE 300  
WALNUT CREEK CA 94596  
bill.chen@constellation.com

24 **BRUBAKER & ASSOCIATES INC**  
25 JAMES T SELECKY - **CONFIDENTIAL**  
26 1215 FERN RIDGE PKWY - STE 208  
ST. LOUIS MO 63141  
jtselecky@consultbai.com

1 **DANIEL W MEEK ATTORNEY AT LAW**  
DANIEL W MEEK - **CONFIDENTIAL**  
2 ATTORNEY AT LAW  
10949 SW 4TH AVE  
3 PORTLAND OR 97219  
dan@mEEK.net

4 **DAVISON VAN CLEVE PC**  
S BRADLEY VAN CLEVE - **CONFIDENTIAL**  
5 333 SW TAYLOR - STE 400  
PORTLAND OR 97204  
6 mail@dvclaw.com

7 **EPCOR MERCHANT & CAPITAL (US) INC**  
LORNE WHITTLES  
MGR - PNW MARKETING  
8 1161 W RIVER ST STE 250  
BOISE ID 83702  
9 lwhittles@epcor.ca

10 **GRESHAM CITY ATTORNEY'S OFFICE**  
DAVID R RIS  
SR. ASST. CITY ATTORNEY  
11 CITY OF GRESHAM  
1333 NW EASTMAN PARKWAY  
GRESHAM OR 97030  
12 david.ris@ci.gresham.or.us

13 **GRESHAM CITY OF**  
JOHN HARRIS -**CONFIDENTIAL**  
14 TRANSPORTATION OPERATIONS  
SUPERINTENDENT  
1333 NW EASTMAN PKWY  
15 GRESHAM OR 97030  
john.harris@ci.gresham.or.us

16 **KAFOURY & MCDUGAL**  
LINDA K WILLIAMS - **CONFIDENTIAL**  
17 ATTORNEY AT LAW  
10266 SW LANCASTER RD  
18 PORTLAND OR 97219-6305  
linda@lindawilliams.net

19 **KIRKPATRICK & LOCKHART PRESTON ET AL**  
20 HARVARD P SPIGAL  
222 SW COLUMBIA ST STE 1400  
21 PORTLAND OR 97201-6632  
hspigal@prestongates.com

22 **LEAGUE OF OREGON CITIES**  
ANDREA FOGUE - **CONFIDENTIAL**  
23 SENIOR STAFF ASSOCIATE  
PO BOX 928  
24 1201 COURT ST NE STE 200  
SALEM OR 97308  
25 afogue@orcities.org

26

**MCDOWELL & RACKNER PC**  
KATHERINE A MCDOWELL  
ATTORNEY  
520 SW SIXTH AVE - SUITE 830  
PORTLAND OR 97204  
katherine@mcd-law.com

**W**  
**NORTHWEST ECONOMIC RESEARCH INC**  
LON L PETERS - **CONFIDENTIAL**  
607 SE MANCHESTER PLACE  
PORTLAND OR 97202  
lpeters@pacifier.com

**NORTHWEST NATURAL**  
ELISA M LARSON - **CONFIDENTIAL**  
ASSOCIATE COUNSEL  
220 NW 2ND AVE  
PORTLAND OR 97209  
elisa.larson@nwnatural.com

**NORTHWEST NATURAL GAS COMPANY**  
ALEX MILLER - **CONFIDENTIAL**  
DIRECTOR - REGULATORY AFFAIRS  
220 NW SECOND AVE  
PORTLAND OR 97209-3991  
alex.miller@nwnatural.com

**PACIFICORP**  
LAURA BEANE  
MANAGER - REGULATORY  
825 MULTNOMAH STE 2000  
PORTLAND OR 97232  
laura.beane@pacificorp.com

**W**  
**PORTLAND CITY OF - OFFICE OF CITY ATT**  
BENJAMIN WALTERS - **CONFIDENTIAL**  
DEPUTY CITY ATTORNEY  
1221 SW 4TH AVE - RM 430  
PORTLAND OR 97204  
bwalters@ci.portland.or.us

**W**  
**PORTLAND CITY OF - OFFICE OF**  
**TRANSPORTATION**  
RICHARD GRAY  
STRATEGIC PROJECTS MGR/SMIF  
ADMINISTRATOR  
1120 SW 5TH AVE RM 800  
PORTLAND OR 97204  
richard.gray@pdxtrans.org


**W**  
**PORTLAND CITY OF ENERGY OFFICE**  
DAVID TOOZE  
SENIOR ENERGY SPECIALIST  
721 NW 9TH AVE -- SUITE 350  
PORTLAND OR 97209-3447  
dtooze@ci.portland.or.us

1 **PORTLAND GENERAL ELECTRIC**  
PGE – OPUC FILINGS  
2 RATES & REGULATORY AFFAIRS  
121 SW SALMON ST 1WTC0702  
3 PORTLAND OR 97204  
pge.opuc.filings@pgn.com  
4 DOUGLAS C TINGEY – **CONFIDENTIAL**  
121 SW SALMON 1WTC13  
5 PORTLAND OR 97204  
doug.tingey@pgn.com  
6 **PUBLIC UTILITY COMMISSION**  
7 JUDY JOHNSON  
8 PO BOX 2148  
SALEM OR 97308-2148  
judy.johnson@state.or.us

**SEMPRA GLOBAL**  
THEODORE E ROBERTS  
101 ASH ST HQ 13D  
SAN DIEGO CA 92101-3017  
troberts@sempra.com

LINDA WRAZEN  
101 ASH ST HQ8C  
SAN DIEGO CA 92101-3017  
lwrazen@sempraglobal.com

**SMIGEL ANDERSON & SACKS**  
SCOTT H DEBROFF  
RIVER CHASE OFFICE CENTER  
4431 NORTH FRONT ST  
HARRISBURG PA 17110  
sdebroyff@sasllp.com

9  
10  
11   
12 Neoma Lane  
13 Legal Secretary  
14 Department of Justice  
15 Regulated Utility & Business Section  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26