



Portland General Electric Company
Legal Department
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Douglas C. Tingey
Assistant General Counsel

October 9, 2008

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UE 197

Attention Filing Center:

Enclosed for filing in the above-referenced docket are an original and five copies of:

- **STIPULATION REGARDING CERTAIN REVENUE REQUIREMENT AND TARIFF ISSUES**

This is being filed by electronic mail with the Filing Center.

An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "D.C. Tingey", written in a cursive style.

DOUGLAS C. TINGEY
Assistant General Counsel

DCT:cbm
Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **STIPULATION REGARDING CERTAIN REVENUE REQUIREMENT AND TARIFF ISSUES** to be served by electronic mail to those parties whose email addresses appear on the attached service list and by method specified, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UE 197.

Dated at Portland, Oregon, this 9th day of October, 2008.



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SERVICE LIST - OPUC DOCKET # UE 197

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UE 197

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC COMPANY)	STIPULATION REGARDING CERTAIN REVENUE REQUIREMENT AND TARIFF ISSUES
)	
Request for a general rate revision)	
)	

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon, and the Industrial Customers of Northwest Utilities (collectively, the “Stipulating Parties”).

I. INTRODUCTION

On February 27, 2008, PGE filed this general rate case. Four rounds of testimony have been filed, with the final round scheduled to be filed by PGE on October 1, 2008. A Stipulation resolving certain revenue requirement issues, along with supporting testimony, was filed in this docket on August 5, 2008. A settlement conference, open to all parties, was held in this Docket on September 22, 2008. As a result of those settlement discussions, the Stipulating Parties have agreed to certain adjustments to PGE’s requested revenue requirement in this Docket, and to a tariff change. The Stipulating Parties submit this Stipulation to the Commission and request that the Commission adopt orders in this Docket implementing the following.

II. TERMS OF STIPULATION

1. This Stipulation is entered to settle only the issues described below.

2. The Stipulating Parties agree that PGE's requested revenue requirement should be reduced by approximately \$13.2 million, including appropriate rate base modifications, to reflect the following agreements and adjustments:

a) S-2, Research and Development. The Stipulating Parties agree that test year O&M expenses for research and development should be reduced by \$650,000. This allows for a level of funding of approximately \$350,000 on an annual basis. The approximate rounded revenue requirement effect of this adjustment is a reduction of \$0.7 million.

b) S-5, Capital Additions. In its testimony Staff raised as issues certain capital additions included in the 2009 test year. Specifically Staff identified additions to the Boardman plant, Clackamas relicensing capital additions, and the Selective Water Withdrawal ("SWW") facility at Pelton-Round Butte. In its rebuttal testimony PGE revised its expected completion of the Clackamas relicensing from December 2009 to first quarter 2010, and accordingly removed it from the 2009 test year. As the Parties now agree with PGE's rebuttal position regarding the Clackamas relicensing, the combined adjustments to remove the SWW and the Clackamas relicensing are as follows:

1) The \$65.968 million of average rate base (\$63.250 for the SWW project and \$2.717 for Clackamas relicensing) will be removed from the request in this docket. Associated depreciation expense of \$2.039 million (completely attributable to the SWW since the relicensing would not have had depreciation due to in-

service date of December 30, 2009) and property tax expense of \$1.049 million (\$1.006 million for SWW project and \$0.43 million for Clackamas relicensing) will also be removed.

2) The inclusion in rates of the SWW project capital additions and related expenses including depreciation and property tax expense, will be the subject of a separate docket to be initiated on or before October 31, 2008. The inclusion of the SWW project capital additions and related expenses will be the only issues in this separate docket. The Stipulating Parties agree to propose a schedule and to make a good-faith effort to complete the SWW docket that will allow for a Commission decision such that rates that include recovery of approved costs from the SWW docket may be effective the later of May 1, 2009, or when the SWW project is closed to plant for accounting purposes. The Stipulating Parties further agree to work together in good faith throughout the SWW docket to maintain the schedule.

The rounded revenue requirement impact of these changes is a reduction of approximately \$11.1 million. There will be no other adjustments to PGE's capital additions identified in Staff's issue S-5.

c) S-10, WECC Reliability Center and Regional Transmission Planning and Flow Mitigation. PGE's forecast of O&M expenses for the WECC reliability center and related regional transmission planning and flow mitigation should be decreased by \$150,000. The rounded revenue

requirement effect of this change is \$0.2 million.

- d) S-13, NERC/WECC Consultant, RCM Program Costs, Miscellaneous Software Upgrades. The Stipulating Parties agree that combined test year O & M expenses for a NERC/WECC consultant, RCM program costs, and miscellaneous software upgrades should be reduced by \$200,000. The rounded revenue requirement effect of this change is \$0.2 million.
- e) S-16, Revenue Sensitive Costs. The Stipulating Parties agree that an uncollectibles rate of 0.43% should be used in this case. There should be no other changes to revenue sensitive costs as proposed by PGE. This change, at PGE's current requested revenue level, is a reduction of \$867,000 and decreases revenue requirement by a rounded amount of approximately \$0.9 million, though the final effect will not be determined until the Commission approves PGE's revenue requirement in this case.
- f) S-19, Energy Audits. The Stipulating Parties agree that test year revenue requirement for customer accounting expense should be decreased by \$150,000. PGE will reduce its test year O&M costs by \$145,000, which will produce a revenue requirement reduction of \$150,000.
- g) Tariff Schedule 129. In its rebuttal testimony PGE proposed certain changes to Tariff Schedule 129, set out in PGE Exhibit/2001/Kuns-Cody-Lynn/4. The Stipulating Parties agree that the proposed changes to Tariff Schedule 129 should be adopted with the addition of an annual cap on the percent change in customer impacts for Schedules 83 and 89. A revised tariff sheet for Schedule 129 incorporating the agreed-upon changes is

attached hereto as Exhibit “A”, and the Stipulating Parties requests its adoption.

3. Attached Exhibit “B” demonstrates the amount of each adjustment and the impact of the revenue requirement associated with this Stipulated agreement. The estimated impact of all of these changes is a reduction in revenue requirement in this Docket of approximately \$13.2 million. However, the final impact on revenue requirement is unknown as it is dependent, in part, on the total revenues authorized by the Commission in this proceeding. For the items identified above, the Stipulating Parties agree that this Stipulation fully resolves the issues addressed and that the Stipulating Parties will support the inclusion in PGE's revenue requirement of such expenses as adjusted pursuant to the terms of this Stipulation.

4. The Stipulating Parties recommend and request that the Commission approve the adjustments described above as appropriate and reasonable resolutions of these issues.

5. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable.

6. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding.

7. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a revenue requirement for PGE that is inconsistent with the terms of this Stipulation, the Stipulating Parties reserve the right to cross-examine witnesses and put in such evidence as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this

reservation of rights, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

8. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation or adds such material condition. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

9. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting the explanatory brief or written testimony required by OAR § 860-14-0085(4).

10. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

11. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this ^{7th} day of October, 2008.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this day of October, 2008.

PORTLAND GENERAL ELECTRIC
COMPANY

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this *8th* day of October, 2008.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

Art E. ...
CITIZENS' UTILITY BOARD
OF OREGON

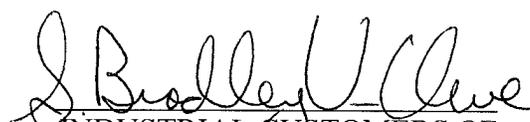
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 7th day of October, 2008.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON


INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

**SCHEDULE 129
LONG-TERM TRANSITION COST ADJUSTMENT**

AVAILABLE

In all territory served by the Company.

APPLICABLE

Applicable to Large Nonresidential Customers that have selected service under Schedule 483 and 489.

TRANSITION COST ADJUSTMENT

Minimum Five Year Opt-Out

For Enrollment Period A (2002), the Transition Cost Adjustment will be:

0.061 ¢ per kWh	January 1, 2003 through December 31, 2007
0.000 ¢ per kWh	after December 31, 2007

For Enrollment Period B (2003), the Transition Cost Adjustment will be:

(0.154) ¢ per kWh	January 1, 2004 through December 31, 2004
(0.136) ¢ per kWh	January 1, 2005 through December 31, 2005
(0.062) ¢ per kWh	January 1, 2006 through December 31, 2006
(0.046) ¢ per kWh	January 1, 2007 through December 31, 2007
(0.032) ¢ per kWh	January 1, 2008 through December 31, 2008
0.000 ¢ per kWh	after December 31, 2008

For Enrollment Period C (2004), the Transition Cost Adjustment will be:

(0.763) ¢ per kWh	January 1, 2005 through December 31, 2005
(0.564) ¢ per kWh	January 1, 2006 through December 31, 2006
(0.447) ¢ per kWh	January 1, 2007 through December 31, 2007
(0.398) ¢ per kWh	January 1, 2008 through December 31, 2008
(0.301) ¢ per kWh	January 1, 2009 through December 31, 2009
0.000 ¢ per kWh	after December 31, 2009

For Enrollment Period D (2005), the Transition Cost Adjustment shall be:

(1.573) ¢ per kWh	January 1, 2006 through December 31, 2006
(1.359) ¢ per kWh	January 1, 2007 through December 31, 2007
(1.229) ¢ per kWh	January 1, 2008 through December 31, 2008
(0.998) ¢ per kWh	January 1, 2009 through December 31, 2009
(0.860) ¢ per kWh	January 1, 2010 through December 31, 2010
0.000 ¢ per kWh	after December 31, 2010

Advice No. 07-01

Issued January 16, 2007

Pamela Grace Lesh, Vice President

**Effective for service
on and after January 17, 2007**

SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Minimum Five Year Opt-Out

For Enrollment Period E (2006), the Transition Cost Adjustment will be:

(1.702) ¢ per kWh	January 1, 2007 through December 31, 2007
(1.483) ¢ per kWh	January 1, 2008 through December 31, 2008
(1.207) ¢ per kWh	January 1, 2009 through December 31, 2009
(0.997) ¢ per kWh	January 1, 2010 through December 31, 2010
(0.779) ¢ per kWh	January 1, 2011 through December 31, 2011
0.000 ¢ per kWh	after December 31, 2011

For Enrollment Period F (2007), the Transition Cost Adjustment will be:

(1.250) ¢ per kWh	January 1, 2008 through December 31, 2008
(1.434) ¢ per kWh	January 1, 2009 through December 31, 2009
(1.248) ¢ per kWh	January 1, 2010 through December 31, 2010
(1.145) ¢ per kWh	January 1, 2011 through December 31, 2011
(0.949) ¢ per kWh	January 1, 2012 through December 31, 2012
0.000 ¢ per kWh	after December 31, 2012

(I)
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|
(R)

Three-Year Opt-Out Option

For Enrollment Period A (2002): Not available

For Enrollment Period B (2003): Not available

For Enrollment Period C (2004), the Transition Cost Adjustment will be:

(0.763) ¢ per kWh	January 1, 2005 through December 31, 2005
(0.564) ¢ per kWh	January 1, 2006 through December 31, 2006
(0.447) ¢ per kWh	January 1, 2007 through December 31, 2007

For Enrollment Period D (2005), the Transition Cost Adjustment will be:

(1.573) ¢ per kWh	January 1, 2006 through December 31, 2006
(1.359) ¢ per kWh	January 1, 2007 through December 31, 2007
(1.229) ¢ per kWh	January 1, 2008 through December 31, 2008

For Enrollment Period E (2006), the Transition Cost Adjustment will be:

(1.702) ¢ per kWh	January 1, 2007 through December 31, 2007
(1.483) ¢ per kWh	January 1, 2008 through December 31, 2008
(1.207) ¢ per kWh	January 1, 2009 through December 31, 2009

Advice No. 07-22
Issued August 31, 2007
James J. Piro, Executive Vice President

Effective for service
on and after September 1, 2007

Exhibit B
Stipulated Changes to Revenue Requirement

<u>Issue</u>	<u>Total Operating Expense Change</u>	<u>Avg Rate Base Change</u>	<u>Approx. Rev Req Effect</u>
S-2 R&D	\$(650)k	\$ ---	\$(0.7) million
S-5 Cap Ex	\$(3,088)k	\$(65,968)k	\$(11.1) million
S-10 WECC etc.	\$(150)k	\$ ---	\$(0.2) million
S-13 NERC etc.	\$(200)k	\$ ---	\$(0.2) million
S-16 Uncollectibles ¹	\$(867)k	\$ ---	\$(0.9) million
S-19 Energy Audits	\$(145)k	\$ ---	\$(0.15) million
Total Est. Impact			\$(13.2) million

¹ The parties agree that a .43% uncollectible rate will be used in this case. The changes to O&M above are based on an estimated total revenue requirement in this case. The final impact of this change can only be determined once the Commission has issued its order on determining final revenue requirement in this case.