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March 13, 2008

***Via Electronic and US 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 OREGON PUBLIC UTILITY STAFF Requesting the  
Commission direct PORTLAND GENERAL ELECTRIC COMPANY to file  
tariffs establishing automatic adjustment clauses under the terms of SB 408.  
**Docket No. UE 178**

Dear Filing Center:

Enclosed please find the original and five (5) copies of the Industrial Customers  
of Northwest Utilities' Closing Brief in the above-referenced matter.

Thank you for your assistance.

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 Closing Brief on behalf of the Industrial Customers of Northwest Utilities upon the parties, shown below, on the official service list by causing the foregoing document to be deposited, postage-prepaid, in the U.S. Mail to those parties which have not waived paper service, and service via electronic mail to all parties.

Dated at Portland, Oregon, this 13th day of March, 2008.

/s/ Brendan E. Levenick  
Brendan E. Levenick

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<b>PORTLAND GENERAL ELECTRIC COMPANY</b> DOUGLAS C. TINGEY ASST GENERAL COUNSEL 121 SW SALMON 1WTC13 PORTLAND, OR 97204 doug.tingey@pgn.com	

**(W) = Paper Service Waived**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 178**

In the Matter of	)	
	)	
OREGON PUBLIC UTILITY STAFF	)	CLOSING BRIEF OF THE
	)	INDUSTRIAL CUSTOMERS OF
Requesting the Commission Direct	)	NORTHWEST UTILITIES
	)	
PORTLAND GENERAL ELECTRIC	)	
COMPANY	)	
	)	
to File Tariffs Establishing Automatic	)	
Adjustment Clauses Under the Terms of	)	
SB 408.	)	

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Pursuant to the Prehearing Conference Memorandum issued on November 7, 2007, the Industrial Customers of Northwest Utilities (“ICNU”) submits this Closing Brief to the Oregon Public Utility Commission (“OPUC” or the “Commission”). ICNU does not have any further comment on Portland General Electric Company’s (“PGE”) constitutional arguments regarding the tax effect of the sale of non-utility assets. For the reasons set forth in ICNU’s Opening Brief, those arguments should be rejected.

ICNU would like to briefly respond to PGE’s proposed two-year amortization of the SB 408 refund for the 2006 tax year. PGE bases its proposal on an expected surcharge of \$16 million to customers for the 2007 tax year. PGE then concludes that if its proposal is not adopted, “customers will experience a rate increase on June 1, 2009, totaling about \$48.3 million or \$53.2 million, all else being equal.” PGE Opening Brief at 9.

First, PGE's apparent concern for the rates of customers is a red herring. PGE is concerned about one thing, its earnings. The only apparent rationale for PGE's desire to spread the revenue impact over two years instead of one is to mitigate the impact of the rate credit on PGE's earnings. PGE has presented no evidence, however, of the effect a one-year amortization period will have on its earnings. As stated in ICNU's Opening Brief, a one-year amortization period better matches the burdens and benefits of the \$37.2 million overcharge for 2006 taxes.

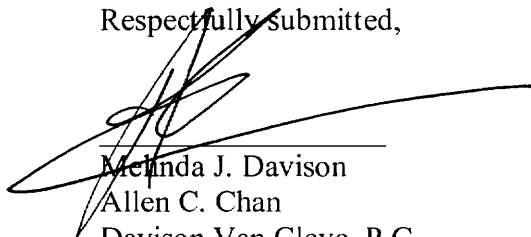
Second, PGE bases its two-year amortization proposal on an *expected* \$16 million surcharge for the 2007 tax year. An amortization proposal should be based on factors known with more certainty. PGE has submitted no information in support of the expected surcharge, nor does any party have the ability to verify PGE's claims. Moreover, Staff has identified problems with the Commission's rules, and a rulemaking proceeding is expected this spring. Staff's Initial Findings at 11 (Dec. 19, 2007). As a result, changes to the Commission's rules may change PGE's tax report for 2007.

On February 27, 2008, PGE filed a general rate case, requesting a \$145.9 million increase in revenue requirement, effective January 1, 2009. The SB 408 refund should be amortized over one year, beginning January 1, 2009 to mitigate the first year impact of any rate increase that may be adopted. For the foregoing reasons, ICNU respectfully requests the Commission to reject PGE's constitutional arguments, and order the \$37.2 million refund for the 2006 tax year to be amortized over a one-year period, beginning January 1, 2009.

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Dated this 13th day of March, 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Melinda J. Davison', is written over a horizontal line. The signature is stylized and extends to the right of the line.

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