



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

December 5, 2007

*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 188**

Attention Filing Center:

Enclosed for filing in the above-captioned docket are an original and five copies of (1) a Stipulation, and (2) a Joint Explanatory Brief, both signed by Commission Staff, the Citizens' Utility Board, and Portland General Electric.

Also enclosed for filing is an original and one copy of a Motion to Shorten Time to Respond to Stipulation.

These documents are being filed electronically. Hard copies will be sent via postal mail.

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

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Tingey", written over a horizontal line.

DOUGLAS C. TINGEY

DCT:saa  
Enclosures  
cc: Service List-UE 188

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**DEC 06 2007**

**Public Utility Commission of Oregon  
Administrative Hearing Division**

**DOCKETED**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

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DEC 06 2007

**UE 188**

In the Matter of )  
)  
PORTLAND GENERAL ELECTRIC )  
COMPANY 2006 Resource Valuation )  
Mechanism )

**JOINT EXPLANATORY BRIEF**

Public Utility Commission of Oregon  
Administrative Hearing Division

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12-5-07

This brief ("Explanatory Brief") explains the Stipulation ("Stipulation") dated December 4, 2007, among Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), and the Citizens' Utility Board of Oregon ("CUB") (collectively, the "Stipulating Parties"). The Parties submit this Explanatory Brief pursuant to OAR 860-014-0085(4). Capitalized terms used in this Explanatory Brief have the meanings ascribed to them in this Explanatory Brief or in the Stipulation.

**Introduction**

By Stipulation dated June 20, 2007, all active parties in this docket resolved all but one issue.<sup>1</sup> In their testimony PGE, Staff, CUB, and ICNU addressed this remaining issue: whether there should be a means to address yearly changes in the projected fixed costs of Biglow Canyon 1 until PGE's next general rate case, and if the Commission decides there should be an annual adjustment, how that adjustment should be made. Stipulation ¶ 1. In its testimony PGE opposed such an update. Staff's testimony recommended that the Commission not adopt an update mechanism in this docket. Staff further recommended that the Commission defer a decision regarding an annual update of Biglow until a more general inquiry into such adjustments could be made. CUB and ICNU proposed annual adjustments of Biglow Canyon 1

<sup>1</sup> The parties to the June 20, 2007, Stipulation were PGE, Staff, CUB and the Industrial Customers of Northwest Utilities ("ICNU"). ICNU is not a party to the December 3, 2007 Stipulation.

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(Schedule 120) costs.

As explained in the Stipulation, the investigation and eventual stipulation in another docket, UM 1330, have aided the Stipulating Parties in arriving at a settlement of the remaining issue in this docket. UM 1330 is an investigation into the automatic adjustment clause for new renewable resources (the "RAC") pursuant to SB 838. One of the issues in that docket was whether there should be included in the RAC an annual update of the costs of a new renewable resource, and if so, the terms of that update. The parties to UM 1330, including the parties to this Stipulation, have recently agreed on the terms of a RAC. The terms include an annual update of the costs of renewable resources that are reflected in rates through the automatic adjustment clause. A Stipulation containing the terms of the proposed RAC has recently been filed with the Commission.

In the Stipulation in this docket, the Stipulating Parties agree that the revenue requirements of Biglow Canyon I should be updated annually in a manner similar to those of a renewable resource through the RAC agreed to in docket UM 1330. The specifics of the annual update are addressed below. Generally, annually beginning in 2009 (unless there is a general rate case) all revenue requirements of Biglow Canyon I not updated in PGE's Annual Power Cost Update will be updated for Schedule 120, along with the tax effects of those updates.

As explained in the testimony filed in this docket, the resolution of this issue does not affect rates for 2008, but only for 2009 and beyond. *PGE/500/Dahlgren-Tinker/1*; *Staff/100/Owings/7*; *CUB/100/Jenks/8*; *ICNU/100/Falkenberg/7-8*. On November 15, PGE filed revised tariffs implementing rates for 2008 that included the provisions of Schedule 120 consistent with the June 20 stipulation.

### **Discussion**

Paragraphs 1 and 2 of the Stipulation set forth the proposed annual update. Paragraph 1

defines the costs to be updated, and includes all revenue requirements not otherwise updated through the Annual Power Cost Adjustment. Paragraph 2 sets the procedure for an annual update. It provides for a filing by April 1 and for the update to proceed on the same schedule as the Annual Power Cost Update in Schedule 125. The Stipulation provisions produce an update that is similar to the proposed update in the UM 1330 stipulation. The update provision is also consistent with the recommendations contained in the testimony submitted by CUB and ICNU.

Allocation of Costs: The allocation of costs under Schedule 120 has not been an issue in this case. No party raised any question about the allocation or proposed any differing spread. The 2008 rates PGE filed in November used the uncontested spread in Schedule 120. The allocation of costs in Schedule 120 is different than the allocation agreed to in UM 1330. In UM 1330 costs were allocated to customer classes based on production revenue. Schedule 120 allocates costs on an equal cents per kWh, adjusted for losses. The different allocations do not produce significantly different results.

Since the June stipulation in this docket settled all issues except the need for and scope of an annual update, no rebuttal testimony addressed the allocation of costs. Tariffs containing 2008 rates were filed prior to the open access window in November. The Stipulating Parties do not believe it would be appropriate to propose changing the allocation of costs at this time. In its testimony, ICNU acknowledged this cost allocation. *ICNU/100/Falkenberg/8*. ICNU argued that future growth in kWh sales could cause over collection of Biglow Canyon costs. *Id.* ICNU further stated that use of an annual update calculation for Schedule 120 would address this problem. *Id.* The Stipulating Parties agree that the future spread of costs under Schedule 120 can be addressed in future update proceedings.

### Conclusion

The Stipulating Parties agree that the Stipulation is in the public interest and will produce

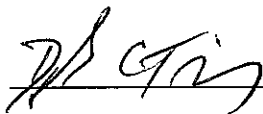
rates that are fair, just and reasonable. Stipulation ¶ 6. It settles the remaining issue in this docket in a manner similar to the settlement recently reached in UM 1330, regarding automatic adjustment clauses for new, renewable resources. The Stipulation is also consistent with the testimony of Staff, CUB and ICNU in this docket.

The Stipulated provisions represent a reasonable compromise of positions, and results in rates that are supported by the record. The Commission has approved stipulations in the past that it determined fell within a “range of reasonableness” for resolution of the issues. Re US West, OPUC Docket No. UM 773, Order No. 96-284 at 31 (Nov. 1, 1996). The Stipulation in this Docket provides a result that falls within this range of reasonableness and, as such, would produce rates that are just and reasonable. Under these circumstances, it is in the public interest for the Commission to approve the Stipulation.

For the reasons set forth above the Stipulating Parties request that the Commission approve the Stipulation.

DATED this <sup>5<sup>th</sup></sup> day of December, 2007.

PORTLAND GENERAL ELECTRIC  
COMPANY



CITIZENS' UTILITY BOARD OF  
OREGON

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STAFF OF THE PUBLIC UTILITY  
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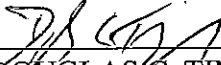
\_\_\_\_\_  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

\_\_\_\_\_  
*Ray E. ...*

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing **STIPULATION, JOINT EXPLANATORY BRIEF, AND A MOTION TO SHORTEN TIME TO RESPOND TO STIPULATION** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service.

Dated at Portland, Oregon, this 5th day of December 2007.

  
\_\_\_\_\_  
DOUGLAS C. TINGEY




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DOUGLAS C. TINGEY

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**Stephanie Adams**

*Fancie*

**From:** CONFIRMATION Pucefiling [Pucefiling.Confirmation@state.or.us]  
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