

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 172

In the Matter of)

PORTLAND GENERAL ELECTRIC,)

2006 Resource Valuation Mechanism.)
_____)

**STIPULATION TESTIMONY
OF THE
CITIZENS' UTILITY BOARD OF OREGON**

September 28, 2005



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OF OREGON**

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PORTLAND GENERAL ELECTRIC,)	STIPULATION TESTIMONY OF
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2006 Resource Valuation Mechanism.)	OF OREGON
)	
)	
)	

1 My name is Bob Jenks, and my qualifications are listed in my Opening Testimony
2 in CUB Exhibit 101.

3 As a component to the parties' stipulation in this docket, CUB requested this
4 opportunity to submit testimony clarifying our position on the settlement. We want to
5 express our satisfaction with the settlement of the financial issues in the 2006 RVM, but
6 did not want our signature on the stipulation to be in any way interpreted as satisfaction
7 with the RVM process or mechanism. We are growing increasingly frustrated with the
8 reality of the RVM process which, though originally presented as a simple, annual update
9 of a limited set of variables, has in fact become an enormously time-consuming review of
10 a wider set of variables and modeling theories, some of which show up after the
11 Commission decision in each case. Even when we have attempted to limit the set of
12 updates, we find ourselves debating the limits of our limits. An additional concern is the
13 RVM's misapplication to all customers, though only a subset of customers are eligible for
14 direct access. We are comfortable with this settlement only in the context of a thorough

1 and critical analysis of the RVM itself, and of the RVM mechanism in PGE's next rate
2 case, which the Company has indicated it plans to file late this year.

3 The issues that we cited in our testimony and are settling with this stipulation are
4 not issues that will go away, but seem to come up each year with each new RVM filing.
5 There has been no resolution as to the appropriateness of: double-counting; providing the
6 Company an annual opportunity to search for adjustments to its model that benefit
7 shareholders; the inclusion in rates of costs that reduce the Company's risk and increase
8 potential benefits to shareholders; the inclusion of controversial costs after the
9 Commission makes its final decision in the case; and practices that open the door to
10 gaming.

11 The RVM was supposed to be a simple ratemaking tool that updated a handful of
12 costs each year in order to facilitate direct access. Instead, it has become something else.
13 The process is broken. We don't have faith that the updates that will come in from the
14 Company after the Commission decision this year will be reasonable. We don't have
15 faith that the Company will not continue its practice of "adjusting" or "correcting"¹ its
16 MONET model each year in a way that harms customers. We don't have faith that the
17 Company will refrain from using the RVM to charge customers more than once for one-
18 time only costs.

19 Unfortunately, the broader question of the use of the RVM itself, and its validity
20 as a regulatory tool, was not at issue in this docket. The issue in this docket was what
21 rates should be next year, based on this particular RVM. The proposed settlement
22 resolves the ratemaking issues for 2006 in a reasonable manner. It does nothing to
23 address the more important issues concerning the RVM.

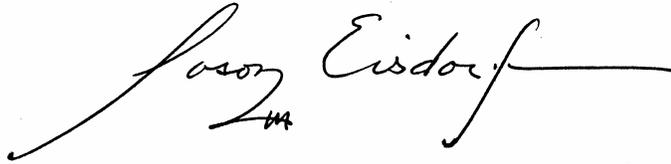
¹ UE 172 PGE/100/Tinker-Niman-Tooman/3. "This adjustment corrects an enhancement..."

1 PGE has stated that it will soon file a new general rate case. That general rate
2 case must not simply determine what base rates should be, but must also consider
3 whether the rates established in that general rate case should be subject to annual RVM
4 increases; and if so, what items can and cannot be included in these annual rate cases.
5 That rate case must either fix or discard the RVM.

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of September, 2005, I served the foregoing Stipulation Testimony of the Citizens' Utility Board of Oregon in docket UE 172 upon each party listed below, by email and U.S. mail, postage prepaid, and upon the Commission by email and by sending 6 copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

Respectfully submitted,



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