

HARDY MYERS
Attorney General



PETER D. SHEPHERD
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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

November 7, 2006

Filing Center
Public Utility Commission of Oregon
550 Capitol Street, NE
Salem, Oregon 97301

Re: UE 180/UE 181/UE 184

Dear Filing Center:

Enclosed for filing please find Staff Exhibits 2000 and 2001. These exhibits were previously filed as Staff Exhibits 1900 and 1901. Because staff has already submitted exhibits marked as 1900 and 1901, these have been renumbered.

Thank you for your attention.

Very truly yours,

Stephanie S. Andrus
Assistant Attorney General

Enc.

c. service list

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 180/UE 181/UE 184

**STAFF
SUPPLEMENTAL
SURREBUTTAL TESTIMONY OF**

Carla Owings

**In the Matter of
PORTLAND GENERAL ELECTRIC COMPANY
Request for a General Rate Revision (UE 180),
2007 Resource Valuation Mechanism (UE 181),
And
Request for a General Revision relating to the
Port Westward Plant (UE 184).**

November 6, 2006

CASE: UE 180/UE 181/UE 184
WITNESS: Carla Owings

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2000

**Supplemental
Surrebuttal Testimony**

November 6, 2006

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Carla Owings. I am a Senior Revenue Requirements analyst
4 employed by the Public Utility Commission. I have provided Direct and
5 Surrebuttal Testimony in this proceeding that can be found at Exhibit
6 Staff/400/Owings and Exhibit Staff/1800/Owings, respectively. My Witness
7 Qualification Statement is found in Exhibit Staff/401.

8 **Q. DID YOU PREPARE EXHIBITS IN SUPPORT OF TESTIMONY FOR THIS**
9 **DOCKET?**

10 A. Yes. I prepared Exhibit Staff/2001, consisting of 15 pages.

11 **Q. PLEASE STATE THE PURPOSE OF YOUR SUPPLEMENTAL**
12 **TESTIMONY.**

13 A. The main purpose of my supplemental testimony is to include an adjustment
14 for depreciation that does not appear in Staff's testimony, to date. This
15 adjustment reflects the stipulated agreement between PGE and Staff for
16 Commission Docket UM 1233, PGE's depreciation study.

17 In a Stipulation approved in Commission Order No. 06-581(Docket UM
18 1233), the parties agreed to a reduction in Depreciation Expense of \$18.9
19 million for the twelve months ending, December 2005. The net result of this
20 adjustment would reduce PGE's Depreciation Expense from \$161.5 million to
21 \$142.6 million.

22 **Q. WHY DID STAFF NOT INCLUDED THIS ADJUSTMENT IN PREVIOUS**
23 **TESTIMONY?**

1 A. Staff mistakenly believed that the adjustment we had proposed for the
2 extended life of Port Westward represented the entire adjustment necessary to
3 reconcile the changes from PGE's Depreciation Study, as filed, to the
4 Stipulated Agreement.

5 **Q. WHAT IS THE AMOUNT OF THE ADJUSTMENT TO DEPRECIATION**
6 **EXPENSE NECESSARY TO REFLECT THE STIPULATION?**

7 A. The adjustment necessary to reflect the Stipulation is a \$5.8 million reduction
8 to Depreciation Expense offset by a \$2.9 million addition to ratebase. The
9 impact of this adjustment is a reduction of revenue requirement of
10 approximately \$5.7 million. Staff has included this adjustment in our model as
11 adjustment (S-18), UM 1233 Stipulated Depreciation Adjustment (See Exhibit
12 Staff/2001/Owings/3, Owings/9 and Owings/11).

13 **Q. DO YOU HAVE ANY OTHER ADJUSTMENTS TO PROPOSE IN YOUR**
14 **SUPPLEMENTAL TESTIMONY?**

15 A. Yes. In Staff's Surrebuttal Testimony, Staff Witness Thomas Morgan proposes
16 a weighted cost of debt to be 3.16 percent and a capital structure of 50 percent
17 equity and 50 percent debt. To properly reflect these proposals, Staff must
18 adjust (S-2) and (S-PW-1), FIT and SIT Adjustments (See Exhibit
19 Staff/2001/Owings/2, Owings/8 and Owings/10).

20 **Q. WHAT IS THE IMPACT ON REVENUE REQUIREMENT WHEN STAFF**
21 **PERFORMS THE ADJUSTMENT NECESSARY TO RECONCILE**
22 **INTEREST WITH STAFF'S PROPOSED WEIGHTED COST OF DEBT AND**
23 **CAPITAL STRUCTURE?**

1 A. The impact is an increase to Revenue Requirement before Port Westward of
2 approximately \$1.2 million. The impact on Revenue Requirement after Port
3 Westward goes into effect is an increase of approximately \$200,000.

4 **Q. PLEASE SUMMARIZE THE COMPANY'S RATE REQUEST AND STAFF'S**
5 **FINDINGS REGARDING REVENUE REQUIREMENT.**

6 A. The Company's overall request, including updates to its power costs and Port
7 Westward, was approximately \$143 million or 9.1 percent increase from current
8 rates. Staff recommends that the Commission determine PGE's revenue
9 requirement is \$6.9 million on an annual basis, or an increase to current rates
10 of less than 1 percent. This recommendation includes all power costs; all
11 Stipulated Agreements; and all Staff proposed adjustments discussed in Direct
12 Testimony, Surrebuttal Testimony and in this Supplemental Testimony.

13 On the expected commercial operation date for Port Westward, Staff
14 recommends that the Commission increase PGE's revenues by an additional
15 \$37.2 million on an annual basis. On a consolidated basis, this represents an
16 overall revenue requirement increase of 2.9 percent to current rates.

17 **Q. DO YOU HAVE ANYTHING FURTHER ON THESE ISSUES OR ANY**
18 **OTHER ISSUES?**

19 A. No.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 A. Yes.

CASE: UE 180/UE 181/UE 184
WITNESS: Carla Owings

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2001

**Exhibits in Support Of
Supplemental Surrebuttal Testimony**

November 6, 2006

Portland General Electric
UE 180

Case Summary
Twelve Months Ending December 31, 2007
(000)

| DESCRIPTION | PER APPLICATION Before PW (1) | STAFF PROPOSED Before PW (2) | PER APPLICATION After PW (3) | STAFF PROPOSED After PW (4) |
|----------------------------------------------------|-------------------------------|------------------------------|------------------------------|-----------------------------|
| 1 Rate of Return Under Present Rates | | | | |
| 2 Total Combined Rate Base | 1,747,526 | 1,731,408 | 2,026,251 | 2,011,309 |
| 3 | | | | |
| 4 Revenues | | | | |
| 5 Sales Revenues | 1,546,707 | 1,546,707 | 1,644,624 | 1,553,654 |
| 6 Other Operating Revenues | 17,728 | 19,300 | 17,728 | 19,300 |
| 7 Total Operating Revenues | 1,564,435 | 1,566,007 | 1,662,352 | 1,572,954 |
| 8 | | | | |
| 9 Operating Expenses | | | | |
| 10 Operation & Maintenance Expenses | 1,177,769 | 1,136,076 | 1,175,298 | 1,133,282 |
| 11 Depreciation Expense | 154,384 | 148,038 | 165,050 | 156,716 |
| 12 Amortization Expense | 18,848 | 18,848 | 18,848 | 18,848 |
| 13 Taxes other than Income | 47,497 | 45,230 | 47,497 | 45,230 |
| 14 Income Taxes | 30,757 | 52,425 | 61,894 | 60,929 |
| 15 Miscellaneous Revenue and Expense(Franch. Fees) | 36,193 | 36,356 | 38,484 | 37,227 |
| 18 Total Operating Expenses | 1,465,448 | 1,436,972 | 1,507,071 | 1,452,237 |
| 19 | | | | |
| 20 Operating Income | 98,987 | 131,901 | 155,281 | 136,010 |
| 21 Operating Income | 5.66% | 7.62% | 7.66% | 6.76% |
| 24 Rate of Return at present rates | | | | |
| 25 | | | | |
| 26 Development of Revenue Requirement | | | | |
| 27 Rate of Return @ Proposed ROE | 8.967% | 7.855% | 8.967% | 7.855% |
| 28 | | | | |
| 29 Return at proposed rate of return | 156,721 | 136,002 | 181,686 | 157,988 |
| 30 Earnings Deficiency | 57,734 | 4,101 | 26,405 | 21,979 |
| 31 Net to Gross Multiplier | 1.696 | 1.696 | 1.696 | 1.696 |
| 32 Additional Revenue Requirement | 97,917 | 6,947 | 44,783 | 37,231 |
| 33 | | | | |
| 34 Revenue at Request Rate of Return | 1,662,352 | 1,572,954 | 1,707,135 | 1,610,185 |
| 36 | | | | |
| 37 Percent change from current rates | 6.26% | 0.54% | 9.12% | 2.92% |

**STAFF NARRATIVE SUMMARY SHEET
ADJUSTMENTS BEFORE PORT WESTWARD
UE 180
Twelve Months Ending December 31, 2007
(\$000)**

| Item | Staff | Issue | Revenue Requirement Effect |
|-----------------------------------------------------------|-------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Revenue Requirement on the Company's Filed Results | | | \$97,917 |
| Proposed Staff Adjustments | | | |
| S-ROR A | BC | Rate of Return Staff proposed Cost of Capital Impact before Port Westward Addition | (\$33,036) |
| S-1 | CO | All Other Taxes Adjustment reflecting stipulated agreement | (\$2,339) |
| S-2 | JJ | FIT and SIT Deduction Staff proposes to adjust interest calculation to Staff's weighted cost of Capital | (\$2,665) |
| S-3 | MD | Administrative & General and Operations & Maintenance Adjustment Adjustment reflecting stipulated agreement | (\$6,760) |
| S-4 | MG | Net Variable Power Cost Adjustment Staff proposes to adjust Monet Model to reflect 4-yr forced outage rate of 8.62% | (\$13,255) |
| S-5 | CO | Incentive Adjustment Adjustment reflecting stipulated agreement | (\$4,647) |
| S-6 | CO | Wages & Salary Adjustment reflecting stipulated agreement | (\$3,762) |
| S-7 | ED | Coal Loss Adjustment Staff proposes to remove Company's adjustment for coal loss | (\$365) |

**STAFF NARRATIVE SUMMARY SHEET
ADJUSTMENTS BEFORE PORT WESTWARD
UE 180
Twelve Months Ending December 31, 2007
(\$000)**

| | | | |
|-------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| S-8 | PR | Adjustment to Other Revenues Adjustment reflecting stipulated agreement | (\$41) |
| S-9 | CO | Capital Expenditures Adjustment Adjustment reflecting stipulated agreement | (\$784) |
| S-10 | BW | Extrinsic Value Staff proposes to adjust for flexible power resources not dispatched by Monet Modeling | (\$12,745) |
| S-11 | BW | System Losses Adjustment reflecting stipulated agreement | \$0 |
| S-12 | PR | Membership Adjustment Adjustment reflecting stipulated agreement | (\$85) |
| S-13 | CO | Tenant Improvements Adjustment reflecting stipulated agreement | \$0 |
| S-14 | MD | Weatherization Adjustment Adjustment reflecting stipulated agreement | (\$71) |
| S-15 | DG | Customer Service & Information Expense Adjustment Adjustment reflecting stipulated agreement | (\$1,626) |
| S-16 | BW | Ancillary Services Staff proposes to add revenues not included in the Test Period for Ancillary Services | (\$1,571) |
| S-17 | CO | Beaver 8 Generating Facility Staff proposes to adjust rate base and depreciation pursuant to Commission Order 04-740 | (\$1,263) |
| S-18 | CO | UM 1233 Stipulated Depreciation Adjustment Staff proposes to adjust Depreciation Expense and ratebase to reflect Stipulated agreement in UM 1233 | (\$5,707) |
| S* | | Revenue Sensitive Costs | (\$248) |
| Total Staff-Proposed Adjustments (Base Rates): | | | (90,970) |
| Staff-Calculated Revenue Requirements Change (Base Rates): | | | \$6,947 |

Portland General Electric
UE 180

Revenue Requirement Model
Twelve Months Ending December 31, 2007
(\$000)

| | 2007 Per application Includes Power Costs (1) | Staff Proposed Adjustments (2) | 2007 Adjusted (3) | Revenue Req without Port Westward .1/1/2007 (4) | Results at Reasonable Return Inc. Pwr Costs (5) |
|----------------------|-----------------------------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| SUMMARY SHEET | | | | | |
| 1 | Operating Revenues | | | | |
| 2 | Retail Sales | \$0 | \$1,546,707 | \$6,947 | \$1,553,654 |
| 3 | Wholesale Sales | 0 | 0 | 0 | 0 |
| 4 | Other Revenues | 1,572 | 17,728 | 0 | 19,300 |
| 5 | Total Operating Revenues | \$1,572 | \$1,564,435 | \$6,947 | \$1,572,384 |
| 6 | Operating Expenses | | | | |
| 7 | Net Variable Power Costs | (\$25,199) | \$856,968 | \$0 | \$831,769 |
| 8 | Production | (354) | 71,970 | 0 | 71,616 |
| 9 | Other Power Supply (Trojan) | 0 | 218 | 0 | 218 |
| 10 | Transmission | (34) | 10,279 | 0 | 10,245 |
| 11 | Distribution | (1,623) | 60,336 | 0 | 58,713 |
| 12 | Customer Accounting | (69) | 0 | 0 | (69) |
| 13 | Customer Service & Info | (1,575) | 60,015 | 0 | 58,440 |
| 14 | Uncollectibles | 0 | 8,198 | 37 | 8,235 |
| 15 | Administrative and General | (12,876) | 109,785 | 0 | 96,909 |
| 16 | Total Operation & Maintenance | (\$41,730) | \$1,177,769 | \$37 | \$1,136,076 |
| 17 | Depreciation | (\$6,346) | \$154,384 | \$0 | \$148,038 |
| 18 | Amortization | 0 | 18,848 | 0 | 18,848 |
| 19 | Taxes Other than Income | (2,267) | 47,497 | 0 | 45,230 |
| 20 | Income Taxes | 19,017 | 30,758 | 2,650 | 52,425 |
| 21 | Miscellaneous Revenue and Expense(Franch. Fees) | 0 | 36,193 | 163 | 36,356 |
| 22 | Total Operating Expenses | (\$31,326) | \$1,465,449 | \$2,843 | \$1,436,972 |
| 23 | Net Operating Revenues | \$32,898 | \$88,986 | 4,101 | \$136,002 |
| 24 | Average Rate Base | | | | |
| 25 | Electric Plant in Service | (\$13,084) | \$4,316,780 | \$0 | \$4,303,696 |
| 26 | Accumulated Depreciation & Amortization | 0 | (2,463,112) | 0 | (2,463,112) |
| 27 | Accumulated Deferred Income Taxes | 0 | (205,677) | 0 | (205,677) |
| 28 | Accumulated Deferred Inv. Tax Credit | 0 | (5,005) | 0 | (5,005) |
| 29 | Net Utility Plant | (\$13,084) | \$1,642,986 | \$0 | \$1,629,902 |
| 30 | Plant Held for Future Use | \$0 | \$0 | \$0 | \$0 |
| 31 | Acquisition Adjustments | 0 | 0 | 0 | 0 |
| 32 | Working Capital | (1,629) | 76,203 | 148 | 74,723 |
| 33 | Fuel Stock | 0 | 0 | 0 | 0 |
| 34 | Materials & Supplies | 0 | 50,177 | 0 | 50,177 |
| 35 | Customer Advances for Construction | 0 | 0 | 0 | 0 |
| 36 | Weatherization Loans | 0 | 0 | 0 | 0 |
| 37 | Misc Deferred Credits | 0 | (28,082) | 0 | (28,082) |
| 38 | Misc. Deferred Debits | 0 | 4,689 | 0 | 4,689 |
| 39 | Misc. Rate Base Additions/(Deductions) | 0 | 0 | 0 | 0 |
| 40 | Total Average Rate Base | (\$14,713) | \$1,745,973 | \$148 | \$1,731,408 |
| 41 | Rate of Return | | 5.67% | 7.62% | 7.86% |
| 42 | Implied Return on Equity | | 4.86% | 8.93% | 9.40% |

Portland General Electric
UE 180

Revenue Requirement Model
Twelve Months Ending December 31, 2007
(\$'000)

| | Company's Change for Port Westward (6) | Results with Port Westward Change (7) | Adjustments Impacting only Port Westward (8) | Adjusted for Port Westward Change (9) | Revenue Req with Port Westward 3/1/2007 (10) | Results with Port Westward 3/1/2007 (11) |
|----------------------|----------------------------------------------------|------------------------------------------------|----------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|
| SUMMARY SHEET | | | | | | |
| 1 | Operating Revenues | | | | | |
| 2 | Retail Sales | \$0 | \$0 | \$1,553,654 | \$37,231 | \$1,590,885 |
| 3 | Wholesale Sales | 0 | 0 | 0 | 0 | 0 |
| 4 | Other Revenues | 0 | 0 | 19,300 | 0 | 19,300 |
| 5 | Total Operating Revenues | \$0 | \$0 | \$1,572,954 | \$37,231 | \$1,610,185 |
| 6 | Operating Expenses | | | | | |
| 7 | Net Variable Power Costs | (\$11,746) | \$0 | \$820,023 | \$0 | \$820,023 |
| 8 | Production | 8,440 | 0 | 80,056 | 0 | 80,056 |
| 9 | Other Power Supply (Trojan) | 0 | 0 | 218 | 0 | 218 |
| 10 | Transmission | 0 | 0 | 10,245 | 0 | 10,245 |
| 11 | Distribution | 0 | 0 | 58,713 | 0 | 58,713 |
| 12 | Customer Accounting | 0 | 0 | (69) | 0 | (69) |
| 13 | Customer Service & Info | 0 | 0 | 58,440 | 0 | 58,440 |
| 14 | Uncollectibles | 0 | 0 | 8,235 | 197 | 8,432 |
| 15 | Administrative and General | 315 | 0 | 97,224 | 0 | 97,224 |
| 16 | Total Operation & Maintenance | (\$2,991) | \$0 | \$1,133,085 | \$197 | \$1,133,282 |
| 17 | Depreciation | \$10,667 | (\$1,988) | \$158,704 | \$0 | \$156,716 |
| 18 | Amortization | 0 | 0 | 18,848 | 0 | 18,848 |
| 19 | Taxes Other than Income | 0 | 0 | 45,230 | 0 | 45,230 |
| 20 | Income Taxes | (6,217) | 521 | 46,208 | 14,200 | 60,929 |
| 21 | Miscellaneous Revenue and Expense(Franch. Fees) | 0 | 0 | 36,356 | 871 | 37,227 |
| 22 | Total Operating Expenses | \$1,459 | (\$1,467) | \$1,438,436 | \$15,268 | \$1,452,237 |
| 23 | Net Operating Revenues | (\$1,459) | \$1,467 | \$134,543 | \$21,976 | \$157,989 |
| 24 | Average Rate Base | | | | | |
| 25 | Electric Plant in Service | \$285,205 | \$994 | \$4,588,901 | \$0 | \$4,589,895 |
| 26 | Less: Accumulated Depreciation & Amortization | (5,333) | 0 | (2,468,445) | 0 | (2,468,445) |
| 27 | Accumulated Deferred Income Taxes | (1,758) | 0 | (207,435) | 0 | (207,435) |
| 28 | Accumulated Deferred Inv. Tax Credit | 0 | 0 | (5,005) | 0 | (5,005) |
| 29 | Net Utility Plant | \$278,114 | \$994 | \$1,908,016 | \$0 | \$1,909,010 |
| 30 | Plant Held for Future Use | \$0 | \$0 | \$0 | \$0 | \$0 |
| 31 | Acquisition Adjustments | 0 | 0 | 0 | 0 | 0 |
| 32 | Working Capital | 76 | (77) | 74,798 | 794 | 75,515 |
| 33 | Fuel Stock | 0 | 0 | 0 | 0 | 0 |
| 34 | Materials & Supplies | 0 | 0 | 50,177 | 0 | 50,177 |
| 35 | Customer Advances for Construction | 0 | 0 | 0 | 0 | 0 |
| 36 | Weatherization Loans | 0 | 0 | 0 | 0 | 0 |
| 37 | Misc Deferred Credits | 0 | 0 | (28,082) | 0 | (28,082) |
| 38 | Misc. Deferred Debits | 0 | 0 | 4,689 | 0 | 4,689 |
| 39 | Misc. Rate Base Additions/(Deductions) | 0 | 0 | 0 | 0 | 0 |
| 40 | Total Average Rate Base | \$278,190 | \$917 | \$2,009,998 | \$794 | \$2,011,309 |
| 41 | Rate of Return | | | | | 7.86% |
| 42 | Implied Return on Equity | | | | | 9.40% |

Portland General Electric
UE 180

Income Tax Calculation On Revenue Requirement
Twelve Months Ending December 31, 2007
(\$000)

| | 2007 Per Company Filing (1) | Staff Proposed Adjustments (2) | 2007 Adjusted (3) | Required Change for Reasonable Return (4) | Results at Reasonable Return (5) |
|-----------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------------------|----------------------------------------------|
| Income Tax Calculations | | | | | |
| 1 Book Revenues | \$1,564,435 | \$1,572 | \$1,566,007 | \$6,947 | \$1,572,954 |
| 2 Book Expenses Other than Depreciation | 1,280,307 | (43,997) | 1,236,310 | 199 | 1,236,509 |
| 3 State Tax Depreciation | 154,384 | (6,346) | 148,038 | 0 | 148,038 |
| 4 Interest | 51,097 | 3,524 | 54,621 | 5 | 54,626 |
| 5 Less: Schedule M Differences | (38,410) | 0 | (38,410) | 0 | (38,410) |
| 6 State Taxable Income | \$117,057 | \$48,391 | \$165,448 | \$6,743 | \$172,191 |
| 7 Production Deduction | (\$4,017) | \$0 | (\$4,017) | \$0 | (\$4,017) |
| 8 Total State Taxable Income | \$113,040 | \$48,391 | \$161,431 | \$6,743 | \$168,174 |
| 9 State Income Tax @ 6.617% | \$7,480 | \$3,201 | \$10,681 | \$446 | \$11,127 |
| 10 State Tax Credits | (166) | 0 | (166) | 0 | (166) |
| 11 Net State Income Tax | \$7,314 | \$3,201 | \$10,535 | \$446 | \$10,961 |
| 12 Additional Tax Depreciation | 0 | 0 | 0 | 0 | 0 |
| 13 Plus: Other Schedule M Differences | 0 | 0 | 0 | 0 | 0 |
| 14 Federal Taxable Income | \$105,726 | \$45,190 | \$150,916 | \$6,297 | \$157,213 |
| 15 Federal Tax @ 35% | \$37,004 | \$15,816 | \$52,820 | \$2,204 | \$55,024 |
| 16 Federal Tax Credits | 0 | 0 | 0 | 0 | 0 |
| 17 Current Federal Tax | \$37,004 | \$15,816 | \$52,820 | \$2,204 | \$55,024 |
| 18 ITC Adjustment | 0 | 0 | 0 | 0 | 0 |
| 19 Deferral | 1,461 | 0 | 1,461 | 0 | 1,461 |
| 20 Restoration | (\$1,461) | \$0 | (\$1,461) | \$0 | (\$1,461) |
| 21 Total ITC Adjustment | 0 | \$0 | 0 | \$0 | 0 |
| 22 Provision for Deferred Taxes | (\$12,099) | \$0 | (\$12,099) | \$0 | (\$12,099) |
| 23 Total Income Tax | \$38,768 | \$19,017 | \$49,775 | \$2,650 | \$52,425 |

Income Tax Calculation On Revenue Requirement
Twelve Months Ending December 31, 2007
(\$000)

| | Income Tax Calculations | Impact of Port Westward (6) | Results with Port Westward Change (7) | Adjustments Impacting Only Port Westward (8) | Adjusted for Port Westward Change (9) | Revenue Req with Port Westward 3/1/2007 (10) | Results at Reasonable Return (11) |
|----|---------------------------------------|-----------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------|
| 1 | Book Revenues | \$0 | \$1,572,954 | \$0 | \$1,572,954 | \$37,231 | \$1,610,185 |
| 2 | Book Expenses Other than Depreciation | 7,676 | 1,244,185 | 0 | 1,244,185 | 1,068 | \$1,245,253 |
| 3 | State Tax Depreciation | 0 | 148,038 | (1,988) | 146,050 | | \$146,050 |
| 4 | Interest | 8,141 | 62,767 | 665 | 63,432 | 25 | \$63,457 |
| 5 | Less: Schedule M Differences | 8,947 | (29,463) | 0 | (29,463) | 0 | (\$29,463) |
| 6 | State Taxable Income | (\$24,764) | \$147,427 | \$1,323 | \$148,750 | \$36,130 | \$184,879 |
| 7 | Production Deduction | \$0 | (\$4,017) | \$0 | (\$4,017) | \$0 | (\$4,017) |
| 8 | Total State Taxable Income | (\$24,764) | \$143,410 | \$1,323 | \$144,733 | \$36,130 | \$180,862 |
| 9 | State Income Tax @ 6.617% | (\$1,639) | \$9,488 | \$88 | \$9,576 | \$2,391 | \$11,967 |
| 10 | State Tax Credits | 0 | (166) | 0 | (166) | 0 | (166) |
| 11 | Net State Income Tax | (\$1,639) | \$9,322 | \$88 | \$9,410 | \$2,391 | \$11,801 |
| 12 | Additional Tax Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Plus: Other Schedule M Differences | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Federal Taxable Income | (\$23,125) | \$134,088 | \$1,235 | \$135,323 | \$33,739 | \$169,061 |
| 15 | Federal Tax @ 35% | (\$8,094) | \$46,930 | \$433 | \$47,363 | \$11,809 | \$59,172 |
| 16 | Federal Tax Credits | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 | Current Federal Tax | (\$8,094) | \$46,930 | \$433 | \$47,363 | \$11,809 | \$59,172 |
| 18 | ITC Adjustment | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Deferral | 0 | 1,461 | 0 | 1,461 | 0 | 0 |
| 20 | Restoration | 0 | (\$1,461) | 0 | (\$1,461) | 0 | 0 |
| 21 | Total ITC Adjustment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 22 | Provision for Deferred Taxes | \$3,516 | (\$8,593) | \$0 | (\$5,077) | \$0 | \$3,516 |
| 23 | Total Income Tax | (\$5,217) | \$46,268 | \$521 | \$46,729 | \$14,200 | \$60,929 |

Adjustments Before Port Westward
Twelve Months Ending December 31, 2007
(\$000)

| | All Other Taxes (S-1) | FIT & SIT Adjustment (S-2) | A&G and O&M Adjustment (S-3) | Power Cost Adjustment (S-4) | Incentive Adjustment (S-5) | Wages & Salary Adjustment (S-6) | Coal Loss Adjustment (S-7) | Other Revenues Adjustment (S-8) | Capital Expenditures Adjustment (S-9) | Extrinsic Value Adjustment (S-10) | System Losses Adjustment (S-11) | Membership Adjustment (S-12) |
|--------------------------------------------|-----------------------|----------------------------|------------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|------------------------------|
| Staff Adjustments | | | | | | | | | | | | |
| 1 Operating Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 Retail Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Wholesale Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Other Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 0 | 0 | 0 | 0 |
| 5 Total Operating Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$40 | \$0 | \$0 | \$0 | \$0 |
| 6 Operating Expenses | | | | | | | | | | | | |
| 7 Net Variable Power Costs | \$0 | \$0 | \$0 | (\$12,847) | \$0 | \$0 | \$0 | \$0 | \$0 | (\$12,352) | 0 | \$0 |
| 8 Production | 0 | 0 | 0 | 0 | 0 | 0 | (354) | 0 | 0 | 0 | 0 | 0 |
| 9 Other Power Supply (Trojan) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Transmission | 0 | 0 | (34) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Distribution | 0 | 0 | (1,623) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Customer Accounting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Customer Service & Info | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Uncollectibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Administrative and General | 0 | 0 | (4,894) | 0 | (4,366) | (3,534) | 0 | 0 | 0 | 0 | 0 | (82) |
| 16 Total Operating & Maintenance | \$0 | \$0 | (\$6,551) | (\$12,847) | (\$4,366) | (\$3,534) | (\$354) | \$0 | \$0 | (\$12,352) | \$0 | (\$82) |
| 17 Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Taxes Other than Income | (2,267) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Income Taxes | 892 | (1,567) | 2,577 | 5,054 | 1,733 | 1,403 | 139 | 16 | 87 | 4,859 | 0 | 32 |
| 21 Miscellaneous Revenue and Expense | | | | | | | | | | | | |
| 22 Total Operating Expenses | (\$1,375) | (\$1,567) | (\$3,974) | (\$7,793) | (\$2,633) | (\$2,131) | (\$215) | \$16 | \$87 | (\$7,489) | \$0 | (\$50) |
| 23 Net Operating Revenues | \$1,375 | \$1,567 | \$3,974 | \$7,793 | \$2,633 | \$2,131 | \$215 | \$24 | (\$87) | \$7,493 | \$0 | \$50 |
| 24 Average Rate Base | | | | | | | | | | | | |
| 25 Electric Plant in Service | 0 | 0 | 0 | 0 | (1,271) | (1,029) | 0 | 0 | (7,000) | 0 | 0 | 0 |
| 26 Accumulated Depreciation & Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 Accumulated Deferred Income Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28 Accumulated Deferred Inv. Tax Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 29 Net Utility Plant | \$0 | \$0 | \$0 | \$0 | (\$1,271) | (\$1,029) | \$0 | \$0 | (\$7,000) | \$0 | \$0 | \$0 |
| 30 Plant Held for Future Use | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Acquisition Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Working Capital | (72) | (81) | (207) | (405) | (137) | (111) | (11) | 1 | 5 | (390) | 0 | (3) |
| 33 Fuel Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Materials & Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Customer Advances for Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36 Weatherization Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 Prepayments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 Misc. Deferred Debits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 Misc. Rate Base Additions/(Deductions) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 Total Average Rate Base | (\$72) | (\$81) | (\$207) | (\$405) | (\$1,408) | (\$1,140) | (\$111) | \$1 | (\$6,995) | (\$390) | \$0 | (\$3) |
| 41 Revenue Requirement Effect | (\$2,339) | (\$2,665) | (\$6,760) | (\$13,255) | (\$4,647) | (\$3,762) | (\$365) | (\$41) | (\$784) | (\$12,745) | \$0 | (\$85) |

Portland General Electric
UE 180

Adjustments Before Port Westward
Twelve Months Ending December 31, 2007
(\$000)

| | Tenant Improvements Adjustment (S-13) | Weatherization Services Adjustment (S-14) | Customer Info and Advertising Adjustment (S-15) | Ancillary Services Adjustment (S-16) | Beaver 8 Generating Facility (S-17) | UIM 1233 Stipulated Depreciation (S-18) | Total Adjustments (Base Rates) |
|--------------------------------------------|---------------------------------------|-------------------------------------------|-------------------------------------------------|--------------------------------------|-------------------------------------|-----------------------------------------|--------------------------------|
| Staff Adjustments | | | | | | | |
| 1 Operating Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 Retail Sales | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 3 Wholesale Sales | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 4 Other Revenues | 0 | 0 | 0 | 1,532 | 0 | 0 | \$1,572 |
| 5 Total Operating Revenues | \$0 | \$0 | \$0 | \$1,532 | \$0 | \$0 | \$1,572 |
| 6 Operating Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$25,199) |
| 7 Net Variable Power Costs | 0 | 0 | 0 | 0 | 0 | 0 | (\$354) |
| 8 Production | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 9 Other Power Supply (Trojan) | 0 | 0 | 0 | 0 | 0 | 0 | (\$34) |
| 10 Transmission | 0 | 0 | 0 | 0 | 0 | 0 | (\$1,623) |
| 11 Distribution | 0 | 0 | 0 | 0 | 0 | 0 | (\$69) |
| 12 Customer Accounting | 0 | (89) | 0 | 0 | 0 | 0 | (\$1,575) |
| 13 Customer Service & Info | 0 | 0 | (1,575) | 0 | 0 | 0 | \$0 |
| 14 Uncollectibles | 0 | 0 | 0 | 0 | 0 | 0 | (\$12,876) |
| 15 Administrative and General | 0 | 0 | 0 | 0 | 0 | 0 | (\$41,730) |
| 16 Total Operation & Maintenance | \$0 | (\$69) | (\$1,575) | \$0 | \$0 | \$0 | (\$6,346) |
| 17 Depreciation | 0 | 0 | 0 | 0 | (497) | (5,849) | \$0 |
| 18 Amortization | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 19 Taxes Other than Income | 0 | 0 | 0 | 0 | 0 | 0 | (\$2,267) |
| 20 Income Taxes | 0 | 27 | 619 | 602 | 279 | 2,265 | \$19,017 |
| 21 Miscellaneous Revenue and Expense | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 22 Total Operating Expenses | \$0 | (\$42) | (\$956) | \$602 | (\$218) | (\$3,584) | (\$31,326) |
| 23 Net Operating Revenues | \$0 | \$42 | \$956 | \$930 | \$218 | \$3,584 | \$32,898 |
| 24 Average Rate Base | | | | | | | |
| 25 Electric Plant in Service | 0 | 0 | 0 | 0 | (6,709) | 2,925 | (\$13,084) |
| 26 Accumulated Depreciation & Amortization | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 27 Accumulated Deferred Income Taxes | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 28 Accumulated Deferred Inv. Tax Credit | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 29 Net Utility Plant | \$0 | \$0 | \$0 | \$0 | (\$6,709) | \$2,925 | (\$13,084) |
| 30 Plant Held for Future Use | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 31 Acquisition Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 32 Working Capital | 0 | (2) | (50) | 31 | (11) | (186) | (\$1,629) |
| 33 Fuel Stock | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 34 Materials & Supplies | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 35 Customer Advances for Construction | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 36 Weatherization Loans | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 37 Prepayments | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 38 Misc. Deferred Debits | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 39 Misc. Rate Base Additions/(Deductions) | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 40 Total Average Rate Base | \$0 | (\$2) | (\$50) | \$31 | (\$6,720) | \$2,739 | (\$14,713) |
| 41 Revenue Requirement Effect | \$0 | (\$71) | (\$1,626) | (\$1,571) | (\$1,263) | (\$5,707) | (\$57,686) |

Portland General Electric
UE 180

Tax Calculations to Adjustments Before Port Westward
Twelve Months Ending December 31, 2007
(\$000)

| | All Other Taxes (S-1) | FIT & SIT Adjustment (S-2) | A&G and O&M Adjustment (S-3) | Power Cost Adjustment (S-4) | Incentive Adjustment (S-5) | Wages & Salary Adjustment (S-6) | Coal Loss Adjustment (S-7) | Other Revenues Adjustment (S-8) | Capital Expenditures Adjustment (S-9) | Extrinsic Value Adjustment (S-10) | System Losses Adjustment (S-11) |
|-----------------------------------------|-----------------------|----------------------------|------------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| Income Tax Calculations | | | | | | | | | | | |
| 1 Book Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$40 | \$0 | \$0 | \$0 |
| 2 Book Expenses Other than Depreciation | (2,267) | 0 | (6,551) | (12,847) | (4,366) | (3,534) | (354) | 0 | 0 | (12,352) | 0 |
| 3 State Tax Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Interest | (2) | 3,986 | (7) | (13) | (44) | (36) | (0) | 0 | (221) | (12) | 0 |
| 5 Schedule M Differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 State Taxable Income | \$2,269 | (\$3,986) | \$6,558 | \$12,860 | \$4,410 | \$3,570 | \$354 | \$40 | \$221 | \$12,364 | \$0 |
| 7 Add OR Depletion Adjustment-Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Total State Taxable Income | \$2,269 | (\$3,986) | \$6,558 | \$12,860 | \$4,410 | \$3,570 | \$354 | \$40 | \$221 | \$12,364 | \$0 |
| 9 State Income Tax | \$150 | (\$264) | \$434 | \$851 | \$292 | \$236 | \$23 | \$3 | \$15 | \$818 | \$0 |
| 10 State Tax Credits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Net State Income Tax | \$150 | (\$264) | \$434 | \$851 | \$292 | \$236 | \$23 | \$3 | \$15 | \$818 | \$0 |
| 12 Additional Tax Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Other Schedule M Differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Federal Taxable Income | \$2,119 | (\$3,722) | \$6,124 | \$12,009 | \$4,118 | \$3,334 | \$331 | \$37 | \$206 | \$11,546 | \$0 |
| 15 Federal Tax @ 35% | 742 | (1,303) | 2,143 | 4,203 | 1,441 | 1,167 | 116 | 13 | 72 | 4,041 | 0 |
| 16 Federal Tax Credits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Current Federal Tax | \$742 | (\$1,303) | \$2,143 | \$4,203 | \$1,441 | \$1,167 | \$116 | \$13 | \$72 | \$4,041 | \$0 |
| 18 ITC Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Deferral | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Restoration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 Total ITC Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 Provision for Deferred Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Total Income Tax | \$882 | (\$1,567) | \$2,577 | \$5,054 | \$1,733 | \$1,403 | \$139 | \$16 | \$87 | \$4,859 | \$0 |

REVENUE REQUIREMENTS
EFFECTS OF ADJUSTMENTS

| | All Other Taxes (S-1) | FIT & SIT Adjustment (S-2) | A&G and O&M Adjustment (S-3) | Power Cost Adjustment (S-4) | Incentive Adjustment (S-5) | Wages & Salary Adjustment (S-6) | Coal Loss Adjustment (S-7) | Other Revenues Adjustment (S-8) | Capital Expenditures Adjustment (S-9) | Extrinsic Value Adjustment (S-10) | System Losses Adjustment (S-11) |
|----------------------------------------|-----------------------|----------------------------|------------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| Revenues and Expenses Rate Base | | | | | | | | | | | |
| Revenues and Expenses Rate Base | (\$2,329) | (\$2,654) | (\$6,732) | (\$13,201) | (\$4,460) | (\$3,610) | (\$364) | (\$41) | \$147 | (\$12,693) | \$0 |
| Total | (10) | (11) | (28) | (54) | (187) | (152) | (1) | 0 | (931) | (52) | 0 |
| Total | (\$2,339) | (\$2,665) | (\$6,760) | (\$13,255) | (\$4,647) | (\$3,762) | (\$365) | (\$41) | (\$784) | (\$12,745) | \$0 |

Portland General Electric
UE 180

Tax Calculations to Adjustments Before Port Westward
Twelve Months Ending December 31, 2007
(\$000)

| | Membership Adjustment (\$-12) | Tenant Improvements Adjustment (\$-13) | Weatherization Services Adjustment (\$-14) | Customer Info and Advertising Adjustment (\$-15) | Ancillary Services Adjustment (\$-16) | Beaver 8 Generating Facility (\$-17) | UM 1233 Stipulated Depreciation (\$-18) | Total Adjustments (Base Rates) |
|-----------------------------------------|-------------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------|
| Income Tax Calculations | | | | | | | | |
| 1 Book Revenues | \$0 | \$0 | \$0 | \$0 | \$1,532 | \$0 | \$0 | \$1,572 |
| 2 Book Expenses Other than Depreciation | (82) | 0 | (69) | (1,575) | 0 | 0 | 0 | (543,997) |
| 3 State Tax Depreciation | 0 | 0 | 0 | 0 | 0 | (497) | (5,849) | (6,346) |
| 4 Interest | (0) | 0 | (0) | (2) | 1 | (212) | 86 | \$3,524 |
| 5 Schedule M Differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 6 State Taxable Income | \$82 | \$0 | \$69 | \$1,577 | \$1,531 | \$709 | \$5,763 | \$48,391 |
| 7 Add OR Depletion Adjustment-Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 8 Total State Taxable Income | \$82 | \$0 | \$69 | \$1,577 | \$1,531 | \$709 | \$5,763 | \$48,391 |
| 9 State Income Tax | \$5 | \$0 | \$5 | \$104 | \$101 | \$47 | \$381 | \$3,201 |
| 10 State Tax Credits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 11 Net State Income Tax | \$5 | \$0 | \$5 | \$104 | \$101 | \$47 | \$381 | \$3,201 |
| 12 Additional Tax Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 13 Other Schedule M Differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 14 Federal Taxable Income | \$77 | \$0 | \$64 | \$1,473 | \$1,430 | \$662 | \$5,382 | \$45,190 |
| 15 Federal Tax @ 35% | 27 | 0 | 22 | 515 | 501 | 232 | 1,884 | \$15,816 |
| 16 Federal Tax Credits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 17 Current Federal Tax | \$27 | \$0 | \$22 | \$615 | \$501 | \$232 | \$1,884 | \$15,816 |
| 18 ITC Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 19 Deferral | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 20 Restoration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 21 Total ITC Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 22 Provision for Deferred Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 23 Total Income Tax | \$32 | \$0 | \$27 | \$619 | \$602 | \$279 | \$2,265 | \$19,017 |

REVENUE REQUIREMENTS
EFFECTS OF ADJUSTMENTS

| | Membership Adjustment (\$-12) | Tenant Improvements Adjustment (\$-13) | Weatherization Services Adjustment (\$-14) | Customer Info and Advertising Adjustment (\$-15) | Ancillary Services Adjustment (\$-16) | Beaver 8 Generating Facility (\$-17) | UM 1233 Stipulated Depreciation (\$-18) | Total Adjustments (Base Rates) |
|-----------------------|-------------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------|
| Revenues and Expenses | (\$85) | \$0 | (\$71) | (\$1,619) | (\$1,575) | (\$369) | (\$6,071) | (\$55,727) |
| Rate Base | 0 | 0 | 0 | (7) | 4 | (894) | 364 | (\$1,959) |
| Total | (\$85) | \$0 | (\$71) | (\$1,626) | (\$1,571) | (\$1,263) | (\$5,707) | (\$57,686) |

**Portland General Electric
UE 180**

**Staff Narrative Summary After Port Westward
Beginning March 1, 2007**

| Item | Staff | Issue | Revenue Requirement Effect |
|-----------------------------------------------------------|-------|-------|----------------------------|
| Revenue Requirement on the Company's Filed Results | | | \$44,911 |

Proposed Staff Adjustments

| | | | |
|---------|----|-------------------------------------------------------------------------------------------------------------------------|-----------|
| S-ROR B | BC | Rate of Return Staff proposed Cost of Capital Impact after Port Westward Addition | (5,260) |
| S-PW-1 | JJ | FIT and SIT Deduction to adjust interest calculation to Staff's weighted cost of debt | (\$444) |
| S-PW-2 | CO | Life Estimate Adjustment Adjustment to reflect change of life estimate for Port Westward from 28.5 years to 35 years | (\$1,919) |
| S* | | Revenue Sensitive Costs | (57) |

Total Staff-Proposed Adjustments (Base Rates):

(7,680)

Staff-Calculated Revenue Requirements Change (Base Rates):

\$37,231

Portland General Electric
 UE 180
 Adjustments After Port Westward
 Beginning March 1, 2007
 (\$000)

| Staff Adjustments | | FIT & SIT Adjustment (S-PW-1) | Life Estimate Adjustment (S-PW-2) | | Total Adjustments (Base Rates) |
|-------------------|-----------------------------------------|-------------------------------|-----------------------------------|--|--------------------------------|
| 1 | Operating Revenues | | | | |
| 2 | Retail Sales | \$0 | \$0 | | \$0 |
| 3 | Wholesale Sales | 0 | 0 | | \$0 |
| 4 | Other Revenues | 0 | 0 | | \$0 |
| 5 | Total Operating Revenues | \$0 | \$0 | | \$0 |
| 6 | Operating Expenses | | | | |
| 7 | Net Variable Power Costs | \$0 | \$0 | | \$0 |
| 8 | Production | 0 | 0 | | \$0 |
| 9 | Other Power Supply (Trojan) | 0 | 0 | | \$0 |
| 10 | Transmission | 0 | 0 | | \$0 |
| 11 | Distribution | 0 | 0 | | \$0 |
| 12 | Customer Accounting | 0 | 0 | | \$0 |
| 13 | Customer Service & Info | 0 | 0 | | \$0 |
| 14 | Collectibles | 0 | 0 | | \$0 |
| 15 | Administrative and General | 0 | 0 | | \$0 |
| 16 | Total Operation & Maintenance | \$0 | \$0 | | \$0 |
| 17 | Depreciation | 0 | (1,988) | | (\$1,988) |
| 18 | Amortization | 0 | 0 | | \$0 |
| 19 | Taxes Other than Income | 0 | 0 | | \$0 |
| 20 | Income Taxes | (261) | 782 | | \$521 |
| 21 | Miscellaneous Revenue and Expense | | | | |
| 22 | Total Operating Expenses | (\$261) | (\$1,206) | | (\$1,467) |
| 23 | Net Operating Revenues | \$261 | \$1,206 | | \$1,467 |
| 24 | Average Rate Base | | | | |
| 25 | Electric Plant in Service | 0 | 994 | | \$994 |
| 26 | Accumulated Depreciation & Amortization | 0 | 0 | | \$0 |
| 27 | Accumulated Deferred Income Taxes | 0 | 0 | | \$0 |
| 28 | Accumulated Deferred Inv. Tax Credit | 0 | 0 | | \$0 |
| 29 | Net Utility Plant | \$0 | \$994 | | \$994 |
| 30 | Plant Held for Future Use | 0 | 0 | | \$0 |
| 31 | Acquisition Adjustments | 0 | 0 | | \$0 |
| 32 | Working Capital | (14) | (63) | | (\$77) |
| 33 | Fuel Stock | 0 | 0 | | \$0 |
| 34 | Materials & Supplies | 0 | 0 | | \$0 |
| 35 | Customer Advances for Construction | 0 | 0 | | \$0 |
| 36 | Weatherization Loans | 0 | 0 | | \$0 |
| 37 | Prepayments | 0 | 0 | | \$0 |
| 38 | Misc. Deferred Debits | 0 | 0 | | \$0 |
| 39 | Misc. Rate Base Additions/(Deductions) | 0 | 0 | | \$0 |
| 40 | Total Average Rate Base | (\$14) | \$931 | | \$917 |
| 41 | Revenue Requirement Effect | (\$444) | (\$1,919) | | (\$2,363) |

Portland General Electric
 UE 180
 Tax Adjustments After Port Westward
 Beginning March 1, 2007
 (\$000)

| | Income Tax Calculations | FIT & SIT Adjustment (S-PW-1) | Life Estimate Adjustment (S-PW-2) | Total Adjustments (Base Rates) |
|----|---------------------------------------|----------------------------------|--------------------------------------|-----------------------------------|
| 1 | Book Revenues | \$0 | \$0 | \$0 |
| 2 | Book Expenses Other than Depreciation | 0 | 0 | 0 |
| 3 | State Tax Depreciation | 0 | (1,988) | (\$1,988) |
| 4 | Interest | 665 | | \$665 |
| 5 | Schedule M Differences | 0 | 0 | 0 |
| 6 | State Taxable Income | (\$665) | \$1,988 | \$1,323 |
| 7 | Add OR Depletion Adjustment-Net | 0 | 0 | 0 |
| 8 | Total State Taxable Income | (\$665) | \$1,988 | \$1,323 |
| 9 | State Income Tax | (\$44) | \$132 | \$88 |
| 10 | State Tax Credits | 0 | 0 | 0 |
| 11 | Net State Income Tax | (\$44) | \$132 | \$88 |
| 12 | Additional Tax Depreciation | 0 | 0 | 0 |
| 13 | Other Schedule M Differences | 0 | 0 | 0 |
| 14 | Federal Taxable Income | (\$621) | \$1,856 | \$1,235 |
| 15 | Federal Tax @ 35% | (217) | 650 | \$433 |
| 16 | Federal Tax Credits | 0 | 0 | 0 |
| 17 | Current Federal Tax | (\$217) | \$650 | \$433 |
| 18 | ITC Adjustment | 0 | 0 | 0 |
| 19 | Deferral | 0 | 0 | 0 |
| 20 | Restoration | 0 | 0 | 0 |
| 21 | Total ITC Adjustment | 0 | 0 | 0 |
| 22 | Provision for Deferred Taxes | 0 | 0 | 0 |
| 23 | Total Income Tax | (\$263) | \$782 | \$521 |

**REVENUE REQUIREMENTS
 EFFECTS OF ADJUSTMENTS**

| FIT & SIT Adjustment (S-PW-1) | Life Estimate Adjustment (S-PW-2) | Total Adjustments (Base Rates) |
|----------------------------------|--------------------------------------|-----------------------------------|
| (\$442) | (\$2,043) | (\$2,485) |
| (2) | 124 | \$122 |
| (\$444) | (\$1,919) | (\$2,363) |

| |
|-----------------------|
| Revenues and Expenses |
| Rate Base |
| Total |

Cost of Capital and Revenue Sensitive Costs
 Twelve Months Ending December 31, 2007
 (\$000)

| REVENUE SENSITIVE COSTS | |
|-------------------------------|----------|
| Company's Case Revenues | 1,00000 |
| Operating Revenue Deductions | |
| Uncollectible Accounts | 0,00530 |
| Taxes Other - Franchise | 0,02340 |
| - Other | |
| - Resource supplier | |
| State Taxable Income | 0,97113 |
| State Income Tax | 0,06427 |
| Federal Taxable Income | 0,90703 |
| Federal Income Tax @ 35% | 0,31746 |
| ITC | |
| Current FIT | 0,31746 |
| Other | |
| Total Excise Taxes | 0,38173 |
| Total Revenue Sensitive Costs | 0,41043 |
| Utility Operating Income | 0,58957 |
| Net-to-Gross Factor | 1,696155 |

| COST OF CAPITAL - STAFF | % of CAPITAL | COST | WEIGHTED COST |
|-------------------------|--------------|-------|---------------|
| Long Term Debt | 50,00% | 6,31% | 3,16% |
| Preferred Stock | 0,00% | 0,00% | 0,00% |
| Common Equity | 50,00% | 9,40% | 4,70% |
| Total | 100,00% | | 7,86% |

CERTIFICATE OF SERVICE

UE 181/UE 181/UE 184

I certify that I have this day served the foregoing corrected document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 7th day of November, 2006.

Kay Barnes

Kay Barnes
Public Utility Commission
Regulatory Operations
550 Capitol St NE Ste 215
Salem, Oregon 97301-2551
Telephone: (503) 378-5763

**UE 180/UE 181/UE 184
Service List (Parties)**

| | |
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