

August 23, 2005

***Via Messenger and E-Filing***

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol St NE #215  
PO Box 2148  
Salem OR 97308-2148

Re: OPUC Dockets UE 88, DR 10 and UM 989  
Sursurrebuttall Testimony of Portland General Electric Company

Attention: Filing Center

Enclosed for filing in the above-captioned docket are the original and five copies of PGE's Sursurrebuttall Testimony of Pamela G. Lesh and Patrick G. Hager, Exhibit No. PGE/7100.

This document is also being filed electronically per the Commission's eFiling policy to the electronic address [PUC.FilingCenter@state.or.us](mailto:PUC.FilingCenter@state.or.us), with copies being served on all parties on the service list via U.S. Mail. A photocopy of the PUC tracking information will be forwarded with the hard copy filing.

Thank you in advance for your assistance.

Sincerely,

/S/ J. JEFFREY DUDLEY

JJD:am

cc: UE 88 Service List

Enclosures

CERTIFICATE OF SERVICE

I certify that I have this day served PGE's Sursurrebuttal Testimony of Pamela G. Lesh and Patrick G. Hager by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, and by electronic mail pursuant to OAR 860-013-0070, to the following parties from the OPUC Docket No. UE 88 et al. service list:

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Dated this 23<sup>rd</sup> day of August, 2005.

PORTLAND GENERAL ELECTRIC COMPANY

By /S/ J. JEFFREY DUDLEY  
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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON**

**UE-88 REMAND**

**PORTLAND GENERAL ELECTRIC COMPANY**

Sursurrebuttal Testimony of

*Pamela G. Lesh  
Patrick G. Hager*



**Portland General Electric**

**August 23, 2005**

**I. Introduction**

1 **Q. Please state your names and qualifications.**

2 A. My name is Pamela G. Lesh. I am PGE's Vice President of Regulatory Affairs and Strategic  
3 Planning. My qualifications are in Section V of PGE Exhibit 6000.

4 My name is Patrick G. Hager. My position is Manager, Regulatory Affairs. My  
5 qualifications are in Section IV of PGE Exhibit 6400.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of our testimony is to discuss statements made by Mr. Busch and Ms. Johnson in  
8 Staff Exhibit 300 and Mr. Lazar and Mr. Meek in URP Exhibits 300 and 400. We either rebut  
9 the statements or point to where we have already addressed the issues they raise.

10 **Q. How is your testimony organized?**

11 A. Our testimony is organized into two Sections. Section I is this introduction. In Section II, we  
12 discuss the issues raised in Staff Exhibit 300 and URP Exhibits 300 and 400.

**II. Issues Raised in Staff and URP Surrebuttal Testimony**

1 **Q. Did Staff and URP raise many new issues in Staff Exhibit 300 and URP Exhibits 300 and**  
2 **400?**

3 A. No. PGE has already addressed most of the issues raised by these parties. Table 1 lists these  
4 issues and cites where in its previous testimonies PGE has addressed them.

**Table 1**

<b>Staff and/or URP Issue</b>	<b>Where Discussed in PGE Testimony</b>
Steam generator disallowance (Staff Exhibit 300, Pages 3-4)	PGE Exhibit 6000, Pages 25-31 PGE Exhibit 6800, Pages 5, 15-16 - Commission can reconsider elements of net benefit test.
Can return mean return on debt only (Staff Exhibit 300, Page 5, and URP Exhibit 400, Page 8)	PGE Exhibit 6000, Pages 37-38 PGE Exhibit 6800, Page 6 - Commission can make this interpretation.
Premium paid by Enron for PGE, and need to attract equity capital (URP Exhibit 400, Page 1)	PGE Exhibit 6800, Pages 16-17, 20-21 - Premium unknown at time of UE 88 and need to attract capital not dependent on number of owners.
Characterizations of Trojan plant balance (URP Exhibit 400, Page 2)	PGE Exhibit 6800, Pages 13-14 - Trojan provided many years of service.
Incentives related to plant quality (URP Exhibit 400, Pages 2-4)	PGE Exhibit 6800, Pages 22-23 - No incentive to build “bad plants.”
Staff’s positions and least cost planning (URP Exhibit 400, Pages 3-4)	PGE Exhibit 6000, Pages 19, 25-31 PGE Exhibit 6800, Pages 15-16 - Staff’s recommendations consistent with least cost planning.
Return on other assets and ORS 757.355 (URP Exhibit 400, Pages 4-5, 7-8)	PGE Exhibit 6000, Pages 33-35 - PGE proposals consistent with ORS 757.355.
Use of pre-tax cost of capital in present value calculations (URP Exhibit 300, Pages 4-6)	PGE Exhibit 6200, Page 28 PGE Exhibit 6900, Pages 4-5 - Should use authorized cost of capital.
Load increases after Order 95-322 (URP Exhibit 300, Page 3)	PGE Exhibit 6800, Pages 16-18 - Load changes unknown at time of UE 88.
Treatment of deferred tax balance (URP Exhibit 300, Pages 6-8)	PGE Exhibit 6900, Pages 6-7 - Write-off assumption unfounded.
Capital structure adjustment (URP Exhibit 300, Page 8)	PGE Exhibit 6900, Pages 6-7 - Write-off assumption unfounded.

5 **Q. Were any other issues raised in Staff Exhibit 300 or URP Exhibits 300 and 400 that PGE**  
6 **did not address in its rebuttal testimonies?**

7 A. Yes. On Pages 2-3 of URP Exhibit 300, URP asserts that rates over the 5.5-year period  
8 beginning April 1, 1995 were based on 1995-96 test year balances and that therefore Staff and

1 PGE’s calculations based on accounting balances are incorrect.

2 **Q. Are there flaws in this assertion?**

3 A. Yes. In PGE Exhibit 6100, we point out that “costs change over time” and “once we step out of  
4 the ratemaking setting into the ‘real world’ of actual costs and actual revenues, the tie between  
5 costs and tariff rates is broken.” See PGE/6100, Dahlgren at 12-13. On Page 12 of PGE  
6 Exhibit 6100, we also give an example of these principles.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

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