

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE 180**

4 In the Matter of

5 PORTLAND GENERAL ELECTRIC
6 COMPANY

7 Request for a General Rate Revision

STAFF RESPONSE TO PGE'S MOTION TO
CONFIRM DEADBAND CALCULATION

8 Pursuant to the administrative law judge's February 21, 2007 Ruling, staff of the Public
9 Utility Commission ("staff") submits this response to Portland General Electric Company's
10 ("PGE") request for confirmation of its deadband calculation in Docket No. UE 180.

11 In a motion filed on February 12, 2007, staff asked the Commission to clarify the final
12 order in this docket. Specifically, staff asked the Commission to clarify that it intended the
13 deadband in PGE's Power Cost Variance Mechanism to be expressed in pre-tax dollars. Staff
14 made this request because PGE's compliance tariffs contemplated a deadband calculated on an
15 after-tax basis. PGE has since withdrawn the tariff sheets including the after-tax calculation of
16 the deadband and has informed the Commission that it agrees with staff the deadband should be
17 calculated on a pre-tax basis.

18 As noted by PGE in its response to staff's motion for clarification, staff and PGE have
19 agreed on another aspect of the design of the power cost deadband. Staff agrees with PGE that
20 the appropriate gross-up factor is the combined State and Federal tax rate used in determining
21 rates in this docket and that "other revenue sensitive costs" should not be included in the gross-
22 up factor.

23 In light of these agreements, staff recommends that the Commission issue an order
24 clarifying that it intended the deadband in the Annual Power Cost Variance Mechanism to be
25 expressed in pre-tax dollars. Staff also recommends that the Commission clarify that the gross-
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1 up factor should include the State and Federal tax rates used in this docket, but not other revenue
2 sensitive costs.

3 Finally, staff does not oppose PGE's request to the Commission to confirm that it
4 appropriately calculated the deadband. Staff has reviewed PGE's proposed calculation of the
5 deadband, both pre- and post-Port Westward, and agrees the calculations are appropriate.

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DATED this 7th day of March 2007.

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Respectfully submitted,

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HARDY MYERS
Attorney General

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/s/Stephanie S. Andrus
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Assistant Attorney General
Of Attorneys for staff of the Public
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1 **CERTIFICATE OF SERVICE**

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3 I certify that on March 7, 2007, I served the foregoing upon all parties of record in this
4 proceeding by electronic mail and by mailing a copy by postage prepaid first class mail or by
5 hand delivery/shuttle mail to the parties accepting paper service.

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