

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UE 180/ UE 181/ UE 184

In the Matter of )  
 )  
PORTLAND GENERAL ELECTRIC )  
COMPANY )  
 )  
Request for a General Rate Revision (UE 180), )  
\_\_\_\_\_ )

In the Matter of )  
 )  
PORTLAND GENERAL ELECTRIC )  
COMPANY )  
 )  
Annual Adjustments to Schedule 125 (2007 )  
RVM Filing) (UE 181), )  
\_\_\_\_\_ )

STIPULATION REGARDING  
RVM ISSUES

In the Matter of )  
 )  
PORTLAND GENERAL ELECTRIC )  
COMPANY )  
 )  
Request for a General Rate Revision relating to )  
the Port Westward Plant (UE 184). )  
\_\_\_\_\_ )

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Industrial Customers of Northwest Utilities (“ICNU”), and the Citizens’ Utility Board of Oregon (“CUB”) (collectively, the “Parties”). Capitalized terms used in this Stipulation have the meanings ascribed to them in this Stipulation.

Pursuant to the Stipulation Concerning Power Costs, adopted by the Oregon Public Utility Commission (“Commission”) in Order No. 01-777 and PGE’s Schedule 125, PGE files an

annual case known as the Resource Valuation Mechanism (“RVM”) that includes an update of PGE’s net variable power costs (“NVPC”). The Parties have been active participants in the 2007 RVM. As part of that participation, PGE has filed proposed tariffs, and PGE and the other Parties have filed testimony and exhibits addressing PGE’s initial filing in this docket. Staff, CUB and ICNU have filed testimony proposing various adjustments to PGE’s proposed NVPC.

This RVM docket has been consolidated with PGE’s pending general rate case. At a prehearing conference held on April 4, 2006, a procedural schedule was adopted for the RVM proceedings and rate case proceedings. The RVM portion of the schedule included three rounds of testimony and a hearing on August 30, 2006, with an order contemplated in sufficient time for the November 15 direct access election window. Some rate case issues impacting power costs were also to be heard and determined on the RVM schedule.

Revised power cost rates resulting from the RVM docket are to be implemented January 1, 2007. It is anticipated that revised rates resulting from PGE’s general rate case will be implemented no later than January 17, 2007.

The Parties held settlement conferences in this docket on June 22 and August 7, 2006. As a result of those settlement discussions, the Parties are entering into this Stipulation to settle the RVM portion of this docket only. As set forth below, power cost issues raised by parties to this consolidated docket will be addressed along with other issues in PGE’s general rate case. Accordingly, the Parties request that the Commission adopt orders in this docket implementing the following:

#### STIPULATION

1. For the purpose of calculating the 2007 annual RVM update pursuant to Schedule 125, PGE will make a final RVM filing on November 9, 2006 (the “Final RVM

Filing”). Prior to making the Final RVM Filing, PGE will make a filing on November 2, 2006 (the “Pre-Final RVM Filing”) that locks down all data inputs in the 2007 RVM except forward price curves. In both of these filings, PGE will reflect an adjustment that decreases annual Net Variable Power Costs (“NVPC”) by \$8,588,000. PGE will apply the adjustment to Part A of Schedule 125. This adjustment amount is for settlement purposes only and is not precedent, and will not be used by any party as precedent in the rate case or any other docket.

2. All of the testimony of Staff, CUB and ICNU filed on July 18, 2006, is moved into the general rate case portion of this docket.

3. Test year expenses include purchases of gas transportation from Northwest Pipeline (“NWP”) for transportation to PGE’s Beaver plant, and also for its Port Westward plant when completed. Expenses also include purchases of gas transportation from Gas Transmission Northwest (“GTN”) to supply PGE’s Coyote Springs plant. Both Northwest Pipeline and Gas Transmission Northwest have filed requests with the Federal Energy Regulatory Commission to increase their respective tariff rates beginning January 1, 2007. If the increases are granted as requested, PGE’s projected 2007 power costs will increase by about \$3 million over the amount included in PGE’s initial filing. It is, however, unknown if FERC will grant the total amount of the requested rate increase. If FERC issues final orders prior to October 16, 2006, the FERC ordered rates will be used to determine the gas transportation costs in the Final RVM Filing. The Parties further agree to work in good faith to establish a baseline projected amount for these gas transportation costs to be used in the Final RVM filing to be used if FERC has not issued final orders by October 16, 2006. If no baseline amount is agreed to, the rates requested by NWP and GTN will be used to determine gas transportation costs in the Final RVM Filing.

4. If FERC final orders regarding the NWP and GTN rate requests are not issued

prior to October 16, 2006, then PGE will file, on January 1, 2007, an application for deferred accounting treatment of the incremental NVPC attributable to the difference between the actual FERC ordered gas transportation rates and the baseline gas transportation rates used in the Final RVM Filing. To determine the incremental NVPC attributable to the difference in gas transportation rates PGE will run the Monet model used in the Final RVM Filing with the FERC ordered gas transportation rates and no other changes (the "Supplemental Monet Run"). The incremental NVPC will equal the difference between the NVPC from the Supplemental Monet Run and the NVPC from the Monet run used in the Final RVM Filing (the "Deferred Amount"). If PGE's NVPC from the Supplemental Monet Run is greater than the NVPC from the Final RVM Filing, then the Deferred Amount will be a cost to be recovered from customers. If PGE's NVPC from the Supplemental Monet Run is less than the NVPC from the Monet run used in the Final RVM Filing, then the Deferred Amount will be a credit to be refunded to customers. The deferred accounting application described in this paragraph will allocate 100% of the Deferred Amount to customers with no deadband. Each Party agrees to support the deferred accounting application described in this paragraph and the recovery or refunding of the Deferred Amount, subject to the terms of this paragraph. The Parties recognize and agree that the Deferred Amount may reflect a credit to be refunded to customers or a cost to be recovered from customers. Each Party agrees not to oppose amortization of the Deferred Amount on the basis of PGE's earnings or on the basis that amortization of the Deferred Amount will cause PGE to exceed the 3% limit specified in ORS 757.259(6).

5. This stipulation represents a financial settlement of the issues at dispute and is a fair resolution of the issues raised given the potential outcomes in this docket. By signing this Stipulation, no Party agrees to or acknowledges whether the updates, and modeling changes

proposed in this docket are consistent with Schedule 125 or previous agreements; no party agrees to or acknowledges the prudence or imprudence of any disputed costs, inputs or modeling changes; and no party agrees to or acknowledges whether the proposed updates in this docket are appropriate for inclusion in normalized retail rates. The adjustment to NVPC specified in Paragraph 1 applies only to PGE's 2007 RVM filing, and the Parties recognize that these RVM rates will only be in effect until rates from PGE's general rate case are implemented.

6. The Parties agree that this Stipulation resolves all current issues related to PGE's 2007 RVM filing.

7. Parties retain the right to raise objections based on new issues that arise out of the November 2<sup>nd</sup> or November 9<sup>th</sup> RVM updates.

8. The Parties agree that this Stipulation is in the public interest and will produce rates that are fair, just and reasonable.

9. The Parties agree that all testimony previously submitted in this matter dealing with RVM issues may be admitted into the record.

10. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing, and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting the explanatory brief or written testimony required by OAR § 860-14-0085(4).

11. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a resolution of the RVM portion of this docket that departs from the terms of this Stipulation, the Stipulating Parties reserve the right to cross-examine witnesses and put in such

evidence as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation.

Notwithstanding this reservation of rights, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

12. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and the other Parties within five (5) business days of service of the final order rejecting this Stipulation or adding such material condition.

13. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

14. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding. The Stipulating Parties agree that they will not cite this Stipulation as precedent in any other proceeding other than a proceeding to enforce the terms of this Stipulation.

15. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

DATED this <sup>24<sup>th</sup></sup> day of August, 2006

PORTLAND GENERAL ELECTRIC  
COMPANY



---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD OF  
OREGON

---

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

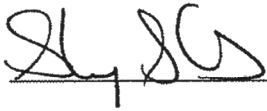
---

DATED this 24<sup>th</sup> day of August, 2006

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

A handwritten signature in black ink, appearing to be "S. J. G.", is written over a horizontal line.

---

CITIZENS' UTILITY BOARD OF  
OREGON

---

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

---



DATED this *Friday* of August, 2006

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD OF  
OREGON



---

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

---

DATED this <sup>23<sup>rd</sup></sup> day of August, 2006

PORTLAND GENERAL ELECTRIC  
COMPANY

---

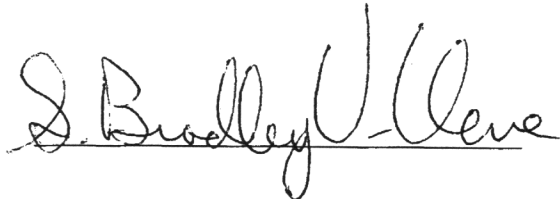
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD OF  
OREGON

---

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

  
S. Bradley U. Cline

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing **MOTION TO ALLOW LATE FILING OF RVM STIPUATION [EXPEDITED CONSIDERATION REQUESTED], STIPULATION REGARDING RVM ISSUES, AND JOINT EXPLANATORY BRIEF REGARDING RVM ISSUES** to be served by First Class US Mail, postage prepaid and properly addressed, and by electronic mail, upon each party on the attached service list from OPUC Dockets UE 180, UE 181, and UE 184.

Dated at Portland, Oregon, this 24<sup>th</sup> day of August 2006.

/S/ DOUGLAS C. TINGEY

---

DOUGLAS C. TINGEY

**SERVICE LIST**

**UE 180**

KURT J BOEHM  
ATTORNEY  
BOEHM KURTZ & LOWRY  
36 E SEVENTH ST - STE 1510  
CINCINNATI OH 45202  
kboehm@bkllawfirm.com

MICHAEL L KURTZ  
BOEHM KURTZ & LOWRY  
36 E 7TH ST STE 1510  
CINCINNATI OH 45202-4454  
mkurtz@bkllawfirm.com

GEOFFREY M KRONICK  
BONNEVILLE POWER  
ADMINISTRATION  
LC7 PO BOX 3621  
PORTLAND OR 97208-3621  
gmkronick@bpa.gov

CRAIG SMITH  
BONNEVILLE POWER  
ADMINISTRATION  
PO BOX 3621--L7  
PORTLAND OR 97208-3621  
cmsmith@bpa.gov

JAMES T SELECKY  
BRUBAKER & ASSOCIATES, INC.  
1215 FERN RIDGE PKWY, SUITE 208  
ST. LOUIS MO 63141  
jtselecky@consultbai.com

TAMARA FAUCETTE  
CABLE HUSTON BENEDICT  
HAAGENSEN & LLOYD LLP  
1001 SW 5TH AVE STE 2000  
PORTLAND OR 97204  
tfaucette@chbh.com

CHAD M STOKES  
CABLE HUSTON BENEDICT  
HAAGENSEN & LLOYD, LLP  
1001 SW 5TH - STE 2000  
PORTLAND OR 97204  
cstokes@chbh.com

LOWREY R BROWN  
CITIZENS' UTILITY BOARD OF  
OREGON  
610 SW BROADWAY - STE 308  
PORTLAND OR 97205  
lowrey@oregoncub.org

JASON EISDORFER  
CITIZENS' UTILITY BOARD OF  
OREGON  
610 SW BROADWAY STE 308  
PORTLAND OR 97205  
dockets@oregoncub.org

JIM ABRAHAMSON  
COORDINATOR  
COMMUNITY ACTION DIRECTORS OF  
OREGON  
PO BOX 7964  
SALEM OR 97303-0208  
jim@cado-oregon.org

S BRADLEY VAN CLEVE  
DAVISON VAN CLEVE PC  
333 SW TAYLOR - STE 400  
PORTLAND OR 97204  
mail@dvclaw.com

STEPHANIE S ANDRUS  
ASSISTANT ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE  
REGULATED UTILITY & BUSINESS  
SECTION  
1162 COURT ST NE  
SALEM OR 97301-4096  
[stephanie.andrus@state.or.us](mailto:stephanie.andrus@state.or.us)

KARL HANS TANNER  
PRESIDENT  
OREGON ENERGY COORDINATORS  
ASSOCIATION  
2448 W HARVARD BLVD  
ROSEBURG OR 97470  
[karl.tanner@ucancap.org](mailto:karl.tanner@ucancap.org)

LAURA BEANE  
MANAGER, REGULATION  
PACIFICORP  
825 MULTNOMAH STE 800  
PORTLAND OR 97232-2153  
[laura.beane@pacificorp.com](mailto:laura.beane@pacificorp.com)

ANN L. FISHER  
AF LEGAL & CONSULTING SERVICES  
2005 SW 71<sup>ST</sup> AVENUE  
PORTLAND, OR 97225-3705  
[energylaw@aol.com](mailto:energylaw@aol.com)

LORNE WHITTLES  
MANAGER, PNW MARKETING  
1161 W. RIVER STREET  
SUITE 250  
BOISE, IDAHO 83702  
[lwhittles@epcor.ca](mailto:lwhittles@epcor.ca)

ELISA M. LARSON  
ASSOCIATE COUNSEL  
NORTHWEST NATURAL  
220 NW 2<sup>ND</sup> AVENUE  
PORTLAND, OREGON 97209  
[elisa.larson@nwnatural.com](mailto:elisa.larson@nwnatural.com)

ALEX MILLER  
NORTHWEST NATURAL  
220 NW SECOND AVENUE  
PORTLAND, OREGON 97209-3991  
[alex.miller@nwnatural.com](mailto:alex.miller@nwnatural.com)

BENJAMIN WALTERS  
[bwalters@ci.portland.or.us](mailto:bwalters@ci.portland.or.us)

RICHARD GRAY  
[richard.gray@pdxtrans.org](mailto:richard.gray@pdxtrans.org)

DAVID TOOZE  
SENIOR ENERGY SPECIALIST  
721 NW 9<sup>TH</sup> AVENUE, SUITE 350  
PORTLAND, OREGON 97209-3447  
[dtooze@ci.portland.or.us](mailto:dtooze@ci.portland.or.us)

SCOTT H. DEBROFF  
RIVER CHASE OFFICE CENTER  
4431 NORTH FRONT STREET  
HARRISBURG, PA 17110  
[sdebroyff@sasllp.com](mailto:sdebroyff@sasllp.com)

WILLIAM H. CHEN  
CONSTELLATION NEWENERGY INC.  
2175 N. CALIFORNIA BLVD.  
SUITE 300  
WALNUT CREEK, CA 94596  
[bill.chen@constellation.com](mailto:bill.chen@constellation.com)

DANIEL W. MEEK  
DANIEL W. MEEK ATTORNEY AT LAW  
10949 SW 4<sup>th</sup> AVENUE  
PORTLAND, OR 97219  
[dan@meek.net](mailto:dan@meek.net)

THEODORE E ROBERTS  
SEMPRA GLOBAL  
101 ASH ST HQ 13D  
SAN DIEGO CA 92101-3017  
[troberts@sempra.com](mailto:troberts@sempra.com)

LINDA WRAZEN  
SEMPRA GLOBAL  
101 ASH ST, HQ8C  
SAN DIEGO CA 92101-3017  
[lwrazen@sempraglobal.com](mailto:lwrazen@sempraglobal.com)

KATHERINE A MCDOWELL  
MCDOWELL & ASSOCIATES  
520 SW 6<sup>TH</sup> AVENUE  
SUITE 830  
PORTLAND, OREGON 97204  
[katherine@mcd-law.com](mailto:katherine@mcd-law.com)

JIM DEASON  
521 SW CLAY STREET  
SUITE 107  
PORTLAND, OREGON 97201-5407  
[jimdeason@comcast.net](mailto:jimdeason@comcast.net)

ROBERT VALDEZ  
PO BOX 2148  
SALEM, OR 97308-2148  
[bob.valdez@state.or.us](mailto:bob.valdez@state.or.us)

LINDA K. WILLIAMS  
KAFOURY AND MCDUGAL  
10266 SW LANCASTER ROAD  
PORTLAND, OR 97219-6305  
[Linda@lindawilliams.net](mailto:Linda@lindawilliams.net)

ANDREA FOGUE  
SENIOR STAFF ASSOCIATE  
LEAGUE OF OREGON CITIES  
PO BOX 928  
1201 COURT STREET NE, SUITE 200  
SALEM, OR 97308  
[afogue@orcities.org](mailto:afogue@orcities.org)

LON L. PETERS  
NORTHWEST ECONOMIC RESEARCH  
607 SE MANCHESTER PLACE  
PORTLAND, OR 97202  
[lpeters@pacifier.com](mailto:lpeters@pacifier.com)

HARVARD P. SPIGAL  
PRESTON GATES AND ELLIS  
222 SW COLUMBIA STREET  
SUITE 1400  
PORTLAND, OREGON 97201-6632  
[hspigal@prestongates.com](mailto:hspigal@prestongates.com)

DAVID R. RIS, SR. ASST CITY  
ATTORNEY  
CITY OF GRESHAM  
1333 NW EASTMAN PARKWAY  
GRESHAM, OR 97030  
[david.ris@ci.gresham.or.us](mailto:david.ris@ci.gresham.or.us)

JOHN HARRIS  
TRANSPORTATION OPERATIONS  
CITY OF GRESHAM  
1333 NW EASTMAN PARKWAY  
GRESHAM, OR 97030  
[john.harris@ci.gresham.or.us](mailto:john.harris@ci.gresham.or.us)