

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UM-1271

PORTLAND GENERAL ELECTRIC COMPANY

**Deferred Accounting Authorization for
Expenses/Refunds Associated with SB 408**

REBUTTAL TESTIMONY

OF

*Randy Dahlgren
Jay Tinker*

February 21, 2007

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

Policy

PORTLAND GENERAL ELECTRIC COMPANY

Rebuttal Testimony

Randy Dahlgren
Jay Tinker

February 21, 2007

I. Introduction

1 **Q. Please state your names and positions?**

2 A. My name is Randy Dahlgren. I am Director of Regulatory Policy and Affairs at PGE.

3 My name is Jay Tinker. I am a Project Manager for PGE. My areas of responsibility
4 include revenue requirement analyses and other regulatory analyses.

5 **Q. Have you previously provided testimony in this docket?**

6 A. We are responsible for PGE Exhibit 100.

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

8 A. We rebut the testimony of Staff, CUB, and ICNU in this proceeding.

9 **Q. Did any of the other parties claim that PGE's opening testimony did not meet the
10 statutory requirements for a deferral?**

11 A. No. The parties did not dispute any of the facts related to the sale of the turbine, claim that
12 we did not meet the statutory requirements, or disagree regarding the Commission policy on
13 unregulated assets in effect at the time of the purchase.

14 **Q. Is the deferral of the turbine costs good public policy?**

15 A. PGE believes that the deferral is good public policy. The intent of the Commission's policy
16 on unregulated assets in effect at the time of the purchase was two-fold: (1) to protect
17 customers from potential losses from unregulated operations and (2) to preserve for
18 investors potential gains from unregulated operations. Granting this deferral allows the
19 Commission to apply this policy in the SB 408 world. Deferring only as much of the cost of
20 the turbine as is necessary to offset the tax effects of its sale at a loss accomplishes both
21 tasks. It protects customers from potential losses and preserves for investors potential gains.
22 We have supported the deferral based on the standards of ORS 757.259 and that approval

1 would result in a better matching of costs and benefits. None of the parties have suggested
2 our assertion is incorrect. Our deferral not only provides symmetric treatment of losses and
3 gains, but customers incur no harm as a result of its granting. Rates will not change.

4 **Q. Do any of the parties disagree with the facts of this case?**

5 A. No. Each party, while agreeing on the facts, maintained that approval of the application
6 would violate ORS 757.268. (SB408) We believe that the interpretation of SB 408 and
7 whether it prevents the Commission from approving the application are legal matters that the
8 parties will address in briefs and that the Commission must decide.

9 **Q. Do you agree with CUB that “distinguishing between unregulated activities
10 commenced before the passage of SB 408 and after would be a procedural rat’s nest?”**

11 A. We disagree. Obviously, PGE would not have filed this application if we had not been able
12 to differentiate the costs and meet the requirements associated with ORS 757.259 which
13 authorizes deferrals. The application concerns a single identifiable transaction involving an
14 asset PGE purchased before enactment of SB 408. We have met the requirements laid out in
15 OAR 860-027-0300 and therefore believe the deferral should be granted.

16 **Q. What was ICNU's primary reason for opposing the application?**

17 A. ICNU says that this issue is a legal one and should be dealt with by the Commission.

18 **Q. Do you agree?**

19 A. Yes. The other parties have raised primarily legal objections to the application, which are
20 most appropriately addressed in legal briefs.

21 **Q. Do you have any response to ICNU's statement that in Interim Order 06-400 at 12 the
22 Commission said it would view deferral applications with a “skeptical eye”?**

1 A. Yes. The Commission has always stated that it will review deferred accounting application
2 with a skeptical eye. This reflects no change in Commission policy. The Commission said
3 it would review deferred accounting applications under the standards set forth in UM 1147
4 and its other deferred accounting orders. The application has met those standards.

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

6 A. Yes.



Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8926 • Facsimile (503) 464-2200

Douglas C. Tingey
Assistant General Counsel

February 21, 2007

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 2148
Salem OR 97308-2148

Re: UM 1271

Attention Filing Center:

Enclosed for filing in the captioned docket is an original and five copies of:

**REBUTTAL TESTIMONY OF RANDY DAHLGREN AND JAY TINKER
(PGE/300 POLICY).**

This document is being filed by electronic mail with the Filing Center.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "D. Tingey", written in a cursive style.

DOUGLAS C. TINGEY

DCT:jbf
Enclosure

cc: Service List-UM 1271

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **REBUTTAL TESTIMONY OF RANDY DAHLGREN AND JAY TINKER (PGE/300 POLICY)** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UM 1271

Dated at Portland, Oregon, this 21st day of February 2007.



DOUGLAS C. TINGEY

UM-1271 Service List

CUB Citizens' Utility Board of Oregon

Lowrey Brown
CUB
610 SW Broadway
Suite 308
Portland OR 97205
Phone:
Fax:
Email Add: lowery@oregoncub.org
Service: Electronic
Confidentiality: No

Jason Eisdorfer
Citizens' Utility Board of Oregon
610 SW Broadway
Suite 308
Portland OR 97205
Phone: (503) 227-1984
Fax: (503) 274-2956
Email Add: jason@oregoncub.org
Service: Electronic
Confidentiality: No

Bob Jenks
Citizens' Utility Board
610 SW Broadway
Suite 308
Portland OR 97205
Phone: (503) 227-1984
Fax: (503) 274-2956
Email Add: bob@oregoncub.org
Service: Electronic
Confidentiality: No

Department of Energy

Jason Jones
Department of Justice
1162 Court St. NE
4th FL
Salem OR 97310
Phone:
Fax:
Email Add: jason.w.jones@state.or.us
Service: US Mail
Confidentiality: No

ICNU Industrial Customers of NW Utilities

Melinda Davison
Attorney
Davison Van Cleve L.P.
333 SW Taylor, Ste. 400
Portland OR 97204
Phone: (503) 241-7242
Fax: (503) 241-8160
Email Add: mail@dvclaw.com
Service: US Mail
Confidentiality: No

Matthew Perkins
Davison Van Cleve PC
333 SW Taylor
Suite 400
Portland OR 97204
Phone:
Fax:
Email Add: mwp@dvclaw.com
Service: Electronic
Confidentiality: No

OPUC Oregon Public Utility Commission

Judy Johnson
Oregon Public Utility Commission
PO Box 2148
Salem OR 97308-2148
Phone: (503) 378-6636
Fax: (503) 373-7752
Email Add: judy.johnson.state.or.us
Service: US Mail
Confidentiality: SPO

PGE Portland General Electric Company

Rates and Regulatory Dept.
PGE
121 SW Salmon St.
1WTC0702
Portland OR 97204
Phone:
Fax:
Email Add: pge.opuc.filings.com
Service: Electronic
Confidentiality: No

UM-1271 Service List

Douglas C. Tingey
Lawyer
Portland General Electric
121 SW Salmon
1WTC1301
Portland OR 97204
Phone: (503) 464-8926
Fax:
Email Add: doug_tingey@pgn.com
Service: Electronic
Confidentiality: No

URP Utility Reform Project

Daniel W. Meek
Attorney at Law
Utility Reform Project
10949 SW Fourth Avenue
Portland OR 97219
Phone: (503) 293-9021
Fax: (503) 293-9099
Email Add: meek@meek.net dan@meek.net
Service: US Mail
Confidentiality: No

Linda K. Williams
Kafoury & McDougal
10266 SW Lancaster Rd
Portland OR 97219
Phone: (503) 293-0399
Fax: (503) 245-2772
Email Add: linda@lindawilliams.net
Service: US Mail
Confidentiality: No
