

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

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In the Matter of the Revised Tariff Schedules	)	<b>PRETRIAL BRIEF OF</b>
for Electric Service in Oregon filed by	)	<b>PORTLAND GENERAL</b>
PORTLAND GENERAL ELECTRIC	)	<b>ELECTRIC COMPANY</b>
COMPANY	)	

This case is Portland General Electric Company's ("PGE") request to revise its tariff schedules pursuant to ORS 757.205 and ORS 757.220. This brief is submitted to meet the requirements of OAR 860-013-075.

**I. DISCUSSION**

This case is about bringing a renewable generating resource into service for customers, and reflecting its costs and benefits in prices. The Biglow Canyon project is a 76 turbine wind project under construction in Sherman County, Oregon. When completed it is expected to have an output of approximately 46 MWa. With this project, PGE has more than met the targets in its most recently Commission acknowledged IRP Final Action Plan. In addition, we are able to bring this renewable generating resource into service with a very small impact on rates: 0.8% overall.

This case is a little unusual for a rate case filing. PGE is only seeking Commission approval of a supplemental tariff that includes the costs and benefits of the Biglow Canyon wind project currently under construction. PGE does not seek re-examination of the issues addressed

in PGE's recently concluded general rate case, UE 180/181/184. To support this filing, however, PGE has provided testimony setting out a 2008 test-year revenue requirement substantially greater than that requested in this filing. We have done that because under current ratemaking rules and practices there is no explicit provision for adjusting a recently adopted revenue requirement for only certain identifiable changes. So, we have taken the conservative route and complied with the rules and regulations regarding a general rate revision. PGE's request, however, is limited to the costs and benefits of the Biglow Canyon wind project.

The income tax true-up required by SB 408 has made the decision to so limit this request more difficult than it previously would have been. As discussed in Lesh/Dahlgren (PGE 100/5) the nature of the true-up provides incentives to file full rate cases more frequently and to include all cost elements in them. We remain hopeful, however, that stakeholders will reach agreement in a way that the Legislature can remove or mitigate this effect during its current session.

Finally, this filing is intended to be a general rate proceeding or other general rate revision under OAR 860-022-0041. The order in this docket will reset the ratios used in the calculation of "taxes authorized to be collected in rates" as used in that rule. The testimony of Schue/Tinker/Tooman (PGE 200) provides this calculation. As PGE stated in UE 180, the Commission should also adjust "taxes in rates" to reflect disallowed items in rate cases. Given the nature of this rate case, however, that issue may not arise in this case.

Attached as Exhibit 1 is the information required by OAR 860-013-075. The revenue requirement shown on that exhibit is the revenue requirement approved in Order 07-015 (UE 180/181/184), plus the approximately \$13 million Biglow Canyon. The revenue requirement numbers use the cost of capital and capital structure approved in Order 07-015. The exhibit also

shows the ratebase increase attributable to the Biglow Canyon project, the results of operation before and after the proposed supplemental tariff, and the effect of the proposed rate change on customer classes.

## II. TESTIMONY

PGE's testimony and exhibits demonstrate that the Commission should approve this Application. The rates and tariffs proposed will result in rates that are just and reasonable. PGE is introducing four pieces of testimony sponsored by the following witnesses:

<u>EXHIBIT NO.</u>	<u>TITLE</u>	<u>WITNESSES</u>
100	Policy	Pamela Lesh and Randy Dahlgren
200	Revenue Requirements	Stephen Schue, Jay Tinker, and Alex Tooman
300	Cost of Capital	Patrick Hager
400	Pricing	Marc Cody

## III. SUMMARY OF TESTIMONY

Exhibit 100. Pamela Lesh and Randy Dahlgren present the opening testimony. They describe PGE's request in this docket to include in a supplemental tariff the costs and benefits of the Biglow Canyon wind project. Ms. Lesh and Mr. Dahlgren explain why PGE does not seek to address the ratemaking decisions this Commission has just made in docket UE 180/181/184 and why PGE has made the filing in the manner it has.

These witnesses also introduce the other pieces of testimony filed in this docket.

Exhibit 200. Stephen Schue, Jay Tinker, and Alex Tooman demonstrate that a 2008 test year overall revenue requirement is \$1.629 billion. These witnesses support all aspects of the revenue requirement. These witnesses also describe the Biglow Canyon project, and provide the

cost and benefits expected from the project. They explain the revenue requirement impacts, and the impacts on the tax ratios to be used for SB 408 after this docket.

Exhibit 300. Patrick Hager addresses the cost of capital and capital structure underlying PGE's request in this docket.

Exhibit 400. Marc Cody testifies on pricing. He provides detail of the proposed supplemental tariff including the impacts on the various rate schedules. The proposed rate change is 0.8% overall.

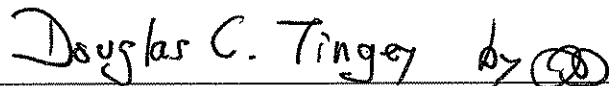
#### IV. REQUEST FOR APPROVALS

PGE requests that the Commission issue an order:

- (1) Approving the requested rate changes; and
- (2) Approving the proposed supplemental tariff;

Dated this 2<sup>nd</sup> day of March, 2007.

Respectfully submitted,

Douglas C. Tingey

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**Exhibit 1**  
Case Summary  
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		Biglow Canyon	
		Supplemental Tariff	
Total Revenue Requirement		1,563,299	
Change in Revenues Requested			
Impact of Biglow		12,959	
Percent Change in Base Revenues Requested		0.8%	
Test Period		2008	
Requested Rate of Return on Capital (Rate Base)		8.29%	
Requested Rate of Return on Common Equity		10.10%	
Proposed Rate Base		2,243,080	
Results of Operation			
A. Before Price Change-UE 180			
Utility Operating Income		166,526	
Average Rate Base		2,008,751	
Rate of Return on Capital		8.29%	
Rate of Return on Common Equity		10.10%	
B. After Price Change			
Utility Operating Income		185,951	
Average Rate Base		2,243,080	
Rate of Return on Capital		8.29%	
Rate of Return on Common Equity		10.10%	
Net Effect of Proposed Price Change			
A. Residential Customers		0.7%	
B. Small Non-residential Customers		0.7%	
C. Large Non-residential Customers		1.0%	
D. Lighting & Signal Customers		0.4%	
Note: Changes in Revenues are on a cycle basis for Cost of Service Customers			