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333 SW Taylor
Portland, OR 97204

June 13, 2007

Via Electronic and US Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY 2008 Annual Power Cost Update Tariff Filing
Docket No. UE 192

Dear Filing Center:

Enclosed please find the following items for filing in the above-referenced proceeding on behalf of the Industrial Customers of Northwest Utilities:

– One original and six (6) copies of the Confidential Direct Testimony of Randall J. Falkenberg; and

– One original and two copies of the Redacted Direct Testimony of Randall J. Falkenberg.

Please return one file-stamped copy of each document in the self-addressed stamped envelope provided. Thank you for your assistance.

Sincerely yours,

/s/ Ruth A. Miller
Ruth A. Miller

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Confidential and Redacted Direct Testimony of Randall J. Falkenberg on behalf of the Industrial Customers of Northwest Utilities upon the parties, on the service list shown below, by causing the same to be deposited in the U.S. Mail, postage-prepaid. Please note that only parties who have executed the protective order in this proceeding, as indicated below, are being provided with the confidential version of the testimony and exhibits. In addition, I have this day served the redacted version of the testimony and exhibits by electronic mail to all parties.

Dated at Portland, Oregon, this 13th day of June, 2007.

/s/ Ruth A. Miller
Ruth A. Miller

DOUGLAS C TINGEY **(C)** PORTLAND GENERAL ELECTRIC 121 SW SALMON 1WTC13 PORTLAND OR 97204 doug.tingey@pgn.com	STEPHANIE S ANDRUS **(C)** DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
MAURY GALBRAITH **(C)** OREGON PUBLIC UTILITY COMMISSION PO BOX 2148 SALEM OR 97308-2148 maury.galbraith@state.or.us	LOWREY R BROWN **(W) (C)** JASON EISDORFER ROBERT JENKS CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY, SUITE 308 PORTLAND OR 97205 lowrey@oregoncub.org jason@oregoncub.org bob@oregoncub.org
RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC 121 SW SALMON ST. 1WTC0702 PORLTNAD OR 97204 pge.opuc.filings@pgn.com	RFI CONSULTING INC **(C)** RANDALL J FALKENBERG PMB 362 8343 ROSWELL ROAD SANDY SPRINGS, GA30350 consultrfi@aol.com

(W) = Waive Paper Service
(C) = Authorized to Receive Confidential Materials

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 192

In the Matter of	)
	)
PORTLAND GENERAL ELECTRIC COMPANY	)
	)
Application for Annual Adjustment to Schedule 125 Under the Terms of the Annual Update Tariff.	)
	)

2008 ANNUAL UPDATE TARIFF

DIRECT TESTIMONY OF

RANDALL J. FALKENBERG

ON BEHALF OF

THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

Redacted Version

June 13, 2007

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Randall J. Falkenberg, PMB 362, 8351 Roswell Road, Sandy Springs, Georgia 30350.

Q. WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A. I am a utility rate and planning consultant holding the position of President and Principal with the firm of RFI Consulting, Inc. ("RFI"). I am appearing in this proceeding as a witness for the Industrial Customers of Northwest Utilities ("ICNU").

Q. PLEASE BRIEFLY DESCRIBE THE NATURE OF THE CONSULTING SERVICES PROVIDED BY RFI.

A. RFI provides consulting services in the electric utility industry. The firm provides expertise in electric restructuring, system planning, load forecasting, financial analysis, cost of service, revenue requirements, rate design, and fuel cost recovery issues.

I. QUALIFICATIONS

Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. Exhibit ICNU/101 describes my education and experience within the utility industry. I have 30 years of experience in the industry. I have worked for utilities, both as an employee and as a consultant, and as a consultant to major corporations, state and federal governmental agencies, and public service commissions. I have been directly involved in a large number of rate cases and regulatory proceedings concerning the economics, rate treatment, and prudence of nuclear and non-nuclear generating plants.

During my employment with EBASCO Services in the late 1970s, I developed probabilistic production cost and reliability models used in studies for 20 utilities. I personally directed a number of marginal and avoided cost studies performed for compliance with the Public Utility Regulatory Policies Act of 1978 ("PURPA"). I also participated in a wide variety of consulting projects in the rate, planning, and forecasting areas.

In 1982, I accepted the position of Senior Consultant with Energy Management Associates ("EMA"). At EMA, I trained and consulted with planners and financial analysts at several utilities using the PROMOD III and PROSCREEN II planning models.

In 1984, I was a founder of J. Kennedy and Associates, Inc. ("Kennedy"). At that firm, I was responsible for consulting engagements in the areas of generation planning, reliability analysis, market price forecasting, stranded cost evaluation, and the rate treatment of new capacity additions. I presented expert testimony on these and other matters in more than 100 cases before the Federal Energy Regulatory Commission ("FERC") and state regulatory commissions and courts in Arkansas, California, Connecticut, Florida, Georgia, Kentucky, Louisiana, Maryland, Michigan, Minnesota, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Utah, West Virginia, Washington, and Wyoming. Included in Exhibit ICNU/101 is a list of my appearances.

In January 2000, I founded RFI Consulting, Inc. with a comparable practice to the one I directed at Kennedy.

Q. HAVE YOU PREVIOUSLY APPEARED IN ANY PROCEEDINGS BEFORE THE OREGON PUBLIC UTILITY COMMISSION?

A. Yes. I filed testimony in many Portland General Electric ("PGE" or "the Company") cases: UE 137 and UE 139 in 2002, UE 149 in 2003, UE 161 in 2004, UE 165/UM 1187, and UE 172 in 2005. In 2006, I filed testimony in Docket Nos. UE 180/181/184 and UM 1234. In those cases, I addressed various issues primarily related to recovery of power costs. I also have filed testimony in several PacifiCorp proceedings in Oregon: UE 111, UE 116, UM 995, UE 134, UM 1050, UE 170 and UE 179. In those cases, I addressed issues primarily related to power cost recovery.

II. INTRODUCTION AND SUMMARY

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. ICNU has asked me to examine PGE's proposed Schedule 125 update for 2008. I have identified certain problems in the PGE Monet study that overstate the Company's projected power costs, and, consequently, the rates computed under Schedule 125.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. I have concluded as follows:

1. PGE includes two capacity tolling contracts ("Super Peak" and "Cold Snap") that produce no benefits in Monet. In UE 180, the Commission imputed the extrinsic value of such contracts as a credit to power costs. While PGE has imputed the extrinsic value for the Super Peak contract in this proceeding, it did not do so for the Cold Snap contract. I recommend that the Commission impute additional extrinsic value to the Cold Snap contract in an amount equal to the demand charge of the agreement, in accordance with Order No. 07-015.

2. Schedule 125 limits cost updates to a few specific items, including projected loads, outage rates, and power and fuel costs. PGE, however,

> has updated numerous additional costs including coal car depreciation, certain taxes and other ineligible costs. Removing these cost updates reduces PGE's requested increase by approximately $0.2 million.

III. NET VARIABLE POWER COST ISSUES

Q. WHAT ARE "NET VARIABLE POWER COSTS" AND WHY ARE THEY IMPORTANT TO THIS PROCEEDING?

A. Net variable power costs ("NVPC") are the variable production costs related to fuel and purchased power expenses, net of power sales revenue. In the context of this case, NVPC is estimated using PGE's Monet production cost model. Based on the Commission decision in UE 180 (Order No. 07-015), PGE is allowed to update Schedule 125 each year. According to the tariff, updates are limited to the following:

- Forced outage rates based on the four-year rolling average
- Projected planned plant outages
- Forward market prices for both gas and electricity
- Projected loads
- Contracts for the purchase and sale of electric power and fuel
- Changes in hedges, options, and other financial instruments used to serve retail load
- Transportation contracts

Schedule 125, Original Sheet No. 125-1.

Q. WHAT INFORMATION, DOCUMENTS, AND DATA DID YOU REVIEW IN ORDER TO ANALYZE PGE'S POWER COSTS?

A. I read PGE's direct testimony and discovery responses and examined the modeling assumptions used in PGE's Monet power cost model in order to make recommendations regarding the proper level of net variable power costs for 2008.

Q. HAS PGE PRESENTED ITS FINAL MONET RUN IN THIS CASE?

A. Not yet. The Company plans to continue to perform Monet updates as additional information becomes available. The changes I recommend to Monet should be made by the time of the Company's final Monet run.

<u>Capacity Tolling Contracts</u>

Q. WHAT IS A CAPACITY TOLLING CONTRACT?

A. These are contracts that function like a spark spread option contract. They allow PGE the right to obtain additional energy when the market price for energy exceeds the price of gas-fired energy at a specific heat rate.

Q. CAN YOU PROVIDE AN EXAMPLE THAT ILLUSTRATES HOW SUCH CONTRACTS OPERATE?

A. Yes. In this example, I am using only hypothetical numbers. In such a contract, pricing for energy is based on a gas index, heat rate, exercise price, and demand charge. Assume, for example, a heat rate of 10.0 MBTU/kWh and exercise price of $1/MWh, the gas price index at $5.00, and a monthly demand charge of $1.00/kW.

In this example, the demand charge is irrelevant to the decision to obtain the energy allowed under the contract. The "strike price" in this example would be as follows:

(Gas Price Index) times (Heat Rate) plus Exercise Price; or

5.00*10+1 = $51/MWh.

Consequently, if power prices exceed $51/MWh, it makes sense to exercise the option because it would provide energy cheaper than the market. However, this does not mean that every time market prices exceed $51/MWh, the contract would be "in the money." If gas prices were $6.00, the market price would have to exceed $61/MWh for the contract to be "in the money."

Q. DOES PGE INCLUDE ANY CAPACITY TOLLING CONTRACTS IN MONET?

A. Yes. PGE has two capacity tolling agreements included in its Monet study. The demand charges ($3.1 million in 2008) of these contracts are reflected in Monet; however, the contracts are never "in the money" based on PGE's 2008 gas and power price assumptions. Thus, these contracts never dispatch in the model. As a result, these contracts add a "dead weight" cost to the model, with no offsetting benefits for ratepayers.

Q. WHEN DID PGE FIRST INCLUDE THESE CONTRACTS IN MONET?

A. They were first included in the November 2004 update for RVM 2005. In that case, the Staff opposed their inclusion in Monet and filed a request for a pre-hearing conference.

Q. ICNU HAS RAISED THIS ISSUE IN PRIOR CASES. HAS THE COMMISSION ADDRESSED THIS ISSUE PREVIOUSLY?

A. Yes. In UE 180, the Commission agreed adjustments were warranted for these contracts:

> We agree that the costs of the contracts should be included in PGE's test year power costs. The contracts assure supply for peak loads and emergency events, and therefore provide service to customers. For this reason, we include both contracts in rates. However, even though we reject an overall extrinsic value adjustment for PGE's resources, *we believe the extrinsic value of these two contracts should be recognized in test year power costs.* The Super Peak and Cold Snap contracts can be distinguished from the Company's other resources because they do not dispatch at all in the MONET run used to estimate test year power costs. Without an extrinsic value adjustment, customer rates would include all of the costs, and none of the

> benefits of the contracts. The record contains evidence on the extrinsic value of the Super Peak contract, but not the Cold Snap contract. Therefore, we accept ICNU's alternative proposal to include the extrinsic value of the Super Peak contract in rates, and adjust PGE's proposed test year power costs by $1.4 million.

Re PGE, OPUC Docket No. UE 180/UE 181/UE 84, Order No. Order 07-015 at 13 (Jan. 12, 2007) (emphasis added).

Q. HAS PGE INCLUDED THE EXTRINSIC VALUE OF THESE CONTRACTS IN NVPC, AS THE OPUC CALLED FOR IN UE 180?

A. No. PGE included the extrinsic value of the Super Peak contract but did not include the extrinsic value of the Cold Snap contract. The Commission found in UE 180 that "the extrinsic value of these two contracts should be recognized in test year power costs," but the OPUC did not adopt an adjustment for the Cold Snap contract because there was no suitable evidence in the record to demonstrate the contract's extrinsic value. PGE has not included the extrinsic value of the Cold Snap contract in NVPC in this case, despite the Commission's prior statement that the extrinsic value is the appropriate value to include in test year power costs. As a result, I will provide an extrinsic value estimate for the Cold Snap contract, comparable to the estimate adopted by the Commission for the Super Peak contract.

Q. CAN YOU EXPLAIN WHY THERE WAS NO EXTRINSIC VALUE ADJUSTMENT FOR THE COLD SNAP CONTRACT IN UE 180?

A. ICNU requested in UE 180 that the Company provide a copy of any studies used to determine the extrinsic value for the contract.[1/] PGE objected to ICNU's data request, referred ICNU to the Company's Request for proposal scoring analysis of

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[1/] See Docket No. UE 180, ICNU Data Request Nos. 2.20 and 8.123.

the Cold Snap contract, and no extrinsic value study was provided. However, the Company did ultimately provide such a study for the Super Peak contract. Consequently, it seems probable that no study was performed for Cold Snap.

Q. HOW HAVE YOU DETERMINED THE EXTRINSIC VALUE FOR THE COLD SNAP CONTRACT?

A. I used the model and data that PGE used to determine the extrinsic value for the Super Peak contract and adjusted the inputs to reflect the Cold Snap contract. This was used to develop historical spreads between gas and power at the Cold Snap heat rate for the months when the contract was available. These spreads were then adjusted to reflect the market prices expected at the time the contracts were being negotiated.[2/] The calculation developed daily extrinsic values based on the spreads that would have been expected during the negotiation period. The data utilized spanned the period from 1997-2001 and a daily average extrinsic value was then calculated from the spreads for that period. This was then used to compute a monthly demand charge for the contract based on expected conditions for 2008.

Q. WHAT IS THE RESULT OF YOUR EXTRINSIC VALUE ANALYSIS?

A. Confidential Exhibit ICNU/102 shows the extrinsic value of the Cold Snap contract for the 2008 test year. The amount computed is substantially greater than the demand charge for the Cold Snap contract. If the full extrinsic value of the Cold Snap contract were imputed, as the OPUC did for the Super Peak contract in

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[2/] Both contracts were first introduced into Monet in the November 2004 Monet update (RVM 2005). As a result, it stands to reason both were negotiated around the same time. If the Cold Snap contract was negotiated substantially prior to the Super Peak, one would assume that the Company would have provided information regarding the contract to Staff and Parties earlier in the RVM 2005 proceeding.

UE 180, customers would be given a credit larger than the cost of the contract, placing them at an unfair advantage vis-à-vis the Company. As a result, I recommend the Commission make an extrinsic value adjustment, but limit it to the value of the Cold Snap demand charges.

Q. IS THERE ANY OTHER EVIDENCE CONCERNING THE EXTRINSIC VALUE OF COLD SNAP THAT COMMISSION SHOULD CONSIDER?

A. Yes. As part of the response to ICNU data request 8.123 in UE 180, the Company provided extrinsic value studies for the Super Peak contract and two other contracts under consideration. All three of these analyses show an extrinsic value in excess of the Cold Snap demand charge. Further, one of these contract offers had a heat rate equal to the Cold Snap contract, but offered power during months that were less likely to produce extrinsic value than the Cold Snap contract. My analysis of the extrinsic value issue using this additional information supports the conclusion that the extrinsic value of the Cold Snap contract exceeds the contract demand charge.

Finally, it seems clear that the extrinsic value of the Cold Snap contract must have been assumed to be greater than the contract demand charges because under PGE's assumptions at the time the contract was negotiated, the contract would not have been expected to be "in the money." Furthermore, PGE acknowledged in its response to ICNU Data Request 8.126 in UE 180 that it did not expect Cold Snap to dispatch frequently when it originally considered the contracts. Unless extrinsic value was considered, the contract could not have been a prudent resource selection.

Ineligible Costs

Q. HAS PGE ATTEMPTED TO MAKE UPDATES TO COSTS NOT ELIGIBLE FOR UPDATE UNDER SCHEDULE 125?

A. Yes. In UE 180, PGE included a number of non-fuel costs in establishing the net power cost base: Boardman Rail Car Mileage Tax, Boardman Coal Sampling, Boardman Rail Car Lease, Boardman Rail Car Maintenance, Boardman Trainset Storage Fee, and Boardman Coal Car Depreciation.[3/] While these are legitimate ratemaking expenses, they are not among the costs listed above that are eligible for update under Schedule 125. The only categories of cost similar to these eligible for update are contracts for the purchase and sale of electric power and fuel, and transportation contracts. Effectively, PGE seeks to include $173,000 in cost escalation for these items, which are obviously not fuel costs or transportation contracts.

Q. WHY SHOULD THE COMMISSION NOT ALLOW ESCALATION OF THESE COSTS TO BE INCLUDED IN THE ANNUAL UPDATE TARIFF AND THE ANNUAL VARIANCE TARIFF?

A. There are three reasons. First, costs not listed on the tariff simply are not eligible for an update. PGE could just as well include salaries of fuel purchasing, or coal handling, personnel. Simply because a cost is *related* to fuel or the transportation of fuel does not mean that any and all escalation of those costs should be included in these tariffs.

Second, as I understand it, the argument for creation of the Annual Update Tariff and the Annual Variance Tariff was to afford the Company the opportunity

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[3/] Two other non-variable costs were included by the Company: Colstrip fixed fuel costs, and railcar lease expense. Arguably these costs are either fuel contract costs, or fuel transportation contract costs. Thus, they are eligible for inclusion in the update.

to recovery highly volatile variable costs. These costs are largely fixed and should not be considered as highly volatile.

Finally, the overall level of the increase in these costs is 10%. This hardly seems reasonable and has not been justified by the Company. Most of this increase (88%) is due to an increase in Boardman coal car depreciation. These costs increased by 19% for 2008. This increase in depreciation expense (even if somehow justifiable) is not the kind of power cost variance discussed by the Company in its testimony in UE 180, which supported the institution of the annual update tariff. I fear that the Company is simply using these accounts as a source of new revenue, and I recommend the Commission disallow these increases in cost. Furthermore, if the Commission allows PGE to update costs not specifically authorized to be updated in Schedule 125, it becomes a slippery slope in which it is unclear where it should be cut off. What is clear, however, is that impermissible cost updates harm customers.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 192

In the Matter of	)
	)
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ICNU/101

QUALIFICATIONS OF RANDALL J. FALKENBERG

June 13, 2007

QUALIFICATIONS OF RANDALL J. FALKENBERG, PRESIDENT

EDUCATIONAL BACKGROUND

I received my Bachelor of Science degree with Honors in Physics and a minor in mathematics from Indiana University. I received a Master of Science degree in Physics from the University of Minnesota. My thesis research was in nuclear theory. At Minnesota I also did graduate work in engineering economics and econometrics. I have completed advanced study in power system reliability analysis.

PROFESSIONAL EXPERIENCE

After graduating from the University of Minnesota in 1977, I was employed by Minnesota Power as a Rate Engineer. I designed and coordinated the Company's first load research program. I also performed load studies used in cost-of-service studies and assisted in rate design activities.

In 1978, I accepted the position of Research Analyst in the Marketing and Rates department of Puget Sound Power and Light Company. In that position, I prepared the two-year sales and revenue forecasts used in the Company's budgeting activities and developed methods to perform both near- and long-term load forecasting studies.

In 1979, I accepted the position of Consultant in the Utility Rate Department of Ebasco Service Inc. In 1980, I was promoted to Senior Consultant in the Energy Management Services Department. At Ebasco I performed and assisted in numerous studies in the areas of cost of service, load research, and utility planning. In particular, I was involved in studies concerning analysis of excess capacity, evaluation of the planning activities of a major utility on behalf of its public service commission, development of a methodology for computing avoided costs and cogeneration rates, long-term electricity price forecasts, and cost allocation studies.

At Ebasco, I specialized in the development of computer models used to simulate utility production costs, system reliability, and load patterns. I was the principal author of production costing software used by eighteen utility clients and public service commissions for evaluation of marginal costs, avoided costs and production costing analysis. I assisted over a dozen utilities in the performance of marginal and avoided cost studies related to the PURPA of 1978. In this capacity, I worked with utility planners and rate specialists in quantifying the rate and cost impact of generation expansion alternatives. This activity included estimating carrying costs, O&M expenses, and capital cost estimates for future generation.

In 1982 I accepted the position of Senior Consultant with Energy Management Associates, Inc. and was promoted to Lead Consultant in June 1983. At EMA I trained and consulted with planners and financial analysts at several utilities in applications of the PROMOD and PROSCREEN planning models. I assisted planners in applications of these models to the preparation of studies evaluating the revenue requirements and financial impact of generation expansion alternatives, alternate load growth patterns and alternate regulatory

QUALIFICATIONS OF RANDALL J. FALKENBERG, PRESIDENT

treatments of new baseload generation. I also assisted in EMA's educational seminars where utility personnel were trained in aspects of production cost modeling and other modern techniques of generation planning.

I became a Principal in Kennedy and Associates in 1984. Since then I have performed numerous economic studies and analyses of the expansion plans of several utilities. I have testified on several occasions regarding plant cancellation, power system reliability, phase-in of new generating plants, and the proper rate treatment of new generating capacity. In addition, I have been involved in many projects over the past several years concerning the modeling of market prices in various regional power markets.

In January 2000, I founded RFI Consulting, Inc. whose practice is comparable to that of my former firm, J. Kennedy and Associates, Inc.

The testimony that I present is based on widely accepted industry standard techniques and methodologies, and unless otherwise noted relies upon information obtained in discovery or other publicly available information sources of the type frequently cited and relied upon by electric utility industry experts. All of the analyses that I perform are consistent with my education, training and experience in the utility industry. Should the source of any information presented in my testimony be unclear to the reader, it will be provided it upon request by calling me at 770-379-0505.

PAPERS AND PRESENTATIONS

Mid-America Regulatory Commissioners Conference - June 1984: "Nuclear Plant Rate Shock - Is Phase-In the Answer"

Electric Consumers Resource Council - Annual Seminar, September 1986: "Rate Shock, Excess Capacity and Phase-in"

The Metallurgical Society - Annual Convention, February 1987: "The Impact of Electric Pricing Trends on the Aluminum Industry"

Public Utilities Fortnightly - "Future Electricity Supply Adequacy: The Sky Is Not Falling" What Others Think, January 5, 1989 Issue

Public Utilities Fortnightly - "PoolCo and Market Dominance", December 1995 Issue

APPEARANCES

3/84	8924	KY	Airco Carbide	Louisville Gas & Electric	CWIP in rate base.

Expert Testimony Appearances
of
Randall J. Falkenberg

Date	Case	Jurisdict.	Party	Utility	Subject
5/84	830470-EI	FL	Florida Industrial Power Users Group	Fla. Power Corp.	Phase-in of coal unit, fuel savings basis, cost allocation.
10/84	89-07-R	CT	Connecticut Ind. Energy Consumers	Connecticut Light & Power	Excess capacity.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Phase-in of nuclear unit.
2/85	I-840381	PA	Phila. Area Ind. Energy Users' Group	Philadelphia Electric Co.	Economics of cancellation of nuclear generating units.
3/85	Case No. 9243	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Economics of cancelling fossil generating units.
3/85	R-842632	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Economics of pumped storage generating units, optimal res. margin, excess capacity.
3/85	3498-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Nuclear unit cancellation, load and energy forecasting, generation economics.
5/85	84-768-E-42T	WV	West Virginia Multiple Intervenors	Monongahela Power Co.	Economics - pumped storage generating units, reserve margin, excess capacity.
7/85	E-7, SUB 391	NC	Carolina Industrial Group for Fair Utility Rates	Duke Power Co.	Nuclear economics, fuel cost projections.
7/85	9299	KY	Kentucky Industrial Utility Consumers	Union Light, Heat & Power Co.	Interruptible rate design.
8/85	84-249-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Prudence review.
1/86	85-09-12	CT	Connecticut Ind. Energy Consumers	Connecticut Light & Power Co.	Excess capacity, financial impact of phase-in nuclear plant.
1/86	R-850152	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Phase-in and economics of nuclear plant.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power	Optimal reserve margins, prudence, off-system sales guarantee plan.
5/86	86-081-E-GI	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Generation planning study, economics prudence of a pumped storage hydroelectric unit.
5/86	3554-U	GA	Attorney General & Georgia Public Service Commission Staff	Georgia Power Co.	Cancellation of nuclear plant.
9/86	29327/28	NY	Occidental Chemical Corp.	Niagara Mohawk Power Co.	Avoided cost, production cost models.
9/86	E7-Sub 408	NC	NC Industrial Energy Committee	Duke Power Co.	Incentive fuel adjustment clause.

Expert Testimony Appearances
of
Randall J. Falkenberg

Date	Case	Jurisdict.	Party	Utility	Subject
12/86	9437/ 613	KY	Attorney General of Kentucky	Big Rivers Elect. Corp.	Power system reliability analysis, rate treatment of excess capacity.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power	Economics and rate treatment of Bath County pumped storage County Pumped Storage Plant.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend Nuclear Plant.
6/87	PUC-87-013-RD E002/E-015 -PA-86-722	MN	Eveleth Mines & USX Corp.	Minnesota Power/ Northern States	Sale of generating unit and reliability Power requirements.
7/87	Docket 9885	KY	Attorney General of Kentucky	Big Rivers Elec. Corp.	Financial workout plan for Big Rivers.
8/87	3673-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Nuclear plant prudence audit, Vogtle buyback expenses.
10/87	R-850220	PA	WPP Industrial Intervenors	West Penn Power	Need for power and economics, County Pumped Storage Plant
10/87	870220-EI	FL	Occidental Chemical	Fla. Power Corp.	Cost allocation methods and interruptible rate design.
10/87	870220-EI	FL	Occidental Chemical	Fla. Power Corp.	Nuclear plant performance.
1/88	Case No. 9934	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Review of the current status of Trimble County Unit 1.
3/88	870189-EI	FL	Occidental Chemical Corp.	Fla. Power Corp.	Methodology for evaluating interruptible load.
5/88	Case No. 10217	KY	National Southwire Aluminum Co., ALCAN Alum Co.	Big Rivers Elec. Corp.	Debt restructuring agreement.
7/88	Case No. 325224	LA Div. I 19th Judicial District	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend Nuclear Plant.
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Weather normalization gas sales and revenues.
10/88	3799-U	GA	Georgia Public Service Commission Staff	United Cities Gas Co.	Weather normalization of gas sales and revenues.
12/88	88-171-EL-AIR 88-170-EL-AIR	OH OH	Ohio Industrial Energy Consumers	Toledo Edison Co., Cleveland Electric Illuminating Co.	Power system reliability reserve margin.
1/89	I-880052	PA	Philadelphia Area Industrial Energy	Philadelphia Electric Co.	Nuclear plant outage, replacement fuel cost

**Expert Testimony Appearances
of
Randall J. Falkenberg**

Date	Case	Jurisdict.	Party	Utility	Subject
			Users' Group		recovery.
2/89	10300	KY	Green River Steel K	Kentucky Util.	Contract termination clause and interruptible rates.
3/89	P-870216 283/284/286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power	Reserve margin, avoided costs.
5/89	3741-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Prudence of fuel procurement.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Need and economics coal & nuclear capacity, power system planning.
10/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Power system planning, economic and reliability analysis, nuclear planning, prudence.
10/89	89-128-U	AR	Arkansas Electric Energy Consumers	Arkansas Power Light Co.	Economic impact of asset transfer and stipulation and settlement agreement.
11/89	R-891364	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Sale/leaseback nuclear plant, excess capacity, phase-in delay imprudence.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Sale/leaseback nuclear power plant.
4/90	89-1001-EL-AIR	OH	Industrial Energy Consumers	Ohio Edison Co.	Power supply reliability, excess capacity adjustment.
4/90	N/A	N.O.	New Orleans Business Counsel	New Orleans Public Service Co.	Municipalization of investor-owned utility, generation planning & reliability
7/90	3723-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Weather normalization adjustment rider.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Revenue requirements gas & electric, CWIP in rate base.
9/90	90-158	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Power system planning study.
12/90	U-9346	MI	Association of Businesses Advocating Tariff Equity (ABATE)	Consumers Power	DSM Policy Issues.
5/91	3979-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	DSM, load forecasting and IRP.
7/91	9945	TX	Office of Public Utility Counsel	El Paso Electric Co.	Power system planning, quantification of damages of imprudence, environmental cost of electricity
8/91	4007-U	GA	Georgia Public Service Commission	Georgia Power Co.	Integrated resource planning, regulatory risk assessment.

Expert Testimony Appearances
of
Randall J. Falkenberg

Date	Case	Jurisdict.	Party	Utility	Subject
			Staff		
11/91	10200	TX	Office of Public	Texas-New Mexico Utility Counsel	Imprudence disallowance. Power Co.
12/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Year-end sales and customer adjustment, jurisdictional allocation.
1/92	89-783-E-C	WVA	West Virginia Energy Users Group	Monongahela Power Co.	Avoided cost, reserve margin, power plant economics.
3/92	91-370	KY	Newport Steel Co.	Union Light, Heat & Power Co.	Interruptible rates, design, cost allocation.
5/92	91890	FL	Occidental Chemical Corp.	Fla. Power Corp.	Incentive regulation, jurisdictional separation, interruptible rate design.
6/92	4131-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Integrated resource planning, DSM.
9/92	920324	FL	Florida Industrial Power Users Group	Tampa Electric Co.	Cost allocation, interruptible rates decoupling and DSM.
10/92	4132-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Residential conservation program certification.
10/92	11000	TX	Office of Public Utility Counsel	Houston Lighting and Power Co.	Certification of utility cogeneration project.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Entergy/Gulf States Utilities (Direct)	Production cost savings from merger.
11/92	8469	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, revenue distribution.
11/92	920606	FL	Florida Industrial Power Users Group	Statewide Rulemaking	Decoupling, demand-side management, conservation, Performance incentives.
12/92	R-009 22378	PA	Armco Advanced Materials	West Penn Power	Energy allocation of production costs.
1/93	8179	MD	Eastalco Aluminum/ Westvaco Corp.	Potomac Edison Co.	Economics of QF vs. combined cycle power plant.
2/93	92-E-0814 88-E-081	NY	Occidental Chemical Corp.	Niagara Mohawk Power Corp.	Special rates, wheeling.
3/93	U-19904	LA	Louisiana Public Service Commission Staff	Entergy/Gulf States Utilities (Surrebuttal)	Production cost savings from merger.
4/93	EC92 21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	GSU Merger prodcution cost savings
6/93	930055-EU	FL	Florida Industrial Power Users' Group	Statewide Rulemaking	Stockholder incentives for off-system sales.
9/93	92-490, 92-490A,	KY	Kentucky Industrial Utility Customers	Big Rivers Elec. Corp.	Prudence of fuel procurement decisions.

**Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
	90-360-C		& Attorney General		
9/93	4152-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Cost allocation of pollution control equipment.
4/94	E-015/ GR-94-001	MN	Large Power Intervenors	Minn. Power Co.	Analysis of revenue req. and cost allocation issues.
4/94	93-465	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Review and critique proposed environmental surcharge.
4/94	4895-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co	Purchased power agreement and fuel adjustment clause.
4/94	E-015/ GR-94-001	MN	Large Power Intervenors	Minnesota Power Light Co.	Rev. requirements, incentive compensation.
7/94	94-0035- E-42T	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue annualization, ROE performance bonus, and cost allocation.
8/94	8652	MD	Westvaco Corp.	Potomac Edison Co.	Revenue requirements, ROE performance bonus, and revenue distribution.
1/95	94-332	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Company	Environmental surcharge.
1/95	94-996- EL-AIR	OH	Industrial Energy Users of Ohio	Ohio Power Company	Cost-of-service, rate design, demand allocation of power
3/95	E999-CI	MN	Large Power Intervenor	Minnesota Public Utilities Comm.	Environmental Costs Of electricity
4/95	95-060	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Company	Six month review of CAAA surcharge.
11/95	I-940032	PA	The Industrial Energy Consumers of Pennsylvania	Statewide - all utilities	Direct Access vs. Poolco, market power.
11/95	95-455	KY	Kentucky Industrial	Kentucky Utilities	Clean Air Act Surcharge,
12/95	95-455	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Company	Clean Air Act Compliance Surcharge.
6/96	960409-EI	FL	Florida Industrial Power Users Group	Tampa Electric Co.	Polk County Power Plant Rate Treatment Issues.
3/97	R-973877	PA	PAIEUG.	PECO Energy	Stranded Costs & Market Prices.
3/97	970096-EQ	FL	FIPUG	Fla. Power Corp.	Buyout of QF Contract
6/97	R-973593	PA	PAIEUG	PECO Energy	Market Prices, Stranded Cost
7/97	R-973594	PA	PPLICA	PP&L	Market Prices, Stranded Cost
8/97	96-360-U	AR	AEEC	Entergy Ark. Inc.	Market Prices and Stranded Costs, Cost Allocation, Rate Design
10/97	6739-U	GA	GPSC Staff	Georgia Power	Planning Prudence of Pumped Storage Power Plant

**Expert Testimony Appearances
of
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Date	Case	Jurisdict.	Party	Utility	Subject
10/97	R-974008 R-974009	PA	MIEUG PICA	Metropolitan Ed. PENELEC	Market Prices, Stranded Costs
11/97	R-973981	PA	WPII	West Penn Power	Market Prices, Stranded Costs
11/97	R-974104	PA	DII	Duquesne Light Co.	Market Prices, Stranded Costs
2/98	APSC 97451 97452 97454	AR	AEEC	Generic Docket	Regulated vs. Market Rates, Rate Unbundling, Timetable for Competition.
7/98	APSC 87-166	AR	AEEC	Entergy Ark. Inc.	Nuclear decommissioning cost estimates & rate treatment.
9/98	97-035-01	UT	DPS and CCS	PacifiCorp	Net Power Cost Stipulation, Production Cost Model Audit
12/98	19270	TX	OPC	HL&P	Reliability, Load Forecasting
4/99	19512	TX	OPC	SPS	Fuel Reconciliation
4/99	99-02-05	CT	CIEC	CL&P	Stranded Costs, Market Prices
4/99	99-03-04	CT	CIEC	UI	Stranded Costs, Market Prices
6/99	20290	TX	OPC	CP&L	Fuel Reconciliation
7/99	99-03-36	CT	CIEC	CL&P	Interim Nuclear Recovery
7/99	98-0453	WV	WVEUG	AEP & APS	Stranded Costs, Market Prices
12/99	21111	TX	OPC	EGSI	Fuel Reconciliation
2/00	99-035-01	UT	CCS	PacifiCorp	Net Power Costs, Production Cost Modeling Issues
5/00	99-1658	OH	AK Steel	CG&E	Stranded Costs, Market Prices
6/00	UE-111	OR	ICNU	PacifiCorp	Net Power Costs, Production Cost Modeling Issues
9/00	22355	TX	OPC	Reliant Energy	Stranded cost
10/00	22350	TX	OPC	TXU Electric	Stranded cost
10/00	99-263-U	AR	Tyson Foods	SW Elec. Coop	Cost of Service
12/00	99-250-U	AR	Tyson Foods	Ozarks Elec. Coop	Cost of Service
01/01	00-099-U	AR	Tyson Foods	SWEPCO	Rate Unbundling
02/01	99-255-U	AR	Tyson Foods	Ark. Valley Coop	Rate Unbundling
03/01	UE-116	OR	ICNU	PacifiCorp	Net Power Costs
6/01	01-035-01	UT	DPS and CCS	PacifiCorp	Net Power Costs
7/01	A.01-03-026	CA	Roseburg FP	PacifiCorp	Net Power Costs
7/01	23550	TX	OPC	EGSI	Fuel Reconciliation
7/01	23950	TX	OPC	Reliant Energy	Price to beat fuel factor

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
8/01	24195	TX	OPC	CP&L	Price to beat fuel factor
8/01	24335	TX	OPC	WTU	Price to beat fuel factor
9/01	24449	TX	OPC	SWEPCO	Price to beat fuel factor
10/01	20000-EP 01-167	WY	WIEC	PacifiCorp	Power Cost Adjustment Excess Power Costs
2/02	UM-995	OR	ICNU	PacifiCorp	Cost of Hydro Deficit
2/02	00-01-37	UT Plant	CCS	PacifiCorp	Certification of Peaking
4/02	00-035-23	UT	CCS	PacifiCorp	Cost of Plant Outage, Excess Power Cost Stipulation.
4/02	01-084/296	AR	AEEC	Entergy Arkansas	Recovery of Ice Storm Costs
5/02	25802	TX	OPC	TXU Energy	Escalation of Fuel Factor
5/02	25840	TX	OPC	Reliant Energy	Escalation of Fuel Factor
5/02	25873	TX	OPC	Mutual Energy CPL	Escalation of Fuel Factor
5/02	25874	TX	OPC	Mutual Energy WTU	Escalation of Fuel Factor
5/02	25885	TX	OPC	First Choice	Escalation of Fuel Factor
7/02	UE-139	OR	ICNU	Portland General	Power Cost Modeling
8/02	UE-137	OP	ICNU	Portland General	Power Cost Adjustment Clause
10/02	RPU-02-03	IA	Maytag, et al	Interstate P&L	Hourly Cost of Service Model
11/02	20000-Er 02-184	WY	WIEC	PacifiCorp	Net Power Costs, Deferred Excess Power Cost
12/02	26933	TX	OPC	Reliant Energy	Escalation of Fuel Factor
12/02	26195	TX	OPC	Centerpoint Energy	Fuel Reconciliation
1/03	27167	TX	OPC	First Choice	Escalation of Fuel Factor
1/03	UE-134	OR	ICNU	PacifiCorp	West Valley CT Lease payment
1/03	27167	TX	OPC	First Choice	Escalation of Fuel Factor
1/03	26186	TX	OPC	SPS	Fuel Reconciliation
2/03	UE-02417	WA	ICNU	PacifiCorp	Rate Plan Stipulation, Deferred Power Costs
2/03	27320	TX	OPC	Reliant Energy	Escalation of Fuel Factor
2/03	27281	TX	OPC	TXU Energy	Escalation of Fuel Factor
2/03	27376	TX	OPC	CPL Retail Energy	Escalation of Fuel Factor
2/03	27377	TX	OPC	WTU Retail Energy	Escalation of Fuel Factor
3/03	27390	TX	OPC	First Choice	Escalation of Fuel Factor
4/03	27511	TX	OPC	First Choice	Escalation of Fuel Factor
4/03	27035	TX	OPC	AEP Texas Central	Fuel Reconciliation

Expert Testimony Appearances
of
Randall J. Falkenberg

Date	Case	Jurisdict.	Party	Utility	Subject
05/03	03-028-U	AR	AEEC	Entergy Ark., Inc.	Power Sales Transaction
7/03	UE-149	OR	ICNU	Portland General	Power Cost Modeling
8/03	28191	TX	OPC	TXU Energy	Escalation of Fuel Factor
11/03	20000-ER -03-198	WY	WIEC	PacifiCorp	Net Power Costs
2/04	03-035-29	UT	CCS	PacifiCorp	Certification of CCCT Power Plant, RFP and Bid Evaluation
6/04	29526	TX	OPC	Centerpoint	Stranded cost true-up.
6/04	UE-161	OR	ICNU	Portland General	Power Cost Modeling
7/04	UM-1050	OR	ICNU	PacifiCorp	Jurisdictional Allocation
10/04	15392-U 15392-U	GA	Calpine	Georgia Power/ SEPCO	Fair Market Value of Combined Cycle Power Plant
12/04	04-035-42	UT	CCS		PacifiCorp Net power costs
02/05	UE-165	OP	ICNU	Portland General	Hydro Adjustment Clause
05/05	UE-170	OR	ICNU	PacifiCorp	Power Cost Modeling
7/05	UE-172	OR	ICNU	Portland General	Power Cost Modeling
08/05	UE-173	OR	ICNU	PacifiCorp	Power Cost Adjustment
8/05	UE-050482	WA	ICNU	Avista	Power Cost modeling, Energy Recovery Mechanism
8/05	31056	TX	OPC	AEP Texas Central	Stranded cost true-up.
11/05	UE-05684	WA	ICNU	PacifiCorp	Power Cost modeling, Jurisdictional Allocation, PCA
2/06	05-116-U	AR	AEEC	Entergy Arkansas	Fuel Cost Recovery
4/06	UE-060181	WA	ICNU	Avista	Energy Cost Recovery Mechanism
5/06	22403-U	GA	GPSC Staff	Georgia Power	Fuel Cost Recovery Audit
6/06	UM 1234	OR	ICNU	Portland General	Deferral of outage costs
6/06	UE 179	OR	ICNU	PacifiCorp	Power Costs, PCAM
7/06	UE 180	OR	ICNU	Portland General	Power Cost Modeling, PCAM
12/06	32766	TX	OPC	SPS	Fuel Reconciliation
1/07	23540-U	GA	GPSC Staff	Georgia Power	Fuel Cost Recovery Audit
2/07	06-101-U	AR	AEEC	Entergy Arkansas	Cost Allocation and Recovery
2/07	UE-061546	WA	ICNU/Public Counsel	PacifiCorp	Power Cost Modeling, Jurisdictional Allocation, PCA
2/07	32710	TX	OPC	EGSI	Fuel Reconciliation

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 192

In the Matter of	)
	)
PORTLAND GENERAL ELECTRIC COMPANY	)
	)
Application for Annual Adjustment to Schedule 125 Under the Terms of the Annual Update Tariff.	)

ICNU/102

EXPECTED EXTRINSIC VALUE COLD SNAP CONTRACT

CONFIDENTIAL SUBJECT TO
GENERAL PROTECTIVE ORDER

June 13, 2007