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June 29, 2005

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**VIA ELECTRONIC FILING**

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: Second Partial Stipulation  
Docket UE 170**

Enclosed for filing is the Second Partial Stipulation in the above-referenced docket. A copy of this filing was served on all parties to this proceeding as indicated on the attached service list.

Very truly yours,

A handwritten signature in black ink, appearing to read "Katherine A. McDowell", written over a horizontal line.

Katherine A. McDowell

KAM:knp  
Enclosure  
cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 170

In the Matter of PACIFIC POWER &  
LIGHT (d/b/a PacifiCorp) Request for a  
General Rate Increase in the Company's  
Oregon Annual Revenues

**SECOND PARTIAL STIPULATION**

This Second Partial Stipulation is the second stipulation entered into for the purpose of resolving specified adjustments to PacifiCorp's requested revenue requirement in this docket. It represents a settlement of the issue listed in Paragraph 5 of the Stipulation. Issues pertaining to employee benefits were specifically excluded from the first Partial Stipulation in this case; this Second Partial Stipulation now resolves these issues.

**PARTIES**

1. The initial parties to this Second Partial Stipulation are PacifiCorp (or the "Company"), the Staff of the Public Utility Commission of Oregon ("Staff"), the Industrial Customers of Northwest Utilities ("ICNU"), the Citizens' Utility Board ("CUB") and Fred Meyer Food Stores and Quality Food Centers, Divisions of Kroger Co. ("Fred Meyer") (together "the Parties"). This Second Partial Stipulation will be made available to the other parties to this docket, who may participate by signing and filing a copy of this Partial Stipulation.

**BACKGROUND**

2. On November 12, 2004, PacifiCorp filed revised tariff schedules to effect a \$102 million increase in its base prices to Oregon electric customers. PacifiCorp based its filing on a 2006 calendar year test period. On March 15, 2005, PacifiCorp filed a Net Power Cost update, increasing its requested revenue requirement. On May 4, 2005, PacifiCorp and several

of the parties entered into the first Partial Stipulation. This Stipulation reduced PacifiCorp's requested revenue requirement in the November 12, 2004 filing to approximately \$71 million.

3. On June 14, 2005, the parties reconvened the settlement conferences first convened on April 5, 2005. The settlement conferences were open to all parties.

4. As a result of the settlement conferences, the Parties have reached agreement on the matters set forth below. The net effect of this Second Partial Stipulation is a reduction in PacifiCorp's proposed revenue requirement by approximately \$2.44 million. The Parties submit this Second Partial Stipulation to the Commission and request that the Commission approve the settlement as presented.

#### **AGREEMENT**

5. The Parties agree that the following adjustment, and the revenue requirement levels resulting from its application, is fair and reasonable:

Benefits: The Parties agree to a \$2.44 million reduction in the Company's filed revenue requirement for full-time employee benefits. This reduction reflects a change from budgeted fiscal year 2004 base data to calendar 2004 base data, with lower escalation rates than PacifiCorp originally proposed for medical benefits and the Workers Compensation Levy. It also reflects an agreement to amortize \$750,000 of external system development costs associated with Other Salary Overhead over two years.

6. The Parties agree that this Second Partial Stipulation removes employee benefits from the list of non-settled issues reserved for continuing litigation in this case contained in paragraph 6 of the first Partial Stipulation.

7. The Parties agree that this Second Partial Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Second Partial Stipulation shall not be admissible as evidence in this or any other proceeding.

8. This Second Partial Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-14-0085. The Parties agree to support this Second Partial Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Second Partial Stipulation at the hearing and recommend that the Commission issue an order adopting the settlements contained herein.

9. The Parties agree that they will continue to support the Commission's adoption of the terms of this Second Partial Stipulation. If this Second Partial Stipulation is challenged by any other party to this proceeding, the Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Second Partial Stipulation.

10. The Parties have negotiated this Second Partial Stipulation as an integrated document. If the Commission rejects all or any material portion of this Second Partial Stipulation or imposes additional material conditions in approving this Second Partial Stipulation, any party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

11. By entering into this Second Partial 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 Second Partial Stipulation, other than those specifically


identified in the body of this Second Partial Stipulation. No party shall be deemed to have agreed that any provision of this Second Partial Stipulation is appropriate for resolving issues in any other proceeding, except as previously identified in Paragraph 5 of the Second Partial Stipulation.

12. This Second Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Second Partial Stipulation is entered into by each party on the date entered below such party's signature.

*Signatures follow on next page*

PACIFICORP

By:  \_\_\_\_\_

Date: \_\_\_\_\_

STAFF

By: \_\_\_\_\_

Date: \_\_\_\_\_

ICNU

By: \_\_\_\_\_

Date: \_\_\_\_\_

CUB

By: \_\_\_\_\_

Date: \_\_\_\_\_

FRED MEYER

By: \_\_\_\_\_


Date: \_\_\_\_\_

PACIFICORP

By: \_\_\_\_\_

Date: \_\_\_\_\_

STAFF

By: Date: 6/29/05

ICNU

By: \_\_\_\_\_

Date: \_\_\_\_\_

CUB

By: \_\_\_\_\_

Date: \_\_\_\_\_

FRED MEYER

By: \_\_\_\_\_

Date: \_\_\_\_\_

PACIFICORP

By: \_\_\_\_\_

Date: \_\_\_\_\_

STAFF

By: \_\_\_\_\_

Date: \_\_\_\_\_

ICNU

By: \_\_\_\_\_

Date: \_\_\_\_\_

CUB

By: Bl. Aron

Date: 6/28/05

FRED MEYER

By: \_\_\_\_\_

Date: \_\_\_\_\_



PACIFICORP

By: \_\_\_\_\_

Date: \_\_\_\_\_

STAFF

By: \_\_\_\_\_

Date: \_\_\_\_\_

ICNU

By:  \_\_\_\_\_

Date: 6-28-05 \_\_\_\_\_

CUB

By: \_\_\_\_\_

Date: \_\_\_\_\_

FRED MEYER

By: \_\_\_\_\_

Date: \_\_\_\_\_

PACIFICORP

STAFF

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ICNU

CUB

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FRED MEYER

By: *Michael P. Kelly*

Date: *6/22/05*

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 170 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

Melinda J. Davison Davison Van Cleve, PC 333 SW Taylor, Suite 400 Portland, OR 97204	Jason Eisdorfer Citizens' Utility Board 610 SW Broadway, Suite 308 Portland, OR 97205
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Rates & Regulatory Affairs Portland General Electric 121 SW Salmon Street, 1WTC0702 Portland, OR 97204	Edward Bartell Klamath Off-Project Water Users, Inc. 30474 Sprague River Road Sprague River, OR 97639
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Edward Finklea Cable Huston Benedict Haagensen & Lloyd LLP 1001 SW Fifth Avenue, Suite 2000 Portland, OR 97204	Dan Keppen Klamath Water Users Assoc. 2455 Patterson Street, Suite 3 Klamath Falls, OR 97603
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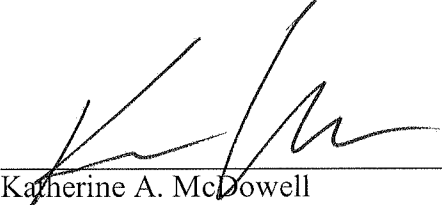
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DATED: June 29, 2005



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Katherine A. McDowell

Of Attorneys for PacifiCorp