



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

July 12, 2005

KATHERINE A. MCDOWELL
Direct (503) 294-9602
kamcdowell@stoel.com

VIA ELECTRONIC FILING

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

**Re: Joint Testimony in Support of Second Partial Stipulation
Docket UE 170**

Enclosed for filing please find an original and five (5) copies of Joint Testimony in Support of 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 be "K. McDowell", written over a horizontal line.

Katherine A. McDowell

KAM:knp

Enclosure

cc: Service List

Docket UE 170
Staff-PacifiCorp-CUB-ICNU-Kroger
Witnesses: Ed Durrenberger, Paul Wrigley, Bob Jenks
James Selecky, Kevin Higgins

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

STAFF-PACIFICORP-CUB-ICNU-KROGER

Joint Testimony
In Support of Second Partial Stipulation

July 2005

1 Q. WHO IS SPONSORING THIS TESTIMONY?

2 A. This testimony is jointly sponsored by PacifiCorp, the Staff of the Public Utility
3 Commission of Oregon (“OPUC,” or the “Commission”), the Citizens’ Utility Board, the
4 Industrial Customers of Northwest Utilities (“ICNU”), and Fred Meyer. In this Joint
5 Testimony, we are referred to collectively as the “Second Stipulation Parties.”

6 Q. PLEASE STATE YOUR NAMES.

7 A. Ed Durrenberger, Paul Wrigley, Bob Jenks, James Selecky and Kevin Higgins. Except
8 for Mr. Selecky, each of us testified in support of the first Partial Stipulation. Mr.
9 Selecky’s qualifications are provided in Exhibit ICNU/201.

10 A. This testimony describes and supports the Second Partial Stipulation dated June 29, 2005
11 between Staff, CUB, ICNU, Fred Meyer and PacifiCorp (“Second Partial Stipulation”).
12 The Second Partial Stipulation is identified as Second Stipulation Exhibit 101.

13 Q. HOW DID THE SECOND STIPULATION PARTIES ARRIVE AT THE SECOND
14 PARTIAL STIPULATION?

15 A. Administrative Law Judge Kirkpatrick’s Prehearing Conference Memorandum scheduled
16 settlement conferences in this Docket commencing on April 5, 2005. The conferences
17 resulted in the first Partial Stipulation, dated May 4, 2005. On June 14, 2005, the parties
18 reconvened the settlement conferences. The conferences were open to all parties. These
19 conferences resulted in the Second Partial Stipulation, dated June 29, 2005.

20 Q. HAVE OTHER PARTIES BEEN INVITED TO JOIN IN THE SECOND PARTIAL
21 STIPULATION?

22 A. Yes. The Second Partial Stipulation has been circulated to the other parties to this
23 Docket and they have been invited to join. Other parties may join by signing and filing a
24 copy of the Second Partial Stipulation.

1 **Adjustments**

2 Q. PLEASE DESCRIBE THE ADJUSTMENT CONTAINED IN THE SECOND
3 PARTIAL STIPULATION.

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

10 Q. WHAT IS THE ESTIMATED REVENUE REQUIREMENT IMPACT OF THE
11 ADJUSTMENT CONTAINED IN THE SECOND PARTIAL STIPULATION?

12 A. The adjustment would reduce PacifiCorp's proposed revenue requirement increase in this
13 case by approximately \$2.44 million.

14 **Other Terms of Second Partial Stipulation**

15 Q. DO THE SECOND STIPULATION PARTIES AGREE TO SUPPORT THIS SECOND
16 PARTIAL STIPULATION THROUGHOUT THIS ENTIRE PROCEEDING?

17 A. Yes. The Second Stipulation Parties agree that this Second Partial Stipulation removes
18 employee benefits from the list of non-settled issues reserved for continuing litigation in
19 this case contained in paragraph 6 of the First Partial Stipulation dated May 4, 2005. In
20 this regard, the Second Stipulation Parties agree to support the Second Partial Stipulation
21 throughout this case and any appeal, provide witnesses to sponsor the Second Partial
22 Stipulation at the hearing, and recommend that the Commission issue an order adopting
23 the settlements contained in the Second Partial Stipulation.

1 Q. DO THE TERMS OF THE SECOND PARTIAL STIPULATION APPLY TO OTHER
2 CASES?

3 A. No, the Second Partial Stipulation represents a compromise in the positions of the Second
4 Stipulation Parties made for this case only. By entering into the Second Partial
5 Stipulation, none of the Second Stipulation Parties may be deemed to have approved,
6 admitted or consented to the facts, principles, methods or theories employed in arriving at
7 the terms of the Second Partial Stipulation, other than those specifically identified in the
8 body of the Second Partial Stipulation. None of the Second Stipulation Parties has
9 agreed that any provision of the Second Partial Stipulation is appropriate for resolving
10 issues in any other proceeding, except as specified in the Second Partial Stipulation.

11 Q. IF THE COMMISSION REJECTS ANY PART OF THE SECOND PARTIAL
12 STIPULATION, ARE THE SECOND STIPULATION PARTIES ENTITLED TO
13 RECONSIDER THEIR PARTICIPATION IN THE SECOND PARTIAL
14 STIPULATION?

15 A. Yes. The Second Partial Stipulation provides that if the Commission rejects all or any
16 material portions of the Second Partial Stipulation, any Party that is disadvantaged by
17 such action shall have the rights provided by OAR 860-014-0085 and shall be entitled to
18 seek reconsideration or appeal of the Commission's Order.

19 **Reasonableness of the Second Partial Stipulation**

20 Q. HAVE THE SECOND STIPULATION PARTIES EVALUATED THE OVERALL
21 FAIRNESS OF THE SECOND PARTIAL STIPULATION?

22 A. Yes. Each of the Second Stipulation Parties has reviewed the revenue requirement
23 adjustment contained in the Second Partial Stipulation, as well as the revenue
24 requirement level resulting from its application. The Second Stipulation Parties agree

1 that the results of the Second Partial Stipulation are fair and reasonable in the context of
2 this case and should be adopted.

3 Q. WHAT DO THE SECOND STIPULATION PARTIES RECOMMEND?

4 A. The Second Stipulation Parties recommend that the Commission adopt the Second Partial
5 Stipulation and include the listed adjustment and terms and conditions in its order in this
6 case.

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE SECOND
8 PARTIAL STIPULATION?

9 A. Yes.

Docket UE 170
Staff-PacifiCorp-CUB-ICNU-Kroger Exhibit 101
Witnesses: Ed Durrenberger, Paul Wrigley, Bob Jenks
James Selecky, Kevin Higgins

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

STAFF-PACIFICORP-CUB-ICNU-KROGER

Exhibit Accompanying Joint Testimony
In Support of Second Partial Stipulation

Second Partial Stipulation

July 2005

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

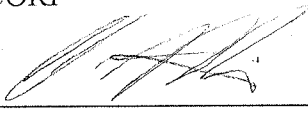
identified in the body of this Second Partial Stipulation. No party shall be deemed to have agreed that any provision of this Second Partial Stipulation is appropriate for resolving issues in any other proceeding, except as previously identified in Paragraph 5 of the Second Partial Stipulation.

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: _____

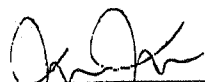
Date: _____

PACIFICORP

By: _____

Date: _____

STAFF

By: 

Date: 6/29/05

ICNU

By: _____

Date: _____

CUB

By: _____

Date: _____

FRED MEYER

By: _____

Date: _____

PACIFICORP

STAFF

By: _____

By: _____

Date: _____

Date: _____

ICNU

CUB

By: _____

By: Bl. [Signature]

Date: _____

Date: 6/28/05

FRED MEYER

By: _____

Date: _____

PACIFICORP

STAFF

By: _____

By: _____

Date: _____

Date: _____

ICNU

CUB

By:  _____

By: _____

Date: 6-28-05

Date: _____

FRED MEYER

By: _____

Date: _____

PACIFICORP

STAFF

By: _____

By: _____

Date: _____

Date: _____

ICNU

CUB

By: _____

By: _____

Date: _____

Date: _____

FRED MEYER

By: *Michael P. Kuts*

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
Matthew Perkins Davison Van Cleve PC 333 SW Taylor, Suite 400 Portland, OR 97204	David Hatton Jason Jones Department of Justice 1162 Court Street NE Salem, OR 97301-4096
Douglas Tingey Portland General Electric 121 SW Salmon, 1WTC13 Portland, OR 97204	Jim Abrahamson Community Action Directors of Oregon 4035 12th Street Cutoff SE, Suite 110 Salem, OR 97302
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
Phil Carver Oregon Office of Energy 625 Marion Street NE, Suite 1 Salem, OR 97301-3742	Joan Cote Oregon Energy Coordinators Assoc. 2585 State Street NE Salem, OR 97301
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
Janet Prewitt janet.prewitt@doj.state.or.us	Kurt Boehm Boehm Kurtz & Lowry 36 E. Seventh Street, Suite 1510 Cincinnati, OH 45202

Randall J. Falkenberg
RFI Consulting
PMB 362
8351 Roswell Road
Atlanta, GA 30350

Michael Kurtz
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, OH 45202

Lisa Brown
WaterWatch of Oregon
213 SW Ash Street, Suite 208
Portland, OR 97204

John DeVoe
WaterWatch of Oregon
213 SW Ash Street, Suite 208
Portland, OR 97204

Glen H. Spain
PCFFA
PO Box 11170
Eugene, OR 97440-3370

Robert Valdez
PO Box 2148
Salem, OR 97308-2148

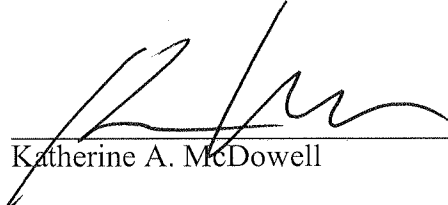
Judy Johnson
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Lowrey R. Brown
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205

Nancy Newell
3917 NE Skidmore
Portland OR 97211

Daniel W Meek
Daniel W Meek Attorney at Law
10949 SW 4th Ave
Portland OR 97219

DATED: July 12, 2005



Katherine A. McDowell

Of Attorneys for PacificCorp