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Douglas C. Tingey
Assistant General Counsel

November 10, 2005

Via Electronic Filing and U.S. Mail

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

Re: In the Matter of the Adoption of Temporary Rules to Implement SB 408,
Relating to Matching Utility Taxes Paid with Taxes Collected
OPUC Docket No. AR 498

In the Matter of the Adoption of Permanent Rules to Implement SB 408,
Relating to Matching Utility Taxes Paid with Taxes Collected
OPUC Docket No. AR 499

Attention Filing Center:

Enclosed for filing in the above-captioned docket is Portland General Electric's
Comments on Issue Fund Requests. 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,

/s/ DOUGLAS C. TINGEY

DCT:am

cc: AR 498 Service List
AR 499 Service List

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 498 and AR 499

In the Matter of the Adoption of Temporary Rules)	
to Implement SB 408, Relating to Matching Utility)	
Taxes Paid with Taxes Collected (AR 498))	COMMENTS ON ISSUE FUND
)	REQUESTS
and)	
)	
In the Matter of the Adoption of Permanent Rules)	
to Implement SB 408, Relating to Matching Utility)	
Taxes Paid with Taxes Collected (AR 499)	

Portland General Electric submits these comments as directed by the Commission’s November 4, 2005, Order (the “Order”) in these dockets. In that order the Commission requested comments on two issues:

I. Designation of Funds

The Commission requested comments on how it should designate money from the issue funds of the participating utilities to be paid to Industrial Customers of Northwest Utilities (“ICNU”) and Northwest Industrial Gas Users (“NWIGU”) in these proceedings. The order referenced Article 7.7(a) of the Intervenor Funding Agreement (“IFA”), which states:

In a proceeding involving more than one Participating Public Utility, the Commission will apportion the payment among the affected Participating Public Utilities. Criteria for making this allocation may include the relative gross revenue of the utilities, load, or other such factors as the Commission determines to be relevant to the particular matter.

There appear to be two apportionment questions raised in this proceeding: apportionment between gas and electric companies, and then apportionment between the electric companies that are Participating Public Utilities under the IFA.

NWIGU represents industrial natural gas users. In its Notice of Intent to Request an Issue Fund Grant, NWIGU stated that its members purchase sales and transportation services from Northwest Natural Gas, among other utilities. NWIGU designated the Northwest Natural account as the account from which it intends to seek a grant, which is appropriate. Intervenor funds for industrial gas users should come from gas company accounts.

ICNU members are industrial electric customers of PGE and PacifiCorp. As with the NWIGU request, it is appropriate that ICNU's intervenor funds come from electric companies' intervenor funding accounts. This is consistent with Article 4.2.2 of the IFA regarding Preauthorized Matching Fund accounts.¹

The next question is how ICNU's intervenor funds should be apportioned among the two electric companies that are Participating Public Utilities under the IFA. ICNU's Notice of Intent to Request an Issue Fund Grant designated only the PGE Issue Fund Account as the account from which ICNU intends to request a grant. The PGE Issue Fund Account is funded through charges to PGE customers. As previously stated, ICNU represents customers of both PGE and PacifiCorp. PGE believes it would not be appropriate, or consistent with the IFA, for all of ICNU's intervenor costs to be paid from the PGE customer funded account.

Article 7.7(a) requires the Commission to apportion the payment among the participating affected Participating Public Utilities, and gives possible methods for allocating the costs among the utilities' funds including gross revenues and load. Noticeably absent from the list of possibilities is the balance in the utilities' issue fund accounts. While, as the Order recognizes,

¹ Article 4.2.2 of the IFA states:

Preauthorized Matching Fund accounts for PGE and PacifiCorp will be available for use exclusively by ICNU according to the terms of this Agreement. The Preauthorized Matching Fund account for Northwest Natural will be available for use exclusively by NWIGU according to the terms of this Agreement.

“[t]he amount of available monies from these utilities’ respective Issue Funds differs significantly”, PGE does not believe that this should affect the apportionment of payments among the utilities. In short, PGE does not believe that increased funds should be drawn from the account funded by PGE customers because the account funded by PacifiCorp customers has been depleted.

The issue of apportioning payments among PGE and PacifiCorp has come up in at least one prior docket. Both PGE and PacifiCorp were participants in UM 1066. In that docket ICNU requested that its intervenor funding budget be divided and funded equally from the issue fund accounts of PGE and PacifiCorp, and the Commission so ordered. *See* Order No. 03-602, entered October 9, 2003. PGE believes that an equal division would be appropriate in this docket as well.

II. Customer Class Apportionment

The second issue the Order seeks comment on is how the affected utilities should recover the Intervenor Funding Grants from various customer classes. Article 7.7(b) of the IFA states that CUB Fund Grants are to be allocated and charged to residential customers, and Preauthorized Matching Grants (to be used exclusively by ICNU) are to be allocated and charged to industrial customers. That Article also states:

Issue Fund Grants used to advocate positions on behalf of a broad cross-section of customers may be assessed against all customers or multiple classes of customers, as determined by the Commission, to fairly align the costs of the advocacy with the intended potential beneficiaries of the advocacy, regardless of the actual outcome of the case.

These rulemaking dockets will produce rules implementing a new law regarding how utility income taxes are dealt with in utility rates. The outcome could affect all customers.

Participating in these dockets are advocacy groups that are representing most customers – CUB

on behalf of residential customers, and ICNU on behalf of industrial customers. Both of those entities are parties to the IFA. It would be consistent with the IFA to allocate the issue fund payments among customer classes in the same manner that Article 7.7(b) allocates CUB Fund Grants and Preauthorized Matching Grants. PGE recommends such an allocation. However, given the broad potential affect of these dockets, the Commission could properly instead choose to allocate the intervenor funding costs more broadly among customer classes.²

CONCLUSION

PGE does not oppose intervenors' receipt of appropriate amounts of intervenor funding in these dockets. However, those funds should be properly allocated between the various utilities such that no more than the fair share of intervenor expenses in these dockets come from PGE customer funded accounts.

DATED this 10th day of November, 2005.

Respectfully submitted,

/s/ DOUGLAS C. TINGEY

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² The Order directs ICNU and NWIGU to address the extent to which the groups are combining efforts and resources in these proceedings. If the Commission views ICNU's advocacy as potentially benefiting all PGE customers, therefore warranting allocation of the costs to all customers, then ICNU should also be required to address how it is combining efforts and resources with CUB in these proceedings.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing COMMENTS ON ISSUE FUND REQUESTS OF PORTLAND GENERAL ELECTRIC COMPANY to be served by First Class US Mail, postage prepaid and properly addressed, and by electronic mail, upon each party on the attached combined service lists of OPUC Docket AR 498 and AR 499.

Dated at Portland, Oregon, this 10th day of November, 2005.

/s/ DOUGLAS C. TINGEY

Douglas C. Tingey

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