



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

August 21, 2007

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol Street, N.E., Suite 215
Salem, OR 97301-2551

**RE: Advice No. 07-21, Renewable Resource Cost Recovery
UM 1330 Investigation of Automatic Adjustment Clause pursuant to SB 838**

In addition to the electronic filing, enclosed is the original, with a requested effective date of **January 1, 2008**:

- Second Revision of Sheet No. 1-2
- First Revision of Sheet No. 1-3
- Second Revision of Sheet No. 1-4
- Second Revision of Sheet No. 100-1
- Original Sheet No. 122-1
- Original Sheet No. 122-2
- Original Sheet No. 122-3
- Original Sheet No. 122-4

This filing is made pursuant to SB 838 and docketed as UM 1330, Investigation of Automatic Adjustment Clause pursuant to SB 838. The purpose of this new rate schedule is to recover costs of qualifying Company-owned and / or contracted new renewable energy resource projects not otherwise included in rates. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act.

Also enclosed is testimony of Randy Dahlgren and Marc Cody, supporting the tariff.

Please direct any questions regarding this filing to Doug Kuns at (503) 464-7891.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

Randall J. Dahlgren
Director, Regulatory Policy & Affairs

Enclosures

cc: Service List – UM 1330
Joelle Steward, PacifiCorp

**PORTLAND GENERAL ELECTRIC COMPANY
TABLE OF CONTENTS
RATE SCHEDULES**

Schedule **Description**

Standard Service Schedules (Continued)

- 87 Large Nonresidential (>1,000 kW) Experimental Real Time Pricing (RTP) Service
- 88 Load Reduction Program
- 89 Large Nonresidential (>1,000 kW) Standard Service
- 91 Street and Highway Lighting Standard Service (Cost of Service)
- 92 Traffic Signals (No New Service) Standard Service (Cost of Service)
- 93 Recreational Field Lighting, Primary Voltage Standard Service (Cost of Service)
- 94 Communication Devices Electricity Service Rider
- 99 Special Contracts

Adjustment Schedules

- 100 Summary of Applicable Adjustments
- 102 Regional Power Act Exchange Credit
- 105 Regulatory Adjustments
- 106 Multnomah County Business Income Tax Recovery
- 107 Demand Side Management Investment Financing Adjustment
- 108 Public Purpose Charge
- 111 Advanced Metering Infrastructure
- 115 Low Income Assistance
- 120 Biglow Canyon I Adjustment
- 122 Renewable Resource Cost Recovery Adjustment Pursuant to the Oregon Renewable Energy Act

(N)

PORTLAND GENERAL ELECTRIC COMPANY
TABLE OF CONTENTS
RATE SCHEDULES

Schedule **Description**

Adjustment Schedules (Continued)

- 125 Annual Power Cost Update
- 126 Power Cost Variance Mechanism
- 128 Short-Term Transition Adjustment
- 129 Long-Term Transition Cost Adjustment
- 130 Shopping Incentive Rider

(M)
|
(M)

Small Power Production

- 200 Dispatchable Standby Generation
- 201 Qualifying Facility Power Purchase Information
- 203 Net Metering Service

Schedules Summarizing Other Charges

- 300 Charges as defined by the Rules and Regulations and Miscellaneous Charges
- 310 Deposits for Residential Service
- 320 Meter Information Services

Promotional Concessions

- 402 Promotional Concessions Residential Products and Services
- 403 Heat Pump Promotional Concession

Transmission Access Service

- 483 Large Nonresidential (<1,000 kW) Cost of Service Opt-Out
- 489 Large Nonresidential (>1,000 kW) Cost of Service Opt-Out

PORTLAND GENERAL ELECTRIC COMPANY
TABLE OF CONTENTS
RATE SCHEDULES

<u>Schedule</u>	<u>Description</u>	
	<u>Direct Access Schedules</u>	(T)
515	Outdoor Area Lighting Direct Access Service	(M)
532	Small Nonresidential Direct Access Service	
538	Large Nonresidential Optional Time-of-Day Direct Access Service	
549	Large Nonresidential Irrigation and Drainage Pumping Direct Access Service	(M)
575	Partial Requirements Service Direct Access Service	
576R	Economic Replacement Power Rider Direct Access Service	
583	Large Nonresidential Direct Access Service	
589	Large Nonresidential (>1,000 kW) Direct Access Service	
591	Street and Highway Lighting Direct Access Service	
592	Traffic Signals Direct Access Service	
594	Communication Devices Electricity Service Rider Direct Access Service	
600	Energy Service Supplier Charges	
	<u>Non-Utility Services</u>	
710	Utility Asset Management (UAM)	
715	Electrical Equipment Services	
725	E-Manager	
730	Power Quality Products and Services	
800	Service Maps	

TABLE OF CONTENTS
RATE SCHEDULES (Concluded)

**SCHEDULE 100
SUMMARY OF APPLICABLE ADJUSTMENTS**

The following summarizes the applicability of the Company's adjustment schedules.

APPLICABLE ADJUSTMENT SCHEDULES

Schedules	102	105	106	107	108	111	115	120	122	125	126	128	129	130
	(1)		(1)		(3)			(1)		(1)		(4)	(1)	(1)
7	x	x	x	x	x	x	x	x	x	x	x			
9				x	x	x	x		x					
15	x	x	x	x	x	x	x	x	x	x	x			
32	x	x	x	x	x	x	x	x	x	x	x	x		
38	x	x	x	x	x	x	x	x	x	x	x	x		x
47	x	x	x	x	x	x	x	x	x	x	x			
49	x	x	x	x	x	x	x	x	x	x	x			
75	x ⁽²⁾	x ⁽²⁾	x	x ⁽²⁾	x	x	x	x ⁽²⁾	x ⁽²⁾	x ⁽²⁾	x ⁽²⁾	x		
76R	x	x	x	x	x	x	x							
83	x	x	x	x	x	x	x	x	x	x	x	x		x
87	x ⁽²⁾	x ⁽²⁾	x	x ⁽²⁾	x	x	x	x ⁽²⁾	x ⁽²⁾	x	x ⁽²⁾			
89	x	x	x	x	x	x	x	x	x	x	x	x		x
91		x	x	x	x	x	x	x	x	x	x	x		
92		x	x	x	x	x	x	x	x	x	x			
93		x	x	x	x	x	x	x	x	x	x			
94		x	x	x	x	x	x	x	x	x	x			
483	x	x	x	x	x	x	x				x ⁽⁵⁾		x	
489	x	x	x	x	x	x	x				x ⁽⁵⁾		x	
515	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		
532	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		
538	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		x
549	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		
575	x ⁽²⁾	x ⁽²⁾	x	x ⁽²⁾	x	x	x		x ⁽²⁾		x ⁽²⁾	x		
576R	x	x	x	x	x	x	x		x					
583	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		x
589	x	x	x	x	x	x	x		x		x ⁽⁵⁾	x		x
591		x	x	x	x	x	x		x		x ⁽⁵⁾	x		
592		x	x	x	x	x	x		x		x ⁽⁵⁾	x		
594		x	x	x	x	x	x		x		x	x		

(N)

(N)

- (1) Where applicable.
- (2) These adjustments are applicable only to the Baseline and Scheduled Maintenance Energy.
- (3) Schedule 108 applies to the sum of all charges less taxes, Schedule 115 charges and one-time charges such as deposits.
- (4) Applicable to Nonresidential Customer who receive service at Daily or Monthly pricing (other than Cost of Service) or Direct Access (excluding service on Schedules 483 and 489).
- (5) Not applicable to Customers where service was received for the entire calendar year that the Annual Power Cost Variance accrued.

**SCHEDULE 122
RENEWABLE RESOURCES COST RECOVERY ADJUSTMENT
PURSUANT TO THE OREGON RENEWABLE ENERGY ACT**

PURPOSE

This Schedule recovers the costs of qualifying Company-owned or contracted new renewable energy resource projects (including associated transmission) not otherwise included in rates. Rates set out here will be effective the day after the in-service date of the project. Additional new renewable projects may be incorporated into this schedule as they are placed in service. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act (OREA).

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76, 483, 489, and 576.

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>		
7	0.000	¢ per kWh
15	0.000	¢ per kWh
32	0.000	¢ per kWh
38	0.000	¢ per kWh
47	0.000	¢ per kWh
49	0.000	¢ per kWh
75		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh
83		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh

SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

Schedule

87

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

89

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

91

0.000 ¢ per kWh

92

0.000 ¢ per kWh

93

0.000 ¢ per kWh

94

0.000 ¢ per kWh

515

0.000 ¢ per kWh

532

0.000 ¢ per kWh

538

0.000 ¢ per kWh

549

0.000 ¢ per kWh

575

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

583

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh

589

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

591

0.000 ¢ per kWh

592

0.000 ¢ per kWh

594

0.000 ¢ per kWh

SCHEDULE 122 (Continued)

NET REVENUE REQUIREMENTS

The Net Revenue Requirements of a project will include the fixed costs of the renewable resource and associated transmission (including return on and return of the capital costs), operation and maintenance costs, income taxes, property taxes, and other fees and costs that are applicable to the renewable resource or associated transmission. Until they are included in the Annual Power Cost Update, the net benefits of each project (market value of the energy produced by the renewable resource less any power costs such as fuel, integration and wheeling costs) will be included in the net revenue requirements. The market value of the energy will be determined using the estimated market prices used to set then effective rates.

SPECIAL CONDITIONS

1. Rates under this schedule will recover costs from all applicable customers on an equal cents per kWh basis adjusted for delivery voltage.
2. Each renewable resource project (and associated transmission) included in this adjustment schedule must be separately identified and be a new resource defined as "renewable" in the OREA.
3. The following requirements will be met in order to implement or change rates under this schedule:
 - a) At least 6 months prior to the expected on-line date for each new qualifying renewable resource project, the Company will file a request to change rates under this schedule. Such filing will:
 1. Include documentation that the new renewable resource's expected costs are at a prudent level.
 2. Set out the net impact on revenue requirements including revised income taxes and associated ratios (ORS 757.268).
 - b) The Commission will open a proceeding and establish a schedule that provides parties the opportunity to develop an evidentiary record pursuant to Section 13(3) of the OREA. Such schedule will provide for a Commission decision 45 days prior to the anticipated on-line date.
4. The variable costs and benefits of the project will be incorporated into the subsequent Annual Power Cost update and the associated rates in this schedule will be adjusted to remove such variable costs.
5. With the exception of the variable costs and benefits of each project that are incorporated into the Annual Power Cost Update, the rates for projects included under this schedule will continue until such time as the costs are included in base rates, subject to review pursuant to that general rate case or as otherwise approved by the Commission for inclusion in general rates.

SCHEDULE 122 (Concluded)

SPECIAL CONDITIONS (Continued)

6. The in-service date for the new renewable resource project and each separately identifiable project segment will be verified by an attestation from the Company stating that the specific renewable resource project has met requirements for being commercially operational and is in service.
7. The net revenue requirement impacts attributable to each separately identified segment of the new renewable resource project that produce energy prior to the in-service date of the project will be deferred for future inclusion in this schedule. Any such deferred amounts will be collected or refunded the following calendar year.
8. For purposes of Schedule 126 (Annual Power Cost Variance Mechanism), actual NVPC will be adjusted to remove the impact of any power produced by a new renewable resource qualifying for treatment under this schedule but not otherwise included in rates. The following adjustments will be made:
 - a) Actual NVPC will be increased by the value of any renewable resource energy. The value of such energy will be determined based on the monthly average of the daily Dow Jones Mid-Columbia Daily on- and off-peak Electricity Firm Price Index (DJ-Mid-C Index).
 - b) Actual NVPC will be reduced by applicable fuel costs and supply integration costs for the resource.
 - c) Actual NVPC will also be increased or decreased as appropriate for any other credits or charges specifically identifiable with the new renewable resource.
9. No project will be included in this schedule for more than 5 years.

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

UM 1330
SB 838 Automatic Adjustment Clause
For Prices Effective January 1, 2008

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony and Exhibits

August 21, 2007

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

**SB 838 Automatic Adjustment
Clause**

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony and Exhibits of

Randy Dahlgren – Marc Cody

August 21, 2007

SB 838 Automatic Adjustment Clause

Table of Contents

I. Introduction.....1

II. PGE’s RES AAC Tariff (Schedule 122)2

III. Tariff implementation and timing7

IV. Impact on Other Schedules.....9

V. Conclusion11

VI. Qualifications12

List of Exhibits13

I. Introduction

1 **Q. Please state your names and positions with PGE.**

2 A. My name is Randy Dahlgren. I am Director, Regulatory Policy and Affairs. My
3 qualifications appear at the end of this testimony.

4 My name is Marc Cody. I am a Senior Analyst in the Pricing and Tariffs Department.

5 My qualifications also appear at the end of this testimony.

6 **Q. What is the purpose of your testimony in this proceeding?**

7 A. The purpose of our testimony is to introduce PGE's proposed Renewable Energy Standard
8 Automatic Adjustment Clause–Schedule 122 (Exhibit 101), explain how the mechanism is
9 designed to work, and discuss the advantages associated with the implementation of this
10 mechanism.

II. PGE’s RES AAC Tariff (Schedule 122)

1 **Q. Please generally explain PGE’s Renewable Energy Standard Automatic Adjustment**
2 **Clause and what it is designed to do.**

3 A. In simple terms, the cost recovery mechanism that PGE is proposing is an automatic
4 adjustment clause, as that term is defined in ORS 757.210. It is designed to allow PGE
5 timely recovery of all prudently incurred investment and operational costs associated with
6 qualifying, company-owned or contracted, renewable energy resource projects, until such
7 time as those costs are included in PGE’s base rates through a general rate case filing.
8 Adoption of this mechanism aligns PGE’s investment and operating costs, related to its
9 acquisition of new renewable energy sources, with the dispatch benefits available to
10 customers at the time each new renewable energy source commences operation.

11 **Q. Why is PGE proposing an automatic adjustment clause at this time?**

12 A. On June 6, 2007, SB 838, the Oregon Renewable Energy Act (“the Act”), was signed into
13 law. The Act provides a comprehensive renewable energy policy for Oregon by establishing
14 renewable portfolio standards for electric utilities and electricity service suppliers. In
15 addition, the Act specifies the qualifying renewable energy sources that comply with the
16 renewable portfolio standards. Section 13 of the Act directs the Public Utility Commission
17 to establish an automatic adjustment clause or other mechanism no later than January 1,
18 2008, that allows timely recovery of an electric company’s prudently incurred costs
19 associated with complying with the renewable portfolio standard (i.e., an electric company’s
20 costs to construct or otherwise acquire qualifying renewable energy sources, including
21 associated electricity transmission).

1 Schedule 122 is the automatic adjustment mechanism that PGE recommends the
2 Commission adopt on or before January 1, 2008, to fulfill the Commission’s obligation
3 under Section 13 of the Act, and to facilitate PGE’s efforts to fulfill the State’s ultimate
4 renewable resource objectives under the Act.

5 **Q. When does PGE propose that Schedule 122 become effective?**

6 A. PGE has filed its proposed tariff with an effective date of January 1, 2008.

7 **Q. If this schedule is approved, how will it be applied?**

8 A. PGE proposes that the rates under this schedule be applied on an equal cents per kWh basis,
9 adjusted for delivery voltage, to all bills for Electricity Service with the exception of those
10 non-cost of service customers served under the provisions of Schedules 76, 483, 489,
11 and 576.

12 **Q. What criteria must a renewable energy project meet to be included in Schedule 122?**

13 A. In order to be included in this adjustment schedule, the renewable energy project or resource
14 (and any associated transmission) must clearly fall within the definition of “Renewable
15 energy sources” contained in Section 4 of SB 838.

16 **Q. For each renewable resource, which fixed costs will be reflected in Schedule 122?**

17 A. The tariff will reflect the fixed costs of the renewable resource and associated transmission,
18 including return on and return of the capital costs of the resource, operations and
19 maintenance costs, income taxes, property taxes, and other fees or costs that are applicable
20 to the renewable resource or associated transmission.

21 **Q. For each renewable resource, which benefits will be reflected in Schedule 122?**

22 A. Initially, Schedule 122 will include the market value of the energy from the renewable
23 resource, net of variable power cost such as fuel, integration and wheeling costs. These net

1 benefits (“dispatch benefits”) will be reflected in Schedule 122 from the date of tariff
2 implementation until the end of the first calendar year in which the tariff is applicable.
3 Thus, in total, Schedule 122 will initially reflect the entire revenue requirement of the
4 renewable resource; its total fixed costs less its dispatch benefits.

5 **Q. Why do you propose to implement the dispatch benefits in Schedule 122 along with the**
6 **fixed costs associated with each renewable resource?**

7 A. This ensures that as soon as the resource commences operation, customers will receive the
8 benefits of that resource concurrent with their responsibility to cover the costs of the
9 resource in rates.

10 **Q. What do you propose should happen to the dispatch benefits of each renewable**
11 **resource after the end of the first calendar year in which that resource was added to**
12 **Schedule 122?**

13 A. Beginning with the first full calendar year following implementation of the dispatch benefits
14 in Schedule 122, the renewable resource should be forecast within PGE’s Annual Update
15 Tariff (AUT), Schedule 125, leaving only the fixed costs continuing to be recovered through
16 Schedule 122.

17 **Q. Why do you propose to move the dispatch benefits from Schedule 122 to the AUT**
18 **beginning with the calendar year following implementation of Schedule 122?**

19 A. The AUT process provides for an annual forecast of PGE’s net variable power costs
20 (NVPC) for the following calendar year. By including the impact of renewable energy
21 resources on PGE’s NVPC, we obtain a more complete forecast for the following calendar
22 year.

1 **Q. Why not include the dispatch benefits of the renewable resource in the AUT in the year**
2 **the renewable resource is expected to come on-line, rather than the following calendar**
3 **year?**

4 A. There are two policy reasons to not include the new renewable resource. First, rates
5 pursuant to the AUT are implemented January 1. Thus, to include the new resource in the
6 AUT would result in customers receiving the dispatch benefits of the resource on January 1,
7 even if the resource doesn't come on-line until, for example, August 1. Customers would
8 receive the benefits of the resource in advance of the actual on-line date of the project, and
9 prior to PGE receiving recovery of the fixed costs under Schedule 122, which cannot be
10 implemented any earlier than the actual on-line date of the project. We can think of no
11 policy reason why customers should receive dispatch benefits from a resource in advance of
12 the actual on-line date or in advance of their responsibility to cover the associated fixed
13 costs of the resource.

14 Second, including a forecast of the on-line date of a resource in the AUT results in a
15 guaranteed on-line date for purposes of deriving dispatch benefits included in rates. By
16 contrast, there is no such guarantee of fixed cost recovery under Schedule 122, since the
17 tariff will only be implemented with the actual on-line date of the resource, not its forecasted
18 on-line date. Since PGE cannot obtain fixed cost recovery until the actual on-line date, it is
19 inconsistent to guarantee an on-line date through an AUT forecast for purposes of
20 implementing the dispatch benefits of a new renewable resource in rates.

21 **Q. How do you propose that the fixed costs be treated in Schedule 122?**

22 A. We propose that the fixed costs, once include in Schedule 122, remain there until such time
23 as a full general rate case is filed with the Commission, which would include the resource

1 costs contained in Schedule 122 in PGE’s overall revenue requirement. Once included in
2 PGE’s revenue requirement, the Schedule would be zeroed out until such time as a new
3 qualified renewable resource is constructed.

4 **Q. Does PGE intend to update the fixed costs associated with this Schedule?**

5 A. No. Once the fixed costs of renewable resource projects are included in Schedule 122, those
6 fixed costs would not be updated under Schedule 122. Updates to the fixed costs of a
7 renewable resource after initial inclusion in Schedule 122 would occur in a general rate case,
8 or similar proceeding.

9 **Q. Is it appropriate to establish a process for updating the fixed costs under Schedule 122**
10 **on an annual basis?**

11 A. No. PGE believes this is a significant regulatory policy issue. Our position is that capital
12 additions tend to offset the impact of depreciation when overall rate base is considered, and
13 to perform an update—of the fixed cost associated with resources contained in Schedule 122,
14 for example—in isolation of other changes in costs, would likely produce unreasonable
15 results and would be inappropriate.

16 **Q. Is there any guarantee that recovery of a resource under Schedule 122 will not**
17 **continue indefinitely?**

18 A. Yes. Schedule 122 limits recovery of the costs of a particular resource to five years. Thus,
19 PGE will have an incentive to true-up all costs at least every five years through a general
20 rate case.

III. Tariff implementation and timing

1 **Q. How does PGE propose to implement the tariff?**

2 A. At least six months prior to the anticipated on-line date of the renewable resource, PGE
3 would make a filing with the Commission seeking authority to recover the costs associated
4 with the renewable resource under Schedule 122. PGE proposes that its filing would
5 identify the resource, establish its qualifications as a renewable source, document the
6 projected costs/benefits of the resource, the net revenue requirement, and also update ratios
7 pursuant to ORS 757.268, all in a manner sufficient to satisfy PGE's burden of proof.

8 **Q. At what point would PGE expect to implement the new rates to recover its costs under
9 this Schedule?**

10 A. PGE would propose that the new rates go into effect the day after the renewable resource is
11 commercially available for dispatch. PGE recommends that such implementation could
12 occur upon delivery, to the Commission, of an attestation from a PGE executive indicating
13 that the resource is in-service and commercially available.

14 **Q. How does PGE propose to handle the implementation of new rates with regard to a
15 project that becomes available for dispatch and is considered in-service in segments,
16 for example a subset of wind turbines associated with a bigger project?**

17 A. Wind projects, such as PGE's Phase I of Biglow Canyon, often come on-line over a period
18 of months, in segments rather than on a single date. Under such circumstances, PGE's filing
19 would detail the costs and benefits of the entire project (for example, Biglow Phase II), and
20 we would defer the pro-rated revenue requirement impact of each turbine (or turbine
21 segments) based on the actual on-line date of the turbine (or turbine segments). For
22 example, if turbines one through five of a total 100 turbine Biglow Phase II project are

1 in-service as of June 10, 2009, PGE would defer 5% (five turbines / 100 turbines) of the
2 revenue requirement for Biglow Phase II from June 10, 2009, until Phase II of the project is
3 completed in full, and the attestation is supplied to the Commission indicating:

- 4 • The in-service date of each turbine or turbine segment.
- 5 • That the entire project (or project phase) is complete, in-service and commercially
6 available.

7 PGE would further propose that any deferred amounts be added to Schedule 122 the
8 subsequent calendar year and collected/refunded within one year.

9 **Q. Why does PGE believe that this approach is an appropriate means of recovering its**
10 **costs associated with larger projects that come on-line in segments?**

11 A. PGE supports this approach because it provides for the timely recovery of the costs,
12 consistent with Section 13 of SB 838, while limiting the number of rate changes our
13 customers would otherwise experience with such projects, as they come on-line in multiple
14 segments.

IV. Impact on Other Schedules

1 **Q. How do the dispatch benefits of a new renewable resource impact PGE’s Power Cost**
2 **Adjustment Mechanism (PCA), Schedule 126?**

3 A. The dispatch benefit of any new renewable resource, as incorporated in either Schedule 122
4 (initially) or in Schedule 125 (subsequent calendar years) becomes part of PGE’s base
5 NVPC for purposes of evaluating Schedule 126. Since the purpose of the PCA is to share
6 variations between actual NVPC and forecast NVPC used to set rates, it is important to
7 include the impact of a new renewable resource in base NVPC, regardless of how the
8 dispatch benefit is incorporated into rates.

9 **Q. What if the new renewable resource is not incorporated into rates through either**
10 **Schedule 122 or Schedule 125? How should the PCA be adjusted in these instances?**

11 A. If the new renewable resource is not reflected in rates by the time it is actually on-line, the
12 calculation of actual NVPC for PCA purposes should be adjusted to remove the impact of
13 the resource. In that instance, customers would not be covering the cost of the resource,
14 therefore the benefit should not be allowed to flow through the PCA. Our proposed tariff
15 includes language, similar to the stipulation filed in UE 188, to adjust the PCA under such
16 circumstances.

17 **Q. Does the implementation of Schedule 122 impact the PCA (Schedule 126) in any other**
18 **way?**

19 A. Yes. When Schedule 122 is implemented, customers are providing PGE with revenue to
20 cover the associated fixed costs of new renewable resources, including a return on and of
21 higher rate base. Since the size of the PCA deadband in Schedule 126 is determined as a

1 function of authorized rate base and basis points of ROE, the PCA deadband should be
2 updated for the rate base impact of new renewable resources reflected in Schedule 122.

3 **Q. Does the implementation of Schedule 122 impact any other tracking mechanisms**
4 **relevant to PGE?**

5 A. Yes. It is important to update the net-to-gross ratio and effective tax rate pursuant to OAR
6 860-022-0041 (SB 408) to reflect changes in income taxes included in rates as a result of
7 Schedule 122. PGE's proposed Schedule 122 includes language to incorporate this
8 adjustment.

V. Conclusion

1 **Q. Why does PGE believe its particular mechanism is appropriate?**

2 A. PGE’s proposed mechanism provides an equitable and appropriate means of properly
3 matching the timing of energy benefits that flow to customers with the investment and
4 operating costs of new renewable resources that may be acquired in fulfillment of Oregon’s
5 policy under the Renewable Energy Act. Achieving such symmetry between cost recovery
6 and dispatch benefits is a fundamental principle of ratemaking, and PGE believes that is
7 what the Legislature intended when it directed the Commission to establish an automatic
8 adjustment clause to allow timely recovery of costs prudently incurred by an electric
9 company to construct or otherwise acquire facilities that generate electricity from renewable
10 energy sources.

VI. Qualifications

1 **Q. Mr. Dahlgren, please describe your experience and qualifications.**

2 A. I received a Bachelor of Science degree from Oregon State University in Electrical
3 Engineering. In addition, I have taken courses from other universities in the areas of
4 engineering economics, systems analysis, and business administration. I also attended the
5 1980 Public Utilities Executives' Course at the University of Idaho.

6 I joined PGE in 1973 shortly after graduation and subsequently have been involved in
7 the areas of load research, load and revenue forecasting, price analyses and design, and class
8 cost-of-service analyses. I was appointed Rate Engineer in January 1977 and have held
9 various management positions in the regulatory area since 1978. I entered my present
10 position as Director of Regulatory Policy and Affairs in 2001.

11 **Q. Mr. Cody, please describe your experience and qualifications.**

12 A. I received a Bachelor of Arts degree and a Master of Science degree from Portland State
13 University. Both degrees were in Economics. The Master of Science degree has a
14 concentration in econometrics and industrial organization.

15 Since joining PGE in 1996, I have worked as an analyst in the Rates and Regulatory
16 Affairs Department. My duties at PGE have focused on cost of capital estimation, marginal
17 cost of service, rate spread and rate design.

18 **Q. Does this conclude your testimony?**

19 A. Yes.

List of Exhibits

<u>PGE Exhibit</u>	<u>Description</u>
101	Schedule 122

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 122-1

**SCHEDULE 122
RENEWABLE RESOURCES COST RECOVERY ADJUSTMENT
PURSUANT TO THE OREGON RENEWABLE ENERGY ACT**

PURPOSE

This Schedule recovers the costs of qualifying Company-owned or contracted new renewable energy resource projects (including associated transmission) not otherwise included in rates. Rates set out here will be effective the day after the in-service date of the project. Additional new renewable projects may be incorporated into this schedule as they are placed in service. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act (OREA).

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76, 483, 489, and 576.

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>		
7	0.000	¢ per kWh
15	0.000	¢ per kWh
32	0.000	¢ per kWh
38	0.000	¢ per kWh
47	0.000	¢ per kWh
49	0.000	¢ per kWh
75		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh
83		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 122-2

SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

Schedule

87

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

89

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

91

0.000 ¢ per kWh

92

0.000 ¢ per kWh

93

0.000 ¢ per kWh

94

0.000 ¢ per kWh

515

0.000 ¢ per kWh

532

0.000 ¢ per kWh

538

0.000 ¢ per kWh

549

0.000 ¢ per kWh

575

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

583

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh

589

Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh

591

0.000 ¢ per kWh

592

0.000 ¢ per kWh

594

0.000 ¢ per kWh

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 122-3

SCHEDULE 122 (Continued)

NET REVENUE REQUIREMENTS

The Net Revenue Requirements of a project will include the fixed costs of the renewable resource and associated transmission (including return on and return of the capital costs), operation and maintenance costs, income taxes, property taxes, and other fees and costs that are applicable to the renewable resource or associated transmission. Until they are included in the Annual Power Cost Update, the net benefits of each project (market value of the energy produced by the renewable resource less any power costs such as fuel, integration and wheeling costs) will be included in the net revenue requirements. The market value of the energy will be determined using the estimated market prices used to set then effective rates.

SPECIAL CONDITIONS

1. Rates under this schedule will recover costs from all applicable customers on an equal cents per kWh basis adjusted for delivery voltage.
2. Each renewable resource project (and associated transmission) included in this adjustment schedule must be separately identified and be a new resource defined as "renewable" in the OREA.
3. The following requirements will be met in order to implement or change rates under this schedule:
 - a) At least 6 months prior to the expected on-line date for each new qualifying renewable resource project, the Company will file a request to change rates under this schedule. Such filing will:
 1. Include documentation that the new renewable resource's expected costs are at a prudent level.
 2. Set out the net impact on revenue requirements including revised income taxes and associated ratios (ORS 757.268).
 - b) The Commission will open a proceeding and establish a schedule that provides parties the opportunity to develop an evidentiary record pursuant to Section 13(3) of the OREA. Such schedule will provide for a Commission decision 45 days prior to the anticipated on-line date.
4. The variable costs and benefits of the project will be incorporated into the subsequent Annual Power Cost update and the associated rates in this schedule will be adjusted to remove such variable costs.
5. With the exception of the variable costs and benefits of each project that are incorporated into the Annual Power Cost Update, the rates for projects included under this schedule will continue until such time as the costs are included in base rates, subject to review pursuant to that general rate case or as otherwise approved by the Commission for inclusion in general rates.

Portland General Electric Company
P.U.C. Oregon No. E-18

Original Sheet No. 122-4

SCHEDULE 122 (Concluded)

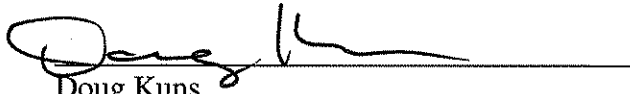
SPECIAL CONDITIONS (Continued)

6. The in-service date for the new renewable resource project and each separately identifiable project segment will be verified by an attestation from the Company stating that the specific renewable resource project has met requirements for being commercially operational and is in service.
7. The net revenue requirement impacts attributable to each separately identified segment of the new renewable resource project that produce energy prior to the in-service date of the project will be deferred for future inclusion in this schedule. Any such deferred amounts will be collected or refunded the following calendar year.
8. For purposes of Schedule 126 (Annual Power Cost Variance Mechanism), actual NVPC will be adjusted to remove the impact of any power produced by a new renewable resource qualifying for treatment under this schedule but not otherwise included in rates. The following adjustments will be made:
 - a) Actual NVPC will be increased by the value of any renewable resource energy. The value of such energy will be determined based on the monthly average of the daily Dow Jones Mid-Columbia Daily on- and off-peak Electricity Firm Price Index (DJ-Mid-C Index).
 - b) Actual NVPC will be reduced by applicable fuel costs and supply integration costs for the resource.
 - c) Actual NVPC will also be increased or decreased as appropriate for any other credits or charges specifically identifiable with the new renewable resource.
9. No project will be included in this schedule for more than 5 years.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the following: **PORTLAND GENERAL ELECTRIC COMPANY'S ADVICE NO. 07-21, UM 1330 INVESTIGATION OF AUTOMATIC ADJUSTMENT CLAUSE PURSUANT TO SB 838** to be served to the following parties or attorneys listed on the attached service list by electronic mail and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service.

Dated this 21st day of August, 2007.

A handwritten signature in black ink, appearing to read "Doug Kuns", is written over a horizontal line.

Doug Kuns

Manager, Pricing & Tariffs

On behalf of Portland General Electric Company

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