

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 180/ UE 181/ UE 184

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Request for a General Rate Revision (UE 180),)
_____)
)
In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Annual Adjustments to Schedule 125 (2007)
RVM Filing) (UE 181),)
_____)
)
In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Request for a General Rate Revision relating to)
the Port Westward Plant (UE 184).)
_____)

STIPULATION REGARDING
DIRECT ACCESS ISSUES

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”) Staff of the Public Utility Commission of Oregon (“Staff”), the Industrial Customers of Northwest Utilities, Fred Meyer Stores, the City of Portland, Constellation NewEnergy, Inc., EPCOR Merchant and Capital (US) Inc., Sempra Global and other parties that sign this Stipulation (collectively, the “Stipulating Parties”).

I. INTRODUCTION

On March 15, 2006, PGE filed Advice No. 06-8 for a general rate revision to increase its retail rates by about \$98 million. The filing was based on a projected test year of 2007 and was

docketed as UE 180. The advice filing was suspended by the Commission, and on April 4, 2006, the Administrative Law Judge held a Prehearing Conference and established a procedural schedule. On April 24, 2006, PGE filed Advice No. 06-10, to reflect in rates the Port Westward generation plant when it comes into service for customers, currently anticipated to be about March 1, 2007. That filing was docketed as UE 184, and was also suspended by the Commission. Dockets UE 180, UE 184 and UE 181 (PGE's 2007 RVM filing), have all been consolidated.

Staff and intervenors have propounded, and PGE has responded to, over 700 data requests in this docket. Pursuant to the procedural schedule adopted by the Administrative Law Judge, Staff and Intervenors published settlement proposals on July 6, 2006. Staff also published a revised settlement proposal on July 12, 2006. Settlement Conferences were held on July 13, 14 and 17, 2006, and telephonic settlement conferences regarding direct access issues were held on July 20, July 21, and July 24, 2006. The Settlement Conferences were open to all parties. As a result of those settlement discussions, the Stipulating Parties have agreed to support specific revisions to PGE's proposed tariffs. The Stipulating Parties submit this Stipulation to the Commission and request that the Commission adopt orders in this docket implementing the following.

II. TERMS OF STIPULATION

1. This Stipulation is entered to settle all direct access issues raised in this docket.¹
2. **Modification to Schedules 483 and 489** – the proposal to provide 3 and 5-year fixed price options under Schedule 489 will be deleted from PGE's rate schedules. The customer eligibility requirements of Schedules 483 and 489 as set out in the schedules will remain as filed

¹ To facilitate the City of Portland's ability to participate in direct access, PGE agrees to work with Pacificorp to ensure that no direct access barriers exist for the City of Portland facilities covered by the 1977 contract between Pacificorp and PGE.

and not modified.

3. **Split Load Option** – the Stipulating Parties support and request Commission approval of the Schedule 84 split load option as filed.

4. **Quarterly Direct Access Windows** – PGE will offer 3 new quarterly direct access enrollment windows in addition to the annual November election window. The quarterly enrollment windows will provide eligible customers on a cost of service rate schedule with the opportunity to change to direct access service or an applicable non-cost of service pricing option. An election by an eligible customer will apply for the balance of a calendar year. Specifically:

- a. The quarterly direct access enrollment window is applicable to customers served under Schedules 38, 83, 89, 91 and 92.
- b. The quarterly direct access enrollment window allows any applicable customer to choose direct access service or an applicable non-cost of service pricing option for the balance of the year. The quarterly window does not allow non-cost of service customers (including direct access service) to elect a cost of service option.
- c. The Quarterly Transition Adjustment rates will be posted on PGE's web site and filed with the OPUC according to the following schedule:
 - i. February 15th or the next business day for the April 1 (2nd Quarter) effective date of the election.
 - ii. May 15th or the next business day for the July 1 (3rd Quarter) effective date of the election.
 - iii. August 15th or the next business day for the October 1 (4th Quarter) effective date of the election.
 - iv. The posted transition adjustment rate is subject to OPUC approval.

- d. The quarterly direct access enrollment window will be open for not less than three full business days following posting of the applicable transition adjustment rates (for example, 8 AM to 5 PM, PPT with the transition adjustment rates posted before 8 AM of the first day).
- e. The annual November enrollment window will continue to be five business days consistent with OAR 860-038-0275 (2).

5. Shopping Credit – The Schedule 130, Shopping Incentive Rider will be extended through 2009, except that the credit shall be modified as follows : the shopping credit for 2007 is 5 mills/kWh; the shopping credit for 2008 is 4 mills/kWh; the shopping credit for 2009 is 3 mills/kWh, and the credit is zero thereafter. The shopping credit, eligibility for the credit and recovery of the credit will continue as provided in the current Schedule 130. Direct access customers currently receiving the shopping credit that remain eligible and on direct access service will continue to receive the credit as described above.

6. Short-Term Power Supply Transition Adjustment, the “Part B Opt-Out” – PGE will provide an option to those customers described below to receive a modified Schedule 128 transition adjustment rate that directly values long-term resources (all generating plants and power purchases and sales with an initial term longer than five years) subject to the following:

- a. This option is applicable only to customers who as of January 1, 2006 elected the Schedule 125 “Part B Opt-Out” for the 2007 service year either directly or through the default mechanism of the current Schedule 125 and whose load is greater than 1 MW peak demand (that is, qualifies for service under proposed Schedules 89/589). Customers who choose this option are not eligible for a cost of service rate option.
- b. Qualifying customers who desire this option must provide by September 29, 2006

written confirmation to PGE that they are requesting this option and will not seek service under a cost of service option for 2007. Further, customers agree that they will not be eligible for a future cost of service option unless they subsequently give not less than one calendar year notice of their desire to do so.

- c. A customer receiving service under this option must give one calendar year notice of its intent to return to a cost of service rate option. Once a participating customer returns to cost of service, the customer will not be eligible for this modified transition adjustment in the future.
- d. For purposes of calculating the power costs attributable to cost of service energy rates, the Schedule 7 cost of service energy rate will be neither positively or negatively affected by this option. The amount of modified Short-Term Transition Adjustment for the Part B opt-out option will be allocated to all non-Part B Opt-Out customers, except Schedule 7.
- e. PGE may purchase an amount of power approximately equal to the portion of the Part B Opt-out loads served by long-term resources (based on the percentage of long-term resources in PGE's resource supply portfolio). Any gain or loss on the disposition of such power will be assigned to non-Part B Opt-Out customers. If PGE makes such power purchases, the transactions will be identified, except for the 2007 service year for which an average of all purchases will be used.
- f. Customers that are either no longer eligible to receive the Part B opt-out or if eligible did not provide timely notice to participate in this option will be considered non-Part B opt-out customers for 2007 and will have all other applicable pricing options available including cost of service rates.
- g. PGE will delete from Schedule 128-3 the paragraph titled "Resource Changes."

7. **Direct Access Option for Schedule 38** – PGE will file and include in its tariff a direct access equivalent to Schedule 38 (Schedule 538).

8. The Parties agree that the issue of the applicability of the Power Cost Variance Mechanism to direct access customers will be addressed as part of the adjustment mechanism, and it is not addressed in this Stipulation.

9. PGE will add language to Schedule 32 that clarifies that once a customer has met the one year term of service under the Schedule, the customer can switch to Schedule 532 at any time subject to direct access notice requirements.

10. PGE will revise Schedule 128 to state that the Large Nonresidential Load Shift True-Up will recover or refund the amounts in excess of the load shift true-up threshold stated in Schedule 128 from all direct access-eligible Large Nonresidential customers in a manner approved by the Commission. The Company will establish a balancing account to accrue the load shift true-up amounts. The account will accrue interest at the Company's authorized cost of capital. Parties agree to not oppose an application by the Company for a deferral to enable this provision.

11. The Stipulating Parties request that the Commission issue an order adopting this Stipulation, and thereafter approve the various tariff changes necessary to implement the terms of this Stipulation prior to the November 15, 2006 direct access enrollment window so that customers will have the options described above available January 1, 2007.

12. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding. The Stipulating Parties agree that they will not cite this Stipulation, or a Commission order adopting this Stipulation, as precedent in any other proceeding other than a proceeding to enforce

the terms of this Stipulation.

13. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable.

14. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a change in the direct access tariffs that departs from the terms of this Stipulation, the Stipulating Parties reserve the right to cross-examine witnesses and put in such evidence as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

15. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation or adds such material condition.

16. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing, and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting the explanatory brief or written testimony required by OAR § 860-14-0085(4).

17. By entering into this 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 Stipulation. Except as provided in this Stipulation, no Party shall

be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

18. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 22nd day of August, 2006

/s/ DOUGLAS C. TINGEY
PORTLAND GENERAL ELECTRIC COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

FRED MEYER STORES

EPCOR MERCHANT AND CAPITAL (US) INC.

CITY OF PORTLAND

CONSTELLATION NEWENERGY, INC.

SEMPRA GLOBAL

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COMMISSION OF OREGON



INDUSTRIAL CUSTOMERS OF
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Benjamin Walters

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EPCOR MERCHANT AND CAPITAL (US) INC.

CITY OF PORTLAND

CONSTELLATION NEWENERGY, INC.

Theodore E Roberts

SEMPRA GLOBAL