

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

UE

In the Matter of the Revised Tariff Schedules)	PRETRIAL BRIEF OF
for Electric Service in Oregon filed by)	PORTLAND GENERAL
PORTLAND GENERAL ELECTRIC)	ELECTRIC COMPANY
COMPANY)	

I. INTRODUCTION

This brief is submitted to meet the requirements of OAR 860-013-075. In this docket Portland General Electric Company (“PGE”) requests to revise its Tariff schedules pursuant to ORS 757.205 and ORS 757.220.

On March 15, 2006, PGE filed a general rate case, Docket UE 180. That case is based on a normalized future test period of calendar year 2007. Based on the expenses in that test period, PGE requested a net overall increase in rates of 8.9%. Part of that increase was the result of the Port Westward combined cycle combustion turbine generation plant PGE is currently constructing (“Port Westward”). In UE 180, PGE requested that any rate change resulting from that docket be implemented in January 2007, except for the costs associated with Port Westward. PGE filed revised tariffs in that docket for the January 2007 requested increase excluding any costs for Port Westward.

With respect to Port Westward, PGE requested that the Commission approve the cost changes associated with Port Westward and allow PGE to file compliance tariffs affecting the revenue requirement change when the plant begins commercial operation, expected to be March 1, 2007. That requested approach to the Port Westward costs is consistent with past practice of this Commission and the governing law. Notwithstanding this, at least one party to UE 180, the Citizens’ Utility Board, has made claims that this approach is somehow deficient. PGE does not agree. However, to avoid any potential arguments, PGE files Tariff sheets in this docket that include the additional incremental revenue requirements associated with the Port Westward Plant.

The schedules filed in this docket provide for the “all-in” proposed rates when Port Westward comes into service for customers. The proposed costs and revenue requirement after Port Westward comes on-line are the same as those supported by testimony and exhibits proposed in UE 180. The additional test-year revenue requirement for Port Westward is \$44.9 million.

As described below, and because of the previous filing in UE 180, only three pieces of testimony are submitted herewith. The testimony filed in UE 180 already discusses in detail the Port Westward plant, its costs, and PGE’s actions to ensure that its costs are reasonable and prudent. PGE incorporates that testimony into this docket. In an effort to lessen costs and conserve resources, PGE has not reproduced and refiled that testimony, but will provide a copy to any party that requests it. Simultaneously with this filing PGE will file a motion requesting that this docket be consolidated with UE 180 in order for the Commission and parties to focus their efforts in one docket. A schedule has already been agreed to among the parties in that docket, and adopted by the Administrative Law Judge, to deal with all the issues raised including the Port Westward costs. PGE’s motion will request that this docket be handled according to that previously agreed to schedule. The date set for Staff and intervenors’ first testimony is August 9, 2006. There will be no prejudice to parties conducting discovery and responding to the testimony filed herein by that date.¹

II. TESTIMONY

PGE’s testimony and exhibits demonstrate that the Commission should approve this Application. The rates and schedules proposed will result in rates that are just and reasonable. In

¹ PGE is also filing a motion seeking waiver of the requirements of OAR 860-022-0017 for this docket, and seeking expedited consideration of that motion.

addition to the thirteen pieces of testimony filed in UE 180 and incorporated herein, PGE is introducing three pieces of testimony sponsored by the following witnesses:

<u>EXHIBIT NO.</u>	<u>TITLE</u>	<u>WITNESSES</u>
100	Policy	Pamela G. Lesh
200	Revenue Requirement	L. Alex Tooman and Jay Tinker
300	Pricing	Doug Kuns and Marc Cody

III. SUMMARY OF TESTIMONY

Exhibit 100. Pamela G. Lesh presents a brief opening piece of testimony. She describes the filing and why it is being made. She also introduces the other two pieces of filed testimony.

Exhibit 200. L. Alex Tooman and Jay Tinker summarize the annualized revenue requirement associated with Port Westward of \$44.9 million, for a total revenue requirement of \$1,689,536,000. Messrs. Tooman and Tinker explain the capital and operations and maintenance costs associated with Port Westward. The costs they describe are the same costs described in the UE 180 testimony

Exhibit 300. Doug Kuns and Marc Cody testify on pricing. Consistent with the testimony in UE 180 they testify regarding the allocation of the annualized Port Westward revenue requirement. They also provide an estimate of the overall effect on customer bills, and provide tariff sheets that incorporate the Port Westward related price changes

IV. REQUEST FOR APPROVALS

PGE requests that the Commission issue an order:

- (1) Approving the requested rate changes;
- (2) Approving the proposed tariffs and rules; and
- (3) Ordering the rates to become effective at the time Port Westward becomes operational, reflecting the capital costs, O&M expenses and dispatch benefits of the plant.

Dated: this 24th day of April, 2006.

Respectfully submitted,

/s/ DOUGLAS C. TINGEY

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Exhibit 1
Case Summary
(\$000)

	UE 180 Before Port	Including Port
	Westward	Westward
Total Revenue Requirement	\$1,644,624	\$1,689,536
Change in Revenues Requested		
RVM Power Costs	\$72,748	\$72,748
Other Costs	\$25,147	\$69,784
Total Change in Revenues Requested	\$97,895	\$142,532
Total Change net of RPA & Other	\$85,123	\$129,760
Percent Change in Base Revenues Requested		
RVM Power Costs	4.7%	4.7%
Other Costs	1.6%	4.5%
Total Change in Revenues Requested	6.3%	9.2%
Percent Change in Total Revenues Requested (with supplemental adjustments)		
RVM Power Costs	4.1%	4.1%
Other Costs	1.7%	4.8%
Total Change net of RPA & Other	5.8%	8.9%
Test Period	2007	2007
Requested Rate of Return on Capital (Rate Base)	8.97%	8.97%
Requested Rate of Return on Common Equity	10.75%	10.75%
Proposed Rate Base	\$1,748,061	\$2,027,208
Results of Operation		
A. Before Price Change		
Utility Operating Income	\$141,956	\$155,280
Average Rate Base	\$1,747,526	\$2,026,251
Rate of Return on Capital	8.12%	7.66%
Rate of Return on Common Equity	9.24%	8.42%
B. After Price Change		
Utility Operating Income	\$156,740	\$181,769
Average Rate Base	\$1,748,061	\$2,027,208
Rate of Return on Capital	8.97%	8.97%
Rate of Return on Common Equity	10.75%	10.75%
Net Effect of Proposed Price Change		
A. Residential Customers	5.7%	8.5%
B. Small Non-residential Customers	7.9%	10.6%
C. Large Non-residential Customers	5.4%	8.8%
D. Lighting & Signal Customers	10.6%	12.0%

Note: Changes in Revenues are on a cycle basis for Cost of Service Customers