

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**
3 **UE 188**

4 n the Matter of

5 PORTLAND GENERAL ELECTRIC
6 COMPANY

STAFF OPENING BRIEF

7 General Rate Case Filing Bigelow Canyon for
8 Prices Effective January 1, 2008

9 Portland General Electric Company (“PGE”), the Citizens’ Utility Board (“CUB”), the
10 Industrial Customers of Northwest Utilities (“ICNU”), and staff of the Public Utility
11 Commission (“staff”) have submitted a stipulation to the Commission that resolves all but one of
12 the issues presented by PGE’s filing in this docket. The one remaining issue is whether the
13 Commission should adjust PGE’s rates each year to account for changes in the projected fixed
14 costs of Bigelow Canyon Phase I, and if so, how that adjustment should be made.

15 In testimony, staff did not take a position regarding the merit of a yearly adjustment to
16 Bigelow Canyon Phase I rates, but noted that the policy considerations underlying the issue
17 extend beyond this docket. Staff recommended that the Commission defer a decision regarding
18 an automatic adjustment for Bigelow Canyon Phase I rates until a more general inquiry into the
19 merit of such an adjustment could be made. Staff further noted that the issue of rate base
20 adjustments would likely be presented in connection with the Commission’s implementation of
21 Senate Bill 838, which calls for Automatic Adjustment Clauses associated with acquisition of
22 renewable generation.¹

23 In its rebuttal testimony, PGE agreed with staff that the issue of annually updating costs
24 of a new resource has policy implications that are broader than this docket. PGE also noted that
25 the Commission had opened a rulemaking proceeding on the automatic adjustment clause under

26 _____
¹ Staff/100, Owings/6.

1 SB 838, and that that docket “may be an appropriate forum to address [the question of an
2 automatic adjustment clause].”

3 Staff believes that the Commission’s implementation of Senate Bill 838 should inform
4 the Commission’s decision regarding an annual adjustment for Bigelow Canyon Phase I. This is
5 because it may be the Commission will conclude there is little reason to treat Bigelow Canyon
6 Phase I differently than renewable resources acquired by the utilities post-Senate Bill 838.
7 Accordingly, staff recommends that the Commission defer its decision regarding an automatic
8 adjustment clause for Bigelow Canyon Phase I rates until it has determined the mechanics of the
9 automatic adjustment under Senate Bill 838. Or, in the alternative, staff recommends that the
10 Commission resolve whether Bigelow Canyon Phase I rates should be annually updated in
11 connection with its implementation of Senate Bill 838.

12 If the Commission adopts staff’s recommendation regarding the automatic adjustment
13 clause as well as the parties’ stipulation, staff recommends that the Commission make the
14 Bigelow Canyon Phase I rate increase in this docket subject to PGE’s agreement to file, prior to
15 January 1, 2009, the mechanism for automatic adjustment determined by the Commission in
16 Senate Bill 838 or a general investigation.²

17 DATED this 11th day of September 2007.

18 Respectfully submitted,

19 HARDY MYERS
20 Attorney General

21 s/Stephanie S. Andrus
22 Stephanie S. Andrus, #92512
23 Assistant Attorney General
24 Of Attorneys for the Public Utility Commission
of Oregon

25 ² Staff is not suggesting it is a foregone conclusion that the Commission will determine an annual update
26 is appropriate. However, staff recommends the Commission take this action in this docket to preserve the
opportunity to annually update Bigelow Canyon Phase I rates if this is what the Commission ultimately
decides to do.

1 **CERTIFICATE OF SERVICE**

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3 I certify that on September 11, 2007, I served the foregoing upon all parties of record in
4 this proceeding by delivering a copy by electronic mail and by mailing a copy by postage prepaid
5 first class mail or by hand delivery/shuttle mail to the parties accepting paper service.

6 KEN LEWIS
2980 NW MONTE VISTA TERRACE
7 PORTLAND OR 97210
kl05pdx@comcast.net

DAVISON VAN CLEVE PC
MATTHEW W PERKINS - **CONFIDENTIAL**
333 SW TAYLOR - STE 400
PORTLAND OR 97204
mwp@dvclaw.com

8 **W**
9 **CITIZENS' UTILITY BOARD OF OREGON**
LOWREY R BROWN - **CONFIDENTIAL**
UTILITY ANALYST
10 610 SW BROADWAY - STE 308
PORTLAND OR 97205
11 lowrey@oregoncub.org

PORTLAND GENERAL ELECTRIC
RATES & REGULATORY AFFAIRS
121 SW SALMON ST 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com

12 JASON EISDORFER - **CONFIDENTIAL**
ENERGY PROGRAM DIRECTOR
610 SW BROADWAY STE 308
13 PORTLAND OR 97205
jason@oregoncub.org

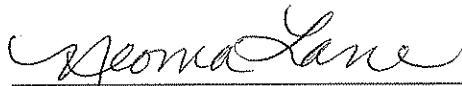
DOUGLAS C TINGEY - **CONFIDENTIAL**
121 SW SALMON 1WTC13
PORTLAND OR 97204
doug.tingey@pgn.com

14 ROBERT JENKS - **CONFIDENTIAL**
610 SW BROADWAY STE 308
15 PORTLAND OR 97205
bob@oregoncub.org

PUBLIC UTILITY COMMISSION
JUDY JOHNSON - **CONFIDENTIAL**
PO BOX 2148
SALEM OR 97308-2148
judy.johnson@state.or.us

16 **DANIEL W MEEK ATTORNEY AT LAW**
DANIEL W MEEK
17 ATTORNEY AT LAW
10949 SW 4TH AVE
18 PORTLAND OR 97219
dan@meek.net

RFI CONSULTING INC
RANDALL J FALKENBERG - **CONFIDENTIAL**
PMB 362
8343 ROSWELL RD
SANDY SPRINGS GA 30350
consultrfi@aol.com

19
20 

21 Neoma Lane
22 Legal Secretary
23 Department of Justice
24 Regulated Utility & Business Section
25
26