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August 21, 2006

VIA ELECTRONIC FILING

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: In the Matter of Pacific Power & Light (d/b/a PacifiCorp) Request for a General Rate Increase in the Company's Oregon Annual Revenues
Docket No. UE 179

Enclosed for filing in the above-referenced docket are an original and six copies of Joint Testimony in Support of Stipulation. A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Katherine A. McDowell

Enclosures
cc: Service List

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 179

In the Matter of PACIFICORP (d/b/a Pacific Power & Light) Request for a General Rate Increase in the Company's Oregon Annual Revenues

STAFF-PACIFICORP-CUB-ICNU-KROGER-CITY OF PORTLAND-KWUA-LEAGUE

JOINT TESTIMONY IN SUPPORT OF STIPULATION

WITNESSES: ED DURRENBERGER, PAUL WRIGLEY, BOB JENKS,
JAMES SELECKY, KEVIN HIGGINS, DAVID TOOZE,
ANDREA FOGUE and DONALD SCHOENBECK

August 2006

Q. WHO IS SPONSORING THIS TESTIMONY?

A. This testimony is jointly sponsored by PacifiCorp (or the "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the Industrial Customers of Northwest Utilities ("ICNU"), Fred Meyer Food Stores and Quality Food Centers, Divisions of Kroger Co. ("Kroger"), the City of Portland, Klamath Water Users Association ("KWUA"), and League of Oregon Cities ("League"). In this Joint Testimony, the parties are referred to collectively as the "Stipulation Parties" or "Parties."

Q. PLEASE STATE YOUR NAMES.

A. Ed Durrenberger, Paul Wrigley, Bob Jenks, James Selecky, Kevin Higgins, David Tooze, Andrea Fogue, and Donald Schoenbeck. Mr. Durrenberger's qualifications are set forth at Staff/201; Mr. Wrigley's qualifications are set forth in Exhibit PPL/900; Mr. Jenks' qualifications are set forth in CUB/101; Mr. Selecky's qualifications are set forth in ICNU/201; Mr. Higgins' qualifications are set forth in FM/100; Mr. Tooze's qualifications are set forth in COP/102 and Mr. Schoenbeck's qualifications are set forth in KWUA/101. The qualifications of Ms. Fogue are provided as Exhibit Joint Parties/101.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. This testimony describes and supports the Stipulation dated and filed in this case on August 3, 2006 among PacifiCorp, Staff, CUB, ICNU, Kroger, the City of Portland, KWUA and League (the "Stipulation"). The Stipulation is identified as Exhibit Joint Parties/102. Exhibit Joint Parties/102 includes a corrected Exhibit B. Our testimony supports all general provisions of the Stipulation. There are some agreements in the Stipulation that are specific to certain parties, such as the City of Portland/League issues and the Direct Access Opt-Out tariff. On those subjects, the witnesses for the specific parties should be considered the primary sponsors of the Joint Testimony.

Q. HOW DID THE STIPULATION PARTIES ARRIVE AT THE STIPULATION?

A. Administrative Law Judge Kirkpatrick's Prehearing Conference Memorandum scheduled settlement conferences in this Docket commencing on June 14, 2006. The conferences were open to all parties. The parties convened in Salem, Oregon and/or via teleconference on multiple occasions between June 14, 2006 and July 26, 2006, resulting in the Stipulation.

Q. DOES THE STIPULATION REPRESENT RESOLUTION OF ALL ISSUES IN PACIFICORP'S GENERAL RATE CASE?

A. Yes. The Stipulation is a comprehensive settlement that reflects agreement among all actively participating parties in Docket No. UE 179.

Q. HAVE OTHER PARTIES BEEN INVITED TO JOIN IN THE STIPULATION?

A. Yes. The Stipulation has been circulated to other intervening parties in this proceeding and they have been invited to join. Other parties may join by signing and filing a copy of the Stipulation.

Q. IS THE STIPULATION BASED UPON AGREEMENT TO A REASONABLE OVERALL RATE INCREASE, RATHER THAN AGREEMENT TO SPECIFIC ADJUSTMENTS FOR EACH COST ELEMENT INCLUDED IN PACIFICORP'S GENERAL RATE FILING?

A. Yes. This approach was necessary to produce a comprehensive settlement among all active parties on all issues in this case. The Parties agreed to an acceptable total level of revenue requirement increase for PacifiCorp. For purposes of the Stipulation, the Parties also agreed to specific cost levels for PacifiCorp's Net Variable Power Costs ("NVPC"), cost of capital, and tax, and agreed that PacifiCorp could recover its FAS 87 pension expense (although there is no agreement on the FAS 87 pension expense criteria used by the actuary in PacifiCorp's original filing). Beyond this, the Parties did not agree on specific cost levels for the majority of the individual elements of PacifiCorp's general rate filing. Instead, for purposes of the Stipulation, the Parties agreed to a high-level grouping of proposed cost adjustments, as set forth in Exhibit B of the Stipulation, Joint Parties/102. As with all elements of this Stipulation, except as expressly noted in the Stipulation, these grouped adjustments are non-precedential and not binding upon the Parties for any future PacifiCorp rate case.

Q. PLEASE DESCRIBE PACIFICORP'S ORIGINAL REVENUE REQUIREMENT INCREASE REQUEST.

A. On February 23, 2006, PaciCorp filed revised tariff schedules for Oregon that would result in a base price increase of approximately $112 million or 13.2 percent. PacifiCorp based its filing on a 2007 calendar year test period. PacifiCorp filed a NVPC update, consisting of a Transition Adjustment Mechanism ("TAM") update and Supplemental Testimony, which increased its requested revenue requirement by approximately $6.7 million for a total of $118.7 million.

Q. WERE THERE OTHER CHANGES TO PACIFICORP'S REVENUES THAT IMPACTED THE NET REVENUE REQUIREMENT REQUEST?

A. Yes. On April 12, 2006, the Oregon Public Utility Commission issued an order in PacifiCorp's Docket No. UE 170 resolving the issues associated with Klamath River Basin irrigator rates. This order granted PacifiCorp an increase in base rates of approximately $2 million. This rate increase updated PacifiCorp's present revenues and lowered the net revenue requirement request to $116.7 million.

Q. WHAT IS THE ESTIMATED REVENUE REQUIREMENT IMPACT OF THE ADJUSTMENTS CONTAINED IN THE STIPULATION?

A. The net effect of the Stipulation is a reduction in PacifiCorp's proposed net 2007 revenue requirement from $116.7 million to a maximum of approximately $43 million. This would result in an overall rate increase of approximately 5 percent. PacifiCorp's revenue requirement increase will include two separate components. First, there is a non-NVPC increase of $33 million. Second, there is a NVPC/TAM increase for 2007 that is capped at $10 million. The NVPC/TAM increase for 2007 may be less than $10 million.

NVPC/TAM

Q. PLEASE DESCRIBE HOW THE NVPC/TAM RATE INCREASE FOR 2007 WILL BE CALCULATED.

A. The Parties agree that the NVPC/TAM rate increase for 2007 will be calculated as follows:

1. **Begin with PacifiCorp's proposed UE 179 total Company NVPC of $889.4 million.**
2. **Subtract $50 million, producing an adjusted NVPC of $839.4 million.** This $50 million adjustment is comprised (for settlement purposes only) of the following adjustments: Cool Keeper $1.3 million; Foote Creek Wind $.8 million; Planned outages $1.3 million; Desert Power QF $13.4 million; Ancillary Benefits $4.1 million; and Other $29.1 million.
3. **Subtract PacifiCorp's current NVPC of $796.5 million from the adjusted UE 179 NVPC of $839.4 million to determine the total NVPC-related increase before 2007 TAM updates and before application of the $10 million cap.** This increase to $839.4 million would result in a $42.9 million NVPC

increase. Regardless of the final TAM amount, the total Company NVPC for 2007 will be capped at $834.4 million, and the NVPC increase will be capped at $37.9 million. Exhibit A of the Stipulation, Joint Parties/102, contains the calculation used to derive these amounts.

Q. HOW WILL THE ULTIMATE LEVEL OF THE NVPC/TAM INCREASE FOR 2007 BE DETERMINED?

A. The ultimate level of the NVPC/TAM increase for 2007 will be based upon the difference between the total Company NVPC in rates as approved in UE 170 and the total Company NVPC in rates after completion of the TAM process in this case. The amount of the final NVPC/TAM increase for 2007 is not currently in the record in this proceeding, but the Parties agree that the total Company NVPC/TAM limitation agreed to in the Stipulation will ensure that the NVPC/TAM increase for 2007 is not more than $10 million allocated to Oregon.

Q. UNDER ANY CIRCUMSTANCES, CAN THE COMPANY'S TOTAL REVENUE REQUIREMENT INCREASE RESULTING FROM THE STIPULATION EXCEED $43 MILLION?

A. No. The NVPC/TAM increase for 2007 is capped. If the final 2007 NVPC/TAM update were to produce an increase higher than $10 million, PacifiCorp has agreed to forgo the additional revenue under the terms of the Stipulation. PacifiCorp cannot increase the non-NVPC rates by any amount above $33 million to make up for an NVPC increase of less than $10 million allocated to Oregon.

Q. PLEASE DISCUSS THE PLANNED UPDATES TO PACIFICORP'S TAM PRIOR TO THE PROPOSED RATE EFFECTIVE DATE IN THIS CASE.

A. PacifiCorp will apply three TAM updates to its NVPC in the fall of 2006 before the proposed effective date for rates in this case. The first update is scheduled for October 9, 2006 for new or revised wheeling, fuel and wholesale sales and purchases contracts and known and measurable changes for wholesale sales, purchase power, wheeling, natural gas, coal and the Leaning Juniper wind project as of September 30, 2006. The second update is scheduled for November 1, 2006 and will include the most recent forward price curves for electricity and natural gas, setting indicative prices for calculating the direct access transition adjustment. The final update is scheduled for November 14, 2006, again including only the most recent forward price curves for electricity and natural gas which will set the final direct access transition adjustment.

Q. ARE ANY OTHER UPDATES TO NVPC APPLICABLE TO 2007 PERMISSIBLE UNDER THIS STIPULATION?

A. No.

Q. DO THE PARTIES RESERVE THE RIGHT TO CHALLENGE ELEMENTS OF THESE TAM UPDATES?

A. Yes. The Parties have not reviewed these yet to be filed TAM updates; therefore, the Parties reserve the right to challenge any of these TAM updates once filed. The Parties also reserve their rights to challenge changes to the GRID model or data input changes other than those agreed to in the Stipulation in the TAM updates.

Cost of Capital

Q. PLEASE DESCRIBE THE ADJUSTMENTS RELATED TO COST OF CAPITAL CONTAINED IN THE STIPULATION.

A. The Stipulation Parties agree that the overall rate of return ("ROR") should be set at 8.16 percent. The Parties further agree that, for all Oregon regulation purposes, until such time as the Commission issues a general rate order subsequent to UE 179, PacifiCorp will use the weighted cost of capital set at 8.16 percent. Without accepting the individual capital components, the Parties have derived the ROR of 8.16 percent, and for Oregon regulation purposes will assume the components, as specified in the table below.

Component	% of Capital	Cost	Weighted Cost
Debt	49.00%	6.32%	3.10%
Preferred	1.00%	6.30%	0.06%
Common	50.00%	10.00%	5.00%
Total	100.00%		8.16%

This change to the Company's cost of capital results in a $35.2 million reduction from the Company's updated revenue requirement request.

<u>Other Adjustments</u>

Q. EARLIER IN THE TESTIMONY YOU MENTIONED A HIGH-LEVEL GROUPING OF PROPOSED COST ADJUSTMENTS. PLEASE DESCRIBE THESE ADJUSTMENTS.

A. Our description of the adjustments starts with the $116.7 million amount shown in the right column on the table in Exhibit B of the Stipulation, Joint Parties/102.

The adjustments to Rate of Return and Net Power Costs described earlier in the testimony reduce the requested revenue requirement by $35.2 million and $14.4 million, respectively.

A&G adjustments to address all issues raised by parties related to rebasing, incentives, manpower, memberships, benefits, health care, legal fees, Senate Bill 1149 implementation and pensions produce an adjustment of $7.5 million.

Adjustments to Federal and State Income Tax based on the agreed upon capital structure reduces the revenue requirement increase by $2.3 million.

Adjustment S-5, Other Revenues, addresses adjustments proposed by multiple parties, including ICNU's WAPA adjustment, and Other Revenue reduces the revenue requirement by $1.3 million.

Adjustment S-6, Uncollectibles, addresses issues raised by Staff and CUB and reduces the requested revenue requirement by $770,000.

O&M adjustments addressing issues raised by parties related to generation overhauls, power delivery programs, generation contracts and special maintenance produce an adjustment of $11.7 million.

Finally, an adjustment associated with the timing of cash payments with Hydro relicensing produces an adjustment of $600,000.

The total of these adjustments produces the agreed upon maximum revenue requirement increase of $43 million.

<u>Taxes</u>

Q. PLEASE DISCUSS THE AGREEMENT RELATED TO THE LEVEL OF TAX EXPENSE INCLUDED IN PACIFICORP'S REVENUE REQUIREMENT AS A RESULT OF THE STIPULATION.

A. The Parties agree to the tax expense levels contained in the revenue requirement model attached as Exhibit B to the Stipulation, Joint Parties/102, which are calculated on a stand-alone basis.

Q. ARE THERE QUALIFICATIONS RELATED TO THE AGREEMENT ON THE LEVEL OF TAX EXPENSE INCLUDED IN PACIFICORP'S REVENUE REQUIREMENT?

A. Yes. As with all elements of this Stipulation, except as expressly stated in the Stipulation, this agreement is non-precedential. Additionally, CUB, ICNU, City of Portland and KWUA expressly note that this agreement is predicated on the fact that the AR 499 rulemaking is not yet completed and the SB 408 automatic adjustment clause can function to recover any over collection in tax expense resulting from this case. CUB, ICNU, City of Portland and KWUA do not believe that SB 408 permits calculation of taxes on a stand-alone basis. CUB, ICNU, City of Portland and KWUA reserve their right to argue in future PacifiCorp rate proceedings that the Commission should adjust tax expense to reflect the projected level of taxes to be paid under the Commission's SB 408 rules.

Rate Case Stay-Out

Q. DOES THE STIPULATION INCLUDE A MANDATORY RATE CASE STAY-OUT PERIOD FOR PACIFICORP?

A. Yes. As part of the Stipulation, PacifiCorp agrees that it will not file a new general rate case in Oregon before September 1, 2007.

Q. HOW IS "GENERAL RATE CASE" DEFINED FOR PURPOSES OF THIS STAY-OUT COMMITMENT?

A. General rate case is defined as a general rate revision under OAR 860-022-0017(1):

> A "general rate revision" is a filing by an energy or large telecommunications utility which affects all or most of a utility's rate schedules. "General rate revision" excludes changes in an automatic adjustment clause under ORS 757.210(1), changes in the credit reflected on certain electric company rate schedules relating to Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, or similar changes in one rate schedule, such as for an amortization, that affects other rate schedules.

Q. ARE THERE ANY EXCLUSIONS TO THIS STAY-OUT PROVISION?

A. Yes. PacifiCorp's filing in 2007 for its 2008 TAM is expressly excluded from this stay-out provision. The parties also understand and agree that deferred accounting requests and implementation are not impacted by this stay-out provision, except as noted below.

Q. DOES PACIFICORP HAVE THE ABILITY TO SEEK RECOVERY OF ANY CAPITAL COSTS OF NEW GENERATION RESOURCES PRIOR TO SEPTEMBER 1, 2007?

A. No. The stay-out precludes PacifiCorp from seeking recovery of any capital costs, including any deferred recovery, of Leaning Juniper or any other new generation resource in Oregon before September 1, 2007.

<u>City of Portland and League Issues</u>

Q. PLEASE EXPLAIN THE AGREEMENTS INCLUDED IN THE STIPULATION RELATED TO THE SPECIFIC ISSUES OF THE CITY OF PORTLAND AND THE LEAGUE.

A. PacifiCorp agrees to work with the City of Portland and the League to develop mutually agreeable rules for restoration priorities for PacifiCorp's Oregon service territory, and file tariffs with the Commission by January 1, 2007 reflecting these rules. PacifiCorp agrees to extend Schedule 781, the direct access shopping incentive schedule through December 31, 2009, with a shopping credit in 2007 of 5 mills, in 2008 of 4 mills and in 2009 of 3 mills. To facilitate the City of Portland's ability to participate in Portland General Electric Company's ("PGE") direct access election window beginning in November 2006 for its street-lighting customers, PacifiCorp also agrees to work with PGE to ensure that no direct access barriers exist for City of Portland street lighting customers covered by the 1977 contract between PacifiCorp and PGE. The City of

Portland acknowledges the need for a reciprocal commitment from PGE for effective implementation of this agreement.

Direct Access Opt-out Tariff

Q. PLEASE EXPLAIN THE AGREEMENT IN THE STIPULATION RELATED TO PACIFICORP'S PROPOSED SCHEDULE 295–DIRECT ACCESS OPT-OUT TARIFF.

A. PacifiCorp and ICNU agree to support the adoption of PacifiCorp's Schedule 295, Advice No. 05-015, which was filed on October 14, 2005. Schedule 295 creates a long-term opt-out offering for larger direct access customers for the November 2006 direct access enrollment window. Staff agrees to work with PacifiCorp and ICNU to develop a long-term opt-out tariff acceptable to PacifiCorp, ICNU and Staff. Staff agrees to bring this filing before the Commission no later than October 24, 2006. PacifiCorp agrees to file and support revised rate schedule 295, which is attached as Exhibit D to the Stipulation, Joint Parties/102.

Rate Spread

Q. PLEASE DESCRIBE THE ADJUSTMENTS RELATED TO THE NON-NVPC RATE SPREAD CONTAINED IN THE STIPULATION.

A. As a general matter, the rate spread for the non-NVPC rate increase is largely based upon equal percentage to all rate groups. To facilitate settlement, the Parties agreed to a few adjustments to an equal percentage spread. The agreed adjustments primarily served to further align specific rate schedules with their underlying costs.

Q. PLEASE DESCRIBE THE RATE SPREAD FOR THE NVPC PORTION OF THE RATE INCREASE CONTAINED IN THE STIPULATION.

A. Consistent with PacifiCorp's 2006 TAM update, the NVPC portion of the rate increase is spread only to the energy component of rates.

Pensions

Q. PLEASE DESCRIBE THE AGREEMENTS RELATED TO PENSIONS CONTAINED IN THE STIPULATION.

A. The Parties agree that the Stipulation will permit PacifiCorp to recover its full FAS 87 pension expense, but the Parties have not reached an agreement regarding whether the FAS 87 pension expense criteria used by the actuary included in PacifiCorp's original filing is appropriate.

Effective Date

Q. WHAT IS THE EFFECTIVE DATE OF THE AGREED REVENUE REQUIREMNET INCREASE?

A. The effective date of these new rates is January 1, 2007. This reflects a short extension of the statutory suspension period applicable to this case.

Other Terms of Stipulation

Q. DO THE STIPULATION PARTIES AGREE TO SUPPORT THIS STIPULATION THROUGHOUT THE REMAINDER OF THE UE 179 RATE PROCEEDING?

A. Yes. The Stipulation Parties agree that the Stipulation resolves all issues in PacifiCorp's UE 179 general rate filing. In this regard, the Stipulation Parties agree to support the Stipulation throughout this case and any appeal, provide witnesses to sponsor the Stipulation at any hearings, and recommend that the Commission issue an order adopting the settlements contained in the Stipulation.

Q. DO THE TERMS OF THE STIPULATION APPLY TO OTHER CASES?

A. No, the Stipulation represents a compromise in the positions of the Stipulation Parties made for this case only. By entering into the Stipulation, none of the Stipulation Parties may be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed in arriving at the terms of the Stipulation, other than those specifically identified in the body of the Stipulation. None of the Stipulation Parties has agreed that any provision of the Stipulation is appropriate for resolving issues in any other proceeding, except as specified in the Stipulation.

Q. IF THE COMMISSION REJECTS ANY PART OF THE STIPULATION, ARE THE STIPULATION PARTIES ENTITLED TO RECONSIDER THEIR PARTICIPATION IN THE STIPULATION?

A. Yes. The Stipulation provides that if the Commission rejects all or any material portions of the Stipulation, any Party that is disadvantaged by such action shall have the rights provided by OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

Reasonableness of the Stipulation

Q. HAVE THE STIPULATION PARTIES EVALUATED THE OVERALL FAIRNESS OF THE STIPULATION?

A. Yes. Each of the Stipulation Parties has reviewed the revenue requirement adjustments contained in the Stipulation, as well as the revenue requirement level resulting from its application. The Stipulation Parties agree that the results of the Stipulation are fair, just and sufficient in the context of this case and should be adopted.

Q. WHAT DO THE STIPULATION PARTIES RECOMMEND?

A. The Stipulation Parties recommend that the Commission adopt the Stipulation and include the terms and conditions in its order in this case.

Q. DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE STIPULATION?

A. Yes.

WITNESS QUALIFICATION STATEMENT

NAME:	Andrea Fogue
EMPLOYER:	League of Oregon Cities ("LOC")
TITLE:	Senior Staff Associate
ADDRESS:	1201 Court Street NE, Suite 200, Salem, Oregon 97301
EDUCATION:	B.A., Central University of Iowa
EXPERIENCE:	I have been employed by the LOC for approximately six years. During my tenure, I have been (and continue to be) the principal LOC employee responsible for identifying, evaluating and responding to legislative and regulatory initiatives and proceedings involving energy policy issues directly or indirectly impacting the interests of Oregon cities. In that regard, I have served (and continue to serve) as the LOC's liaison to trade organizations and other entities with interests in the energy industry. For example, I serve as the Northwest Energy Efficiency Alliance's liaison to Oregon local governments. I also have been appointed to and served on governmental advisory bodies, including the Portfolio Advisory Committee established by SB 1149 where I served as a charter member.
OTHER EXPERIENCE:	On behalf of the LOC, I have participated in numerous Oregon Public Utility Commission proceedings covering a broad range of issues. These proceedings have including administrative rulemakings (e.g., AR 394, AR 421, AR 498, and AR 499), private utility general rate cases (e.g., UE 115, UE 116, UE 179), utility resource planning proceedings (e.g., UE 118, UE 119), general policy matters (e.g., UM 1121), and corporate merger and restructuring proceedings (e.g., UF 4218 and UM 1209). Prior to coming to Oregon I worked with the Iowa League of Cities where I was also responsible for energy policy issues.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 179

In the Matter of PACIFIC POWER & LIGHT (d/b/a PacifiCorp) Request for a General Rate Increase in the Company's Oregon Annual Revenues

STIPULATION

This Stipulation is entered into for the purpose of resolving all issues among the parties to this Stipulation related to PacifiCorp's requested revenue requirement increase in this docket.

PARTIES

1. The initial parties to this Stipulation are PacifiCorp (or the "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board ("CUB"), the Industrial Customers of Northwest Utilities ("ICNU"), Fred Meyer Food Stores and Quality Food Centers, Divisions of Kroger Co. ("Kroger"), City of Portland, Klamath Water Users Association ("KWUA") and League of Oregon Cities ("League") (together "the Parties"). This Stipulation will be made available to the other parties to this docket, who may participate by signing and filing a copy of the Stipulation.

BACKGROUND

2. On February 23, 2006, PacifiCorp filed revised tariff schedules for Oregon that would result in a base price increase of approximately $112 million or 13.2 percent. PacifiCorp based its filing on a 2007 calendar year test period. PacifiCorp filed a Net Variable Power Cost ("NVPC") update (consisting of a Transition Adjustment Mechanism ("TAM") update and Supplemental Testimony), which increased its requested revenue requirement by approximately $6.7 million for a total of $118.7 million.

3. Pursuant to Administrative Law Judge Kirkpatrick's Prehearing Conference Memorandum, the Parties commenced settlement conferences on June 14-16, 2006. These settlement conferences continued on June 21, 23 and July 10, 24 and 27, 2006. The settlement conferences were noticed and all parties were invited to participate.

4. As a result of the settlement conferences, the Parties have reached a comprehensive settlement in this case. The net effect of this Stipulation reduces PacifiCorp's proposed increase in test period revenue requirement to a maximum of $43 million, which would result in an overall rate increase of approximately 5 percent. PacifiCorp's revenue requirement increase will include two separate components. First, there is a non-NVPC increase of $33 million. Second, there is a NVPC/TAM increase for 2007 that is capped at $10 million. The NVPC/TAM increase for 2007 may be less than $10 million. The effective date of these new rates is January 1, 2007, which reflects a short extension of the statutory suspension period applicable to this case. Exhibit A to this Stipulation contains the calculation that will be used to determine the NVPC increase in this case. Exhibit B to this Stipulation shows the revenue requirement at the maximum $43 million level, reflecting the maximum NVPC/TAM increase for 2007 possible under this Stipulation. Exhibit C to this Stipulation shows the estimated rate spread, assuming a total $43 million increase. The final, overall rate increase may be less than $43 million.

AGREEMENT

5. The Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented. The Parties agree that the following

adjustments, and the revenue requirement levels resulting from their application, are fair, just, sufficient and reasonable:

a. Non-NVPC Rates: The Parties agree to a revenue requirement increase of $33 million, which represents a settlement of all issues in this case, except NVPC/TAM, which is addressed in paragraph 5(b). Regardless of the overall level of rate increase derived from the NVPC/TAM procedure explained in section 5(b), PacifiCorp shall not increase its non-NVPC rates in this case by more than $33 million.

b. NVPC/TAM: In addition to the non-NVPC rate increase, the Parties agree to a NVPC/TAM rate increase for 2007 capped at a maximum of $10 million. This increase will be calculated using the following steps:

(i) Begin with PacifiCorp's proposed UE 179 total Company NVPC of $889.4 million.

(ii) Subtract $50 million, producing an adjusted NVPC of $839.4 million. This $50 million adjustment is comprised (for settlement purposes only) of the following adjustments: Cool Keeper $1.3 million; Foote Creek Wind $.8 million; Planned outages $1.3 million; Desert Power QF $13.4 million; Ancillary Benefits $4.1 million; and Other $29.1 million. No other modeling changes will be made to GRID (PacifiCorp's NVPC model) and applied in this case, unless agreed to by the Parties. The Parties agree that this procedure will ensure that the NVPC/TAM increase for 2007 will not exceed a maximum of $10 million allocated to Oregon. The Parties reserve their rights to challenge changes to the GRID model or data input changes other than those agreed to in this Stipulation in the TAM updates.

(iii) Subtract PacifiCorp's current NVPC of $796.5 million from the adjusted UE 179 NVPC of $839.4 million to determine the total NVPC-related increase before 2007 TAM updates and before application of the $10 million cap. This increase to $839.4 million would result in a $42.9 million NVPC increase. Regardless of the final TAM amount, the total Company NVPC for 2007 will be capped at $834.4 million, and the NVPC increase will be capped at $37.9 million. Exhibit A contains the calculation used to derive these amounts.

(iv) Regardless of the final level of NVPC/TAM rates for 2007, the Parties agree that the Company may not increase non-NVPC rates by any amount above $33 million in this case to make up for an NVPC increase of less than $10 million allocated to Oregon.

(v) The ultimate level of the NVPC/TAM increase for 2007 will be based upon the difference between the total Company NVPC in rates as approved in UE 170 and the total Company NVPC in rates after completion of the TAM process in this case. The amount of the final NVPC/TAM increase for 2007 is not yet in the record in this proceeding, but the Parties agree that the total Company NVPC/TAM limitation agreed to in this Stipulation will ensure that the NVPC/TAM increase for 2007 is not more than $10 million allocated to Oregon.

(vi) PacifiCorp will apply three TAM updates to its NVPC in the fall of 2006 before the proposed effective date for rates in this case. The first update is scheduled for October 9, 2006 for new or revised wheeling, fuel and wholesale sales and purchases contracts and known and measurable changes for wholesale sales, purchase power, wheeling, natural gas, coal and the Leaning Juniper wind project as of September 30, 2006. The second update is scheduled for November 1, 2006 and will include the most recent forward price curve for electricity and natural gas, setting indicative prices for calculating the direct access transition adjustment. The final update is on November 14, 2006, again including only the most recent forward price curve for electricity and natural gas prices, setting the final direct access transition adjustment. No other updates to NVPC applicable to 2007 are permissible under this Stipulation. The Parties have not reviewed these yet to be filed TAM updates; therefore, the Parties reserve the right to challenge any of these TAM updates on grounds other than those covered by this subsection and by subsection 5(b)(ii), including the fact that they include imprudent new or revised contracts, inaccurate information, or inappropriate GRID model changes or data inputs, or are otherwise inconsistent with this Stipulation or the law.

(vii) PacifiCorp will compare its adjusted NVPC after the three fall 2006 updates and conduct the same calculation set forth in subsection 5(b)(iii) above to determine the final NVPC/TAM increase for 2007 in this case. PacifiCorp will include its actual NVPC results for 2007 in rates, not to exceed an Oregon allocated increase of $10 million for rates to be effective January 1, 2007.

c. Rate Change Effective Date: The Parties agree that the rate changes as specified in this Stipulation should go into effect on January 1, 2007. The Company agrees to waive the current tariff suspension date in UE 179 of December 24, 2006 to January 1, 2007.

d. Cost of Capital: The Parties agree that the overall rate of return ("ROR") should be set at 8.16 percent, which also settles all issues associated with cost of capital (*e.g.,* issuance costs). The Parties further agree that, for all Oregon regulation purposes, until such time as the Commission issues a general rate order subsequent to UE 179, PacifiCorp will use the weighted cost of capital set at 8.16 percent ROR. The Parties do not agree on the individual capital components that result in the ROR of 8.16 percent. Without accepting the individual capital components, the Parties have derived the ROR of 8.16 percent, and for Oregon regulation purposes will assume the components, as specified in the table below.

Component	% of Capital	Cost	Weighted Cost
Debt	49.00%	6.32%	3.10%
Preferred	1.00%	6.30%	0.06%
Common	50.00%	10.00%	5.00%
Total	100.00%		8.16%

e. Pensions: The Parties agree that this Stipulation will permit the Company to recover its full FAS 87 pension expense. The Parties have not reached an agreement regarding whether the FAS 87 pension expense criteria used by the actuary included in PacifiCorp's original filing is appropriate. This agreement is non-precedential and is not binding upon the Parties for any future PacifiCorp rate case.

f. Taxes: The Parties agree on the tax expense levels contained in the revenue requirement model attached as Exhibit B, which are calculated on a stand-alone basis. For CUB, ICNU, City of Portland and KWUA, this agreement is expressly non-precedential and predicated on the fact that the AR 499 rulemaking is not yet completed and the SB 408 automatic adjustment clause can function to recover any over collection in tax expense resulting from this case. CUB, ICNU, City of Portland and KWUA reserve their right to argue in future PacifiCorp rate proceedings that the Commission should adjust tax expense to reflect the projected level of taxes to be paid under the Commission's SB 408 rules.

g. Rate Case Stay-Out: PacifiCorp agrees that it will not file a new general rate case (defined as a general rate revision under OAR 860-022-0017(1)) in Oregon before September 1,

2007. This stay-out precludes PacifiCorp from seeking recovery of capital costs, including any deferred recovery, of Leaning Juniper or any other new generation resource in Oregon before September 1, 2007. PacifiCorp's filing in 2007 for its 2008 TAM is expressly excluded from this stay-out provision.

h. Rate Spread: The Parties agree to the rate spread set forth in Exhibit C, subject to adjustments as necessary to match the final 2007 NVPC-related rate increase in this case. As a general matter, the rate spread for the non-NVPC rate increase is largely based upon equal percentage increases to all rate groups, with a few adjustments, and the NVPC portion of the rate increase is spread only to the energy component of rates.

i. City of Portland and League Issues: PacifiCorp agrees to work with the City of Portland and the League on mutually agreeable rules for restoration priorities for PacifiCorp's Oregon service territory, and file tariffs with the Commission by January 1, 2007 reflecting these rules. PacifiCorp agrees to extend Schedule 781, the direct access shopping incentive schedule through December 31, 2009, with a shopping credit in 2007 of 5 mills, in 2008 of 4 mills and in 2009 of 3 mills. To facilitate the City of Portland's ability to participate in PGE's direct access election window beginning in November 2006 for its street-lighting customers, PacifiCorp also agrees to work with Portland General Electric Company ("PGE") to ensure that no direct access barriers exist for City of Portland street lighting customers covered by the 1977 contract between PacifiCorp and PGE. The City of Portland acknowledges the need for a reciprocal commitment from PGE for effective implementation of this agreement.

j. Direct Access Opt-Out Tariff: PacifiCorp and ICNU agree to support the adoption of PacifiCorp's Schedule 295, Advice No. 05-015, which was filed on October 14,

2005. Schedule 295 creates a long-term opt-out offering for direct access customers for the November 2006 direct access enrollment window. Staff agrees to work with PacifiCorp and ICNU to develop a long-term opt-out tariff acceptable to PacifiCorp, ICNU and Staff. Staff agrees to bring this filing before the Commission no later than October 24, 2006. PacifiCorp agrees to file and support revised rate schedule 295, which is attached as Exhibit D to this Stipulation.

6. The Parties to this Stipulation agree that it resolves all issues in this case. The 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.

7. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-14-0085. The Parties agree to support this Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Stipulation at the hearing, and recommend that the Commission issue an order adopting the settlements contained herein.

8. If this Stipulation is challenged by any other party to this proceeding, the Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation. The Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Stipulation.

9. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any Party disadvantaged by such action shall have the

rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

10. 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, other than those specifically identified in the body of 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, except as specifically identified in Section 5 of this Stipulation.

11. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Stipulation is entered into by each party on the date entered below such Party's signature.

Signature page follows

PACIFICORP

By: Andrea Kelly

Date: 3 Aug 06

STAFF

By: ______________________

Date: ______________________

ICNU

By: ______________________

Date: ______________________

CUB

By: ______________________

Date: ______________________

KROGER COMPANY

By: ______________________

Date: ______________________

CITY OF PORTLAND

By: ______________________

Date: ______________________

KLAMATH WATER USERS ASSOC.

By: ______________________

Date: ______________________

LEAGUE OF OREGON CITIES

By: ______________________

Date: ______________________

PACIFICORP

By: ______________________

Date: ______________________

STAFF

By: [signature]

Date: 8/3/06

ICNU

By: ______________________

Date: ______________________

CUB

By: ______________________

Date: ______________________

KROGER COMPANY

By: ______________________

Date: ______________________

CITY OF PORTLAND

By: ______________________

Date: ______________________

KLAMATH WATER USERS ASSOC.

By: ______________________

Date: ______________________

LEAGUE OF OREGON CITIES

By: ______________________

Date: ______________________

PACIFICORP	STAFF
By: ________________	By: ________________
Date: ________________	Date: ________________
ICNU	CUB
By: Melinda J. Davison/Ram	By: ________________
Date: 8-3-2006	Date: ________________
KROGER COMPANY	CITY OF PORTLAND
By: ________________	By: ________________
Date: ________________	Date: ________________
KLAMATH WATER USERS ASSOC.	LEAGUE OF OREGON CITIES
By: ________________	By: ________________
Date: ________________	Date: ________________

PACIFICORP

By: ____________________

Date: ____________________

STAFF

By: ____________________

Date: ____________________

ICNU

By: ____________________

Date: ____________________

CUB

By: ____________________

Date: Aug 3, 2006

KROGER COMPANY

By: ____________________

Date: ____________________

CITY OF PORTLAND

By: ____________________

Date: ____________________

KLAMATH WATER USERS ASSOC.

By: ____________________

Date: ____________________

LEAGUE OF OREGON CITIES

By: ____________________

Date: ____________________

PACIFICORP	STAFF
By: ______________________	By: ______________________
Date: ______________________	Date: ______________________
ICNU	CUB
By: ______________________	By: ______________________
Date: ______________________	Date: ______________________
KROGER COMPANY	CITY OF PORTLAND
By: ______________________	By: Benjamin Walters
Date: ______________________	Date: August 3, 2006
KLAMATH WATER USERS ASSOC.	LEAGUE OF OREGON CITIES
By: ______________________	By: ______________________
Date: ______________________	Date: ______________________

PACIFICORP

By: ______________________________

Date: ______________________________

STAFF

By: ______________________________

Date: ______________________________

ICNU

By: ______________________________

Date: ______________________________

CUB

By: ______________________________

Date: ______________________________

KROGER COMPANY

By: ______________________________

Date: ______________________________

CITY OF PORTLAND

By: ______________________________

Date: ______________________________

KLAMATH WATER USERS ASSOC.

By: Edward A Finklea

Date: 8-3-06

LEAGUE OF OREGON CITIES

By: ______________________________

Date: ______________________________

PACIFICORP	STAFF
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________
ICNU	CUB
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________
KROGER COMPANY	CITY OF PORTLAND
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________
KLAMATH WATER USERS ASSOC.	LEAGUE OF OREGON CITIES
By: ____________________	By: Andrea J. Fogue
Date: ____________________	Date: August 3, 2006

Exhibit A

Transition Adjustment Mechanism (TAM)
Net Variable Power Cost (NVPC) Cap and Increase calculation
Millions $

Total Company UE 170 NVPC		$796.5
Oregon TAM Cap increase UE-179	10	
Allocation factor '/1	26.40%	
Total company Cap increase	37.9	37.9
Total company NVPC CAP		$834.4

/1 weighted 50% SG / 50%SE (26.6279+27.1727)/2

Exhibit B

PACIFICORP
UE 179
OREGON ALLOCATED RESULTS OF OPERATIONS
YEAR ENDING DECEMBER 31, 2007
($000)

	SUMMARY SHEET	2007 Oregon Results Per Company Filing (1)	Adjustments (2)	2006 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	**Operating Revenues**					
2	Retail Sales	$845,831	$1,203	$847,034	$43,000	$890,034
3	Wholesale Sales	278,958	0	278,958	0	278,958
4	Other Revenues	34,396	1,239	35,635	0	35,635
5	**Total Operating Revenues**	$1,159,185	$2,442	$1,161,627	$43,000	$1,204,627
6	**Operating Expenses**					
$7	Steam Production	$208,897	-$6,060	$202,837	$0	$202,837
8	Hydro Production	10,895	(1,312)	9,583	0	9,583
9	Other Power Supply	344,596	(7,924)	336,672	0	336,672
10	Transmission	34,631	(1,671)	32,960	0	32,960
11	Distribution	74,778	(3,064)	71,714	0	71,714
12	Customer Accounts	36,313	(750)	35,563	0	35,563
13	Customer Service & Info	2,686	0	2,686	280	**2,966**
14	Sales	0	0	0	0	0
15	Administrative and General	69,288	(7,196)	62,092	0	62,092
16	**Total Operation & Maintenance**	$782,085	($27,977)	754,108	$280	$754,388
17	Depreciation	121,382	0	121,382	0	121,382
18	Amortization	18,573	23	18,596	0	18,596
19	Taxes Other than Income	45,968	0	45,968	1,028	46,996
20	Income Taxes	52,652	10,172	62,824	15,828	78,652
21	Miscellaneous Revenue & Expense	(3,168)	0	(3,168)	0	(3,168)
22	**Total Operating Expenses**	$1,017,494	($17,782)	$999,712	$17,136	$1,016,848
23	**Net Operating Revenues**	$141,691	$20,224	$161,915	$25,870	$187,785
24	**Average Rate Base**					
25	Electric Plant in Service	$4,450,735	($844)	$4,449,891	$0	$4,449,891
26	Less: Accumulated Depreciation & Amortization	(1,914,195)	0	(1,914,195)	0	(1,914,195)
27	Accumulated Deferred Income Taxes	(324,880)	0	(324,880)	0	(324,880)
28	Accumulated Deferred Inv. Tax Credit	(7,435)	0	(7,435)	0	(7,435)
29	**Net Utility Plant**	2,204,225	($844)	$2,203,381	$0	$2,203,381
30	Plant Held for Future Use	0	0	0	0	0
31	Acquisition Adjustments	19,855	0	19,855	0	19,855
32	Working Capital	25,678	(371)	25,307	356	25,663
33	Fuel Stock	18,042	0	18,042	0	18,042
34	Materials & Supplies	29,929	0	29,929	0	29,929
35	Customer Advances for Construction	0	0	0	0	0
36	Weatherization Loans	33	0	33	0	33
37	Prepayments	7,211	0	7,211	0	7,211
38	Misc. Deferred Debits	26,071	0	26,071	0	26,071
39	Misc. Rate Base Additions/(Deductions)	(28,846)	0	(28,846)	0	(28,846)
40	**Total Average Rate Base**	$2,302,198	($1,215)	$2,300,983	$356	$2,301,339
41	**Rate of Return**	6.15%		7.04%		**8.160%**
42	**Implied Return on Equity**	5.96%		5.96%		10.00%

PACIFICORP
UE 179
OREGON ALLOCATED RESULTS OF OPERATION
YEAR ENDING DECEMBER 31, 2006
($000)

		Income Tax Calculations	2007 Oregon Per Company Filing (1)	Adjustments (2)	2007 Oregon Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1		Book Revenues	$1,159,185	$2,442	$1,161,627	$43,000	$1,204,627
2		Book Expenses Other than Depreciation	843,458	($27,954)	815,504	1,308	816,812
3		State Tax Depreciation	121,382	$0	121,382	0	121,382
4		Interest	67,763	($38)	67,725	11	67,736
5	Less:	Schedule M Differences(Deductions less Additions)	862	$0	862	0	862
6		State Taxable Income	$125,720	$30,434	$156,154	$41,681	$197,834
7		Add OR Depletion Adjustment	$0				
8		Total State Taxable Income	$125,718		$156,154	$41,681	$197,834
9		State Income Tax @ 4.540%	$5,708	$1,379	$7,087	$1,893	$8,980
10		State Tax Credits	$192	$0	192	0	192
11		Net State Income Tax	$5,900	$1,209	$7,109	$1,893	$9,002
12		Additional Tax Depreciation	0	0	0	0	0
13	Plus:	Other Schedule M Differences	0	0	0	0	0
14		Federal Taxable Income	$119,818	29,225	$149,043	$39,788	$188,831
15		Federal Tax @ 35%	41,936	8,963	50,899	13,935	64,834
16		Federal Tax Credits	(436)	0	(436)	0	(436)
17		Current Federal Tax	$41,500	$8,963	$50,463	$13,935	$64,398
18		ITC Adjustment		-			
19		Deferral	0	0	0	0	0
20		Restoration	0	0	0	0	0
21		Total ITC Adjustment	$0	$0	$0	$0	$0
22		Provision for Deferred Taxes	$5,252	$0	$5,252	$0	$5,252
23		Total Income Tax	$52,652	$10,172	$62,824	$15,828	$78,652

PACIFICORP
UE 179
ISSUE SUMMARY SHEET
YEAR ENDING DECEMBER 31, 2006
($000)

Item	Adjustments	Revenue Requirement Effect (non-power cost)	Revenue Requirement Effect (Inc.power cost)
	Revenue Requirement (Non-power Costs) on the Company's Filed Results	$94,287	$0
	Revenue Requirement (including TAM Update) on Company's Filed Results		$118,677
	Klamath Rate Change Adjustment	($2,000)	($2,000)
	Updated Revenue Requirement	$92,287	116,677
S-0	Rate of Return-UE 170 settlement numbers, 8.16% ROR	($35,157)	($35,157)
S-1, S-2, S-4, S-7	A&G Adjustments Includes Staff, CUB, and ICNU adjustments associated with rebasing, incentives, manpower, memberships, benefits, health care, legal fees, SB 1149 implementation and pensions.	($7,467)	($7,467)
S-3	FIT and SIT Adjustments Adjusts test period income taxes based on Staff's proposed capital structure.	($2,293)	($2,293)
S-5	Other Revenues Adjustment Incorporates Staff, ICNU and CUB adjustments, including ICNU's WAPA adjustment, to Other Revenues to reflect test year revenue projections.	($1,277)	($1,277)
S-6	Uncollectibles Adjustment Represents the difference between the results of operations and a 3 year average of uncollectibles from FERC Form 1 data.	($774)	($774)
S-8	RTO Adjustment This is included in the A&G adjustment S-7.	$0	$0
S-9	Amortization of Capital Stock Expenses Flotation costs included in cost of capital.	$0	$0
S-10, S-11 S-12	O&M Adjustments Includes Staff and ICNU adjustments associated with generation overhauls, PD programs, and generation contracts and special maintenance.	($11,715)	($11,715)
S–13	Power Cost Adjustment Captures Staff Adjustments S13-S-15. Black Box settlement to be an increase of no more than $10 MM	$0	($14,390) *
S-16	Hydro Relicensing Adjustment Adjusts cash payments from test year expenses.	($604)	($604)
S-17	Station Service This adjustment was dropped.	$0	$0
		($59,287)	($73,677)
	Settled Revenue Requirement	$33,000	$43,000 **

* Power Cost adjustment will be no less than this amount per the calculation methodology in the Stipulation.

** Maximum, not to exceed, incremental revenue requirement increase including final power cost (TAM) update.

Exhibit C

RATE SPREAD TABLE - UE-179 STIPULATION

PACIFIC POWER & LIGHT COMPANY
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
FORECAST 12 MONTHS ENDED DECEMBER 31, 2007

Line No.	Description	Sch No.	Base[1] %	Net[2] %	RMA ¢/kWh
	(1)	(2)	(3)	(4)	(5)
1	Base Change in Revenue Requirement ($000)		$33,000		
2	TAM Adjustment ($000)		$10,000		
	Residential				
3	Residential	4	4.1%	4.8%	0.057
4	**Total Residential**		4.1%	4.8%	
	Commercial & Industrial				
5	Gen. Svc. < 31 kW	23	4.8%	5.2%	(0.559)
6	Gen. Svc. 31 - 200 kW	28	5.2%	5.1%	0.401
7	Gen. Svc. 201 - 999 kW	30	6.3%	5.1%	0.168
8	Large General Service >= 1,000 kW	48	7.3%	5.4%	(0.149)
9	Partial Req. Svc. >= 1,000 kW	47	7.3%	5.4%	(0.149)
10	Agricultural Pumping Service	41	5.3%	5.2%	(2.539)
11	**Total Commercial & Industrial**		6.0%	5.2%	
	Lighting				
12	Outdoor Area Lighting Service	15	6.2%	5.0%	1.002
13	Street Lighting Service	50	6.2%	5.0%	0.908
14	Street Lighting Service HPS	51	6.1%	5.0%	1.416
15	Street Lighting Service	52	6.4%	5.4%	0.920
16	Street Lighting Service	53	6.3%	5.1%	0.580
17	Recreational Field Lighting	54	6.2%	5.7%	0.539
18	**Total Public Street Lighting**		6.2%	5.0%	
19	**Total**		5.0%	5.0%	

Notes: Rates for Klamath Basin Irrigation and Drainage Pumping Schedule 33 will be changed in accordance with Commission Order 06-172 in Docket UE-170. Percentages for Schedules 47 and 48 reflect the average rate change for both schedules.

[1] Includes the effects of Schedule 92.

[2] Includes the effects of Schedules 92, 95, 198, 291, 292, 293, 296 and 299. Excludes effects of the BPA Energy Discount (Schedule 98), Low Income Bill Payment Assistance Charge (Schedule 91) and Public Purpose Charge (Schedule 290).

Exhibit D

PACIFIC POWER & LIGHT COMPANY
TRANSITION ADJUSTMENT
COST OF SERVICE OPT-OUT

OREGON
SCHEDULE 295

Available (N)

In all territory served by the Company in the State of Oregon.

Applicable

To Large Nonresidential Consumers who have chosen to opt-out of the Company's cost-of-service Schedule 200 during the enrollment period specified below and who currently receive Delivery Service under Schedules 47, 48, 747, or 748 or Consumers who receive service under Delivery Service Schedules 30, 41, 730 or 741 under a single corporate name with meters of more than 200 kW of billing demand at least once in the previous thirteen months that total to at least 2 MW. Beginning with the November 2006 Direct Access Enrollment period, Consumers have a three-year option.

Minimum Three-Year Option
Enrollment Period: November X-X, 2006 with a minimum service period from January 1, 2007 through December 31, 2009.

Total Eligible Load

A total load of 200 MW will be accepted under this schedule.

Transition Adjustment

In calculating the Transition Adjustment new electric generation resources (those greater than 100 MW and longer than 10 years which will become used and useful during the 3-year opt-out period – excluding any Qualifying Facility resources added during this same period) will not be included in the calculation. The Transition Adjustment will remain fixed over the 3-year period.

$XX.XX /MWh	January 1, 2007 through December 31, 2007
$XX.XX /MWh	January 1, 2008 through December 31, 2008
$XX.XX /MWh	January 1, 2009 through December 31, 2009

Energy Supply

The Consumer must elect to purchase energy from an ESS (Direct Access Service) for all of the Consumer's Points of Delivery under this schedule.

Notification of Transition Adjustment
Based on the announcement date defined in OAR 860-038-275, the Company will post on its website (www.PacifiCorp.com) the transition adjustment for each delivery service schedule shown on Schedule 200 for each applicable delivery voltage level for Nonresidential Consumers for the 3-year period from January 1 of the calendar year subsequent to the announcement date.

PACIFIC POWER & LIGHT COMPANY
TRANSITION ADJUSTMENT
COST OF SERVICE OPT-OUT

OREGON
SCHEDULE 295

Balancing Account

Beginning January 2007, the Company will accrue in this account, the costs, resulting from changes in the forward price curve that occurred during the open enrollment window, the load actually participating in the cost of service opt-out as compared to the assumed level of participation in the simulations, and any executed energy transactions resulting from significant load departure, if such costs exceed $250,000. The Company shall accrue interest on transition adjustment balances, whether positive or negative, at the Company's authorized rate of return. Amounts in this account will be recovered through Schedule 293 from all consumers eligible for direct access.

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 179 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

Rates & Regulatory Affairs
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Community Action Directors of Oregon
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DATED: August 21, 2006.

Katherine A. McDowell

Of Attorneys for PacifiCorp

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