BEFORE THE PUBLIC UTILITY COMMISSION

OF THE STATE OF OREGON

UE 201

2007 Power Cost Adjustment Mechanism

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony

October 31, 2008

I. Introduction

Q. What are your names and positions?

A. My name is Dustin Ball. I am a Senior Analyst employed by the Oregon Public Utility Commission. My qualifications have been provided in previous dockets concerning PGE, most recently in PGE's general rate case proceeding (see Docket UE-197, Staff/301).

My name is Randy Falkenberg. I am a consultant working for the Industrial Customers of Northwest Utilities (ICNU) in this matter. My qualifications have been provided in previous dockets on behalf of ICNU, most recently in PGE's Biglow 1 proceeding (see Docket UE-188, ICNU/101).

My name is Bob Jenks. I am the Executive Director of the Citizens' Utility Board (CUB). My qualifications have been provided in previous dockets on behalf of CUB, most recently in PGE's general rate case proceeding (see Docket UE-197, CUB/101).

My name is Jay Tinker. I am a project manager for PGE. My qualifications were previously provided in PGE Exhibit 100

Q. What is the purpose of your testimony?

A. Our purpose is to describe and support a stipulation ("Stipulation") between Staff, ICNU, CUB, and PGE (the "Parties") regarding issues raised in this docket (UE-201). The Stipulation resolves all issues identified by the Parties and, therefore, if approved by the Commission, would conclude this proceeding.

Q. Please summarize the agreement contained in the UE-201 Stipulation.

A. The Stipulation resolves identified issues that impact the calculation of the Power Cost Adjustment Mechanism (PCAM) credit for 2007 as well as other non-financial issues. Under the terms of the Stipulation, the PCAM credit for 2007 will increase from $15.8

million, as originally filed by PGE, to \$16.5 million. A copy of the Stipulation is attached as Exhibit 101. Table 1 below summarizes the modification to the 2007 PCAM credit, before consideration of interest or revenue sensitive costs as required by Schedule 126.

Table 1
(2007 PCAM Credit Modifications)

Item	Description	\$(000s)
(1)	PCAM Credit As Filed by PGE – See PGE Exhibit 101	\$(15,817)
(2)	Modify Deadband to Reflect January 17, 2007 Effective Date	\$(512)
(3)	Remove 7/12 of Coal Inventory Adjustment Accrual	\$(285)
(4) = (2) + (3)	Total Modifications to 2007 Power Cost Variance	\$(797)
(5) = (4) * 90%	Sharing Percentage (90%)	\$(717)
(6) = (1) + (5)	PCAM Credit – Modified for Stipulation	\$(16,534)

Q. Please describe the first adjustment to the 2007 PCAM credit, modifying the deadband to reflect a January 17, 2007 effective date.

A. During settlement discussions, OPUC Staff identified an issue regarding the derivation of the deadband applicable to 2007. Specifically, while PGE had derived the unit net variable power cost (NVPC) variance to exclude the period from January 1, 2007 through January 16, 2007, the deadband was calculated on the basis of the entire calendar year. Since the Commission-approved tariffs in UE-180 (including Schedule 126) were effective January 17, 2007, Staff believed an adjustment should be made to the deadband to reflect this effective date. The Parties agree that this adjustment is reasonable. The adjustment reduces the size of the deadband, and hence increases the credit attributable to customers prior to sharing, by \$512,000.

Q. Please describe the second adjustment to the 2007 PCAM credit, removing 7/12 of the coal inventory adjustment accrual.

A. During settlement discussions, ICNU raised the issue of whether a portion of the accrual for an adjustment to coal burn costs due to a review of coal inventory is related to a period prior to the adoption of the PCAM.

Q. What is the coal inventory adjustment accrual that PGE records?

A. During the scheduled Boardman maintenance outage (generally in the spring), PGE performs a measurement of the coal pile at the Boardman plant. The measurement of PGE's coal inventory is then compared to estimates of coal burned based on plant output since the last coal inventory measurement. To the extent that the usage is different as measured by the coal inventory relative to estimates of usage based on plant output, an adjustment is made to coal burn, which is a component of actual NVPC.

Q. Did the coal inventory adjustment include a period in 2006?

A. Yes. PGE measured the Boardman coal pile in May 2007 and recorded a $489,000 increase in coal burn costs for 2007 as a result of those measurements. Since PGE's last measurement of the coal pile was in May 2006, the adjustment relates to the period May 2006 through May 2007. Therefore, a portion of the adjustment can be reasonably attributable to 2006. We estimated that portion to be 7/12 of the $489,000 accrual, or $285,000. Since 2006 was a period without a PCAM, the Parties agreed that it is reasonable to remove this amount from actual power costs, which increases the PCAM credit by $285,000, before applying the sharing provision of Schedule 126.

Q. Did the Parties agree on the treatment of similar coal inventory adjustment accruals in future PCAM amortization proceedings?

A. Yes. The 2007 PCAM proceeding is unique in that the prior period (2006) was a year without a PCAM mechanism. In the future, coal inventory accrual adjustments will relate entirely to periods covered under the PCAM. Therefore, the Parties agreed that in future PCAM proceedings, the Parties will not object to the inclusion of a coal inventory adjustment on the basis that it relates to a prior period.

Q. What is the net impact of the stipulated items that relate to 2007 power cost issues on the 2007 PCAM credit?

A. As indicated in Table 1, the two items with an impact on the 2007 PCAM credit increased the credit variance by $797,000 before consideration of the sharing provision of Schedule 126. Since the 2007 variance of power costs was outside the deadband, 90% of this amount, or $717,000, would flow to customers as an additional PCAM credit.

Q. Will PGE recalculate interest and the provision for revenue sensitive costs pursuant to the modified PCAM credit?

A. Yes. If the Stipulation is approved by the Commission, PGE's compliance tariff filing will include a recalculated credit amount consistent with the terms of the Stipulation, including recalculated interest and revenue sensitive cost changes pursuant to the modified credit amount as required by Schedule 126.

Q. Did the Parties stipulate to additional issues in this proceeding?

A. Yes, the Parties are in agreement on a number of other issues that do not impact the size of the 2007 PCAM credit, but do have implications for future PCAM amortization proceedings. The Stipulation provides for an agreement on the following items:

- PGE will present future earnings test Regulated Return on Equity (ROE) results both before, and after, application of any PCAM credit/charge.
- The Parties agree that for the current and future earnings tests in the PCAM, it is appropriate to include SB 408 accruals in Regulated ROE results.
- The Parties agree to certain provisions which allow for information to be provided more timely in future PCAM amortization proceedings.

- The Parties agree to certain language changes to Schedule 126 to clarify the impact of direct access windows that occur after PGE's final power cost forecast is developed in mid-November.

Q. Please describe the first area of agreement, presenting earnings test Regulated ROE results before, and after, application of the PCAM credit/charge.

A. In PGE's initial filing, Regulated ROE results were presented inclusive of the PCAM credit, with a resulting Regulated ROE of 11.58% (PGE Exhibit 102). Since the earnings test ROE floor for refund of PCAM credits is 11.1% (100 basis points above the authorized ROE), in this instance, the credit should be refunded in its entirety to customers. However, future refunds (or collections) may be limited (or eliminated) based on earnings test ROE results. To facilitate a more complete evaluation of earnings, the Parties agree that PGE should present future Regulated ROE results from the earnings test both before, and after, application of any PCAM refund/charge.

Q. Please describe the second area of agreement, including SB 408 accruals in PCAM earnings tests.

A. PGE is a utility subject to ORS 757.268 (SB 408). Under this statute, PGE evaluates differences in "taxes paid" and "taxes collected" as defined by statute and associated OAR 860-022-0041. Differences of $100,000 or more are subject to collection/refund following an OPUC docket that concludes with an Order approximately 16 months after the end of the year under evaluation. For example, 2007 differences between "taxes paid" and "taxes collected" will be determined by a Commission Order, which is expected in April 2009. However, as a utility subject to SB 408, PGE accrues for refunds or charges contemporaneous with the year under evaluation. For 2007, PGE accrued approximately

$15.8 million as a receivable from customers associated with the application of SB 408 (See PGE Exhibit 100, pages, 10-11) to 2007 results.

Under the UE-201 Stipulation, the Parties agree that such accruals are appropriately included in earnings tests for PCAM purposes since they represent the application of a law to the period that relates specifically to utility financial results regarding income taxes. Further, the Parties agree that this approach to earnings tests for PCAM proceedings is reasonable irrespective of the Commission's forthcoming decision in Docket UM-1224 (in which this same issue is under consideration for an earnings test related to an income tax deferral).

Q. Please describe the third area of agreement, in which the Parties agree to work together to provide information in future PCAM amortization proceedings on a more timely basis.

A. The Stipulation provides for a number of items intended to facilitate the review of PGE's future PCAM filings, including:

- PGE and ICNU agree to work together in good faith to establish a confidentiality agreement that allows ICNU (and their expert witness) to receive confidential information at the time of PGE's initial PCAM filing.
- PGE agrees to provide the same work papers in future PCAM filings as was provided in this filing, and, in addition agrees to provide transaction level detail in the work papers.
- The Parties agree to provide work papers concurrently with their testimony.
- PGE agrees to provide ICNU's expert witness with confidential data response material via overnight package delivery and non-confidential responses via email.

Since PGE files its initial PCAM filing by July 1 (pursuant to Schedule 126), the Parties agree that the actions described above help facilitate the processing of PGE's filings so that

Commission approved amortization of charges/credits can begin January 1 of the following calendar year.

Q. Please describe the final area of agreement, modifications to the language in Schedule 126 relating to Direct Access windows.

A. PGE establishes final forecast power costs for rate making[1] purposes approximately November 15 for the following calendar year. However, under existing Commission-approved tariffs, non-residential customers are provided opportunities to select non-Cost of Service rate options after final power costs are established for rates in mid-November. Two options presently exist. First, an Annual opt-out window occurs in late November immediately after the final power cost forecast is filed. Under this window, non-residential customers may elect to receive service from an Energy Service Supplier (ESS) or chose a market-based rate option from PGE. Customers electing one of these options do so for the entire following calendar year. Second, Quarterly windows occur throughout the year, which allow electing customers to opt-out of PGE's Cost of Service rates for the remainder of the calendar year.

Q. Aside from potential PCAM effects, do the decisions made by eligible customers during these windows have a financial impact on PGE or a detrimental impact on other customers?

A. No. Eligible customers electing a non-Cost of Service option receive a transition charge/credit based on the difference between the market value of their forecast energy use and the average cost of PGE's resources to which they have a legal right pursuant to SB 1149. As a result, when eligible customers elect a non-Cost of Service option, PGE is

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[1] PGE rate making proceedings related to power costs include Annual Update Tariff (AUT) proceedings, or general rate case proceedings.

made financially whole by obtaining the value implicit in the transition adjustment through wholesale sales. Other customers remain unharmed as the transition adjustment is only a function of the share of resources to which the eligible customers are entitled.

Q. Should the election of non-Cost of Service options by eligible customers impact the PCAM result?

A. No. The current structure of these options, as described above, is to ensure neutrality with respect to these options. Consistent with this approach, eligible customer decisions during these windows should not impact the PCAM result.

Q. Does the current language of Schedule 126 clearly provide for necessary adjustments to ensure that the derivation of "base" and "actual" unit NVPC as defined in Schedule 126 create this required neutrality?

A. No. The Parties agree that PGE made reasonable adjustments to the derivation of the 2007 PCAM result to ensure neutrality with regard to 2007 non-Cost of Service decisions made by eligible customers. However, the Parties believe the language in Schedule 126 should be modified to make clear the adjustments that should be made to ensure neutrality to the extent that customers elect non-Cost of Service options under either the Annual or Quarterly windows. As a result, the Stipulation includes proposed changes to Schedule 126 to provide this clarification.

Q. What do the Parties request of the Commission?

A. The Parties respectfully request that the Commission issue an Order approving the Stipulation in this proceeding finding that it is in the public interest and results in fair, just, and reasonable rates. Further, the Parties request that such Order be issued no later than mid-November to facilitate PGE's compliance tariff filing so that rates may be effective January 1, 2009.

Q. Does this conclude your testimony?

A. Yes.

List of Exhibits

PGE Exhibit	Description
101	PCAM Stipulation

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 201

In the Matter of the PORTLAND GENERAL ELECTRIC COMPANY Application for Annual Adjustment to Schedule 126 under the Terms of the Annual Power Cost Variance Mechanism	))))))))	**STIPULATION RESOLVING ALL ISSUES**

This Stipulation ("Stipulation") is among Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and the Industrial Customers of Northwest Utilities ("ICNU") (collectively, the "Stipulating Parties").

I. INTRODUCTION

On July 1, 2008, PGE filed this annual power cost variance adjustment ("PCAM") as required by its Tariff Schedule 126. The Stipulating Parties are the only parties to the docket. The parties have conducted discovery, held workshops, and conducted settlement conferences. As a result of those settlement discussions, the Stipulating Parties have agreed to certain adjustments to PGE's calculation of the PCAM, and to a tariff clarification. 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 a comprehensive settlement of the issues in this docket.

2. The 2007 PCAM credit will be modified to reflect an earnings test deadband

calculation using 349 days (the applicable PCAM period for 2007) rather than 365 days. The effect of this change is an increase in the PCAM credit of approximately $461,000.

3. The 2007 PCAM credit will be modified to remove 7/12 of a coal inventory adjustment accrual made by PGE. This reflects an estimate of the portion of the accrual that relates to 2006, in which no PCAM was applicable. This change increases the 2007 PCAM credit by approximately $256,000. In future PCAM proceedings, coal inventory accruals will not be removed on the basis that they relate to a prior period. Parties retain the right to challenge PGE's coal inventory in future cases on other grounds, including but not limited to its accuracy and reasonableness.

4. In future PCAM proceedings PGE agrees to show earnings test return on equity results first without the PCAM credit or charge, and then after the calculated PCAM credit or charge.

5. The Stipulating Parties agree that accruals related to SB 408 should be included in PCAM earnings tests for 2007 and in future PCAM earnings tests.

6. ICNU and PGE agree to work in good faith to establish a confidentiality agreement that allows ICNU and their expert witness to receive confidential information at the time of PGE's initial filing in future PCAM dockets. PGE also agrees to provide with its future PCAM filings the same work papers as provided in this proceeding, and an additional work paper that shows the transaction level detail for the PCAM actual power cost report, comparable to PGE's response to ICNU data requests 1.1 and 1.2 in this case. In future PCAM proceedings, all parties shall provide work papers concurrently with their testimony. In future proceedings, PGE also agrees to provide ICNU's expert witnesses with confidential data response answers with overnight package delivery and non-confidential data response answers via email.

7. The parties will support a change in the language of Schedule 126, as shown on Exhibit "A" to this Stipulation, to make adjustments to forecasted net variable power costs to reflect the impact of customer direct access enrollments under Schedules 515 through 594 that take place after the final Monet power cost run is filed in mid-November. Nothing in this paragraph reduces the Stipulating Parties procedural and substantive rights to challenge the final Monet power cost runs filed in mid-November or the subsequent adjusted update.

8. The estimated impact of all of these changes is an increase in the 2007 PCAM credit of approximately $717,000. Exhibit "B" to this Stipulation shows the revised calculation of the 2007 PCAM credit of $16.534 million after the stipulated changes. PGE will recalculate appropriate revenue sensitive costs and interest on the revised PCAM credit consistent with the methodology provided in Schedule 126.

9. The Stipulating Parties recommend and request that the Commission approve the adjustments described above as appropriate and reasonable resolutions of all issues in this docket.

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

11. 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.

12. 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. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

13. 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 (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).

14. 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 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.

15. 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 31st day of October, 2008.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

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EXHIBIT 101
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Schedule 126 (Continued)

DEFINITIONS

Actual Loads

Actual loads are total annual calendar retail loads adjusted to exclude loads of Customers to whom this adjustment schedule does not apply.

Actual NVPC

Incurred cost of power based on the definition for NVPC described here in. Actual NVPC will be increased by the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment.

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Actual Unit NVPC

The Actual Unit NVPC is
the Actual NVPC divided by Actual Loads.

Annual Variance (AV)

The Annual Variance (AV) is the dollar amount calculated annually based on the following formula:

(Actual Unit NVPC – Adjusted Base Unit NVPC) * Actual Loads

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Base Unit NVPC

The Base Unit NVPC is the NVPC used to develop rate schedules for the applicable year divided by the associated calendar basis retail loads. Base NVPC are updated annually in accordance with Schedule 125~~, adjusted to reflect the forecast load of those Customers that received service under Schedules 515 through 594 for the entire applicable year.~~

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Inserted: ~~adjusted to reflect the forecast load of those Customers that received service under Schedules 515 through 594 for the entire applicable year~~

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Adjusted Base Unit NVPC

The Adjusted Base Unit NVPC is the NVPC used to calculate the Annual Variance. The adjusted Base Unit NVPC is the Base Unit NVPC (determined in accordance with Schedule 125) adjusted for load and cost changes resulting from non-residential customers choosing service under Schedule 515 through 594 after the November update for the applicable year.

Negative Annual Power Cost Deadband

The Negative Annual Power Cost Deadband is an amount equal to 75 basis points of the Company's return on equity.

Positive Annual Power Cost Deadband

The Positive Annual Power Cost Deadband is an amount equal to 150 basis points of the Company's return on equity.

Schedule 126 (Continued)

DEFINITIONS (Continued)

Net Variable Power Costs (NVPC)

The Net Variable Power Costs (NVPC) represents the power costs for Energy generated and purchased. NVPC are the net cost of fuel, fuel transportation, power contracts, transmission / wheeling, wholesale sales, hedges, options and other financial instruments incurred to serve retail load. For purposes of calculating the NVPC, the following adjustments will be made:

- Exclude BPA payments in lieu of Subscription Power.
- Exclude the monthly FASB 133 mark-to-market activity.
- Exclude any cost or revenue unrelated to the period.
- Include as a cost all losses that the Company incurs, or is reasonably expected to incur, as a result of any non-retail Customer failing to pay the Company for the sale of power during the deferral period.
- Include fuel costs and revenues associated with steam sales from the Coyote Springs I Plant.
- Include gas resale revenues.
- Include Energy Charge revenues from Schedules 76R, 38, 83, 89, and 91 Energy pricing options other than Cost of Service and the Energy Charge revenues from the Market Based Pricing Option from Schedules 483 and 489 as an offset to NVPC.
- NVPC shall be adjusted as needed to comply with Order 07-015 that states that ancillary services, the revenues from sales as well as the costs from the services, should also be taken into account in the mechanism.
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Deleted: Actual NVPC will be increased to include the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment

Inserted: Actual NVPC will be increased to include the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment.¶

ADJUSTMENT AMOUNT

The amount accruing to the Power Cost Variance Account, whether positive or negative will be multiplied by a revenue sensitive factor of 1.0287 to account for franchise fees and uncollectables.

The Power Cost Adjustment Rate shall be set at level such that the projected amortization for 12 month period beginning with the implementation of the rate is no greater than six percent (6%) of annual Company retail revenues for the preceding calendar year.

TIME AND MANNER OF FILING

As a minimum, on July 1st of the following year (or the next business day if the 1st is a weekend or holiday), the Company will file with the Commission recommended adjustment rates for the next calendar year.

EXHIBIT 101
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EXHIBIT A
PAGE 2 of 2

PGE Power Cost Variance (PCV) — **2007 PCAM FINAL2** — FEBRUARY 2008 — W/ POTENTIAL 2007 COLSTRIP COAL ROYALTY EXPENSE

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
BASE													
MONET NVPC ($000s)													
MONET NVPC (Pre-Selection, No PW)	78,610	65,606	65,650	47,675	51,691	47,532	63,529	70,836	65,267	66,376	74,434	84,806	782,010
MONET NVPC (Pre-Selection, PW 3/1/07)	78,610	65,606	64,425	48,744	52,770	48,550	62,496	67,591	62,690	67,238	73,926	83,627	776,274
Adjust- from MONET to ORDER NVPC													
Boardman Forced Outage Rate	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(4,598)
Super Peak Extrinsic Value	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(1,384)
Annualized Dispatch (PW Order only)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(1,257)
Annualized Dispatch Benefits (PW Order only)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(1,922)
ORDER NVPC (PRE-SELECTION, No PW)	78,112	65,107	65,151	47,176	51,193	47,033	63,031	70,337	64,768	65,877	73,935	84,308	776,028
ORDER NVPC - (PRE-SELECTION, PW 3/1/07)	77,847	64,842	63,661	47,981	52,007	47,787	61,733	66,828	61,927	66,474	73,163	82,863	767,113
Adjust-from ORDER to BASE NVPC													
CAL-ISO Ancillary SVC Revenue - Other Rev	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(1,432)
Coyote Steam Sales in GRC - Other Rev	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(1,419)
Opt-Outs to MONET NVPC (No PW)	(4,680)	(4,010)	(4,070)	(3,295)	(2,935)	(2,677)	(5,179)	(5,897)	(5,174)	(4,569)	(5,146)	(5,238)	(52,871)
Opt-Outs to MONET NVPC (PW 3/1/07)	(4,680)	(4,010)	(4,072)	(3,289)	(2,935)	(2,677)	(5,179)	(5,902)	(5,174)	(4,570)	(5,156)	(5,250)	(52,895)
BASE NVPC	(Jan @ 15/31)												
BASE NVPC (Post-Selection, COS, NO PW)	35,416	60,860	60,844	43,643	48,020	44,119	57,614	64,203	59,356	61,070	68,552	78,833	682,529
BASE NVPC (Post-Selection, COS, PW 3/1/07)	35,288	60,595	59,352	44,454	48,834	44,872	56,316	60,688	56,515	61,667	67,769	77,376	673,726
BASE NVPC (Post-Selection, COS, PW 6/12/07)	35,416	60,860	60,844	43,643	48,020	44,566 (split @ 6/12/07)	56,316	60,688	56,515	61,667	67,769	77,376	673,709
BASE LOADS (MWHs)													
ORDER Retail Loads (Pre-Selection, COS)	1,750,404	1,514,509	1,556,879	1,408,105	1,407,706	1,370,769	1,490,498	1,509,568	1,381,733	1,459,848	1,568,043	1,747,146	18,165,207
Opt-Outs to ORDER Retail Loads	(69,831)	(63,688)	(69,108)	(65,949)	(71,631)	(71,080)	(76,103)	(75,954)	(70,174)	(72,273)	(70,682)	(69,215)	(845,689)
BASE LOADS (Retail, Post-Selection, COS)	(Jan @ 15/31) 813,181	1,450,821	1,487,770	1,342,156	1,336,074	1,299,688	1,414,395	1,433,613	1,311,559	1,387,575	1,497,361	1,677,931	16,452,126
BASE UNIT NVPC	43.55	41.95	40.90	32.52	35.94	34.31	39.82	42.33	43.09	44.44	45.26	46.11	40.95
ACTUAL / FORECAST	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	
Actual / Forecast NVPC (PW 6/12/07)(no Oth Rev)	72,586	43,668	49,892	37,237	49,342	43,663	59,621	57,785	57,523	62,078	68,117	76,292	677,804
EXCLUDE:													
FAS 133/71 - MTM/Deferral	291	(255)	(45)	124	(392)	(103)	(119)	(297)	368	(17)	142	(42)	(346)
Credit Reserve - Expense	(281)	224	139	(105)	398	396	(149)	108	(246)	(46)	(142)	106	403
Costs/Revenues unrelated to period	97	(20,602)	(5,315)	(720)	-	(124)	21	-	(266)	-	-	(174)	(27,082)
PCAM 2007	-	-	-	-	-	2,762	5,321	2,692	3,829	(415)	(1,630)	3,389	15,948
PCAM 2007 - Feb 2008 adjustment	-	-	-	-	-	-	-	-	-	-	-	116	116
Bigfow Wind 2007 benefits	-	-	-	-	-	-	-	-	-	(50)	(500)	(1,337)	(1,886)
Green Power expenses in N11115 from JMS45D	410	382	338	306	294	294	305	319	314	314	350	445	4,079
7/12 of Coal Inventory Adj - Stipulation					285								285
Subtotal Exclusions	517	(20,251)	(4,883)	(395)	585	3,225	5,379	2,821	3,999	(213)	(1,770)	2,503	(8,483)
INCLUDE:													
Coyote Steam Sales-M34189	(176)	(136)	(137)	(97)	(97)	(97)	(242)	(181)	(185)	(237)	(140)	(123)	(1,847)
Add Gas Resale Margin - M34183	(1,712)	621	(1,059)	(54)	(97)	(994)	(5)	135	(4)	(36)	133	(1,084)	(4,156)
Costs/Revenues related to period but booked outside	-	-	-	-	-	-	-	-	-	-	-	(375)	(375)
Energy Revenues from VPO customers	(551)	(372)	(555)	(930)	(616)	(2,095)	(1,225)	(432)	(365)	(345)	(421)	(220)	(8,126)
Gas Transportation Deferral - NWP settlement						806	80	73	63	132	111	109	1,374
Gas Transportation Deferral - GTN (PGT) settlement												1,164	1,164
Potential 2007 Colstrip coal royalty expense												275	275
Subtotal Inclusions	(2,439)	113	(1,751)	(1,081)	(810)	(2,380)	(1,391)	(406)	(491)	(486)	(316)	(254)	(11,691)
ACTUAL NVPC (PW starts 5/1/07)	(Jan @ 15/31) 33,692	64,032	53,024	36,551	47,948	38,058	52,851	54,558	53,033	61,806	69,571	73,535	638,658
ACTUAL LOADS (Retail-COS-Calendar)	(Jan @ 15/31) 842,256 1,740,663	1,424,972	1,442,058	1,338,470	1,338,351	1,291,447	1,439,089	1,370,532	1,275,568	1,377,735	1,501,806	1,675,390 17,216,082	16,317,675
ACTUAL UNIT NVPC	40.00	44.94	36.77	27.31	35.83	29.47	36.73	39.81	41.58	44.86	46.32	43.89	39.14
UNIT NVPC VARIANCE													
ACTUAL UNIT NVPC	40.00	44.94	36.77	27.31	35.83	29.47	36.73	39.81	41.58	44.86	46.32	43.89	39.14
BASE UNIT NVPC	43.55	41.95	40.90	32.52	35.94	34.31	39.82	42.33	43.09	44.44	45.26	46.11	40.95
ACTUALS ABOVE (BELOW) BASE UNIT NVPC	(3.55)	2.99	(4.13)	(5.21)	(0.11)	(4.84)	(3.09)	(2.52)	(1.51)	0.42	1.07	(2.22)	(1.81)
ANNUAL VARIANCE (AV) = UNIT NVPC VARIANCE X ACTUAL LOADS													
ACTUALS ABOVE (BELOW) BASE	(2,991)	4,257	(5,951)	(6,972)	(154)	(6,255)	(4,448)	(3,459)	(1,931)	576	1,601	(3,723)	(29,545)
ACTUALS ABOVE (BELOW) BASE - YTD	(2,991)	1,266	(4,685)	(11,657)	(11,811)	(18,066)	(22,514)	(25,974)	(27,905)	(27,329)	(25,728)		

Positive Deadband - Actuals ABOVE Base - Pro-rated for 6/12/07 PW start — $ 22,348

Negative Deadband - Actuals BELOW Base - Pro-rated for 6/12/07 PW start — Revised Deadband per Stip $ (11,174)

YTD POWER COST VARIANCE (PCV)	= (YTD VARIANCE - DEADBAND) X 90%	POSITIVE (NEGATIVE) PCV = ACTUALS ABOVE (BELOW) POWER COST DEADBANDS	$ (16,534)
ANNUAL POWER COST VARIANCE (PCV)	= (ANNUAL VARIANCE - DEADBAND) X 90%	POSITIVE (NEGATIVE) PCV = ACTUALS ABOVE (BELOW) POWER COST DEADBANDS	$ (16,534)

Check:	
Original Credit per Ex. 101	(15,817)
Effect on PCAM B4 Sharing	
7/12 of Coal Inv Adj	(285)
Change in Deadband	(512)
Total	(797)
Sharing	90%
Impact on PCAM Credit	(717)
Expected Revised PCAM Credit	(16,534)

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Opt-Outs to MONET NVPC													
MONET NVPC (Pre-Selection) NO PW	78,610	65,606	65,650	47,675	51,691	47,532	63,529	70,836	65,267	66,376	74,434	84,806	782,010
MONET NVPC (Pre-Selection) PW 3/1/07	78,610	65,606	64,425	48,744	52,770	48,550	62,496	67,591	62,690	67,238	73,926	83,627	776,274
MONET NVPC (Post-Select-COS) NO PW	73,930	61,596	61,580	44,379	48,756	44,855	58,350	64,939	60,093	61,806	69,288	79,569	729,140
MONET NVPC (Post-Select-COS) PW 3/1/07	73,930	61,596	60,353	45,455	49,835	45,873	57,317	61,689	57,516	62,668	68,770	78,377	723,378
Opt-Outs to MONET NVPC - NO PW	(4,680)	(4,010)	(4,070)	(3,295)	(2,935)	(2,677)	(5,179)	(5,897)	(5,174)	(4,569)	(5,146)	(5,238)	(52,871)
Opt-Outs to MONET NVPC - PW	(4,680)	(4,010)	(4,072)	(3,289)	(2,935)	(2,677)	(5,179)	(5,902)	(5,174)	(4,570)	(5,156)	(5,250)	(52,895)

EXHIBIT 101

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EXHIBIT B

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