

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**


UE 180/UE 181/UE 184

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

ERRATA
ORDER

On October 9, 2006, the Public Utility Commission of Oregon (Commission) issued Order No. 06-575, adopting the stipulation of the parties related to the Resource Valuation Mechanism (RVM) portion of this consolidated proceeding. Through inadvertence, the Stipulation attached as Appendix A to the order was not the intended stipulation regarding RVM issues, but another regarding revenue requirement issues, which will be addressed separately by the Commission later in this proceeding. The correct Stipulation, attached hereto as Appendix A shall replace the appendix attached to Order No. 06-575. The remainder of the Order is unchanged.

Made, entered, and effective OCT 19 2006.



Lee Beyer
 Chairman



John Savage
 Commissioner



Ray Baum
 Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 180/ UE 181/ UE 184

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Request for a General Rate Revision (UE 180),)
_____)

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Annual Adjustments to Schedule 125 (2007)
RVM Filing) (UE 181),)
_____)

STIPULATION REGARDING
RVM ISSUES

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Request for a General Rate Revision relating to)
the Port Westward Plant (UE 184).)
_____)

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Industrial Customers of Northwest Utilities (“ICNU”), and the Citizens’ Utility Board of Oregon (“CUB”) (collectively, the “Parties”). Capitalized terms used in this Stipulation have the meanings ascribed to them in this Stipulation.

Pursuant to the Stipulation Concerning Power Costs, adopted by the Oregon Public Utility Commission (“Commission”) in Order No. 01-777 and PGE’s Schedule 125, PGE files an

annual case known as the Resource Valuation Mechanism (“RVM”) that includes an update of PGE’s net variable power costs (“NVPC”). The Parties have been active participants in the 2007 RVM. As part of that participation, PGE has filed proposed tariffs, and PGE and the other Parties have filed testimony and exhibits addressing PGE’s initial filing in this docket. Staff, CUB and ICNU have filed testimony proposing various adjustments to PGE’s proposed NVPC.

This RVM docket has been consolidated with PGE’s pending general rate case. At a prehearing conference held on April 4, 2006, a procedural schedule was adopted for the RVM proceedings and rate case proceedings. The RVM portion of the schedule included three rounds of testimony and a hearing on August 30, 2006, with an order contemplated in sufficient time for the November 15 direct access election window. Some rate case issues impacting power costs were also to be heard and determined on the RVM schedule.

Revised power cost rates resulting from the RVM docket are to be implemented January 1, 2007. It is anticipated that revised rates resulting from PGE’s general rate case will be implemented no later than January 17, 2007.

The Parties held settlement conferences in this docket on June 22 and August 7, 2006. As a result of those settlement discussions, the Parties are entering into this Stipulation to settle the RVM portion of this docket only. As set forth below, power cost issues raised by parties to this consolidated docket will be addressed along with other issues in PGE’s general rate case. Accordingly, the Parties request that the Commission adopt orders in this docket implementing the following:

STIPULATION

1. For the purpose of calculating the 2007 annual RVM update pursuant to Schedule 125, PGE will make a final RVM filing on November 9, 2006 (the “Final RVM

Filing”). Prior to making the Final RVM Filing, PGE will make a filing on November 2, 2006 (the “Pre-Final RVM Filing”) that locks down all data inputs in the 2007 RVM except forward price curves. In both of these filings, PGE will reflect an adjustment that decreases annual Net Variable Power Costs (“NVPC”) by \$8,588,000. PGE will apply the adjustment to Part A of Schedule 125. This adjustment amount is for settlement purposes only and is not precedent, and will not be used by any party as precedent in the rate case or any other docket.

2. All of the testimony of Staff, CUB and ICNU filed on July 18, 2006, is moved into the general rate case portion of this docket.

3. Test year expenses include purchases of gas transportation from Northwest Pipeline (“NWP”) for transportation to PGE’s Beaver plant, and also for its Port Westward plant when completed. Expenses also include purchases of gas transportation from Gas Transmission Northwest (“GTN”) to supply PGE’s Coyote Springs plant. Both Northwest Pipeline and Gas Transmission Northwest have filed requests with the Federal Energy Regulatory Commission to increase their respective tariff rates beginning January 1, 2007. If the increases are granted as requested, PGE’s projected 2007 power costs will increase by about \$3 million over the amount included in PGE’s initial filing. It is, however, unknown if FERC will grant the total amount of the requested rate increase. If FERC issues final orders prior to October 16, 2006, the FERC ordered rates will be used to determine the gas transportation costs in the Final RVM Filing. The Parties further agree to work in good faith to establish a baseline projected amount for these gas transportation costs to be used in the Final RVM filing to be used if FERC has not issued final orders by October 16, 2006. If no baseline amount is agreed to, the rates requested by NWP and GTN will be used to determine gas transportation costs in the Final RVM Filing.

4. If FERC final orders regarding the NWP and GTN rate requests are not issued

prior to October 16, 2006, then PGE will file, on January 1, 2007, an application for deferred accounting treatment of the incremental NVPC attributable to the difference between the actual FERC ordered gas transportation rates and the baseline gas transportation rates used in the Final RVM Filing. To determine the incremental NVPC attributable to the difference in gas transportation rates PGE will run the Monet model used in the Final RVM Filing with the FERC ordered gas transportation rates and no other changes (the "Supplemental Monet Run"). The incremental NVPC will equal the difference between the NVPC from the Supplemental Monet Run and the NVPC from the Monet run used in the Final RVM Filing (the "Deferred Amount"). If PGE's NVPC from the Supplemental Monet Run is greater than the NVPC from the Final RVM Filing, then the Deferred Amount will be a cost to be recovered from customers. If PGE's NVPC from the Supplemental Monet Run is less than the NVPC from the Monet run used in the Final RVM Filing, then the Deferred Amount will be a credit to be refunded to customers. The deferred accounting application described in this paragraph will allocate 100% of the Deferred Amount to customers with no deadband. Each Party agrees to support the deferred accounting application described in this paragraph and the recovery or refunding of the Deferred Amount, subject to the terms of this paragraph. The Parties recognize and agree that the Deferred Amount may reflect a credit to be refunded to customers or a cost to be recovered from customers. Each Party agrees not to oppose amortization of the Deferred Amount on the basis of PGE's earnings or on the basis that amortization of the Deferred Amount will cause PGE to exceed the 3% limit specified in ORS 757.259(6).

5. This stipulation represents a financial settlement of the issues at dispute and is a fair resolution of the issues raised given the potential outcomes in this docket. By signing this Stipulation, no Party agrees to or acknowledges whether the updates, and modeling changes

proposed in this docket are consistent with Schedule 125 or previous agreements; no party agrees to or acknowledges the prudence or imprudence of any disputed costs, inputs or modeling changes; and no party agrees to or acknowledges whether the proposed updates in this docket are appropriate for inclusion in normalized retail rates. The adjustment to NVPC specified in Paragraph 1 applies only to PGE's 2007 RVM filing, and the Parties recognize that these RVM rates will only be in effect until rates from PGE's general rate case are implemented.

6. The Parties agree that this Stipulation resolves all current issues related to PGE's 2007 RVM filing.

7. Parties retain the right to raise objections based on new issues that arise out of the November 2nd or November 9th RVM updates.

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

9. The Parties agree that all testimony previously submitted in this matter dealing with RVM issues may be admitted into the record.

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

11. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a resolution of the RVM portion of this docket that departs from the terms of this Stipulation, the Stipulating Parties reserve the right to cross-examine witnesses and put in such

evidence as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation.

Notwithstanding this reservation of rights, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

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 rejecting this Stipulation or adding such material condition.

13. 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.

14. 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. The Stipulating Parties agree that they will not cite this Stipulation as precedent in any other proceeding other than a proceeding to enforce the terms of this Stipulation.

15. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

DATED this *24th* day of August, 2006

PORTLAND GENERAL ELECTRIC
COMPANY

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STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

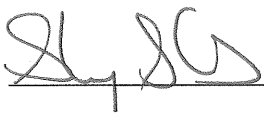
CITIZENS' UTILITY BOARD OF
OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this ^{24th} day of August, 2006

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD OF
OREGON

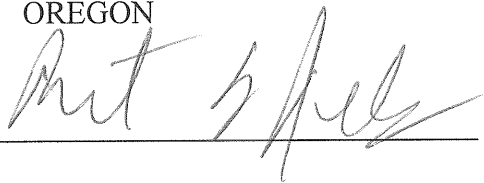
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 23rd day of August, 2006

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD OF
OREGON



INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this *23rd* day of August, 2006

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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