

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 188

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	
COMPANY)	ORDER
)	
Request for a rate increase in the)	
company's Oregon annual revenues of)	
\$13,000,000 for Biglow Canyon.)	

DISPOSITION: STIPULATIONS ADOPTED

Introduction. On March 2, 2007, Portland General Electric Company (PGE) made a general rate case filing with the Public Utility Commission of Oregon (Commission) to revise its tariff schedules pursuant to ORS 757.205 and ORS 757.220. In its filing, PGE seeks Commission approval of a supplemental tariff that includes the costs and benefits of the first phase of the Biglow Canyon wind project (BC project) currently under construction to be analyzed separately from and without reconsideration of the issues examined in the recently concluded general rate case, UE 180/181/184.¹

The BC project is a 76 turbine wind project currently under construction in Sherman County, Oregon. When completed, it is expected to have an output of approximately 46 average megawatts of electricity. In support of the filing, PGE provided testimony setting out a 2008 test-year revenue requirement substantially greater than that requested in the filing because the Commission’s current ratemaking rules and practices do not explicitly provide for adjusting a recently adopted revenue requirement for only certain identifiable changes. However, PGE’s request is limited to the costs and benefits of the BC project.² In its filing, PGE proposes to reset the ratios used in the calculation of “taxes authorized to be collected in rates” under OAR 860-022-0041.³

PGE witnesses submitted prefiled testimony regarding the company’s overall \$1.629 billion revenue requirement supported by 2008 test-year data, including the approximately \$13 million BC project incremental revenue requirement (Exhibits 201-212), the cost of capital and capital structure underlying the rate filing (Exhibit 300) and

¹ Pretrial Brief of Portland General Electric Company (PGE Brief). The PGE Brief is required to satisfy the requirements of OAR 860-013-0075.

² PGE Brief, pp. 1-2.

³ *Id.*, p. 2.

pricing and rate design in the proposed Tariff Schedule 120 to recover only the incremental BC project revenue requirement from applicable customers (Exhibits 400-403).

Procedural History. Pursuant to a PGE Motion submitted simultaneously with its Opening Brief, a Protective Order, No. 07-078, was entered on March 5, 2007. On March 8, 2007, a Notice of Intervention was filed by the Citizens' Utility Board (CUB), and on March 19, 2007, a Petition to Intervene was filed by the Industrial Customers of Northwest Utilities (ICNU). A scheduling conference was held on March 21, 2007, at which the participation of the Commission staff (Staff) and the CUB Notice of Intervention were recognized, and the ICNU Petition to Intervene was granted by a Ruling of the Administrative Law Judge (ALJ).

By Order No. 07-114, entered March 29, 2007, the Commission suspended the tariff sheets and set the matter for hearing. On April 4, 2007, a joint Petition to Intervene was filed by the Utility Reform Project (URP) and Ken Lewis, a ratepayer. On April 5, 2007, the interventions by URP and Ken Lewis were granted upon the condition that no objection would be lodged within ten days. No objections were received within the specified timeframe. By Order No. 07-144, entered April 13, 2007, the Commission approved a budget for intervenor funding for CUB.

On June 20, 2007, ICNU and Staff filed Direct Testimony, CUB filed Reply Testimony, and PGE filed a Stipulation signed by PGE, CUB, Staff and ICNU. On July 11, 2007, PGE filed Rebuttal Testimony and on July 17, 2007, filed a Joint Explanatory Brief along with a refiled copy of the Stipulation and an Attachment. (First Stipulation.⁴)

Among the terms of the Stipulation agreed to was the following:

II. TERMS OF STIPULATION

1. This Stipulation is entered to settle the issues described below. This Stipulation does not resolve the issues surrounding the yearly changes in the projected fixed costs of Biglow Canyon 1 until PGE's next general rate case. The Stipulating Parties agree that the only issue addressed in testimony in this Docket will be whether there should be a means to address yearly changes in the projected fixed costs of Biglow Canyon 1 until PGE's next general rate case, and if the Commission decides there should be an annual adjustment, how that adjustment should be made.

The Parties mutually agreed to waive hearing and the cross-examination of witnesses, moved their respective testimony and affidavits into the record and agreed upon a briefing schedule for the one remaining issue not resolved in the First Stipulation. Pursuant to their

⁴ A copy of the First Stipulation is affixed to this Order as Attachment 1.

mutual agreement, a Notice was issued on July 27, 2007, cancelling the hearing. By Ruling of August 1, 2007, the ALJ admitted all of the testimony and exhibits and adopted the briefing schedule. PGE, Staff, CUB and ICNU submitted Opening Briefs on September 11, 2007, and Reply Briefs on October 4, 2007. On December 5, 2007, PGE, CUB and Staff filed a second Stipulation (Second Stipulation), Joint Explanatory Brief and a Motion to Shorten Time to Respond to Stipulation. Pursuant to a Ruling by the Administrative Law Judge, ICNU filed a Response on December 12, 2007.

Issues Settled by the First Stipulation. The parties were initially not in agreement with respect to ten issues, all of which related to PGE's calculation of the revenue requirement data included in PGE's filing. Nine of these issues were resolved in the First Stipulation, with PGE agreeing to reduce its revenue requirement request, including appropriate rate base modifications for the BC project under Schedule 120 to reflect adjustments and to accept other provisions as follows:

1. State Income Tax Rate: PGE agreed to recalculate its revenue requirement using a composite state tax rate of 5.12 percent.
2. Property Tax Exemption: If PGE is successful in obtaining a property tax reduction from Sherman County, the tax expense used to establish rates under Schedule 120 will be lowered to reflect the reduction in taxes for the 2008 test year, net of any costs incurred from commitments made by PGE to the County to obtain a partial property tax exemption.⁵
3. Energy Trust of Oregon (ETO) Payment: If PGE receives a payment from ETO to cover the difference between the cost of BC project's output and expected market prices, the BC project rate base will be reduced by the amount of such payment.
4. Integration Costs and Modeling: PGE agreed to include an assumed BC project integration cost level of \$5.50 per MWh. The parties also agreed that PGE would seek to model the integration costs of wind generation in its Monet power cost model. Accordingly, notwithstanding the Annual Power Cost Update permitted under Schedule 125, PGE could propose revisions to its Monet model to incorporate the integration of the BC project and other wind projects in the 2009 Annual Power Cost Update proceeding. Parties to that proceeding will be free to take any position on any PGE proposal in that proceeding regarding the appropriate integration costs.
5. Net Variable Power Cost (NVPC): PGE agreed to move the impact of the BC project's NVPC from Schedule 120 to the Annual Update Tariff proceeding or general rate case, if applicable.

⁵ PGE provided the parties with documentation of its 2008 expenses associated with the property tax expense, the property tax exemption and strategic investment payments for the calendar year. The compilation of these expenses will reduce the property tax expense by approximately \$500,000 from the Supplemental Tariff filing PGE made on November 15, 2007. All Parties are in agreement that this adjustment is compliant with the First Stipulation.

6. Book Life: BPA is expected, over the course of a five-year period after the BC project goes on-line, to repay \$13 million expended by PGE for BPA transmission network upgrades. The parties agreed that the book life of the upgrades would be five years—equal to the time during which BPA would be repaying PGE through transmission credits. PGE also agreed to increase the book life for the BC project generating assets from 25 to 27 years for the purposes of this case and until revised in a future PGE depreciation study docket.

7. Provision for Delay: In the event of a delay in completion of the BC project beyond January 1, 2008, PGE agreed to address the delay in a manner consistent with the Commission's orders regarding the Port Westward plant in docket UE 180/181/184.

8. Dispatch Update: PGE will update the BC project dispatch benefits consistent with and on the same schedule as updates in PGE's 2008 Annual Power Cost Update Tariff docket, UE 192.

9. Revision to Special Condition 4 of Schedule 120: The parties agreed that for the purposes of Schedule 126, the actual NVPC will be adjusted to remove the impact of any power produced by the BC project prior to January 1, 2008.

The immediate net effect of the changes arrived at by settlement under the First Stipulation was to lower the BC project incremental revenue requirement from \$12.961 million to \$9.442 million,⁶ a 37.27 percent reduction.

Discussion of the Stipulation on Issues 1-9. The Commission encourages parties to resolve issues and narrow the scope of the proceedings to the extent that such actions further the public interest. In this instance, there has been participation and agreement by parties representing a broad range of interests, and no persons have interposed any objections to the Stipulation on Issues 1-9. Stipulations reduce the burdens of the parties and the Commission and facilitate the prompt completion of matters brought before the Commission for its consideration.

Conclusions with Respect to the First Stipulation. We find the revenue requirement reductions adopted by the First Stipulation will directly benefit ratepayers when compared to the original PGE filing and that the resolution of each of the issues discussed above is fully consistent with our current policies and objectives. We therefore approve the First Stipulation without modification.

⁶ Stipulation, Attachment A.

The Remaining Issue: Should there be an annual revision process to address yearly changes in the projected fixed costs of the BC project until PGE's next general rate case?

The initial PGE Schedule 120 rate design recovered the costs for the BC project by using a fixed amount per kilowatt/hour calculation despite the likelihood that the BC project revenue requirement will decline each year. Both CUB and ICNU objected to this method in their Opening Briefs. CUB proposed an annual update to prevent PGE from over-collecting as annual costs declined. CUB's proposal would address specific areas that might cause over-recovery, such as the decrease in capital costs and accumulated deferred income taxes, as well as other factors that might have the opposite effect, such as tax credits.⁷ ICNU proposed the use of a levelization alternative to CUB's annual update of the fixed revenue requirement: an adjustment mechanism based on the 2008 revenue requirement calculation methodology in Exhibit PGE/201 to update all of the BC project's costs.⁸ Staff proposed that the Commission defer implementing an annual adjustment for the BC project and consider the issue in a later docket that would examine more generally the treatment of renewable resources acquired by utilities post-Senate Bill 838.⁹ PGE held to a similar view that an update mechanism was not necessary or appropriate in this docket.¹⁰

The Second Stipulation Partial Settlement. The Second Stipulation, a copy of which is affixed to this Order as Attachment 2, was executed by PGE, Staff and CUB and filed with the Commission on December 5, 2007. ICNU declined to join with the other parties as a Second Stipulation signatory in the resolution of the annual update issue.

The signing parties agreed that there would indeed be an annual update to BC project's revenue requirement, as well as an update of gross revenues, net revenues and total income tax expense for the calculation of "taxes authorized to be collected in rates" pursuant to OAR 860-022-0041. The parties agreed that, until it filed its next general rate case, beginning in 2008, PGE would file its proposed updates to Schedule 120 by April 1 of each year that PGE had not yet filed a rate case by April 1. The proceedings for the Schedule 120 cost updates would be on the same schedule as PGE's Annual Power Cost Update Tariff, Schedule 125.¹¹ The updates would not affect the rates for 2008, but only for 2009 and beyond.¹² Finally, "[t]he Stipulating Parties agree that the future spread of costs under Schedule 120 can be addressed in future update proceedings."¹³

⁷ CUB Opening Brief, pp. 2-3.

⁸ ICNU Opening Brief, p. 3.

⁹ Staff Opening Brief, pp. 1-2.

¹⁰ PGE Opening Brief, pp. 8-9.

¹¹ Second Stipulation, pp. 2-3.

¹² Joint Explanatory Brief, p. 2. On November 15, 2007, PGE filed revised tariffs implementing rates for 2008 that included the provisions of Schedule 120 intended to be consistent with the First Stipulation.

¹³ *Id.*, p. 3.

On December 12, 2007, ICNU filed Stipulation Testimony and Exhibits of Randall J. Falkenberg. In his testimony, Mr. Falkenberg states that ICNU is a signatory to the First Stipulation but goes on to add:

ICNU has no objection to the stipulation in regards to the issues it addresses, revenue requirements. However, there was also an important element of the stipulation in UM 1330, rate spread, which is not addressed by the stipulation in the instant proceeding. This is a defect ICNU urges the Oregon Public Utility Commission ('OPUC' or 'Commission') to rectify.

ICNU interposes no comments or objections with respect to the Second Stipulation. Rather, the remainder of Mr. Falkenberg's testimony addresses this rate spread issue.

As noted above, the parties to the First Stipulation, including ICNU, mutually agreed to limit all testimony to the question of the yearly adjustment to the revenue requirement. It was on that basis that the parties waived their rights to a hearing and to cross-examine opposing witnesses. In the Second Stipulation Explanatory Brief, all parties, except ICNU, agreed that future proceedings would be the appropriate place to address the spread of costs under Schedule 120.

Discussion. The Commission has the statutory obligation under ORS 756.040(1) "to protect such customers and the public generally, from unjust and unreasonable exactions and practices and to obtain for them adequate service at fair and reasonable rates." However, at the same time, the Commission is also limited by ORS 757.215(1) as to the amount of time it can suspend and investigate proposed rates and tariffs filed by the utilities that it regulates. Due process therefore requires that all issues to be examined in a proceeding during a suspension period, be raised as early as possible, so that all parties may have a reasonable opportunity to respond via the submission of testimony, the cross-examination of witnesses of opposing parties in a public forum and the presentation of legal argument.

ICNU has, at this late date, submitted testimony regarding rate spread with respect to the initial rate change scheduled to take effect on January 1, 2008. However, the record with respect to the initial rate change was closed to further testimony or other evidence pursuant to the First Stipulation, to which ICNU was a subscribing party. ICNU's December 12, 2007, filing of testimony is beyond that time.¹⁴ ICNU nevertheless states "There is no reason to deny the Commission the opportunity to adopt a fair, just and reasonable rate... simply because some aspects of that rate were not litigated in this proceeding."¹⁵

¹⁴ ICNU's testimony was unaccompanied by any motion explaining the late filing or seeking its admission. For the reasons discussed, the proffered testimony is excluded from the record.

¹⁵ ICNU/200, Falkenberg/7, ll. 11-14.

If the Commission were to adopt such an attitude, stipulated settlements and waiver of proceedings would become impossible, because no party could trust another not to raise new issues after the opportunity to examine witnesses with respect to those issues has passed. Such action would not pass the muster of administrative fairness. The issue of rate spread with respect to the annual adjustment is not lost; it will be dealt with fully in subsequent proceedings expected to commence within the next few months.

Conclusions with Respect to the Second Stipulation. Under the terms of the Second Stipulation, PGE will provide the annual revenue requirement update sought by CUB and directly addressing the over-recovery issue. This resolution will directly benefit ratepayers and is also fully consistent with our policies and the public interest. We therefore adopt the Second Stipulation as well.

ORDER

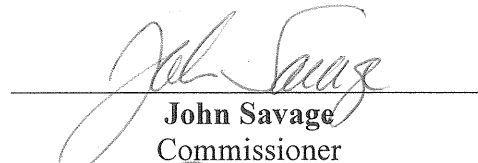
IT IS ORDERED that:

1. The First Stipulation executed by Portland General Electric Company, the Citizens' Utility Board, the Industrial Customers of Northwest Utilities and the Commission Staff is hereby APPROVED, and the findings of fact, conclusions of law and resolution of issues set forth therein are hereby ADOPTED.
2. The Second Stipulation executed by Portland General Electric Company, the Citizens' Utility Board and the Commission Staff is hereby APPROVED, and the findings of fact, conclusions of law and resolution of issues set forth therein are hereby ADOPTED.
3. Advice No. 07-07 is permanently suspended.
4. Portland General Electric Company is hereby ORDERED to submit revisions to its Tariff Schedules consistent with this Order to be effective on January 1, 2008.

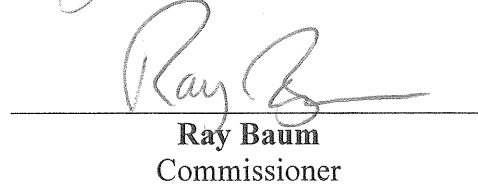
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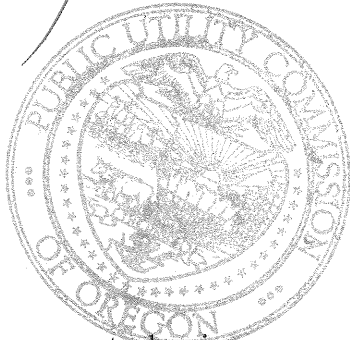
Lee Beyer
Chairman



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 THE STATE OF OREGON

UE 188

In the Matter of the Revised Tariff Schedules) **STIPULATION**
for Electric Service in Oregon filed by)
PORTLAND GENERAL ELECTRIC)
COMPANY)

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, and the Industrial Customers of Northwest Utilities, (collectively, the “Stipulating Parties”).

I. INTRODUCTION

On March 2, 2007, PGE filed Advice No. 07-07 for a general rate revision to include in rates the costs and benefits of the first phase of the Biglow Canyon wind project (“Biglow Canyon 1”) located in Sherman County, Oregon. The filing requested an increase in retail rates of about \$13 million based upon the revenue requirement of the Biglow Canyon 1 project using a 2008 test period. The Stipulating Parties agreed not to seek re-examination of the issues addressed in PGE’s recently concluded general rate case, UE 180/181/184. On March 29, 2007, the advice filing was suspended by the Commission, and on March 21, 2007, the Administrative Law Judge held a Prehearing Conference and established a procedural schedule.

Staff and intervenors have propounded, and PGE has responded to, many data requests in this docket. During this docket additional information has become available and PGE has agreed to the following changes to the costs initially filed:

- a. Increase expected National Energy Policy Act credits from \$19/MWh to \$20/MWh.

- b. Include certain BPA wheeling credits in costs and revenues.
- c. Revise the total quantity of forecast output for Biglow, and its expected shape across the year.

The result of these changes, and estimates of the effects of the changes set forth below in this Stipulation (excluding any estimates associated with item 2C identified below), is a reduction in PGE's request to about \$9.4 million. An Excel spreadsheet including these updated costs and revenues is included as Attachment A.

A Settlement Conference was held on May 31, 2007, open to all parties. As a result of those settlement discussions, the Stipulating Parties have agreed to certain adjustments to PGE's requested revenue requirement in this docket. 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 entered to settle the issues described below. This Stipulation does not resolve the issues surrounding the yearly changes in the projected fixed costs of Biglow Canyon 1 until PGE's next general rate case. The Stipulating Parties agree that the only issue addressed in testimony in this Docket will be whether there should be a means to address yearly changes in the projected fixed costs of Biglow Canyon 1 until PGE's next general rate case, and if the Commission decides there should be an annual adjustment, how that adjustment should be made.

2. The Stipulating Parties agree that PGE will reduce its revenue requirement request, including appropriate rate base modifications, to reflect the following agreements and adjustments and agree to the other provisions below:

- A. State income tax rate. A composite state tax rate of 5.12% will be used in

calculating the revenue requirement of Biglow Canyon 1 under Schedule 120.

- B. Property tax exemption. PGE is currently negotiating with Sherman County and the State of Oregon for a partial property tax exemption for Biglow Canyon 1 that, if granted, will reduce property taxes in 2008 below the amount included in PGE's initial filing. The parties agree that the tax expense used to establish rates under Schedule 120 will reflect any such reduction in property taxes for the 2008 test year, net of any costs that are incurred as a result of commitments that PGE may make to Sherman County as part of any settlement to obtain partial property tax exemptions for Biglow Canyon 1.
- C. ETO payment. PGE is negotiating funding from the Energy Trust of Oregon to cover the difference between the cost of Biglow Canyon 1's output and expected market prices. PGE expects any such funding to be in the form of a one-time payment from the ETO, but the amount is presently unknown. The Stipulating parties agree that any payment received by PGE will be booked by PGE or paid to a contractor such that the rate base associated with Biglow Canyon 1 will be reduced by the amount of any such payment.
- D. Integration costs and modeling. The Stipulating parties agree that PGE will include as a cost of Biglow Canyon 1 an assumed level of integration costs of \$5.50 per MWh. The Stipulating Parties also agree that PGE should pursue modeling the integration costs of wind generation in its Monet power cost model. Accordingly, the Stipulating Parties agree that, notwithstanding the specific updates allowed under Schedule 125 (Annual Power Cost Update) and the agreement in this paragraph regarding the assumed level of integration

costs, PGE may propose revisions to its Monet model to incorporate the integration of Biglow Canyon 1 and other wind projects in the 2009 Annual Power Cost Update Tariff proceeding. Parties in the 2009 Annual Power Cost Update Tariff proceeding are free to take any position on any PGE proposal in that proceeding regarding the appropriate integration costs.

E. For purposes of deriving energy rates for 2009 and beyond, the parties agree that PGE will move the net variable power cost (NVPC) impact of Biglow Canyon 1 from Schedule 120 and incorporate the NVPC impact in the Annual Update Tariff (AUT) proceeding or general rate case (if applicable).

F. Book life.

a. PGE expended about \$13 million for transmission network upgrades of the BPA transmission system from Biglow Canyon 1 to PGE's system. BPA will repay PGE, with interest, the cost of the upgrades over an approximately five year period beginning when Biglow Canyon 1 is on-line. The Stipulating Parties agree that the book life of these BPA network upgrades will be five years to correspond with the time during which BPA will repay PGE the costs of the upgrades.

b. PGE's filing used a 25-year book life for the Biglow Canyon 1 generating assets. The Stipulating Parties agree that a 27-year life will be used for purposes of this case and until revised in a future PGE depreciation study docket.

G. Provision for delay. The Stipulating Parties agree that any delay in completion of Biglow Canyon 1 beyond January 1, 2008, should be

handled in a manner consistent with the Commission's orders regarding the Port Westward plant in docket UE 180/181/184. Specifically:

(1) When Biglow Canyon I is completed, PGE will file revised tariffs implementing the rates set in this docket along with an attestation by a PGE corporate officer that Biglow Canyon I's operational testing has been completed and the plant has been released to the system dispatcher for full commercial operation (the "Compliance Filing"). If the plant becomes operational on or before March 1, 2008, the rates will become effective the later of: (1) January 1, 2008, or (2) the day following the Compliance Filing.

(2) If the plant becomes operational on or after March 2, 2008, and on or before July 1, 2008, the rates will be implemented the day following the Compliance Filing, subject to refund, and the following procedure will occur: Subject to the provision in paragraph (3)(c) below, Staff and intervenors will have 15 days from the online date to submit a motion seeking a reopening of this docket for re-examination of PGE's costs in light of changes since the date the final order in this docket was issued. The motion need not include an evidentiary showing, but should identify specific costs that have changed from the test year expenses and include an estimate of the cost impact. PGE, Staff and other parties will have until 30 days after the online date to file a reply to any motion.

(3) To facilitate discovery if the plant online date is after March 1, 2008, but on or before July 1, 2008, the following provisions will apply:

- a. If and when PGE becomes aware that the plant may not be online by March 1, 2008, it will notify the parties to this case that the plant may be delayed (the "Potential Delay Notice").
- b. Parties may begin submitting data requests to review PGE's costs the earlier of March 2, 2008, or the date of any Potential Delay Notice.
- c. Under no circumstances will the parties have less than 30 days from the Potential Delay Notice to make the motion described in paragraph (2) above.
- d. After PGE makes its Compliance Filing, PGE will make best efforts to respond to data requests within 5 business days.

(4) If Biglow Canyon 1 does not become operational until after July 1, 2008, PGE must make a new filing to add the plant to rate base when it meets the used and useful standard.

G. Dispatch update. PGE will update the dispatch benefits of Biglow Canyon

1 consistent with and on the same schedule as updates in PGE's 2008 Annual Power Cost Update Tariff docket, UE 192.

- I. Special Condition 4. The Stipulating Parties agree that Special Condition 4 of Schedule 120 should read as follows:

For purposes of Schedule 126 (Annual Power Cost Variance Mechanism), actual NVPC will be adjusted to remove the impact of any power produced by Biglow Canyon 1 prior to January 1, 2008. The following adjustments will be made:

- 1) Actual NVPC will be increased by the value of any Biglow Canyon 1 energy. The value of Biglow Canyon 1 energy will be determined based on the monthly average of the daily Dow Jones Mid-Columbia Daily on- and off-peak Electricity Firm Price Index (DJ-Mid-C Index)
- 2) Actual NVPC will be reduced by integration costs for any Biglow Canyon 1 energy, assumed at \$5.50/MWh.
- 3) Actual NVPC will be increased by any BPA credits for wheeling associated with Biglow Canyon 1 energy.

3. The Stipulating Parties recommend that the Commission approve the various rate base, expense and other revenue adjustments described herein.

4. 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.

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

6. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a revenue requirement for PGE 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.

7. 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 the issue identified in Paragraph 1 that this Stipulation does not resolve.

8. 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).

9. 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.

10. 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 20TH day of June, 2007.

/S/ DOUGLAS C. TINGEY

PORTLAND GENERAL ELECTRIC
COMPANY

/S/ STEPHANIE ANDRUS

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

/S/ JASON EISDORFER

CITIZENS' UTILITY BOARD
OF OREGON

/S/ MATTHEW W. PERKINS

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 20th day of June, 2007.



PORTLAND GENERAL ELECTRIC
COMPANY


STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this ^{20th} day of June, 2007.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

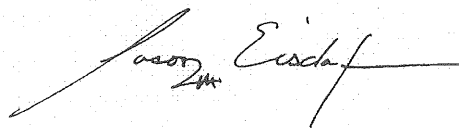
CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 20th day of June, 2007.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 20th day of June, 2007.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON



INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

Biglow Revenue Requirement
Dollars in \$000s
Inputs in Yellow

ORDER NO. 07-573

	(1) As Filed See Exhibit 201	(2) Add'l NEPA to \$20/MWh	(3) Revised Dispatch	(4) BPA Credits / Amort of Trans Inv.	(5) ICNU DR #36 As Revised	(6) Revise State Tax Rate	(7) Biglow Gen to 27 Yrs	(8) Prop Taxes to 2008 Exp	(9) Integration \$5.50/Mwh	(10) Revised for Settlement	Checks
Revenue Requirement	12,961	(694)	(192)	(175)	11,900	(117)	(840)	(1,085)	(416)	9,442	9,442
NVPC	(21,942)		198	(2,336)	(24,080)				(402)	(24,482)	
O&M	5,906				5,906					5,906	
A&G	530				530					530	
Uncollectibles	69	(4)	(1)	(1)	63	(1)	(4)	(6)	(2)	50	0.530%
Depr / Amort	11,718			2,331	14,049		(841)	(1,047)		13,208	
Property Taxes	2,094				2,094			(25)	(10)	1,047	
Franchise Fees	303	(16)	(4)	(4)	278	(3)	(20)	(2)	(1)	221	2.34%
Income Taxes	(5,143)	(671)	(384)	(12)	(6,211)	(113)	7	(2)	(1)	(6,319)	
Total Expenses	(6,465)	(691)	(191)	(22)	(7,371)	(116)	(858)	(1,080)	(414)	(9,839)	
Utility Operating Income	19,426	(3)	(1)	(152)	19,270	(1)	18	(5)	(2)	19,281	
Check	19,426	(3)	(1)	(152)	19,270	(1)	18	(5)	(2)	19,281	
Gross Plant in Service	260,742			(1,541)	260,742		420			260,742	
Accumulated Depreciation	(7,142)			(292)	(8,683)		(161)			(8,263)	
Accumulated Deferred Taxes	(18,934)				(19,226)					(19,387)	
Net Plant in Service	234,666	-	-	(1,833)	232,833	-	259	-	-	233,092	
Working Cash	(336)	(36)	(10)	(1)	(383)	(6)	(45)	(56)	(22)	(512)	
Rate Base	234,330	(36)	(10)	(1,834)	232,450	(6)	215	(56)	(22)	232,581	
Income Taxes:											
Revenues	12,961	(694)	(192)	(175)	11,900	(117)	(840)	(1,085)	(416)	9,442	
Book Expenses	(1,322)	(20)	193	(10)	(1,160)	(3)	(865)	(1,078)	(414)	(3,520)	
Interest	7,592	(1)	(0)	(59)	7,531	(0)	7	(2)	(1)	7,536	
Perm Sch M	(1,546)			(74)	(1,620)					(1,620)	
Temp Sch M	76,486			761	77,247		841			78,088	
State Taxable Income	(68,250)	(673)	(384)	(792)	(70,099)	(113)	(823)	(5)	(2)	(71,042)	
State Tax Expense @ 6.617%	(4,516)	(45)	(25)	(52)	(4,638)	1,044	(42)	(0)	(0)	(3,637)	5.12%
BETC State Credits	(1,000)				(1,000)					(1,000)	
Net State Taxes	(5,516)	(45)	(25)	(52)	(5,638)	1,044	(42)	(0)	(0)	(4,637)	
Federal Taxable Income	(62,734)	(629)	(359)	(739)	(64,461)	(1,157)	(781)	(4)	(2)	(66,405)	
Federal Tax Expense @ 35%	(21,957)	(220)	(126)	(259)	(22,561)	(405)	(273)	(2)	(1)	(23,242)	35.00%
NEPA Federal Tax Credits	(7,730)	(407)	(233)		(8,370)					(8,370)	
Net Federal Taxes	(29,687)	(627)	(359)	(259)	(30,931)	(405)	(273)	(2)	(1)	(31,612)	
Deferred Tax Expense	30,060	-	-	299	30,359	(752)	322	-	-	29,930	38.328%
Total Income Tax Expense	(5,143)	(671)	(384)	(12)	(6,211)	(113)	7	(2)	(1)	(6,319)	(6,319)

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

UE 188

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

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), and the Citizens’ Utility Board of Oregon (collectively, the “Stipulating Parties”).

I. INTRODUCTION

On March 2, 2007, PGE filed Advice No. 07-07 for a general rate revision to include in rates the costs and benefits of the first phase of the Biglow Canyon wind project (“Biglow Canyon 1”) located in Sherman County, Oregon. On June 20, 2007, a Stipulation was filed with the Commission that settled all issues in this docket except one. This Stipulation settles that remaining issue.

The only issue addressed by the parties in their testimony in this matter was whether there should be a means to address yearly changes in the projected costs of Biglow Canyon 1 until PGE’s next general rate case, and if the Commission decides there should be an annual adjustment, how that adjustment should be made. In its testimony PGE opposed such an update. Staff’s testimony recommended that the Commission not adopt an update mechanism in this docket. Staff further recommended that the Commission defer a decision regarding an annual update of Biglow until a more general inquiry into such adjustments could be made. CUB and ICNU proposed annual adjustments of Biglow Canyon 1 (Schedule 120) costs.

On July 13, 2007, the Commission opened docket UM 1330, an investigation into the automatic adjustment clause for new renewable resources (the "RAC") pursuant to SB 838. One of the issues in UM 1330 is whether there should be included in the RAC an annual update of the costs of a new renewable resource, and if so, the terms of that update. The parties to UM 1330, including the parties to this Stipulation, have recently agreed on the terms of a RAC. The terms include an annual update of the costs of renewable resources that are reflected in rates through the automatic adjustment clause. A Stipulation containing the terms of the proposed RAC has recently been filed with the Commission.

The Stipulating Parties agree that the revenue requirements of Biglow Canyon I should be updated annually in a manner similar to those of a renewable resource through the RAC agreed to in docket UM 1330 (PGE Schedule 122). Accordingly, 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. Schedule 120 will include provisions for an annual update of the revenue requirements of Biglow Canyon I that are not otherwise updated through PGE's Annual Power Cost Update (Schedule 125). In addition, the annual Schedule 120 updates will include an update to gross revenues, net revenues, and total income tax expense for the calculation of "taxes authorized to be collected in rates" pursuant to OAR 860-022-0041.

2. The procedure for the annual updates will be:

A. Beginning in 2008 and until PGE's next general rate case, if PGE has not filed a general rate case by April 1 of any year then by April 1 PGE will file its proposed updates to Schedule 120.

B. The proceedings for Schedule 120 cost updates will be on the same schedule as PGE's Annual Power Cost Update Tariff, Schedule 125.

3. Biglow Canyon I costs will be included in Schedule 120 only until PGE's next general rate case.

4. The Stipulating Parties request that the Commission approve and adopt this Stipulation, and the Stipulation previously submitted in this docket, as appropriate and reasonable resolutions of all issues.

5. 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.

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

7. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a revenue requirement for PGE 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.

8. 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.

9. 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).

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. 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.

11. 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 4th day of December, 2007.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

PORTLAND GENERAL ELECTRIC
COMPANY

EQ Busch

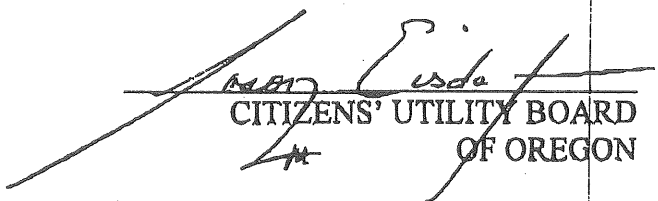
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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ORDER NO. 07-573

PORTLAND GENERAL ELECTRIC
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