

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1252

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Deferred Accounting of
Savings Associated with the 2005 Oregon
Corporate Tax Kicker.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. BACKGROUND

On March 6, 2006, Portland General Electric Company (PGE or the Company) filed an application, docketed as UM 1252, to defer savings of \$3.66 million associated with the 2005 Oregon Corporate Tax Kicker¹ (the Deferred Amount). In a Staff Report dated March 14, 2006, Staff of the Public Utility Commission of Oregon (Commission) recommended that the Commission approve PGE's request, but reserve amortization issues, including the application of an earnings test, for review at a later time. In Order No. 06-183, the Commission adopted Staff's recommendations and approved PGE's deferred accounting application.

On February 1, 2010, PGE filed direct testimony in the docket. PGE's testimony presents an earnings test, which the Company believes is required by ORS 757.259. The earnings test shows that PGE's earnings during the relevant period were insufficient to warrant amortization of the Deferred Amount. Accordingly, PGE does not request a rate change.

A prehearing conference was held on March 3, 2010, with a procedural schedule being adopted and later amended on March 30, 2010. A settlement conference was conducted on June 2, 2010. As a result of the settlement conference, on June 21, 2010, a Stipulation and an explanatory brief were filed by PGE, Staff, the Industrial Customers of Northwest Utilities (ICNU) and the Citizens' Utility Board of Oregon (CUB) (collectively the Stipulating Parties). The Stipulating Parties represent all active parties in the docket.

¹ ORS 291.349 establishes procedures under which Oregon taxpayers may receive refunds or credits when tax receipts exceed estimated receipts for any biennium by more than two percent.

II. THE EARNINGS TEST

To determine whether amortization of the Deferred Amount is warranted under ORS 757.259, PGE conducted an earnings test of the Company's earnings during the period of July 1, 2005 through June 30, 2006 (Earnings Period).² The earnings test was performed using a method similar to the method used to prepare the Company's Results of Operations Report, which is filed annually with the Commission.

The Company applied accounting and regulatory adjustments based on the Company's last general rate case prior to the Earnings Period (Docket No. UE 115) to PGE's actual operating results to produce a return on equity (ROE) number representing the Company's regulated adjusted results. PGE then compared this regulated ROE to the Company's authorized ROE.

The earnings test shows PGE's regulated ROE for the Earnings Period to be 5.33 percent, well below the Company's authorized 10.5 percent ROE for the same period. Amortization of the Deferred Amount would reduce PGE's regulated ROE for the Earnings Period to 5.12 percent.

III. THE STIPULATION

The Stipulating Parties agree that PGE's earnings during the deferral period are insufficient to support amortization of the Deferred Amount. The Stipulating Parties agree, therefore, that no amortization of the Deferred Amount should occur, resulting in no impact on rates. The Stipulating Parties concur that the Stipulation is in the public interest.

IV. DISCUSSION

The Commission encourages parties to a proceeding to voluntarily resolve issues to the extent that settlement is in the public interest. The active participants in this docket entered into a Stipulation that resolves all outstanding issues. No party has filed an objection to the Stipulation.

The Commission examined the Stipulation, the supporting brief and the pertinent record in the case. The Commission concludes that the Stipulation is an appropriate resolution of all the pending issues in this docket. The Commission adopts the Stipulation in its entirety without modification.

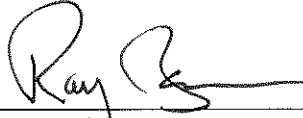
² PGE indicates this period includes the deferral period and provides a review of the most recent level of earnings possible. UM 1252 Direct Testimony, PGE/100, Hager – Tinker/4.

ORDER

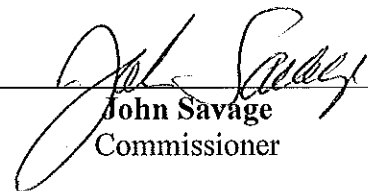
IT IS ORDERED that:

1. The Stipulation, filed on June 21, 2010, and executed by Portland General Electric Company, Commission Staff, the Industrial Customers of Northwest Utilities and the Citizens' Utility Board of Oregon, is adopted.
2. Consistent with the Stipulation, savings of \$3.66 million associated with the 2005 Oregon Corporate Tax Kicker deferred by Order No. 06-183 will not be amortized.

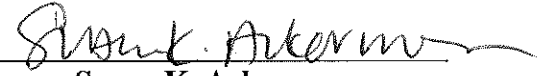
Made, entered, and effective AUG 10 2010.



Ray Baum
Chairman



John Savage
Commissioner



Susan K. Ackerman
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**

UM 1252

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC COMPANY)	STIPULATION
)	
Application for Deferred Accounting of Savings associated with the 2005 Oregon Corporate Tax Kicker)	

This Stipulation (“Stipulation”) is between 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”).

On March 6, 2006, PGE filed an application to defer savings associated with the 2005 Oregon Corporate Tax Kicker (the “Deferred Amount”). Staff recommended that the Commission approve PGE’s request and that the ratemaking treatment be reserved for a later ratemaking proceeding. Staff also proposed that the earnings test associated with the potential amortization of the Deferred Amount be considered prior to amortization. In Order No. 06-183, the Commission adopted Staff’s recommendations and approved PGE’s deferred accounting application.

On January 29, 2010, PGE filed direct testimony concluding that an earnings test is required by ORS 757.259, that PGE’s earnings during the relevant period were substantially below PGE’s authorized level, and that no amortization of the Deferred Amount should therefore occur. PGE/100, Hager-Tinker/3. A procedural schedule was adopted on March 4, 2010, and amended on March 30, 2010. The Stipulating Parties participated in a settlement conference on

June 2, 2010. Those discussions resulted in a settlement among the Stipulating Parties described in detail below.

TERMS OF STIPULATION

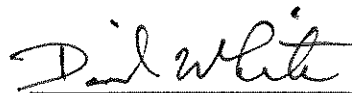
1. This Stipulation resolves all issues in this docket.
2. Staff, ICNU, and CUB have independently reviewed PGE's direct testimony, exhibits, and work papers and agree that PGE's earnings during the deferral period are insufficient to support amortization of the Deferred Amount and that no amortization of the Deferred Amount should occur.
3. The Stipulating Parties recommend and request that the Commission approve the Stipulation as appropriate and reasonable resolutions of all issues in this proceeding. The Stipulating Parties agree that this Stipulation is in the public interest and since no amortization of the deferred amount will occur, this action will not have an impact on current or future rates.
4. The Stipulating Parties agree that this Stipulation represents a settlement of 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. 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 Stipulating Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and the other Stipulating Parties within fifteen (15) 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.
6. 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 settlement

contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting the written testimony or explanatory brief required by OAR § 860-14-0085(4).

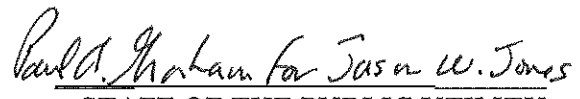
7. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation, other than those specifically identified in the Stipulation. Except as provided 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.

8. 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 ¹⁴13th day of June, 2010.



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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DATED this 16 day of June, 2010.

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COMMISSION OF OREGON



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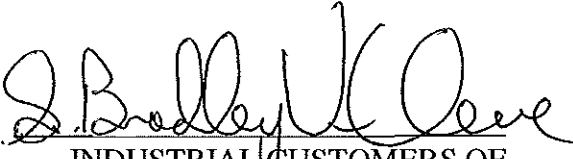
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DATED this day of June, 2010.

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