

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1402

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Incremental
Administrative Costs Associated with the
Trojan Refund.

ORDER

DISPOSITION: APPLICATION FOR AUTHORIZATION TO AMORTIZE
DEFERRED AMOUNTS GRANTED

I. INTRODUCTION

On October 22, 2010, Portland General Electric Company (PGE) filed an application for authorization to amortize in customer rates the incremental costs associated with issuing the refund ordered in Order No. 08-487. In this order, the Public Utility Commission of Oregon grants PGE's application.

II. BACKGROUND

On September 30, 2008, we issued Order No. 08-487 in dockets DR 10, UE 88, and UM 989. The order was intended to resolve all issues related to the recovery in customer rates of PGE's remaining undepreciated principal investment in the Trojan nuclear generating plant, which was retired before the end of its useful life. We ordered PGE to refund \$33.1 million plus additional interest to customers who received service from October 1, 2000, to September 30, 2001.

In Order No. 08-487, we authorized PGE to seek deferral of the incremental administrative costs of issuing the refund. PGE filed an application for deferral of those costs on November 5, 2008. We granted the application in Order No. 09-133 on April 14, 2009. PGE sought reauthorization of the deferral on November 4, 2009, which was granted in Order No. 09-474 on December 2, 2009.

In Advice No. 10-20, filed on October 22, 2010, and supplemented on February 3, 2011, PGE seeks recovery of the deferred amounts in rates. The total amount of incremental expenses for which recovery is requested is \$2,494,504 plus interest. PGE requests amortization over one year.

During its regular public meeting on December 28, 2010, the Commission suspended Advice No. 10-20 for three months for further investigation.¹ PGE and Commission Staff filed a stipulation resolving all issues in the docket, as well as joint testimony in support of the stipulation, on February 23, 2011. The Utility Reform Project and Ken Lewis (collectively URP) petitioned to intervene in these proceedings on February 24, 2011. The petition was granted, and URP filed objections to the stipulation on March 10, 2011.

In its objections, URP stated that it was improper for the Commission to adopt the stipulation without a hearing. We interpreted that statement as a request for a hearing, and suspended Advice No. 10-20 for an additional three months to ensure sufficient time for a hearing and briefing.² The hearing was held on April 11, 2011. PGE filed an opening brief on May 9, 2011; URP filed a response brief on May 31, 2011; and PGE filed a reply brief on June 10, 2011.

On June 20, 2011, the Administrative Law Judge (ALJ) issued a bench request to PGE on behalf of the Commission. The request sought further information about the relative administrative costs in two areas: (1) informing current customers eligible for a refund by bill insert versus separate letter; and (2) providing refunds to current customers by bill credit versus separate checks. On the same day, the Commission suspended Advice No. 10-20 for another three months to allow further proceedings in light of the bench request.³

PGE responded to the bench request on July 11, 2011. URP objected to the bench request on July 15, 2011, and we treated the objection as a motion to rescind the bench request.⁴ After further pleadings, the Commission denied URP's motion to rescind in Order No. 11-315 on August 17, 2011.

A schedule for further proceedings related to the bench request was adopted on July 26, 2011, and later changed in response to a motion for an extension filed by URP on August 26, 2011.⁵ URP declined to submit testimony, but asked for the opportunity to file briefs. A briefing schedule was set on September 15, 2011.⁶ The schedule included two opportunities for URP to move to admit data request responses.⁷

URP filed a motion to admit data request responses on October 5, 2011, but did not include copies of the responses that it sought to admit. URP's counsel was informed of this deficiency in the filing on October 6, 2011. The ALJ denied the motion to admit the data request responses after giving URP fourteen calendar days to correct the deficiency.⁸

¹ See Order No. 11-012 (Jan 12, 2011), corrected by Order No. 11-041 (Jan 28, 2011).

² Order No. 11-087 (Mar 17, 2011).

³ Order No. 11-197 (Jun 20, 2011).

⁴ Prehearing Conference Memorandum (Jul 26, 2011).

⁵ See *id.* See also Prehearing Conference Memorandum (Sept 2, 2011).

⁶ Prehearing Conference Memorandum (Sept 15, 2011).

⁷ *Id.*

⁸ ALJ Ruling Denying Motion to Admit Data Request Responses (Oct 20, 2011).

PGE filed its opening brief on October 10, 2011. URP filed its response brief on October 28, 2011, as well as a new motion to admit data request responses. PGE filed its reply brief and response to URP's second motion to admit on November 7, 2011.

III. MOTION TO ADMIT DATA REQUEST RESPONSES

URP filed a second motion to admit portions of PGE's data request responses with its response brief on October 28, 2011. URP complains that the ALJ improperly denied its first motion to admit "sua sponte" and without objection because URP did not attach copies of the data request responses that it sought to admit. URP's counsel states that he was "not aware" of this requirement because it is not in the Commission's rules. URP's counsel further states that he was too busy to remedy the deficiency at the time he received notice of the deficiency. URP states that no party would be prejudiced by granting its second motion to admit.

PGE responded to URP's motion, arguing that it would be prejudiced by granting the second motion because (1) PGE did not know whether the responses were part of the record at the time it was required to file its reply brief, and (2) only portions of PGE's responses were included in URP's request, and those portions were taken out of context and could be misunderstood.

We first address URP's objections to the ALJ ruling denying the first motion to admit. As a preliminary matter, if URP disagreed with the ruling, the appropriate response was to request certification of the ruling to the Commission under OAR 860-001-0110. Furthermore, the ALJ did not act "sua sponte" in denying URP's first motion. "Sua sponte" generally refers to a judge's order made without a request by any party to the case. In this case, URP made the request, and the ALJ needed to rule on it regardless of the absence of objection. Finally, although URP is correct that our administrative rules do not specifically require that the evidence that a party seeks to admit into the record must be included with a motion to admit that evidence, we find this argument disingenuous. URP's counsel has practiced before this Commission for many years. It is basic procedure--before both this Commission and Oregon courts--to provide copies of the evidence that one seeks to admit because, as the ALJ noted in the ruling denying URP's first motion to admit, it is impossible to determine whether evidence is relevant and should be admitted without being able to review it.⁹

We deny URP's second motion to admit because admitting only partial responses at this stage of the proceedings would be prejudicial. The ALJ gave URP two opportunities to file motions to admit data request responses--October 5 and October 14, 2011. October 14 was three weeks before PGE's reply brief was due, giving PGE the opportunity to object to the motion to admit, and the ALJ the ability to rule on the

⁹ Taken as a whole, our administrative rules make it clear that copies of evidence not previously filed in the docket must be provided at the time a party seeks admission of the evidence. *See, e.g.*, OAR 860-001-0480(7) (if an exhibit that was not previously filed is offered into evidence at a hearing, then the party offering the exhibit must provide a copy to each party, the Commission, and the ALJ). *See also* OAR 860-001-0480, 860-001-0450, 860-001-0540(4).

motion, before PGE was scheduled to file its reply brief on November 7, 2011. Even though URP had been informed of the deficiencies in its October 5 motion to admit, URP neither remedied those deficiencies nor submitted another motion to admit by October 14, 2011. By filing the second motion to admit with its response brief on October 28, 2011, PGE had only nine days before its reply brief was due. This did not allow enough time for PGE to object to the motion and for the ALJ to rule. We find that this prejudiced PGE because PGE did not know whether the data request responses were part of the record before being required to file its final pleading in this docket.

IV. THE STIPULATION

In the stipulation filed on February 23, 2011, PGE and Staff agree that PGE's application meets the requirements for amortization of the deferred expenses and that the amount requested to be amortized—\$2,494,504—is correct. PGE and Staff agree that the deferred amounts should be amortized over one year, plus interest, and should be spread to residential and nonresidential customers classes following the distribution of the refund established in Order No. 08-487. PGE and Staff state that the stipulation is in the public interest and will result in rates that are fair, just, and reasonable.¹⁰

V. OBJECTIONS TO THE STIPULATION

To recover deferred amounts in rates, PGE must show that the amounts were prudently incurred¹¹ and that the resulting rates are fair, just, and reasonable.¹² In addition, in this case, Order No. 08-487 requires that PGE be able to show that it tried to maximize customer participation in the refund while trying to keep administrative costs as low as possible.¹³ In their stipulation, PGE and Staff assert that these standards have been met and PGE's application for amortization should be approved.

URP raises multiple objections to the stipulation in its various pleadings in this docket. The objections fit into three general categories: (1) whether the deferred expenses were prudently incurred; (2) whether amortization of the deferred expenses results in fair, just, and reasonable rates; and (3) whether PGE's deferral request was otherwise legally or procedurally deficient. We use these general categories to organize our discussion of URP's objections.¹⁴

A. Were the Deferred Expenses Prudently Incurred?

URP raises two objections that can be categorized as assertions that the deferred expenses were not prudently incurred: (1) the deferred incremental administrative costs were

¹⁰ PGE also filed a motion to admit the stipulation and the joint testimony in support into the record in these proceedings. PGE's motion is granted.

¹¹ ORS 757.259(5).

¹² ORS 757.210(1)(a).

¹³ Order No. 08-487 at 105.

¹⁴ In its post-bench-request reply brief, URP again raises objections to the bench request. URP's objections were addressed in Order No. 11-315, and we decline to reconsider the objections at this time.

excessive; and (2) PGE should have offset the administrative costs with funds from unclaimed refunds. We address each objection below.

1. *The Administrative Costs Proposed For Recovery Are Excessive*

a. *Parties' Positions*

URP argues that PGE could have reduced administrative costs by informing current customers about the refund by bill insert instead of by separately mailed letter and by issuing the refund to current customers by credit instead of by check. URP also asserts that administrative costs would be reduced if customers from 2000-2001 who are also current customers were not required to file a claim.

URP challenges the assertions made by PGE in its responses to the bench requests. URP argues that PGE provided no evidence to support the claim that bill inserts would have cost between \$500,000 and \$1,000,000 and no breakdown of these alleged additional costs. URP questions PGE's assumptions about certain costs (for example, postage and paper) and PGE's assertions that the bar code system increased efficiency, which necessarily decreases costs. URP also asserts that certain assumptions are baseless (for example, PGE's claim that customer calls to the call center would increase if customers do not receive an actual check).

PGE's reply is that there is no evidence in the record that alternative methods would have reduced administrative costs and that the methods it used were consistent with the order. PGE states that its decision to use separate letters instead of bill inserts to notify customers about the refund was based on three primary factors: (1) maximizing relief for affected customers in compliance with Order No. 08-487; (2) increasing efficiency of the refund process by using a unique identification number for each customer and a barcode system for processing claims; and (3) equity in customer response time because all customers received the letter at the same time, while bills are sent at different times to different customers depending on the applicable billing period. PGE asserts that the barcode system increased efficiency, increased the ease of making a claim for customers, and greatly decreased handling costs.

PGE acknowledges that sending checks to current customers instead of using bill credits to issue the refund incurred greater costs (about \$130,000 more), but PGE states that sending checks was nonetheless prudent because (1) using one method to provide the refund increased efficiency; and (2) limitations in PGE's customer billing system would not have allowed all customers to receive a refund at the same time. PGE asserts that disparate refund receipt times would have increased customer service calls. PGE further states that its assertions that about bill credits versus checks were based on PGE's experience with the MCBIT refund and customer service experience in general. PGE emphasizes that its refund methodology resulted in significantly higher customer participation (58 percent) than is usually experienced with refunds involving hundreds of thousands of claimants (averaging 35 to 40 percent according to the vendor PGE used to administer the refund).

b. Resolution

First, it is important to recognize that costs may be prudently incurred even if a utility does not choose the least cost option. Although we encouraged PGE to make efforts to keep administrative costs as low as possible in Order No. 08-487, we also instructed PGE to use a refund methodology that would maximize customer participation. The vendor PGE used to help administer the refund has participated in many large-scale refunds and states that average participation is 35 to 40 percent. But in this case, PGE's notification methods resulted in 58 percent customer participation. This indicates that PGE's notification methods were extremely effective.

Second, based on the evidence in the record, using a separate letter with the barcode system ultimately reduced the costs of administering the refund. Any increase in the cost of postage and paper from choosing this approach were offset by the efficiencies gained by the barcode system. Without that system, PGE would have been required to manually match refund claims forms with previously identified customers.

Third, we agree with PGE that the additional costs incurred by sending checks to current customers instead of using bill credits was outweighed by increased efficiencies and by equity in refund receipt times.

2. *PGE Should Offset the Administrative Costs using Funds from Unclaimed Refunds.*

a. Parties' Positions

URP argues that PGE should have used the funds that remained unclaimed (due to returned or uncashed checks) to offset the administrative costs. PGE responds that it is required by state law to remit the unclaimed funds to the states where the intended recipients live under unclaimed property laws.

b. Resolution

PGE is correct that unclaimed property laws require PGE to remit unclaimed refund funds to the states where the intended recipients live.¹⁵ As a matter of law, PGE could not retain those funds and use them to offset the costs of administering the refunds.

B. Does Amortization of the Deferred Expenses Result in Fair, Just, and Reasonable Rates?

1. *Parties' Positions*

URP asserts that authorizing amortization of the deferred administrative costs in customer rates would not result in fair, just, and reasonable rates for two reasons. First, URP asserts that charging customers for the administration of a refund necessitated by

¹⁵ See, e.g., ORS 98.302 to 98.436.

PGE's unlawful conduct is not fair, just, or reasonable. Second, URP argues that charging current customers for administering a refund to 2000-2001 customers is not fair, just, or reasonable.

PGE responds that URP's real complaint is with Order No. 08-487 (allowing PGE to seek deferral) and with Order Nos. 09-133 and 09-474 (authorizing and reauthorizing, respectively, the deferral of the incremental costs of administering the refund). PGE notes that URP had notice of PGE's request to defer the administrative costs, but did not oppose the request. PGE also asserts that a deferral "by definition defers expenses or revenues from one period to another" and therefore, the customers during the amortization period will be different than the customers at the time when the expenses were incurred.¹⁶

2. *Resolution*

Despite URP's assertions to the contrary, this Commission has never concluded that PGE acted unlawfully. The Trojan refund is the result of an error in legal interpretation made by the Commission, not by PGE.¹⁷ PGE was, at all relevant times, acting in compliance with Commission orders. Thus, there is no merit to URP's assertions that it is not fair, just, or reasonable to charge customers for the administration of a refund necessitated by PGE's "unlawful" conduct.

Although URP argues that charging current customers for administering a refund to 2000-2001 customers is not fair, just, and reasonable, URP provides no explanation of this argument. URP does not explain *why* it is not fair, just, and reasonable. We are unable to find in URP's favor in the absence of more information.

C. **Is PGE's Deferral Request Legally or Procedurally Deficient?**

In addition to the above arguments, URP raises various arguments regarding whether PGE's deferral request is legally or procedurally deficient. We address each argument below.

1. *Recovery of the Deferred Administrative Expenses Violates ORS 757.355*

a. *Parties' Positions*

URP claims that it is well settled that PGE's 2000 to 2001 rates were "unlawful" because they violated ORS 757.355. URP further argues that "[c]harging ratepayers to receive a refund of unlawful charges is itself an unlawful charge, as it is exactly the same thing as refunding less of the unlawful charges."¹⁸

¹⁶ Reply Brief of Staff and PGE at 5 (Jun 10, 2011).

¹⁷ See Order No. 08-487.

¹⁸ Brief of Utility Reform Project and Ken Lewis at 1 (May 31, 2011).

PGE and Staff respond that URP's claim is based on two erroneous assumptions. First, contrary to URP's assertions, the original 2000 to 2001 rates were never declared "unlawful." Second, because the customers paying the administrative costs in rates are current customers, but those receiving the refund were customers from October 2000 through September 2001, including the costs of administering the refund in current customer rates does not effectively reduce the amount of the refund.

b. Resolution

We agree with PGE and Staff that including the costs of administering the rates in current customer rates does not equate to reducing the amount of the refund. PGE refunded the full amount that it was ordered to refund (\$33.1 million plus additional interest) to customers from 2000 to 2001. Recovery of the administrative costs associated with the refund from *current* customers is not the "same thing as refunding less of the unlawful charges[,] " particularly because many of PGE's current customers were not customers from 2000 to 2001. Furthermore, the question of whether PGE's 2000 to 2001 rates were "unlawful," as that term is used by URP, is currently before the Court of Appeals in URP's appeal of Order No. 08-487.

2. This Case was Filed in the Wrong Docket

a. Parties' Positions

Relying on a May 5, 2004, ALJ ruling, URP argues that the appropriate refund methodology should have been addressed in a later phase of dockets DR 10, UE 88, and UM 989. URP states that PGE should have filed its deferral request and application to amortize in those dockets, not in a separate docket. URP states that the parties to DR 10, UE 88, and UM 989 did not receive notice of the deferral.

PGE replies that Order No. 08-487 is controlling in this case, not a 2004 ALJ ruling, and that the order allowed PGE to seek deferral of the incremental administrative costs of issuing the refund but did not require that PGE file the deferral request or application for authorization to amortize the deferred amounts in dockets DR 10, UE 88, and UM 989. PGE states that it followed the normal process for filing deferral and amortization requests, and that it provided notice of its original deferral request and the request to authorize amortization of the deferred expenses to all parties on the DR 10, UE 88, and UM 989 service lists, including URP and URP's counsel. PGE notes that URP did not object to the deferral request.

b. Resolution

We agree with PGE that there was no requirement that PGE file its deferral request or application for authorization to amortize the deferred amounts in dockets DR 10, UE 88, and UM 989. In addition, the alleged failure to file the deferral and amortization requests in those dockets did not prejudice any party because PGE gave notice of the requests to the parties in those dockets.

3. *Application of Correct Earnings Test Nullifies the Charges Sought*

URP argues about the appropriate meaning of the portion of ORS 757.259 that requires review of the utility's earnings "at the time of application to amortize the deferral."¹⁹ URP's arguments are identical to the arguments URP raised in docket UM 1224.²⁰ The Commission rejected URP's arguments in that docket, and URP appealed. In this case, PGE and Staff reviewed PGE's earnings consistently with the Commission's order in UM 1224 and with the Commission's rules. Because the appeal of the UM 1224 order is still pending before the Court of Appeals, we decline to reconsider URP's arguments in this case.

4. *The Refund Instructions Adopted in Order No. 08-487 were Unlawful*

a. *Parties' Positions*

URP argues that the refund instructions adopted in Order No. 08-487 were unlawful because the parties did not have the opportunity to submit evidence and argument regarding proper refund administration methodologies. URP therefore concludes that PGE should not have followed the refund instructions in Order No. 08-487. In particular, URP asserts that interest should continue to accrue on unclaimed refunds, that current customers should not have been required to file a claim, and that the unnecessary claims and notice processes increased costs.

PGE responds that it is legally required to comply with a Commission order unless that order has been stayed, remanded, or reversed by the Court of Appeals or otherwise changed by a subsequent Commission order. Thus, even assuming URP's arguments about the legality of the refund instructions are correct, PGE had no choice but to follow the instructions in Order No. 08-487 because the order was not stayed by the Court of Appeals²¹ or changed by another Commission Order.

b. *Resolution*

The regulation of investor-owned utilities would be a futile effort if those utilities could choose to disregard or disobey Commission orders. The regulatory system demands that utilities follow the Commission's directives, even if the utility or another stakeholder believes that those directives are incorrect or illegal.²² If a utility incurred costs in the

¹⁹ ORS 757.259(5).

²⁰ See *In the Matter of Utility Reform Project and Ken Lewis Application for Deferred Accounting*, Docket No. UM 1224, Order No. 09-316 (Aug 18, 2009).

²¹ The appeal of Order No. 08-487 is still pending at the Court of Appeals, and therefore no remand or reversal has been issued at this time.

²² See, e.g., ORS 756.565:

All rates, tariffs, classifications, regulations, practices and service fixed, approved or prescribed by the Public Utility Commission and any order made or entered upon any matter within the jurisdiction of the commission shall be in force and shall be prima

course of disregarding a Commission order, those costs would likely be deemed imprudently incurred.

URP's arguments about the legality of the Commission's refund methodology are currently before the Court of Appeals, and we do not address those arguments here. In this case, PGE complied with the instructions in Order No. 08-487, as it was required to do. If PGE had chosen to disregard those instructions and pursued a different refund process, we would have deemed PGE's conduct imprudent. By complying with the order, PGE acted prudently, and we decline to disallow recovery of costs that were incurred by doing what the Commission instructed PGE to do.

We also note that PGE asked the Commission to approve changes to the refund methodology in Order No. 08-4897, including some of the changes recommended by URP such as eliminating the claim filing requirement for 2000-2001 customers who are also current customers. But URP objected to approval of the changes, and the Commission ultimately declined to approve changes to an order when an appeal was pending.²³

VI. CONCLUSION

After reviewing the stipulation, the testimony in support of the stipulation, URP's objections, and the parties' briefs, we conclude that the costs of administering the refund ordered in Order No. 08-487 were prudently incurred and that amortizing the deferred administrative costs will result in fair, just, and reasonable rates. We therefore adopt the stipulation and grant PGE's application for authorization to amortize the incremental administrative costs.

facie lawful and reasonable, until found otherwise in a proceeding brought for that purpose under ORS 756.610.

See also ORS 756.160(1):

The Public Utility Commission shall inquire into any neglect or violation of any law of this state or any law or ordinance of any municipality thereof relating to public utilities and telecommunications utilities by any public utility or telecommunications utility doing business therein, its officers, agents or employees and shall enforce all laws of this state relating to public utilities and telecommunications utilities and may enforce all such laws and ordinances of a municipality. The commission shall report all violations of any such laws or ordinances to the Attorney General.

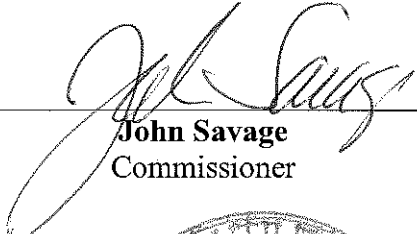
²³ Order No. 09-093 (Mar 19, 2009).

VII. ORDER

IT IS ORDERED that:

1. Portland General Electric Company's application for authorization to amortize the incremental administrative costs associated with the refund ordered in Order No. 08-487 is granted.
2. The stipulation attached as Appendix A is adopted in its entirety.
3. Advice No. 10-20 is permanently suspended. Portland General Electric Company must file tariffs consistent with this order to become effective January 1, 2012. The tariff filing must refer to docket UM 1402 and copies must be served on the parties to docket UM 1402.
4. The tariff filed in compliance with Paragraph 3 must be docketed with a "UE" designation.


Made, entered, and effective DEC 21 2011.



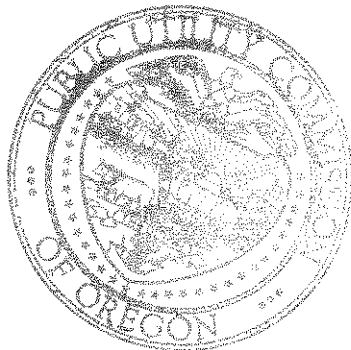
John Savage
 Commissioner



Susan K. Ackerman
 Commissioner



Stephen M. Bloom
 Commissioner



A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC-UTILITY COMMISSION

OF OREGON

UM 1402

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	STIPULATION
COMPANY)	
)	
Application for Deferral of Incremental Costs)	
Associated with the Trojan Refund)	

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

I. INTRODUCTION

In Order 08-847, the Commission ordered PGE to refund \$33.1 million, plus interest, to certain customers (the “Trojan Refund”). That order also stated that PGE could seek deferral of the incremental expenses associated with making the Trojan Refund. PGE filed its initial application for deferral of the Trojan Refund expenses in this docket on November 4, 2008. PGE’s application was approved on April 14, 2008, in Order 09-133. On November 4, 2009, PGE requested reauthorization of the deferral for an additional year. Reauthorization was granted on December 2, 2009, in Order 09-474. PGE has completed the Trojan Refund.

On October 22, 2010, PGE sought to amortize the amounts deferred during 2009 for Trojan Refund expenses, \$2,161,037 plus interest. PGE filed tariff sheets (Advice No. 10-20) to implement that amortization with an effective date of January 1, 2011. PGE also provided an earnings test and supporting information for calendar year 2009. At its Public Meeting on December 28, 2010, the Commission suspended the tariff sheets for three months to allow for further investigation. On February 3, 2011, in consultation with Staff, PGE made a supplemental

filing to include \$333,467 of Trojan Refund expenses incurred in 2010 in this amortization request. That filing included an earnings test and supporting information for the twelve-month period ending March 31, 2010. A majority of the 2010 Trojan Refund expenses were incurred during the first quarter.

A Prehearing Conference was held on February 8, 2011. Staff and PGE participated. A representative of the Citizens' Utility Board ("CUB") also attended but represented that CUB did not intend to intervene in this docket. No other parties appeared at the Prehearing Conference, and no other parties have sought to intervene in this docket.

Staff has reviewed PGE's filings and work papers, and requested and received additional information from PGE. Staff supports PGE's amortization request in this docket. Accordingly, the Parties request that the Commission issue an order adopting this Stipulation.

II. TERMS OF STIPULATION

1. This Stipulation settles all issues in this docket.
2. PGE incurred \$2,494,504 in incremental Trojan Refund expenses during the deferral period covered by this docket.
3. The Parties agree that PGE's application meets the requirements for amortization of the deferred expenses, and that the amount requested to be amortized is correct. PGE should be allowed to amortize in rates the deferred expenses set forth above, plus interest at the Commission approved rates, over a one year period. The amortized amount should be spread to residential and nonresidential customer classes following the distribution of the refund as outlined in PGE Advice No. 10-20.
4. The amortization tariff sheets previously filed by PGE are currently suspended until April 1. In order to avoid an additional rate change during the year, the Parties agree that

amortization should begin on June 1, 2011, to minimize the frequency of rate changes. The Parties therefore request that the Commission permanently suspend the tariff sheets previously filed by PGE, and order PGE to file new tariff sheets consistent with the terms of this Stipulation.

5. The Stipulating Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.

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

7. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

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 Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095, including the right to withdraw from the stipulation and to seek reconsideration of the Commission's order. 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.

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

10. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically identified in the Stipulation. Except as provided in this Stipulation, no Stipulating 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 23rd day of February, 2011.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

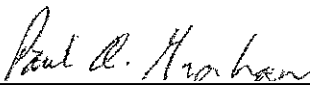
throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting an explanatory brief or written testimony required by OAR § 860-14-0085(4).

10. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically identified in the Stipulation. Except as provided in this Stipulation, no Stipulating 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 22nd day of February, 2011.

PORTLAND GENERAL ELECTRIC
COMPANY


STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON