

ORDER NO. 96-306
ENTERED NOV 26 1996

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 100

In the Matter of an Investigation)
into the Rates of PORTLAND GENERAL) ORDER
ELECTRIC COMPANY.)

**DISPOSITION: ORDER OPENS AN INVESTIGATION AND ADOPTS A
STIPULATION ESTABLISHING NEW RATES**

This order is entered under ORS 756.515 to open an investigation to determine the appropriate rates for all classes of service for Portland General Electric Company (PGE or the Company). This order also adopts a stipulation between staff, PGE, the Citizens' Utility Board (CUB) and the Oregon Committee for Equitable Utility Rates (OCEUR).

FINDINGS OF FACT

Commission Order No. 95-1216 in Docket UE 93, issued November 20, 1995, authorized PGE to increase revenues by making general tariff revisions. Although several matters were decided in the case, the primary causes of the overall \$19.9 million (2.1 percent) increase were the costs of the new Coyote Springs generating facility and removal of a power cost surcharge. The capital and most other costs of providing service underlying rate levels were those found reasonable in the recent general rate case in Docket UE 88, Order No. 95-322, issued March 29, 1995.

In January 1996, CUB asked the Commission to reconsider its decisions in Docket UE 93. Order No. 96-053 denying reconsideration noted:

We will not permit the company to indefinitely continue to receive a windfall from lower natural gas prices. Eventually, such reductions, if they continue, must accrue to the benefit of ratepayers.

In addition the order stated:

We . . . expect PGE, staff and other interested parties to take up this issue during 1996 and to work toward a plan for dealing with the issue prior to the expiration of PGE's decoupling procedure at the end of 1996.

Staff, PGE, CUB and OCEUR, as well as the Industrial Customers of Northwest Utilities (ICNU) discussed these matters at considerable length. The negotiations led to agreement on a plan between the Company and staff on November 14, 1996. Staff, PGE, CUB and OCEUR have signed a stipulation, and ICNU is considering whether to sign it.

The stipulation, which is appended and is incorporated by reference, contains three key features:

1. On December 1, 1996, PGE will reduce rates by \$30 million or three percent (3%) on an equal percentage basis to all classes.
2. Beginning December 1, 1996, PGE will defer revenues equivalent to forecast reductions associated with certain pilot or experimental programs and tariff revisions until the programs or tariff changes are in effect. The Commission will determine disposition of these deferrals.
3. PGE agrees to make a rate filing under ORS 757.210, within four months of a Commission order requesting that a filing be made. This agreement covers orders issued between October 1, 1997 and December 31, 1998.

The stipulation also contemplates that the rate reductions take effect on December 1, 1996. It, therefore, requires that PGE file compliance tariffs before December 1, 1996, so that those tariffs can be in effect for service on and after December 1, 1996.

OPINION

ORS 756.515 allows the Commission to open an investigation whenever it believes that any rate may be unreasonable. A staff memorandum of November 26, 1996, which is attached and incorporated by reference, suggests grounds for investigating whether the rates the Commission set for PGE in Docket UE 93 are now too high.

ORS 756.515(3) allows the Commission to conduct proceedings into the matters under investigation. Proceedings are unnecessary, however, if the parties stipulate to a resolution of the matters under investigation and if the Commission approves that stipulation.

In this case, the Commission finds that the stipulation is reasonable, and therefore, it does not believe hearings are necessary. It notes that ICNU has not signed the stipulation. If ICNU or any other person wishes to have a hearing, then it is entitled to one.

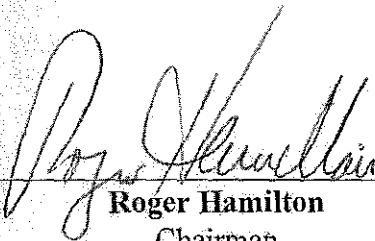
If any person chooses to proceed to hearing, that person will have both the burden of persuasion and the burden of going forward with evidence. That is so because the tariffs which the Commission is ordering the company to file are compliance tariffs submitted to complete this investigation. Compliance tariffs are not submitted under ORS 757.210, the "file and suspend" statute.

ORDER

IT IS ORDERED that:

1. An investigation shall be opened, under ORS 756.515, into the rates which the Commission authorized for PGE in Docket No. UE 93.
2. The stipulation regarding PGE's rates and earnings dated November 22, 1996, is adopted.
3. PGE shall file tariffs in compliance with the stipulation adopted by this order. The company must make its filing on or before November 29, 1996, so that new rates can be in effect for service on or after December 1, 1996.

Made, entered and effective November 26, 1996.




Roger Hamilton
Chairman





Joan H. Smith
Commissioner



Ron Eachus
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order pursuant to ORS 756.580.

ITEM NO. _____

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: November 26, 1996

REGULAR AGENDA X CONSENT AGENDA _____ EFFECTIVE DATE _____ N/A

DATE: November 22, 1996

TO: Mike Kane ^{MK} through Bill Warren ^{WB}

FROM: Ray Lambeth ^{RL}

SUBJECT: Application for a Commission Order to Initiate a General Review of Portland General Electric Company's Rates and Revenues

SUMMARY RECOMMEN ATION: Initiate a proceeding under ORS 756.515 to determine appropriate rates for all classes of service for Portland General Electric Company (PGE or the Company). Adopt the stipulation regarding PGE rates and earnings and allow compliance tariffs reducing rates effective December 1, 1996, to go into effect without suspension. Allow the decoupling experiment to end as of December 31, 1996.

DISCUSSION:

Background

Commission Order No. 95-1216 in Docket UE 93, issued November 20, 1995, authorized Portland General Electric Company (PGE or the Company) to increase revenues by making general tariff revisions. Although several matters were decided in the case, the primary causes of the overall \$19.9 million (2.1 percent) increase were the costs of the new Coyote Springs generating facility and removal of a power cost surcharge. UE 93 used the same capital and most other costs of providing service as those found reasonable in the recent general rate case, Docket UE 88. See Order No. 95-322, issued March 29, 1995.

In January 1996, the Citizens' Utility Board (CUB) asked the Public Utility Commission of Oregon (OPUC) to reconsider its decisions in Docket UE 93. The Commission denied reconsideration in Order No. 96-053 but noted, "We will not permit the company to indefinitely continue to receive a windfall from lower natural gas prices. Eventually, such reductions, if they continue, must accrue to the benefit of ratepayers." In addition the order stated, "...we...expect PGE, Staff, and other interested parties to take up this issue during 1996 and to work toward a plan for dealing with the issue prior to the expiration of PGE's decoupling procedure at the end of 1996."

PGE, Staff, the CUB and representatives of the Oregon Committee for Equitable Utility Rates (OCEUR) and Industrial Customers of Northwest Utilities (ICNU) have discussed these matters at considerable length. The negotiations led to an oral agreement on a plan between the Company and OPUC Staff on November 14, 1996. The CUB and OCEUR subsequently joined in the agreement. ICNU, at the time of preparation of this Commission open meeting memorandum, was considering whether to sign the stipulation.

Mike Kane
November 22, 1996
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The Stipulation and Plan

Attachment 1 to this memorandum is a copy of the Stipulation regarding the Portland General Electric Company Rate and Earnings Plan executed as of November 22, 1996, by PGE, the OPUC Staff, the CUB and the OCEUR (Stipulation). Key features of the Stipulation are summarized below.

1. On December 1, 1996, PGE would reduce rates by \$30 million or three percent on an equal percentage basis to all customer classes.
2. Beginning December 1, 1996, PGE would defer revenues equivalent to forecast reductions associated with certain pilot or experimental programs and tariff revisions. Deferrals would continue until the programs or tariff changes are in effect. PGE has agreed that approval of the experimental programs and tariffs is dependent on PGE showing and the Commission agreeing that the programs or tariff changes have a reasonable chance of resulting in the specified revenue reductions. The Commission would determine disposition of these deferrals.
3. PGE would agree to make a rate filing within four months of a Commission order requesting that a filing be made. This agreement would cover orders issued between October 1, 1997, and December 31, 1998.

In order for the rate reductions to take effect on December 1, 1996, The Commission would initiate an investigation of PGE's rates on its own motion under ORS 756.515, as requested below. If the Commission finds the Stipulation acceptable, it would issue an order as soon as possible, before December 1. (Attachment 2 to this memorandum is a proposed order with respect to the Stipulation.) PGE would then file compliance tariffs reducing rates consistent with the Stipulation.

Rationale for initiating investigation

Staff recommends the OPUC begin an investigation of PGE's rates now because PGE's earnings appear excessive. Attachment 3 to this memorandum is a copy of PGE's earnings report to the OPUC covering the twelve months ending June 30, 1996. This is the most recent report filed by PGE showing electric utility results on a regulated basis. Adjustments have been made to incorporate normal weather conditions and streamflows, to remove out-of-period activity and prior ratemaking disallowances, and to annualize the effects of in-period part-year transactions expected to continue.

As shown in the report summary, page 1, column 7, on a relatively forward-looking basis, PGE is earning 11.47 percent on utility investments. This overall rate of return equates to 15.93 percent on equity capital. The test year 1996 overall rate of return and the rate of return on equity capital found reasonable in Docket UE 88 were 9.60 percent and 11.60 percent, respectively. And interest rates have fallen since the settlement agreement which produced the rate of return on common equity capital used in Docket UE 88.

This earnings report indicates PGE's rates should be investigated to determine whether they should be revised to produce lower revenues from customers.

Mike Kane
November 22, 1996
Page 3

Decoupling

The Stipulation recommends the Commission allow expiration of PGE's revenue decoupling mechanism. If no action is taken, the mechanism would sunset at year-end. If decoupling continues, action would need to be taken to revise the net revenue targets.

Staff believes residential and commercial customers' participation in direct access experiments and new rate options will make operation and administration of the mechanism considerably more difficult. We think it preferable to revisit the design and implementation of a decoupling mechanism after the rate options are better understood.

However, if the Commission finds the decoupling experiment should continue, the parties would need to reconvene to determine whether the Stipulation would continue in effect and to discuss the basis on which to continue decoupling. Nevertheless, Staff believes there is sufficient information available to revise the decoupling tariff in order for it to apply to 1997 sales levels. The class-specific revenue targets would be developed using the Commission-adopted load forecast, rate spread, overall revenue changes, and class-specific revenue reductions tied to experiments or pilot programs. Because the Stipulation reaches no agreement regarding power costs, Staff would recommend the Commission use conservation-related Commission-approved avoided cost estimates for determining class-specific lost margins per kWh sales change.

STAFF RECOMMENDATION:

I recommend the Commission initiate an investigation under the authority of ORS 756.515 into the reasonableness of Portland General Electric Company's rate levels.

I further recommend that the Commission adopt the Stipulation executed as of November 22, 1996, between Portland General Electric Company, Commission Staff, the Citizens' Utility Board and the Oregon Committee for Equitable Utility Rates, concerning the PGE Rate and Earnings Plan.

In addition, I recommend the Commission allow the tariffs which would be filed in compliance with the order adopting the Stipulation to go into effect without suspension.

Finally, I recommend the Commission allow the Portland General Electric Company revenue decoupling experiment, specified in Tariff Schedule 103, to expire as of December 31, 1996.

Attachments

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

In the Matter of)
PGE's 1997-1998 Rate Plan) STIPULATION
)

INTRODUCTION

In Order 96-053 on Reconsideration in UE-93, the Oregon Public Utility Commission (OPUC) directed Portland General Electric Company (PGE) to "propose actions for 1997 that will take into account-presumed reductions in forecast spot market power costs". Further, the Commission stated that, "we do expect PGE, Staff, and other interested parties to take up this issue during 1996 and to work toward a plan for dealing with the issue prior to the expiration of PGE's decoupling procedure at the end of 1996".

Informal discussions to address the issue began in April. On June 26, 1996, representatives from Staff, Oregon Committee for Equitable Utility Rates (OCEUR), the Citizens Utility Board (CUB), and PGE met to discuss the issue further and to review certain materials prepared by PGE. On July 10, 1996, a letter was sent to the UE 88 service list and other interested parties to provide a copy of the agenda used for the June 26, 1996 meeting and a copy of PGE's draft Schedule 77 Tariff. The letter further explained PGE's commitment to make public and distribute by August 8, 1996 a proposed rate plan and supporting documentation. On July 16, 1996, Staff sent a letter to PGE, with copies to CUB and OCEUR, documenting a further agreement that PGE agreed to file a formal rate case by November 8, 1996 in the event an agreement on how to proceed on the Commission's issue

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1 could not be reached.

2 On August 6, 1996, PGE presented to the Commission and other interested parties
3 PGE's 1997-1998 Rate Plan. The Rate Plan contained PGE's proposal of certain experimental
4 tariffs and discretionary price and earnings reductions for customers totaling approximately
5 \$50 million for 1997.
6

7 After presentation of the Rate Plan, PGE met with various parties to answer questions
8 about and explain the proposed Rate Plan. PGE responded to data requests concerning the
9 Rate Plan. PGE met with the Staff and other parties to this Stipulation several times from
10 August, 1996, until November 14, 1996, to discuss and negotiate the reduction in PGE's
11 prices to its customers that is described in this Stipulation.
12

13 The parties executing this Stipulation by signing an original or a counterpart, stipulate
14 as follows:

15 **I. Price Reductions.**

16 1. PGE will voluntarily implement the following price reductions on December 1,
17 1996:

18 a. \$30 million per year, to be spread by equal percentage reduction to all
19 customer classes; and,

20 b. \$15 million per year for Schedule 7 to achieve a flat rate structure in
21 place of the current inverted rate structure.
22

23 2. Experimental prices.

24 PGE will design and file no later than August 1, 1997, experimental direct access and
25

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1 pricing programs for residential and commercial customers, and make such other price
2 reductions as appropriate and approved by the Commission. Such programs and other price
3 reductions will reflect revenue discounts or decreases of \$5 million per year once fully
4 subscribed. PGE's filing for approval of these programs and other price reductions shall
5 include a demonstration that the price adjustments will generate aggregate revenue reductions
6 of at least \$5 million per year and at least the level of revenue reductions described in
7 Attachment 1 for each expected filing. Attachment 1 shows the specific filings PGE will
8 submit, and describes the programs and targeted dollar amounts, pertinent to this section.
9
10

11 3. Acceleration.

12 PGE will accelerate the phase-in of Schedule 67, approved by the Commission on
13 August 1, 1996, such that 100 percent of qualifying customers' loads may be billed on
14 Schedule 67 upon Commission approval in Docket No. UM-814 of Enron's application to
15 acquire the power to exercise substantial influence over PGE with conditions acceptable to
16 Enron. Assuming PGE has filed and the Commission has approved Schedule 77, a direct
17 access program for aggregated loads over 5 MW, PGE similarly will accelerate the phase-in of
18 that schedule so that 100 percent of qualifying customers' loads may be billed as direct access
19 after Commission approval in Docket UM-814 of Enron's application to acquire the power to
20 exercise substantial influence over PGE with conditions acceptable to Enron.
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23 4. Attachment 2 shows the cumulative effect of the price reductions described
24 above.

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1 II. Revenue Reduction Deferral.

2 1. Experimental Prices. Beginning December 1, 1996, PGE will defer for later
3 disposition by the Commission the revenue reductions identified in sections I.2 and I.3 above.
4 Deferral of the revenue reductions associated with each of the programs and expected price
5 reductions described in Attachment 1 and Section I.3 above, will cease on the effective date of
6 each related tariff approved by the Commission and designed to deliver the specified revenue
7 reductions.
8

9 2. Special contract negotiations. PGE is renegotiating two existing special
10 contracts and has assumed a revenue reduction will result from the renegotiation. The amount
11 of assumed revenue reduction is highly confidential and the Commission shall not require PGE
12 to disclose this amount until after the completion of such renegotiations or PGE's next general
13 rate case, whichever comes first. Deferrals of the assumed revenue reductions will be made
14 separately for each contract beginning December 1, 1996, but each deferral will cease on the
15 day service begins under a new contract approved by the Commission for each of these two
16 customers.
17

18 3. The purpose of the deferral proposal is that all deferrals under this section
19 continue until the pertinent programs, price reductions, or activities become effective in rates,
20 or until PGE's next general rate order.
21

22 4. All parties to this Stipulation retain the right to argue for a particular disposition
23 of amounts deferred under this section II.
24

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1 **III. Procedure Upon Commission Request for Future Investigation into PGE's Prices.**

2 1. PGE agrees that, if the Commission gives PGE notice, between the dates of
3 October 1, 1997 and December 31, 1998, of its intent to investigate the reasonableness of
4 PGE's prices, PGE will file testimony and exhibits supporting a general rate case within four
5 months of the date of such notice. Such filing will be pursuant to ORS 757.210.
6

7 **IV. Decoupling.**

8 The parties recommend that PGE's decoupling experiment be allowed to expire on its
9 own as of December 31, 1996. Disposition of amounts outstanding under decoupling at
10 December 31 will be determined by the Commission at a later date. PGE's Lost Revenue
11 Mechanism under its SAVE tariff, Schedule 101, will continue and will be modified to include
12 Lost Revenue associated with those customers previously subject to decoupling. In the event
13 the Commission determines to continue the decoupling experiment, any party may withdraw
14 from this Stipulation under Section V.4. below; however, the parties agree that if decoupling
15 is implemented and the Stipulation remains in force, the decoupling mechanism will not result
16 in recovery by PGE of the revenues associated with the price reductions agreed to in this
17 Stipulation.
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20 **V. Basis of Stipulation and No Precedent.**

21 1. The parties base their agreement to this Stipulation on a forecast of costs and
22 revenues prepared by PGE and reviewed by the parties, including a detailed review by Staff.
23 Based on this forecast, provided as Attachment 3, the parties believe that the price reductions
24 described in sections I and II are reasonable. However, this Stipulation does not imply
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1 agreement on any specific cost or revenue element included in the forecast. The parties
2 further agree that PGE will continue to use the authorized rate of return from UE-88 as the
3 basis for all interest accrued on deferred account balances (collections and refunds) until
4 modified in the future by the Commission.
5

6 2. The parties agree that they will support adoption of this Stipulation by the
7 Commission. The parties agree that, in any proceeding reviewing or challenging the tariffs
8 filed by PGE to implement the price reductions set forth in the Stipulation, they will support
9 this Stipulation and will not request or support any proposal to implement price changes in any
10 PGE tariff different than the specific price changes described in this Stipulation.
11

12 3. This Stipulation shall not be used by the parties as a precedent in any action or
13 proceeding or for any purpose other than for the purposes set forth in this Stipulation. The
14 uniform percentage decrease used in this case has been used solely for settlement purposes and
15 it is not based on any cost of service or other cost allocation principles.
16

17 4. The parties recommend that the Commission adopt this Stipulation in its
18 entirety. The parties have negotiated this Stipulation as an integrated document. Accordingly,
19 if the Commission rejects all or any material part of this Stipulation, each party reserves the
20 right, upon written notice of the Commission and the other parties within 15 days of rejection,
21 to withdraw from this Stipulation.
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23 5. The parties agree that this Stipulation may be executed in separate parts and the
24 original signature by each such party shall be forwarded to the Commission with copies to the
25 parties.
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The parties request that the Commission enter an order approving the terms of this Stipulation.

Respectfully submitted this 22nd day of November, 1996.

CITIZENS' UTILITY BOARD (CUB)

PUC STAFF (OPUC)

By _____
Jason Eisdorfer

By Paul A. Graham
Paul A. Graham
Department of Justice
Of Counsel for PUC Staff

OREGON COMMITTEE FOR
EQUITABLE UTILITY RATES (OCEUR)

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES (ICNU)

By _____
Grant E. Tanner
Davis, Wright, Tremaine
Of attorneys for OCEUR

By _____
James D. Pembroke
Duncan, Weinberg, Miller &
Pembroke
Of Attorneys for ICNU

PORTLAND GENERAL ELECTRIC

By Michael M. Morgan
Michael M. Morgan
Tonkon, Torp, Galen, Marmaduke & Booth
Of Attorneys for PGE

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PGE 1997-1998 RATE PLAN
STIPULATION

ATTACHMENT 1

PGE Proposed Pricing Options, Programs, and other price adjustments

Segment	Description	(\$\$ in Millions)
		Target Revenue Reduction
Residential	Time of Day Pricing Option(s)	\$0.5 to \$0.75
Residential	Direct Access PGE will likely propose a direct access pilot that is geographically based and, therefore, would likely include both Residential and Commercial customers. Such a pilot would be largely designed for residential customers. The target shown represents the Residential portion of a direct access pilot.	\$1.25 to \$1.5
Commercial	Direct Access and Aggregated Billing As indicated above, there will likely be a geographically based, direct access pilot proposed that will include small Commercial customers. PGE also expects to file a Direct Access pilot that will be exclusively for Commercial customers that do not qualify for PGE's proposed Schedule 77 and that would not be geographically based. In addition, PGE expects to file a market based option that will allow aggregation of PGE supplied loads for medium to large commercial customers that do not currently qualify for Schedule 67. PGE cannot separate the expected revenue loss from each of these proposals at this time. However, PGE commits to document specific revenue loss estimates with each specific Schedule submitted for Commission approval.	\$2.313
	Proposed City of Portland Contract / Traffic Signals PGE will file a contract proposal for the City of Portland by December 31, 1996. The target shown above is the expected annual revenue loss from the contract. The expected revenue loss is included in the Rate Design table provided as Attachment 2 to this Stipulation and PGE will submit documentation supporting this estimate with the filing to the Commission for contract approval. Should the Commission not approve a contract, PGE will expand the Commercial direct access and aggregated billing options discussed above to include the targeted amount for this contract.	\$0.687

As noted in the Stipulation, PGE commits to file a direct access experiment that will be available to residential and commercial customers that do not qualify for either PGE's Schedule 67 or draft Schedule 77, no later than August 1, 1997; however, PGE desires to offer options that reflect market conditions at the time they are filed and the best thinking of involved parties. Subject to that commitment and in that context, PGE reserves the right to modify, eliminate, or add proposals that will meet the commitment.

12 MONTHS ENDED DECEMBER 1997

RATE DESIGN SUMMARY TABLE

20-Nov-96

CUSTOMER CLASSIFICATION	RATE SCHEDULE	AVERAGE CUSTOMERS	KWH SALES (000's)	REVENUES W/O ADJUSTMENTS			DECREASE IN REVENUES	
				CURRENT	PROPOSAL	ADDITIONAL \$30 MILLION	AMOUNT	PERCENT
RESIDENTIAL SERVICE:								
REGULAR SERVICE	7	593,667	7,175,000	\$488,474,248	\$471,474,248	\$455,126,975	(\$33,347,271)	-6.8%
OUTDOOR LIGHTING RES	14R	(694)	4,057	710,766	710,766	702,465	(8,301)	-1.2%
EMPLOYEE DISCOUNT				(668,407)	(645,146)	(622,778)		
REVENUE CLASS (RC1) TOTAL		593,667	7,179,057	\$488,516,805	\$471,539,866	\$455,206,662	(\$33,309,943)	-6.8%
GENERAL SERVICE:								
OUTDOOR LIGHTING FARM	14C	(278)	2,478	\$383,545	\$383,545	\$378,475	(\$5,070)	-1.3%
OUTDOOR LIGHTING GEN SER	15C	(900)	14,868	1,701,814	1,701,814	1,671,803	(30,011)	-1.8%
FARM & RESIDENTIAL GEN SER								
DEMAND LEVEL I	31-I	18,453	224,381	\$16,073,727	\$16,073,727	\$15,516,408	(\$557,319)	-3.5%
DEMAND LEVEL II	31-II	879	240,167	12,525,410	12,525,410	12,091,121	(434,289)	-3.5%
DEMAND LEVEL III (TOD)	31-III	1	14,883	689,826	661,095	638,	(51,653)	-7.5%
GENERAL SECONDARY VOLTAGE								
DEMAND LEVEL I	32-I	47,725	1,110,152	73,750,308	73,750,308	71,193,188	(2,557,120)	-3.5%
DEMAND LEVEL II	32-II	9,425	4,047,476	209,272,540	209,272,540	202,016,502	(7,256,038)	-3.5%
DEMAND LEVEL III (TOD)	32-III	84	493,543	24,221,713	23,212,883	22,408,031	(1,813,682)	-7.5%
TOTAL 31 & 32		76,567	6,130,602	\$336,533,524	\$335,495,963	\$323,863,422	(12,670,102)	-3.8%
FARM AND RES OPTIONAL (TOD)	37	13	924	52,101	52,101	50,295	(1,806)	-3.5%
GEN SER OPTIONAL (TOD)	38	217	64,897	3,626,712	3,626,712	3,500,964	(125,748)	-3.5%
IRRIG AND DRAINAGE FARM	48	4,382	76,368	4,077,001	4,077,001	3,935,640	(141,361)	-3.5%
IRRIG AND DRAINAGE OTHER	49	140	6,106	306,210	306,210	295,593	(10,617)	-3.5%
DRAINAGE DISTRICTS	97	2	737	33,591	33,591	32,426	(1,165)	-3.5%
REVENUE CLASS (RC3) TOTAL		81,321	6,296,780	\$346,714,498	\$345,676,837	\$333,728,618	(\$12,985,880)	-3.7%
LARGE GENERAL SERVICE:								
FARM & RESIDENTIAL LGS								
DEMAND LEVEL I	82-I	2	6,458	\$296,782	\$296,782	\$286,492	(\$10,290)	-3.5%
DEMAND LEVEL II (TOD)	82-II	1	4,889	242,667	232,560	224,496	(18,171)	-7.5%
GENERAL PRIMARY VOLTAGE								
DEMAND LEVEL I	83-I	74	236,414	10,946,207	10,946,207	10,566,673	(379,534)	-3.5%
DEMAND LEVEL II (TOD)	83-II	56	688,138	30,379,783	29,114,471	28,104,994	(2,274,789)	-7.5%
TOTAL 82 & 83 /REV. CLASS (RC5)		133	935,899	\$41,885,439	\$40,590,020	\$39,182,655	(2,682,784)	-6.4%
INDUSTRIAL SALES:								
CONTRACTS/EXPERIMENTAL	85/87/89/99	94	3,418,754	\$122,883,921	\$117,745,921	\$117,645,043	(\$5,238,878)	-4.3%
STREETLIGHTING:								
STREET AND HIGHWAY LIGHTING	91	569	86,494	\$11,118,363	\$10,476,434	\$10,376,476	(\$741,887)	-6.7%
TRAFFIC SIGNALS	92	89	16,868	897,953	852,862	\$821,728	(76,225)	-8.5%
RECREATIONAL FIELD LIGHTING	93	34	603	58,249	58,249	56,229	(2,020)	-3.5%
REVENUE CLASS (RC6) TOTAL		692	103,985	\$12,074,565	\$11,387,545	\$11,254,434	(\$820,131)	-6.8%
REVENUE ADJUSTMENTS:			0	\$144,000	\$144,000	\$144,000	\$0	0.0%
TOTAL (CYCLE YEAR BASIS)								
		675,907	17,934,475	\$1,012,189,028	\$987,064,289	\$957,161,413	(\$55,037,615)	-5.4%
CONVERSION ADJ. - CYCLE TO CALENDAR YEAR								
			52,674	2,981,825	2,899,091	2,811,207		
TOTAL ULTIMATE SALES (CALENDAR YEAR BASIS)								
			17,987,149	\$1,015,160,853	\$989,963,360	\$959,972,620	(\$55,208,233)	-5.4%

APPENDIX A
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ORDER NO. 96-306
STIPULATION ATTACHMENT II

Line No.		August 6, 1996 Company Proposal		November 14, 1996 Stipulation	
		Revenue or Requirement	Effect on Operating Income	Revenue or Requirement	Effect on Operating Income
Non-Discretionary Revenue Changes					
1	Tariffs already in place (Schedules 67, 87, & 99)	(14,273)	(8,390)	(14,273)	(8,390)
October 1996 Changes					
2	SAVE Tariff	(13,700)		(17,483)	
3	DSM Refinancing	(6,087)		(5,565)	
4	RPA Balancing Account	(4,044)		(2,277)	
5	Tax Kicker Refund	(7,200)		(7,528)	
6	Sub-Total	(31,031)		(32,853)	
7	RPA Credit Reductions	13,500		12,000	
8	End EPRI Refunds (Schedule 109)	7,200		7,528	
9	Total (no earnings effects)	(10,331)		(13,325)	
10	Sub-Total Non-Discretionary Changes	<u>(24,604)</u>	<u>(8,390)</u>	<u>(27,598)</u>	<u>(8,390)</u>
Discretionary Proposed Changes					
11	Residential - Schedule 7 simplification	(15,000)		(15,000)	
12	Residential - Pricing Options	(2,000)		(2,000)	
13	Commercial & Industrial	(8,138)		(8,138)	
14	Additional Proposed Price Reductions			(30,000)	
15	Total Discretionary Revenue Reductions	<u>(25,138)</u>	<u>(14,776)</u>	<u>(55,138)</u>	<u>(32,403)</u>
Accelerated Trojan Amortization					
Implied Revenue Requirement Change - No					
16	Current Rate Effect	<u>(22,075)</u>	<u>(12,976)</u>	<u>0</u>	
17	Proposed Discretionary Reduction	<u>(47,213)</u>	<u>(27,752)</u>	<u>(55,138)</u>	<u>(32,403)</u>

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Portland General Electric Co.
Results of Operation
1997-98 Rate Plan
\$(000)

20-Nov-96

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	1997 Regulated ROO (1)	1997 Adjustments (2)	1997 Adjusted Results (3)	Stipulated Change (4)	Pro Forma Results (5)	
1	Operating Revenues					
2	Sales to Consumers	1,010,202	3,605	1,013,807	(55,138)	958,669
3	Other Revenues	5,391	0	5,391		5,391
4	Total Operating Revenues	1,015,593	3,605	1,019,198	(55,138)	964,060
5	Operating Expenses and Taxes					
6	Net Variable Power Costs	220,974	9,670	230,644		230,644
7	Fixed O&M Costs	93,735	(4,144)	89,591		89,591
8	Other Operations & Maint.	167,906	(9,144)	158,762	(331)	158,431
9	Total Operating & Maintenance	482,615	(3,618)	478,997	(331)	478,666
10	Depreciation & Amortization	162,841	2,786	165,627		165,627
11	Taxes Other Than Income	55,263	(622)	54,641	(1,296)	53,345
12	Income Taxes	106,097	1,078	107,175	(21,094)	86,081
15	Total Operating Expenses & Taxes	806,816	(376)	806,440	(22,721)	783,719
16	Utility Operating Income (plus rounding)	208,777	3,981	212,758	(32,397)	180,361
17	Average Rate Base					
18	Utility Plant in Service	2,839,895	19,559	2,959,454		2,959,454
19	Accumulated Depreciation	(1,186,641)	(10,018)	(1,196,659)		(1,196,659)
20	Accumulated Deferred Income Taxes	(214,197)	(27,350)	(241,547)		(241,547)
21	Accumulated Deferred Inv. Tax Credit	(45,292)	294	(44,998)		(44,998)
22	Net Utility Plant	1,493,765	(17,515)	1,476,250	0	1,476,250
23	Energy Efficiency	12,009	95,699	107,708		107,708
24	Boardman Gain	0	0	0		0
25	Deferred Trojan Investment	290,729	0	290,729		290,729
26	Material & Supplies: Fuel	38,688	0	38,688		38,688
27	Material & Supplies: Non-fuel	0	0	0		0
28	Working Cash	38,679	(17)	38,662	(1,034)	37,628
29	Misc. Deferred Debits	14,332	(2,148)	12,184		12,184
30	Misc. Deferred Credits	(22,225)	(345)	(22,570)		(22,570)
31	Blank	0	0	0		0
32	Blank	0	0	0		0
33	Average Rate Base	1,865,977	75,674	1,941,651	(1,034)	1,940,617
	Rate of Return	11.19%		10.96%		9.29%
	Return on Equity	14.55%		14.10%		10.84%

Bad debt exp. (331)
OPUC fee 0
Total Other O&M (331)

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ADJUSTMENTS	Schedule 99 Price Changes (s-1)	Schedule 87 Price Change (s-2)	Schedule 67 Price Change (s-3)	Capacity Release Revenues (s-4)	Variable Power Cost (s-5)	Customer Accounts & C-LINK (s-6)
	1	2	3	4	5	6
1 Operating Revenues						
2 Sales to Consumers	(7,656)	(2,100)	(4,517)			0
3 Other Revenues	0					
4 Total Operating Revenues	<u>(7,656)</u>	<u>(2,100)</u>	<u>(4,517)</u>	0	0	0
5 Operating Expenses and Taxes						
6 Net Variable Power Costs	0	0	0	0	8,980	0
7 Fixed O&M Costs	0	0	0	(634)	0	0
8 Other Operations & Maint.	(46)	(13)	(27)	0	0	(831)
9 Total Operating & Maintenance	<u>(46)</u>	<u>(13)</u>	<u>(27)</u>	<u>(634)</u>	<u>8,980</u>	<u>(831)</u>
10 Depreciation & Amortization	0	0	0	0	0	0
11 Taxes Other Than Income	(180)	(49)	(106)	0	0	0
12 Income Taxes	(2,929)	(803)	(1,728)	250	(3,546)	328
13 Total Operating Expenses and Taxes	<u>(3,155)</u>	<u>(865)</u>	<u>(1,861)</u>	<u>(384)</u>	<u>5,434</u>	<u>(503)</u>
14 Utility Operating Income	<u>(4,501)</u>	<u>(1,235)</u>	<u>(2,656)</u>	<u>384</u>	<u>(5,434)</u>	<u>503</u>
15 Average Rate Base						
16 Utility Plant in Service	0				0	
17 Accumulated Depreciation	0				0	
18 Accumulated Deferred Income Taxes	0					
19 Accumulated Deferred Inv. Tax Credit	0					
20 Net Utility Plant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21 Energy Efficiency						
22 Boardman Gain						
23 Deferred Trojan Investment						
24 Material & Supplies: Fuel						
25 Material & Supplies: Non-fuel	0					
26 Working Cash	(144)	(39)	(85)	(17)	247	(23)
27 Misc. Deferred Debits						
28 Misc. Dererred Credits			0			
29 Blank						
30 Blank						
31 Total Average Rate Base	<u>(144)</u>	<u>(39)</u>	<u>(85)</u>	<u>(17)</u>	<u>247</u>	<u>(23)</u>
Revenue requirement effect	7,837	2,095	4,506	(656)	9,286	(859)

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ADJUSTMENTS	Additional Wholesale Margins (s-7)	Renewable Energy Revenues (s-8)	Capital Restructuring (s-9)	WASA/WAPA (s-10)	Wage & Salary Adjustment (s-11)	Incentive Pay Adjustment (s-12)	Supplemental Executive Retirement (s-13)
	7	8	9	10	11	12	13
1 Operating Revenues							
2 Sales to Consumers	0	495	0	0	0	0	0
3 Other Revenues	0	0	0	0	0	0	0
4 Total Operating Revenues	0	495	0	0	0	0	0
5 Operating Expenses and Taxes							
6 Net Variable Power Costs	0	690	0	0	0	0	0
7 Fixed O&M Costs	0	0	0	0	0	0	0
8 Other Operations & Maint.	0	3	0	(1,600)	(252)	(4,988)	(2,267)
9 Total Operating & Maintenance	0	693	0	(1,600)	(252)	(4,988)	(2,267)
10 Depreciation & Amortization	0	0	2,119	0	0	0	0
11 Taxes Other Than Income	0	12	0	0	(55)	(525)	0
12 Income Taxes	0	(78)	(822)	632	123	2,178	911
13 Total Operating Expenses and Taxes	0	626	1,297	(968)	(184)	(3,335)	(1,356)
14 Utility Operating Income	0	(131)	(1,297)	968	184	3,335	1,356
15 Average Rate Base							
16 Utility Plant in Service					(105)	(90)	
17 Accumulated Depreciation							
18 Accumulated Deferred Income Taxes							
19 Accumulated Deferred Inv. Tax Credit							
20 Net Utility Plant	0	0	0	0	(105)	(90)	0
21 Energy Efficiency							
22 Boardman Gain							
23 Deferred Trojan Investment							
24 Material & Supplies: Fuel							
25 Material & Supplies: Non-fuel							
26 Working Cash	0	29	59	(44)	(8)	(152)	(62)
27 Misc. Deferred Debits			(1,060)				(1,088)
28 Misc. Deferred Credits		(345)					
29 Blank							
30 Blank							
31 Total Average Rate Base	0	(316)	(1,001)	(44)	(113)	(242)	(1,150)
Revenue requirement effect	0	174	2,049	(1,655)	(332)	(5,713)	(2,490)

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ADJUSTMENTS	Manager's Deferred Compensation (s-14)	Customer Service & Sales Disallowance (s-15)	ESOP/KPLAN Revision (s-16)	Workforce Reduction (s-17)	Market Intelligence (s-18)	Advertising Category "A" (s-19)	HVEA Promotions (s-20)
	14	15	16	17	18	19	20
1 Operating Revenues							
2 Sales to Consumers	0	0	0	0	0	0	0
3 Other Revenues	0	0	0	0	0	0	0
4 Total Operating Revenues	0	0	0	0	0	0	0
5 Operating Expenses and Taxes							
6 Net Variable Power Costs	0	0	0	0	0	0	0
7 Fixed O&M Costs	0	0	0	0	0	0	0
8 Other Operations & Maint.	(2,128)	(3,099)	(1,098)	0	(163)	(2,219)	(632)
9 Total Operating & Maintenance	(2,128)	(3,099)	(1,098)	0	(163)	(2,219)	(632)
10 Depreciation & Amortization	0	0	0	0	0	0	0
11 Taxes Other Than Income	0	0	0	0	0	0	0
12 Income Taxes	840	1,224	434	0	64	876	250
13 Total Operating Expenses and Taxes	(1,288)	(1,875)	(664)	0	(99)	(1,343)	(382)
14 Utility Operating Income	1,288	1,875	664	0	99	1,343	382
15 Average Rate Base							
16 Utility Plant in Service				0			
17 Accumulated Depreciation							
18 Accumulated Deferred Income Taxes							
19 Accumulated Deferred Inv. Tax Credit							
20 Net Utility Plant	0	0	0	0	0	0	0
21 Energy Efficiency							
22 Boardman Gain							
23 Deferred Trojan Investment							
24 Material & Supplies: Fuel							
25 Material & Supplies: Non-fuel							
26 Working Cash	(59)	(85)	(30)	0	(4)	(61)	(17)
27 Misc. Deferred Debts							
28 Misc. Deferred Credits							
29 Blank							
30 Blank							
31 Total Average Rate Base	(59)	(85)	(30)	0	(4)	(61)	(17)
Revenue requirement effect	(2,201)	(3,205)	(1,135)	0	(169)	(2,295)	(654)

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ADJUSTMENTS	Revised	Accum	Revised	EE					Total
	Interest from	Def. Tax	96-98	Back to					
	ROR Change	Correction	Forecast	UE-88	25	26	27	28	29
	(s-21)	(s-22)	(PGE-1)	(PGE-2)					
1 Operating Revenues									
2 Sales to Consumers	0	0	0	17,383	0	0	0	0	3,605
3 Other Revenues	0	0	0	0	0	0	0	0	0
4 Total Operating Revenues	0	0	0	17,383	0	0	0	0	3,605
5 Operating Expenses and Taxes									
6 Net Variable Power Costs	0	0	0	0	0	0	0	0	9,670
7 Fixed O&M Costs	0	0	(3,510)	0	0	0	0	0	(4,144)
8 Other Operations & Maint.	0	0	5,185	5,030	0	0	0	0	(9,144)
9 Total Operating & Maintenance	0	0	1,675	5,030	0	0	0	0	(3,618)
10 Depreciation & Amortization	0	0	667	0	0	0	0	0	2,786
11 Taxes Other Than Income	0	0	(127)	409	0	0	0	0	(622)
12 Income Taxes	162	989	(1,204)	2,929	0	0	0	0	1,078
13 Total Operating Expenses and Taxes	162	989	1,011	8,368	0	0	0	0	(376)
14 Utility Operating Income	(162)	(989)	(1,011)	9,015	0	0	0	0	3,981
15 Average Rate Base									
16 Utility Plant in Service			19,754						19,559
17 Accumulated Depreciation			(10,018)						(10,018)
18 Accumulated Deferred Income Taxes		(69,350)	13,102	28,898					(27,350)
19 Accumulated Deferred Inv. Tax Credit			294						294
20 Net Utility Plant	0	(69,350)	23,132	28,898	0	0	0	0	(17,515)
21 Energy Efficiency				95,699					0
22 Boardman Gain									0
23 Deferred Trojan Investment									0
24 Material & Supplies: Fuel									0
25 Material & Supplies: Non-fuel									0
26 Working Cash	7	45	46	381	0	0	0	0	(17)
27 Misc. Deferred Debits									(2,148)
28 Misc. Deferred Credits									(345)
29 Blank									0
30 Blank									0
31 Total Average Rate Base	7	(69,305)	23,178	124,978	0	0	0	0	75,674
Revenue requirement effect	276	(9,278)	5,385	4,424	0	0	0	0	5,193

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1997-98 Rate Plan
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	Schedule 99 Price Changes (s-1)	Schedule 87 Price Change (s-2)	Schedule 67 Price Change (s-3)	Capacity Release Revenues (s-4)	Variable Power Cost (s-5)	Customer Accounts & C-LINK (s-6)
	1	2	3	4	5	6
Income Tax Calculation						
1	Book Revenues	(7,656)	(2,100)	(4,517)	0	0
2	Book Expenses Other Than Depreciation	(226)	(62)	(133)	(634)	(831)
3	State Tax Depreciation	0	0	0	0	0
4	Interest Rate Base @ Weighted Cost of Debt	(5)	(1)	(3)	(1)	(1)
5	Permanent Schedule M	0	0	0	0	0
6	Temporary Sch. M	0	0	0	0	0
7	<u>State Taxable Income</u>	<u>(7,425)</u>	<u>(2,037)</u>	<u>(4,381)</u>	<u>635</u>	<u>832</u>
8						
9	State Income Tax @	6.668%	(495)	(136)	(292)	42
10			(136)	(292)	42	(599)
11	<u>Additional Tax Depreciation</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12	<u>Federal Taxable Income</u>	<u>(6,930)</u>	<u>(1,901)</u>	<u>(4,089)</u>	<u>592</u>	<u>(8,390)</u>
13						
14	Current Federal Tax @	35.00%	(2,425)	(665)	(1,431)	207
15			(665)	(1,431)	207	(2,936)
16	Environmental Tax	0.12%	(8)	(2)	(5)	1
17	Pollution Control Tax Credit		0	0	0	0
18	Provision for Deferred Income Tax		0	0	0	0
19	<u>Total Income Tax</u>	<u>(2,929)</u>	<u>(803)</u>	<u>(1,728)</u>	<u>250</u>	<u>(3,546)</u>

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	Additional Wholesale Margins (s-7)	Renewable Energy Revenues (s-8)	Capital Restructuring (s-9)	WASAIWAPA (s-10)	Wage & Salary Adjustment (s-11)	Incentive Pay Adjustment (s-12)	Executive Retirement (s-13)
	7	8	9	10	11	12	13
Income Tax Calculation							
1 Book Revenues	0	495	0	0	0	0	0
2 Book Expenses Other Than Depreciation	0	705	0	(1,600)	(307)	(5,513)	(2,267)
3 State Tax Depreciation	0	0	2,119	0	0	0	0
4 Interest RateBase @ Weighted Cost of Debt	0	(11)	(36)	(2)	(4)	(9)	(42)
	0	0	0	0	0	0	0
5 Schedule M Differences, Prop. Taxes, Etc.	0	0	0	0	0	0	0
6 State Taxable Income	0	(198)	(2,083)	1,602	311	5,522	2,309
7 State Income Tax @ 6.6680%	0	(13)	(139)	107	21	368	154
8 Other Tax Corrections	0	0	0	0	0	0	0
9 Federal Taxable Income	0	(185)	(1,944)	1,495	290	5,154	2,155
10 Current Federal Tax 35.00%	0	(65)	(680)	523	102	1,804	754
16 Environmental Tax 0.1200%	0	(0)	(2)	2	0	6	3
12 Provision for Deferred Income Tax	0	0	0	0	0	0	0
19 Total Income Tax	0	(78)	(822)	632	123	2,178	911

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Manager's Deferred Compensation (s-14)	Service & Sales Disallowance (s-15)	ESOP/KPLAN Revision (s-16)	Workforce Reduction (s-17)	Market Intelligence (s-18)	Advertising Category "A" (s-19)	HVEA Promotions (s-20)
14	15	16	17	18	19	20

Income Tax Calculation

1 Book Revenues		0	0	0	0	0	0
2 Book Expenses Other Than Depreciation		(2,128)	(3,099)	(1,098)	0	(163)	(632)
3 State Tax Depreciation		0	0	0	0	0	0
4 Interest Rate Base @ Weighted Cost of Debt		(2)	(3)	(1)	0	(2)	(1)
5 Schedule M Differences, Prop. Taxes, Etc.		0	0	0	0	0	0
6 State Taxable Income		2,130	3,102	1,099	0	163	633
7 State Income Tax @	6.6680%	142	207	73	0	11	42
8 Additional Tax Depreciation		0	0	0	0	0	0
9 Federal Taxable Income		1,988	2,895	1,026	0	152	590
10 Current Federal Tax	35.0000%	696	1,013	359	0	53	207
16 Environmental Tax	0.1200%	2	3	1	0	0	1
12 Provision for Deferred Income Tax		0	0	0	0	0	0
19 Total Income Tax		840	1,224	434	0	64	250

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	Revised Interest from ROR Change (s-21)	Accum Def. Tax Correction (s-22)	Revised 96-98 Forecast (PGE-1)	EE Back to UE-88 (PGE-2)	25	26	27	28	Total Adjustments 29
Income Tax Calculation									
1 Book Revenues	0	0	0	17,383	0	0	0	0	3,605
2 Book Expenses Other Than Depreciation	0	0	1,548	5,439	0	0	0	0	(4,241)
3 State Tax Depreciation	0	0	667	0	0	0	0	0	2,766
4 Interest Rate Base @ Weighted Cost of Debt	(410)	(2,506)	838	4,519	0	0	0	0	2,326
5 Schedule M Differences, Prop. Taxes, Etc.	0	0	0	0	0	0	0	0	0
6 State Taxable Income	410	2,506	(3,053)	7,425	0	0	0	0	2,734
7 State Income Tax	6.6680% 27	167	(204)	495	0	0	0	0	182
8 Additional Tax Depreciation	0	0	0	0	0	0	0	0	0
9 Federal Taxable Income	383	2,339	(2,850)	6,930	0	0	0	0	2,552
10 Federal Tax	35.0000% 134	819	(997)	2,425	0	0	0	0	893
16 Environmental Tax	0.1200% 0	3	(3)	8	0	0	0	0	3
12 Provision for Deferred Income Tax	0	0	0	0	0	0	0	0	0
19 Total Income Tax	162	989	(1,204)	2,929	0	0	0	0	1,078

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Portland General Electric Co.
 Docket UE-93 Reconsideration - 1997
 Cost of Capital

20-Nov-96

	Amounts	% of Capital	Cost	Weighted Cost
Long Term Debt	861,022	47.270%	7.650%	3.616000%
Preferred Stock	30,000	1.650%	8.540%	0.141000%
Common Equity	930,518	51.080%	10.840%	5.537000%
Deferred Income Taxes	0			
Total	1,821,540	100.000%		9.294000%

Revenue Sensitive Costs

Revenues

O&M - Uncollectibles	
Other Taxes-Franchise Fees	
Other O&M-OPUC Fees	
Advertising Allowance	
State Taxable Income	
Montana Tax @ 6.75%	6.7500%
Oregon Tax @ 6.60%	6.6000%
State Income Tax	6.6680%

Federal Taxable Income

Federal Income Tax @ 35.00%

Current FIT	
Environmental Tax @ .12	0.12%
Total Income Taxes	

Total Revenue Sensitive Costs

Utility Operating Income

Net-to-Gross Factor

Staff Method

1.00000

0.00600 O&M: Rev. Sensitive Costs = S 0.00600

0.02350 Other Tax: Rev. Sens. Cost = S 0.02350

0.00000

0.00000

0.97050

0.00314

0.06157

0.06471

0.90579

0.31703

0.31703

0.00109

0.38282

State + Federal + Environmental

0.41232

0.58768

State Taxable Income - Total Income Taxes

1.70162

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

DOCKET NO. _____

In the Matter of an Investigation)
into the Rates of Portland General) ORDER
Electric Company.)

DISPOSITION: ORDER OPENS AN INVESTIGATION AND ADOPTS A
STIPULATION ESTABLISHING NEW RATES

This order is entered under ORS 756.515 to open an
investigation to determine the appropriate rates for all classes
of service for Portland General Electric Company (PGE or the
Company). This order also adopts a stipulation between staff,
PGE, the Citizens' Utility Board (CUB) and the Oregon Committee
for Equitable Utility Rates (OCEUR).

FINDINGS OF FACT

Commission Order No. 95-1216 in Docket UE 93, issued
November 20, 1995, authorized Portland General Electric Company
(PGE or the Company) to increase revenues by making general
tariff revisions. Although several matters were decided in the
case, the primary causes of the overall \$19.9 million (2.1
percent) increase were the costs of the new Coyote Springs
generating facility and removal of a power cost surcharge. The
capital and most other costs of providing service underlying rate
levels were those found reasonable in the recent general rate
case Order No. 95-322 in Docket UE 88, issued March 29, 1995.

In January 1996, CUB asked the Commission to reconsider its
decisions in Docket UE 93. Order No. 96-053 denying

1 reconsideration noted, "We will not permit the company to
2 indefinitely continue to receive a windfall from lower natural
3 gas prices. Eventually, such reductions, if they continue, must
4 accrue to the benefit of ratepayers." In addition the order
5 stated, "* * * we * * * expect PGE, staff and other interested
6 parties to take up this issue during 1996 and to work toward a
7 plan for dealing with the issue prior to the expiration of PGE's
8 decoupling procedure at the end of 1996."

9 Staff, PGE, CUB and OCEUR, as well as the Industrial
10 Customers of Northwest Utilities (ICNU) discussed these matters
11 at considerable length. The negotiations led to agreement on a
12 plan between the Company and staff on November 14, 1996. Staff,
13 PGE, CUB and OCEUR have signed a stipulation, and ICNU is
14 considering whether to sign it.

15 The stipulation, which is appended and is incorporated by
16 reference, contains three key features:

- 17 1. On December 1, 1996, PGE will reduce rates by \$30
18 million or three percent on an equal percentage basis to
19 all customers.
- 20 2. Beginning December 1, 1996, PGE will defer revenues
21 equivalent to forecast reductions associated with certain
22 pilot or experimental programs and tariff revisions until
23 the programs or tariff changes are in effect. The
24 Commission will determine disposition of these deferrals.
- 25 3. PGE agrees to make a rate filing under ORS 757.210,
26 within four months of a Commission order requesting that a

1 filing be made. This agreement covers orders issued
2 between October 1, 1997 and December 31, 1998.

3 The stipulation also contemplates that the rate reductions
4 take effect on December 1, 1996. It, therefore, requires that
5 PGE file compliance tariffs before December 1, 1996, so that
6 those tariffs can be in effect for service on and after December
7 1, 1996.

8 OPINION

9 ORS 756.515 allows this Commission to open an investigation
10 whenever it " * * * believes that any rate may be unreasonable."
11 A staff memorandum of November 26, 1996, which is attached and
12 incorporated by reference, suggests grounds for investigating
13 whether the rates the Commission set for PGE in Docket UE 93 are
14 now too high.

15 ORS 756.515(3) allows the Commission to conduct proceedings
16 into the matters under investigation. Proceedings are
17 unnecessary, however, if the parties stipulate to a resolution of
18 the matters under investigation and if the Commission approves
19 that stipulation.

20 In this case, the Commission finds that the stipulation is
21 reasonable, and therefore, it does not believe hearings are
22 necessary. It notes that ICNU has not signed the stipulation.
23 If ICNU or any other person wishes to have a hearing, then it is
24 entitled to one.

25 If any person chooses to proceed to hearing, that person
26 will have both the burden of persuasion and the burden of going

1 forward with evidence. That is so because the tariffs which the
2 Commission is ordering the company to file are compliance tariffs
3 submitted to complete this investigation. Compliance tariffs are
4 not submitted under ORS 757.210, the "file and suspend" statute.

5 IT IS ORDERED that:

6 1. An investigation shall be opened, under ORS 756.515,
7 into the rates which the Commission authorized for PGE in Docket
8 No. UE 93.

9 2. The stipulation regarding PGE's rates and earnings
10 dated November 22, 1996, is adopted.

11 3. PGE shall file tariffs in compliance with the
12 stipulation adopted by this order. The company must make its
13 filing on or before November 29, 1996, so that new rates can be
14 in effect for service on or after December 1, 1996.

15 Made, entered and effective November 26, 1996.

16

17

18 Ron Eachus
Chairman

Joan H. Smith
Commissioner

19

20

21

Roger Hamilton
Commissioner

22 A party may request rehearing or reconsideration of this order
23 pursuant to ORS 756.561. A party may appeal this order pursuant
to ORS 756.580.

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Regulatory adjustments based on Docket UE-88, Order 95-322	Actual Financial Statements	Type I Accounting Adjustments	Regulated Utility Actuals	Type I Adjustments	Earnings Test Adjusted Results	Type II Adjustments	Pro Forma Results
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Operating Revenues							
Sales to Consumers	899,570	53,925	953,495	6,444	959,939	14,357	974,296
Sales for Resale	126,866	(126,866)	0	0	0	0	0
Other Operating Revenues	10,942	0	10,942	0	10,942	0	10,942
Total Operating Revenues	1,037,378	(72,941)	964,437	6,444	970,881	14,357	985,238
Operation & Maintenance							
Net Variable Power Cost	287,830	(78,262)	209,568	34,263	243,831	(4,105)	239,726
Total Fixed O&M	125,684	0	125,684	(1,485)	124,199	5,423	129,622
Other O&M	109,302	434	109,736	(13,618)	96,118	1,455	97,573
Total Operation & Maintenance	522,816	(77,828)	444,988	19,160	464,148	2,773	466,921
Depreciation & Amortization	144,179	0	144,179	2,119	146,298	6,764	153,062
Other Taxes / Franchise Fee	52,348	0	52,348	(555)	51,793	1,368	53,161
Income Taxes	100,068	6,049	106,117	(9,246)	96,872	4,111	100,983
Total Oper. Expenses & Taxes	819,411	(71,779)	747,632	11,479	759,111	15,017	774,128
Utility Operating Income	217,967	(1,162)	216,805	(5,035)	211,770	(659)	211,111
Rate of Return	12.60%		12.51%		12.28%		11.47%
Return on Equity	18.34%		18.14%		17.65%		15.93%
ROE based on actual capital structure.							
Average Rate Base							
Utility Plant in Service	2,641,341	0	2,641,341	(471)	2,640,870	146,614	2,787,484
Accumulated Depreciation	1,042,434	0	1,042,434	0	1,042,434	46,732	1,089,166
Accumulated Def. Income Taxes	249,020	(3,548)	245,472	1,265	246,737	(4,103)	242,634
Accumulated Def. Inv. Tax Credit	52,784	0	52,784	0	52,784	(3,840)	48,944
Net Utility Plant	1,297,103	3,548	1,300,651	(1,736)	1,298,915	107,825	1,406,740
Weatherization Investment	83,109	0	83,109	0	83,109	2,736	85,845
Deferred Programs & Investments	332,030	0	332,030	256	332,286	(28,986)	303,300
Operating Materials & Fuel	37,066	0	37,066	0	37,066	1,203	38,269
Misc. Deferred Credits	(9,487)	0	(9,487)	(7,792)	(17,279)	(2,867)	(20,146)
Unamortized Ratepayer Gains	(44,514)	0	(44,514)	0	(44,514)	36,800	(7,714)
Working Cash	33,964	53	34,017	522	34,539	256	34,796
Total Average Rate Base	1,729,271	3,601	1,732,872	(8,750)	1,724,122	116,967	1,841,090

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	Actual Financial Statements	Type I Accounting Adjustments	Regulated Utility Actuals	Type I Adjustments	Earnings Test Adjusted Results	Type II Adjustments	Pro Forma Results
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Operating Revenues			(1+2)		(3+4)		(5+6)
1 Residential	408,864	53,925	462,789	6,289	469,078	14,366	483,444
2 Commercial	341,131	0	341,131	688	341,819	0	341,819
3 Industrial	151,690	0	151,690	49	151,739	(9)	151,730
4 Other	(2,115)	0	(2,115)	1	(2,114)	0	(2,114)
5 Unbilled Revenues	0	0	0	(583)	(583)	0	(583)
5 Sales to Consumers	899,570	53,925	953,495	6,444	959,939	14,357	974,296
5a Sales for Resale	126,866	(126,866)	0	0	0	0	0
6 Other Operating Revenues	10,942	0	10,942	0	10,942	0	10,942
7 Total Operating Revenues	1,037,378	(72,941)	964,437	6,444	970,881	14,357	985,238
Operation & Maintenance							
8 Steam VPC	24,692	0	24,692	24,018	48,710	0	48,710
9 Nuclear VPC	0	0	0	0	0	0	0
10 Gas / Other VPC	22,552	0	22,552	24,770	47,322	(5,052)	42,270
11 Production	47,244	0	47,244	48,788	96,032	(5,052)	90,980
12 Purchased Power	266,061	(29,586)	236,475	(50,882)	185,594	947	186,541
12a RPA Exchange	(53,925)	53,925	0	0	0	0	0
13 Sales for Resale		(102,601)	(102,601)	34,015	(68,567)	0	(68,587)
14 Wheeling	28,450	0	28,450	2,342	30,792	0	30,792
15 Net Variable Power Cost	217,830	(78,262)	209,568	34,263	243,831	(4,165)	239,726
16 Fixed Plant Cost	72,433	0	72,433	(27)	72,406	3,873	76,279
17 Transmission	5,933	0	5,933	(1,458)	4,475	65	4,540
18 Distribution	47,318	0	47,318	0	47,318	1,485	48,803
19 Total Fixed O&M	125,684	0	125,684	(1,485)	124,199	5,423	129,622
20 Customer Accounts / Bad Debt	22,283	0	22,283	15	22,298	356	22,654
21 Customer Service & Sales	15,995	0	15,995	(2,818)	13,177	191	13,368
22 Admin. & General / OPUC Fee	71,024	434	71,458	(10,815)	60,643	908	61,551
23 Other O&M	109,302	434	109,736	(13,618)	96,118	1,455	97,573
24 Total Operation & Maintenance	522,816	(77,828)	444,988	19,160	464,148	2,773	466,921
25 Depreciation & Amortization	144,179	0	144,179	2,119	146,298	6,764	153,062
26 Other Taxes / Franchise Fee	52,348	0	52,348	(555)	51,793	1,368	53,161
27 Income Taxes (Non-Federal)	81,262	1,253	82,515	(937)	81,578	6,761	88,339
28 Federal Income Tax Net of ITC	22,832	6,154	28,986	(5,362)	23,623	(2,649)	20,974
29 Deferred Income Taxes	(2,520)	(1,357)	(3,877)	29	(3,848)	0	(3,848)
30 Prior Deferred Income Tax		0	0	(2,976)	(2,976)	0	(2,976)
31 I.T.C. Adjustment	(1,506)	0	(1,506)	0	(1,506)	0	(1,506)
32 Total Oper. Expenses & Taxes	819,411	(71,779)	747,632	11,479	759,111	15,017	774,128
33 Utility Operating Income	217,967	(1,162)	216,805	(5,035)	211,770	(659)	211,111

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	Actual Financial Statements (1)	Type I Accounting Adjustments (2)	Regulated Utility Actuals (3)	Type I Adjustments (4)	Earnings Test Adjusted Results (5)	Type II Adjustments (6)	Pro Forma Results (7)	
Average Rate Base								
34	Utility Plant in Service	2,641,341	0	2,641,341	(471)	2,640,870	146,614	2,787,484
35	Accumulated Depreciation	1,042,434	0	1,042,434	0	1,042,434	46,732	1,089,166
36	Accumulated Def. Income Taxes	249,020	(3,548)	245,472	1,265	246,737	(4,103)	242,634
37	Accumulated Def. Inv. Tax Credit	52,784	0	52,784	0	52,784	(3,840)	48,944
38	Net Utility Plant	1,297,103	3,548	1,300,651	(1,736)	1,298,915	107,825	1,406,740
Weatherization Investment								
39	Weatherization Investment	83,109	0	83,109	0	83,109	2,736	85,845
40	Deferred Programs & Investments	332,030	0	332,030	256	332,286	(28,986)	303,300
41	Operating Materials & Fuel	37,066	0	37,066	0	37,066	1,203	38,269
42	Misc. Deferred Credits	(9,487)	0	(9,487)	(7,792)	(17,279)	(2,867)	(20,146)
43	Unamortized Ratepayer Gains	(44,514)	0	(44,514)	0	(44,514)	36,800	(7,714)
44	Working Cash	33,964	53	34,017	522	34,539	256	34,796
45	Total Average Rate Base	1,729,271	3,601	1,732,872	(8,750)	1,724,122	116,967	1,841,090
Income Tax Calculations								
46	Book Revenues		(72,941)					
47	Book Expenses		(77,828)					
48	Not used		0					
49	Interest Rate Base @ Weighted Cost of Debt		(13,887)					
50	Schedule M Differences		0					
51	State Taxable Income		18,774					
52	State Income Tax @ 6.672%		1,261					
53	Additional Tax Depreciation		0					
54	Federal Taxable Income		17,522					
55	Fed Tax @ 35% + Env Tax @ .12%	35.12%	6,195					
56	ITC @ 0%	0	0					
57	Current Federal Tax		6,195					
ITC Adjustment								
58	Deferral		0					
59	Restoration		0					
60	Total ITC Adjustment		0					
61	Rate Base Effects		0					
62	Total Income Tax		7,456					

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UTILITY ACCOUNTING ADJUSTMENTS

Type I Adjustments	Taxes on Carrying ChgeIncome (1)	RPA (2)	WAPA (3)	Sales-for- Resale (4)	Utility Tax Adj. (5)	ESOP Interest (6)	Total (7)
Operating Revenues							
1 Residential		53,925					53,925
2 Commercial		0					0
3 Industrial		0					0
4 Other Revenue		0					0
5 Unbilled Revenues							0
5 Sales to Consumers	0	53,925	0	0	0	0	53,925
5a Sales for Resale				(126,866)			(126,866)
6 Other Operating Revenues							0
7 Total Operating Revenues	0	53,925	0	(126,866)	0	0	(72,941)
Operation & Maintenance							
8 Steam							0
9 Nuclear							0
10 Other							0
11 Production	0	0	0	0	0	0	0
12 Purchased Power			(29,586)				(29,586)
12a RPA Exchange		53,925					53,925
13 Sales for Resale			24,265	(126,866)			(102,601)
14 Wheeling							0
15 Net Variable Power Cost	0	53,925	(5,321)	(126,866)	0	0	(78,262)
16 Fixed Plant Cost							0
17 Transmission							0
18 Distribution							0
19 Total Fixed O&M	0	0	0	0	0	0	0
20 Customer Accounts							0
21 Customer Service & Sales							0
22 Administration & General						434	434
23 Other O&M	0	0	0	0	0	434	434
24 Total Operation & Maintena	0	53,925	(5,321)	(126,866)	0	434	(77,828)
25 Depreciation & Amortization							0
26 Taxes Other than Income							0
27 Inc. Taxes (Non-Federal)	(8)	0	355	0	935	(29)	1,253
28 Federal Inc. Tax Net of ITC	(41)	0	1,746	0	4,592	(142)	6,154
29 Net Current/Def Tax Trueup	(1,357)						(1,357)
30 Prior Deferred Income Tax							0
31 I.T.C. Adjustment	0	0	0	0	0	0	0
32 Total Oper. Exp. & Taxes	(1,407)	53,925	(3,220)	(126,866)	5,526	263	(71,779)
33 Utility Operating Income	1,407	0	3,220	0	(5,526)	(263)	(1,162)

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UTILITY ACCOUNTING ADJUSTMENTS

Type I Adjustments	Taxes on Carrying Chge Income (1)	RPA (2)	WAPA (3)	Sales-for- Resale (4)	Utility Tax Adj. (5)	ESOP Interest (6)	Total (7)
Average Rate Base							
34 Utility Plant in Service							0
35 Accumulated Depreciation							0
36 Acc Def. Income Taxes	(3,548)						(3,548)
37 Acc Def. Inv. Tax Credit							0
38 Net Utility Plant	3,548	0	0	0	0		3,548
39							0
40							0
41 Weatherization Investment							0
42 Deferred Programs & Investments							0
43 Operating Materials & Fuel							0
44 Misc. Deferred Credits							0
45 Unamortized Ratepayer Gains							0
46 Working Cash	(64)	n/a	(147)	n/a	251	12	53
47 Total Average Rate Base	3,484	0	(147)	0	251	12	3,601
Income Tax Calculations							
48 Book Revenues	0	53,925	0	(126,866)	0	0	(72,941)
49 Book Expenses	0	53,925	(5,321)	(126,866)	0	434	(77,828)
50 Not used.							0
51 Int. R-Base @ Wtd Cost of D	126	0	(5)	0	(14,009)	0	(13,887)
52 Schedule M Differences	0	0	0	0	0	0	0
53 State Taxable Income	(126)	0	5,326	0	14,009	(434)	18,774
54 State Tax 6.672%	(8)	0	355	0	935	(29)	1,261
55 Additional Tax Depreciation	0	0	0	0		0	0
56 Federal Taxable Income	(118)	0	4,971	0	13,074	(405)	17,522
57 Fed Tax 35% + EnvTax .12	(41)	0	1,746	0	4,592	(142)	6,195
58 ITC @ 0%	0	0	0	0	0	0	0
59 Current Federal Tax	(41)	0	1,746	0	4,592	(142)	6,195
ITC Adjustment							
60 Deferral	0	0	0	0	0	0	0
61 Restoration	0	0	0	0	0	0	0
62 Total ITC Adjustment	0	0	0	0	0	0	0
63 Rate Base Effects							0
64 Total Income Tax	(50)	0	2,101	0	5,526	(171)	7,456

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Regulatory adjustments per
Docket UE-88, Order 95-322.

Type I Adjustments	Normal Water- Plant Optn. (1)	Normal Weather (2)	Two-Cities Sales Revenue (3)	Power Smart S-28 (4)	Wage & Salary Adjustment S-15 (5)	Incentive Pay S-16 (6)
Operating Revenues:						
1 Residential		6,289				
2 Commercial		688				
3 Industrial		49				
4 Other Revenue		1				
5 Unbilled Revenues		(583)				
5 Sales to Consumers	0	6,444	0	0	0	0
5a Sales for Resale						
6 Other Operating Revenues						
7 Total Operating Revenues	0	6,444	0	0	0	0
Operation & Maintenance						
8 Steam	24,030	(12)				
9 Nuclear	0	0				
10 Other	24,357	413				
11 Production	48,387	401	0	0	0	0
12 Purchased Power	(54,818)	3,937	0			
12a RPA Exchange						
13 Sales for Resale	33,981	33				
14 Wheeling	2,314	103	(75)			
15 Net Variable Power Cost	29,864	4,474	(75)	0	0	0
16 Fixed Plant Cost						
17 Transmission						
18 Distribution						
19 Total Fixed O&M	0	0	0	0	0	0
20 Customer Accounts	0	15	0	0	0	0
21 Customer Service & Sales				(34)		
22 Administration & General	0	13	0	0	(1,129)	(5,142)
23 Other O&M	0	28	0	(34)	(1,129)	(5,142)
24 Total Operation & Maintenance	29,864	4,502	(75)	(34)	(1,129)	(5,142)
25 Depreciation & Amortization						
26 Taxes Other than Income	0	135	0	0	(690)	0
27 Income Taxes (Non-Federal)	(1,995)	120	(1)	2	123	343
28 Federal Income Tax Net of I	(9,798)	589	(4)	11	602	1,687
29 Deferred Income Taxes			29	0		
30 Prior Deferred Income Tax						
31 ITC Adjustment	0	0	0	0	0	0
32 Total Oper. Expenses & Tax	18,071	5,347	(51)	(21)	(1,094)	(3,112)
33 Utility Operating Income	(18,071)	1,097	51	21	1,094	3,112

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Type I Adjustments	Normal Water- Plant Oprtn. (1)	Normal Weather (2)	Two-Cities Sales Revenue (3)	Power Smart S-28 (4)	Wage & Salary Adjustment S-15 (5)	Incentive Pay S-16 (6)
Average Rate Base						
34 Utility Plant in Service					(471)	0
35 Acc Depreciation						
36 Acc Def. Income Taxes	0		(99)		0	0
37 Acc Def. Inv. Tax Credit	0	0	0	0	0	0
38 Net Utility Plant	0	0	99	0	(471)	0
39						
40						
41 Weatherization Investment						
42 Deferred Programs & Investments			256			
43 Operating Materials & Fuel						
44 Misc. Deferred Credits						
45 Unamortized Ratepayer Gains						
46 Working Cash	822	243	(2)	(1)	(50)	(142)
47 Total Average Rate Base	822	243	353	(1)	(521)	(142)
Income Tax Calculations						
48 Book Revenues	0	6,444	0	0	0	0
49 Book Expenses	29,864	4,638	(75)	(34)	(1,819)	(5,142)
50 Not used						
51 Int. R-Base @Wtd Cost De	30	9	13	(0)	(19)	(5)
52 Schedule M Differences			75			
53 State Taxable Income	(29,894)	1,798	(13)	34	1,838	5,147
54 State Tax 6.672%	(1,995)	120	(1)	2	123	343
55 Additional Tax Depreciation						
56 Federal Taxable Income	(27,899)	1,678	(12)	32	1,715	4,804
57 Fed Tax @ 35% + Env Tax	(9,798)	589	(4)	11	602	1,687
58 ITC @ 0%	0	0	0	0	0	0
59 Current Federal Tax	(9,798)	589	(4)	11	602	1,687
ITC Adjustment						
60 Deferral	0	0	0	0	0	0
61 Restoration						
62 Total ITC Adjustment	0	0	0	0	0	0
63 Rate Base Effects	0	0	0	0	0	0
64 Total Income Tax	(11,793)	709	(5)	13	725	2,030

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Regulatory adjustments per
Docket UE-88, Order 95-322.

Type / Adjustments	Market Intelligence S-25 (7)	Community Development S-24 (8)	Trojan VIC & Res Area (9)	Capital Restructuring (10)	Prior Year Tax Adj. (11)	Blank (12)
Operating Revenues						
1 Residential						
2 Commercial						
3 Industrial						
4 Other Revenue						
5 Unbilled Revenues						
5 Sales to Consumers	0	0	0	0	0	0
5a Sales for Resale						
6 Other Operating Revenues						
7 Total Operating Revenues	0	0	0	0	0	0
Operation & Maintenance						
8 Steam						
9 Nuclear						
10 Other						
11 Production	0	0	0	0	0	0
12 Purchased Power						
12a RPA Exchange						
13 Sales for Resale						
14 Wheeling						
15 Net Variable Power Cost	0	0	0	0	0	0
16 Fixed Plant Cost			(27)			
17 Transmission						
18 Distribution						
19 Total Fixed O&M	0	0	(27)	0	0	0
20 Customer Accounts	0	0	0	0	0	0
21 Customer Service & Sales	(159)	(311)				
22 Administration & General	0	0	0	0	0	0
23 Other O&M	(159)	(311)	0	0	0	0
24 Total Operation & Maintenance	(159)	(311)	(27)	0	0	0
25 Depreciation & Amortization				2,119		
26 Taxes Other than Income	0	0	0	0	0	0
27 Income Taxes (Non-Federal)	11	21	2	(142)	4	0
28 Federal Income Tax Net of l	52	102	9	(695)	(743)	0
29 Deferred Income Taxes						
30 Prior Deferred Income Tax					(2,976)	
31 ITC Adjustment	0	0	0	0	0	0
32 Total Oper. Expenses & Tax	(96)	(188)	(16)	1,282	(3,715)	0
33 Utility Operating Income	96	188	16	(1,282)	3,715	0

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Type I Adjustments	Market Intelligence S-25 (7)	Community Development S-24 (8)	Trojan VIC & RecArea (9)	Capital Restructuring (10)	Prior Year Tax Adj. (11)	Blank (12)
Average Rate Base						
34 Utility Plant In Service	0					
35 Accumulated Depecciation	0					
36 Acc. Def. Income Taxes					1,364	
37 Acc. Def. Inv. Tax Credit	0	0	0	0	0	0
38 Net Utility Plant	0	0	0	0	(1,364)	0
39						
40						
41 Weatherization Investment						
42 Deferred Programs & Investments						
43 Operating Materials & Fuel						
44 Misc. Deferred Credits						
45 Unamortized Ratepayer Gains						
46 Working Cash	(4)	(9)	(1)	58	(169)	0
47 Total Average Rate Base	(4)	(9)	(1)	58	(1,533)	0
Income Tax Calculations						
48 Book Revenues	0	0	0	0	0	0
49 Book Expenses	(159)	(311)	(27)	2,119	0	0
50 Not used						
51 Int. R-Base @ Wtd Cost De	(0)	(0)	(0)	2	(56)	0
52 Schedule M Differences	0	0	0	0	0	0
53 State Taxable Income	159	311	27	(2,121)	56	0
54 State Tax 6.672%	11	21	2	(142)	4	0
55 Additional Tax Depreciation						
56 Federal Taxable Income	149	291	25	(1,980)	52	0
57 Fed Tax @ 35% + Env Tax	52	102	9	(695)	n/a	0
58 ITC @ 0%	0	0	0	0	0	0
59 Current Federal Tax	52	102	9	(695)	0	0
ITC Adjustment						
60 Deferral	0	0	0	0	0	0
61 Restoration						
62 Total ITC Adjustment	0	0	0	0	0	0
63 Rate Base Effects	0	0	0	0	0	0
64 Total Income Tax	63	123	11	(637)	4	0

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Regulatory adjustments per
Docket UE-88, Order 95-322.

Type I Adjustments	Advertising Category "A" & "C"	WAPA	Blank	Blank	HVEA
	S-27 (13)	Intertie (14)	(15)	(16)	S-29 (17)
Operating Revenues					
1 Residential					
2 Commercial					
3 Industrial					
4 Other Revenue					
5 Unbilled Revenues					
5 Sales to Consumers	0	0	0	0	0
5a Sales for Resale					
6 Other Operating Revenues					
7 Total Operating Revenues	0	0	0	0	0
Operation & Maintenance					
8 Steam					
9 Nuclear					
10 Other					
11 Production	0	0	0	0	0
12 Purchased Power					0
12a RPA Exchange					
13 Sales for Resale					
14 Wheeling					
15 Net Variable Power Cost	0	0	0	0	0
16 Fixed Plant Cost					
17 Transmission		(1,458)			
18 Distribution					
19 Total Fixed O&M	0	(1,458)	0	0	0
20 Customer Accounts / Bad Debt	0	0	0	0	0
21 Customer Service & Sales	(870)				(1,444)
22 Admin. & General / OPUC Fee	0	0	0	0	0
23 Other O&M	(870)	0	0	0	(1,444)
24 Total Operation & Maintenance	(870)	(1,458)	0	0	(1,444)
25 Depreciation & Amortization					
26 Other Taxes / Franchise Fee	0	0	0	0	0
27 Income Taxes (Non-Federal)	58	97	0	0	96
28 Federal Income Tax Net of ITC	285	478	0	0	474
29 Deferred Income Taxes			0	0	0
30 Impact of writeoff, net of tax					
31 ITC Adjustment	0	0	0	0	0
32 Total Oper. Expenses & Taxes	(526)	(882)	0	0	(874)
33 Utility Operating Income	526	882	0	0	874

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Type I Adjustments	Advertising Category				HVEA
	"A" & "C" S-27 (13)	WAPA Intertie (14)	Blank (15)	Blank (16)	S-29 (17)
Average Rate Base					
34 Utility Plant in Service					
35 Accumulated Depecciation					
36 Acc Def. Income Taxes					
37 Acc Def. inv. Tax Credit	0	0	0	0	
38 Net Utility Plant	0	0	0	0	0
39 —					
40 —					
41 Weatherization Investment					
42 Deferred Programs & Investments					
43 Operating Materials & Fuel					
44 Misc. Deferred Credits					
45 Unamortized Ratepayer Gains					
46 Working Cash @	0	(24)	(40)	0	(40)
47 Total Average Rate Base	(24)	(40)	0	0	(40)
Income Tax Calculations					
48 Book Revenues	0	0	0	0	0
49 Book Expenses	(870)	(1,458)	0	0	(1,444)
50 Not used					
51 Int. R-Base @ Wtd Cost Debt	(1)	(1)	0	0	(1)
52 Schedule M Differences	0	0	0	0	0
53 State Taxable Income	871	1,459	0	0	1,445
54 State Tax 6.672%	58	97	0	0	96
55 Additional Tax Depreciation	0	0	0	0	0
56 Federal Taxable Income	813	1,362	0	0	1,349
57 Fed Tax @ 35% + Env Tax @ .12%	285	478	0	0	474
58 ITC @ 0%	0	0	0	0	0
59 Current Federal Tax	285	478	0	0	474
ITC Adjustment					
60 Deferral	0	0	0	0	0
61 Restoration	0	0	0	0	0
62 Total ITC Adjustment	0	0	0	0	0
63 Rate Base Effects	0	0	0	0	0
64 Total Income Tax	344	576	0	0	570

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Docket UE-88, Order 95-322.

Type I Adjustments	Tualatin	SERP	MDCP	DDCP	Total
	ERC Lease (18)	S-17 (19)	S-18 (20)	S-19 (21)	Type 1 Adjustments (22)
Operating Revenues					
1 Residential					6,289
2 Commercial					688
3 Industrial					49
4 Other Revenue					1
5 Unbilled Revenues					(583)
5 Sales to Consumers	0	0	0	0	6,444
5a Sales for Resale					
6 Other Operating Revenues					0
7 Total Operating Revenues	0	0	0	0	6,444
Operation & Maintenance					
8 Steam					24,018
9 Nuclear					0
10 Other					24,770
11 Production	0	0	0	0	48,788
12 Purchased Power					(50,882)
12a RPA Exchange					0
13 Sales for Resale					34,015
14 Wheeling					2,342
15 Net Variable Power Cost	0	0	0	0	34,263
16 Fixed Plant Cost				0	(27)
17 Transmission					(1,458)
18 Distribution					0
19 Total Fixed O&M	0	0	0	0	(1,485)
20 Customer Accounts	0	0	0	0	15
21 Customer Service & Sales					(2,818)
22 Administration & General	0	(1,986)	(2,374)	(197)	(10,815)
23 Other O&M	0	(1,986)	(2,374)	(197)	(13,618)
24 Total Operation & Maintenance	0	(1,986)	(2,374)	(197)	19,160
25 Depreciation & Amortization					2,119
26 Taxes Other than Income	0	0	0	0	(555)
27 Income Taxes (Non-Federal)	0	151	159	13	(937)
28 Federal Income Tax Net of ITC	0	744	779	65	(5,362)
29 Deferred Income Taxes	0	0	0	0	29
30 Prior Deferred Income Tax					(2,976)
31 ITC Adjustment	0	0	0	0	0
32 Total Oper. Expenses & Taxes	0	(1,090)	(1,437)	(119)	11,479
33 Utility Operating Income	0	1,090	1,437	119	(5,035)

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Type I Adjustments	Tualatin ERC Lease (18)	SERP S-17 (19)	MDCP S-18 (20)	DDCP S-19 (21)	Total Type 1 Adjustments (22)
Average Rate Base					
34 Utility Plant In Service					(471)
35 Accumulated Depreciation					0
36 Acc Def. Income Taxes					1,265
37 Acc Def. Inv. Tax Credit	0	0	0	0	0
38 Net Utility Plant	0	0	0	0	(1,736)
39 —					0
40 —					0
41 Weatherization Investment					0
42 Deferred Programs & Investments					256
43 Operating Materials & Fuel					0
44 Misc. Deferred Credits		(7,792)			(7,792)
45 Unamortized Ratepayer Gains					0
46 Working Cash @ 4.55%	0	(50)	(65)	(5)	522
47 Total Average Rate Base	0	(7,842)	(65)	(5)	(8,750)
Income Tax Calculations					
48 Book Revenues	0	0	0	0	6,444
49 Book Expenses	0	(1,986)	(2,374)	(197)	20,724
50 Not used					0
51 Int. R.-Base @ Wtd Cost Debt	0	(284)	(2)	(0)	(317)
52 Schedule M Differences	0	0	0	0	75
53 State Taxable Income	0	2,270	2,376	197	(14,038)
54 State Tax 6.672%	0	151	159	13	(937)
55 Additional Tax Depreciation	0	0	0	0	0
56 Federal Taxable Income	0	2,119	2,218	184	(13,101)
57 Fed Tax @ 35% + EnvTax @ .12%	0	744	779	65	(4,619)
58 ITC @ 0%	0	0	0	0	0
59 Current Federal Tax	0	744	779	65	(4,619)
ITC Adjustment					
60 Deferral	0	0	0	0	0
61 Restoration	0	0	0	0	0
62 Total ITC Adjustment	0	0	0	0	0
63 Rate Base Effects	0	0	0	0	0
64 Total Income Tax	0	896	937	78	(8,037)

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Type II Adjustments	Oregon 2% Tax Kicker (1)	Escalation and Period-End Rate Base (2)	UE-93 Changes (3)	End-of-Period Annualizing Adjustment (4)	Total (5)
1 Residential			14,366		14,366
2 Commercial					0
3 Industrial				(9)	(9)
4 Other Revenue					0
5 Unbilled Revenues					0
5 Sales to Consumers	0	0	14,366	(9)	14,357
5a Sales for Resale					0
6 Other Operating Revenues					0
7 Total Operating Revenues	0	0	14,366	(9)	14,357
Operation & Maintenance					
8 Steam					0
9 Nuclear					0
10 Other			(5,052)		(5,052)
11 Production	0	0	(5,052)	0	(5,052)
12 Purchased Power				947	947
12a RPA Exchange					0
13 Sales for Resale					0
14 Wheeling					0
15 Net Variable Power Cost	0	0	(5,052)	947	(4,105)
16 Fixed Plant Cost		1,050	2,823		3,873
17 Transmission		65			65
18 Distribution		686		799	1,485
19 Total Fixed O&M	0	1,801	2,823	799	5,423
20 Customer Accounts/Bad Deb	0	323	33	(0)	356
21 Customer Service & Sales		191			191
22 Admin. & General / OPUC Fe	0	879	29	(0)	908
23 Other O&M	0	1,394	62	(0)	1,455
24 Total Operation & Maintenance	0	3,195	(2,167)	1,746	2,773
25 Depreciation & Amortization			6,431	333	6,764
26 Other Taxes/Franchise Fee	0	0	1,238	130	1,368
27 Income Taxes (Non-Federal)	6,813	(476)	591	(168)	6,761
28 Federal Inc. Tax Net of ITC	(2,393)	(2,338)	2,905	(824)	(2,649)
29 Deferred Income Taxes	0	0	0	0	0
30 Prior Deferred Income Tax					0
31 ITC Adjustment	0	0	0	0	0
32 Total Oper. Exp & Taxes	4,420	381	8,999	1,217	15,017
33 Utility Operating Income	(4,420)	(381)	5,387	(1,225)	(659)

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	Oregon 2% Tax Kicker (1)	Escalation and Period-End Rate Base (2)	UE-93 Changes (3)	End-of-Period Annualizing Adjustment (4)	Total (5)	
Average Rate Base						
34		138,296		8,318	146,614	
35		46,566		166	46,732	
36		(4,103)			(4,103)	
37		(3,840)			(3,840)	
38		0	99,673	0	8,152	
39						
40						
41		2,736			2,736	
42		(28,986)			(28,986)	
43		1,203			1,203	
44		(2,867)			(2,867)	
45		36,800			36,800	
46	Working Cash 4.55%	201	(0)	n/a	55	
47	Total Average Rate Base	201	108,559	0	8,207	
Income Tax Calculations						
48	Book Revenues	N/A, taxes are calculate	0	14,366	(9)	14,357
49	Book Expenses		3,195	5,502	2,209	10,905
50	Reverse Env. Tax for Calculat	outboard and	0	0		0
51	Int. R-Base @ Wtd Cost of D	added in	3,937	0	298	4,235
52	Schedule M Differences		0	0	0	0
53	State Taxable Income	0	(7,132)	8,864	(2,515)	(783)
54	State Tax 6.672%	6,813	(476)	591	(168)	(52)
54a	Pollution Control Tax Credit					
55	Net State Taxes					
56	Federal Taxable Income	(6,813)	(6,656)	8,273	(2,347)	(7,543)
57	Fed Tax 35%, Env Tax .12%	(2,393)	(2,338)	2,905	(824)	(2,649)
58	ITC @ 0%	0	0	0	0	0
59	Current Federal Tax	(2,393)	(2,338)	2,905	(824)	(2,649)
ITC Adjustment						
60	Deferral	0	0	0	0	0
61	Restoration	0	0	0	0	0
62	Total ITC Adjustment	0	0	0	0	0
63	Rate Base Effects					
64	Total Income Tax	4,420	(2,813)	3,497	(992)	(2,701)

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COMPOSITE COST OF CAPITAL

	Average Outstanding	1996	1996	1996
		Percent of Capital	Percent Cost	Weighted Percent Cost
Order 95-322, UE 88				
Long Term Debt	1,044,215	48.86%	7.82%	3.82%
Preferred Stock	99,703	4.67%	8.27%	0.39%
Common Equity	993,333	46.48%	11.60%	5.39%
Total	2,137,251	100.00%		9.60%

	Average Outstanding	Percent of Capital	Percent Cost	Weighted Percent Cost
Actual Averages				
(A) Long Term Debt	921,386	48.94%	7.41%	3.63%
(A) Preferred Stock	71,972	3.82%	8.30%	0.32%
(A) Common Equity	889,141	47.23%	18.14%	8.57%
Total	1,882,499	100.00%		12.51%

Order 91-186 Methodology
Interest Adjustment (Utility Tax Adjustment)

Rate Base	1,729,271	
Wtd Cost of Debt	3.63%	
Int. for tax deduction	62,717	
Int. for tax calculation	76,735	From F&O report. Long-term debt, short-term debt & other (no AFDC).
Utility tax adjust.	(14,018)	

	Common Equity		Common Equity
Jul '95	864,916	Jan '96	900,629
Aug '95	876,367	Feb '96	899,938
Spt '95	855,238	Mar '96	914,201
Oct '95	868,234	Apr '96	927,716
Nov '95	864,419	May '96	922,200
Dec '95	880,066	Jun '96	930,518
Jun '95	864,397		

A) Thirteen month average.