ORDER NO. 06-530

ENTERED 09/14/06

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 179

In the Matter of the Request of PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY Request for a General Rate Increase in the Company's Oregon Annual Revenues.	)	ORDER

DISPOSITION: STIPULATION ADOPTED; APPLICATION FOR GENERAL RATE INCREASE APPROVED, AS REVISED BY STIPULATION

I. BACKGROUND

On February 23, 2006, PacifiCorp, dba Pacific Power & Light Company, (PacifiCorp or the Company), filed revised tariff schedules, as Advice No. 06-007, with the Public Utility Commission of Oregon (Commission), that if approved, would increase the Company's Oregon revenue requirement by approximately $112 million, and result in an average increase of 13.2 percent in base rates. PacifiCorp requested that the new rates take effect on March 24, 2006.

PacifiCorp subsequently filed a Net Variable Power Cost (NVPC)/Transition Adjustment Mechanism (TAM) update that increased the requested revenue requirement by approximately $6.7 million, to $118.7 million. Thereafter, on April 12, 2006, the Commission issued Order No. 06-172 in docket UE 170. Order No. 06-172 resolved issues associated with Klamath River Basin irrigator rates, and granted PacifiCorp an increase in base rates of approximately $2 million. This rate increase lowered PacifiCorp's requested net revenue in docket UE 179 requirement to $116.7 million.

By Order No. 06-131, entered March 23, 2006, the Public Utility Commission of Oregon (Commission) found good and sufficient cause to investigate the proprietary and reasonableness of the tariff sheets pursuant to ORS 757.210 and 757.215. The Commission suspended the tariff sheets, pending an investigation, for a period of not more than nine months from March 24, 2006.

On March 16, 2006, a prehearing conference was held in Salem, Oregon, to adopt a procedural schedule in the event the Commission suspended the tariff sheets. At the request of PacifiCorp, the proceeding was bifurcated into two overlapping phases, as requested by PacifiCorp, with the first phase addressing power cost issues, and the second phase addressing all other issues. During the proceeding, status as a party was granted to the following entities: the Citizens' Utility Board of Oregon (CUB); the Industrial Customers of Northwest Utilities (ICNU); the Kroeger Company (Kroeger); Klamath Water Users Association; the Community Action Directors of Oregon (CADO) and the Oregon Energy Coordinators Association (OECA); the City of Portland; the Klamath Water Users Association (KWUA); and the League of Oregon Cities.

The general public was provided with an opportunity to attend three open houses to learn about and comment on PacifiCorp's application. These open houses were held in Medford, May 10, 2006; Bend, May 22, 2006; and Portland, May 24, 2006.

Settlement conferences commenced on June 14, 2006. Settlement conferences continued on: June 15-16, 2006; June 21, 2006; June 23, 2006; July 10, 2006; July 24, 2006; and July 27, 2006. A general stipulation resulted from these settlement discussions.

On August 3, 2006, PacifiCorp filed a Stipulation in the above-captioned docket. The Stipulation provides agreement on all issues raised in this rate case among the following parties: PacifiCorp, Commission Staff (Staff), CUB; ICNU; Kroeger; the City of Portland; KWUA and the League of Oregon Cities (collectively referred to as "the Stipulating Parties" or "the signatories"). Signatures of all the Stipulating Parties were filed as of August 4, 2006. On August 21, 2006, the Stipulating Parties filed Testimony in Support of the Stipulation (Supporting Testimony). The Stipulation and supporting testimony were entered into the record as evidence pursuant to OAR 860-014-0085(1). No party filed an objection to the Stipulation.

II. STIPULATION

A. Overview

The Stipulating Parties indicate that the Stipulation, attached as Appendix A, is a comprehensive settlement reflecting agreement among all of the active parties in the proceeding. The Stipulating Parties represent that each signatory has reviewed the Stipulation's revenue requirement adjustments, as well as the overall rate increase, and concludes that the Stipulation's results are fair, just, and reasonable. The Stipulating Parties urge the Commission to adopt the Stipulation.

The Stipulation is characterized as an agreement regarding a reasonable overall rate increase, with categorical adjustments set forth in Exhibit B of the Stipulation. The Stipulating Parties did not agree to specific cost adjustments or cost levels, except as to the NVPC/TAM, the cost of capital and taxes. The Stipulating Parties also agree that the Stipulation allows PacifiCorp to recover its (Financial Accounting Standard) FAS 97 pension expense. The Stipulation sets forth a rate spread. The details of the Stipulation are further discussed below.

B. Net Effect of Stipulation on PacifiCorp's Revenue Requirement

The net effect of the Stipulation is a reduction in the revenue requirement increase that PacifiCorp proposes for 2007, from $116.7 million to a maximum of $43 million, resulting in an overall rate increase of approximately five percent. The stipulated revenue requirement is comprised of two components: 1) a NVPC/TAM increase for 2007 of no more than $10 million; and 2) an increase for 2007 of PacifiCorp's non-power revenue requirement of $33 million. The Stipulating Parties agreed to make the new rates effective on January 1, 2007.

1. Net Variable Power Cost (NVPC)/Transition Adjustment Mechanism (TAM)

The Stipulating Parties agree to a NVPC/TAM rate increase for 2007 that is no more than $10 million. The Stipulation sets forth a calculation to determine the final NVPC/TAM revenue requirement, but the final number is dependent on PacifiCorp's completion of the TAM process.

Prior to the effective date of new rates under the Stipulation, PacifiCorp will file three TAM updates during October and November of 2006. The Stipulating Parties agree that the TAM updates are subject to review, and may be challenged.

If the final calculation of the NVPC/TAM yields a result greater than $10 million, PacifiCorp agrees to forego any amount above $10 million. Thus, the NVPC/TAM rate increase for 2007 is capped at a maximum of $10 million, and under no circumstances would it be greater than $10 million.

2. Non-Power Revenue Requirement

The Stipulating Parties agree to make other adjustments to PacifiCorp's proposed revenue requirement to yield an increase of $33 million for non-power costs. Pursuant to the Stipulation, PacifiCorp's revenue requirement is categorized, and adjusted downward, as follows: $11.7 million for "Operating and Maintenance (O&M)" expenses; $7.5 million for "Administrative and General (A&G)" expenses; $2.3 million for "Federal and State Income Taxes," as based on the Stipulation's capital structure; $1.3 million for "Other Revenues;" $770,000 for "Uncollectibles;" and $600,000 associated with the timing of cash payments for hyrdroelectric facility relicensing; along with the revenue requirement effect of the agreement regarding Cost of Capital, as described below.. Exhibit B to the Stipulation provides a table with more details about the agreed-to adjustments

C. Taxes

The Stipulating Parties agree on specific, stand-alone tax expense levels, as set forth in Exhibit B of the Stipulation. The Stipulation states that although CUB, ICNU, KWUA and the City of Portland agree to the Stipulation stand-alone tax expense levels, they make the following qualifications: 1) Docket No. AR 499, a rulemaking to implement

Senate Bill (SB) 408, is still underway. These parties take the position that SB 408 does not permit the calculation of taxes on a stand-alone basis, and expect that the rulemaking will allow for the recovery of tax overcollections; 2) These parties reserve the right to argue, in future PacifiCorp rate cases, that the Commission should adjust tax expenses to reflect the projected level of taxes to be paid pursuant to SB 408.

D. FAS 87 Pension Expense

The Stipulating Parties agree that the Stipulation allows PacifiCorp to recover its full FAS 87 pension expense. No agreement was reached regarding FAS 87 pension expense criteria used by the actuary in PacifiCorp's rate case filing. The Stipulating Parties agree that the Stipulation's agreement on PacifiCorp's FAS 87 pension is non-precedential, and not binding as to any future PacifiCorp rate case.

E. Rate of Return and Cost of Capital

The Stipulation sets PacifiCorp's rate of return (ROR) at 8.16 percent, and settles all issues associated with the cost of capital. Pursuant to the Stipulation, PacifiCorp will use, until such time as the Commission issues a general rate order in a general rate case subsequent to UE 179, the weighted cost of capital set at 8.16 percent.

Although the Stipulating Parties do not agree on capital components, they agree, for Oregon regulation purposes, to derive the ROR of 8.16 percent based on the following assumed components:

Component	% of Capital	Cost	Weighted Cost
Debt	49.00%	6.32%	3.10%
Preferred	1.00%	6.30%	0.06%
Common	50.00%	10.00%	5.00%
Total	100.00%		8.16%

The Stipulated ROR results in a $35.2 million reduction from PacifiCorp's updated revenue requirement request.

F. Rate Spread

The Stipulating Parties agree to a rate spread to implement PacifiCorp's new non-NVPC revenue requirement that generally increases the rates of all PacifiCorp customers by an equal percentage. A few adjustments were made to the equal percentage spread primarily to further align certain rate schedules with underlying costs. Exhibit C to the Stipulation sets forth the agreed-to rate spread, subject to any adjustments necessary to implement the final 2007 NVPC/TAM revenue requirement calculated under the Stipulation.

G. Direct Access Opt-Out Tariff

PacifiCorp and ICNU agree to support the adoption of PacifiCorp's Schedule 295, a tariff providing a long-term, opt-out option for direct access customers in 2006, as filed in Advice No. 05-015, on October 14, 2005, and attached as Exhibit D to the Stipulation. Staff agrees to work with PacifiCorp and ICNU to develop a long-term, opt-out tariff for direct access enrollment windows after 2006. Staff indicates that related filing will be brought before the Commission by October 24, 2006.

H. Issues Specific to the City of Portland and the League of Oregon Cities

As part of the Stipulation, PacifiCorp agrees to work with the City of Portland and the League of Oregon Cities to develop mutually agreeable rules for restoration priorities in PacifiCorp's Oregon service territory, and to file tariffs with the Commission to implement these rules by January 1, 2007. PacifiCorp also agrees to extend, through December 31, 2009, Schedule 781, the direct access shopping incentive schedule, with a shopping credit per kWh of 5 mills in 2007, 4 mills in 2008 and 3 mills in 2009. To facilitate the City of Portland's ability to participate in Portland General Electric's (PGE) direct access election window this November 2006, PacifiCorp agrees to work with PGE (assuming PGE's willingness to work with PacifiCorp) to ensure that there are no direct access barriers for City of Portland street lighting customers covered by a 1977 contract between PacifiCorp and PGE.

I. Effective Date for Rate Changes

The Commission suspended PacifiCorp's filed tariffs for a period of time ending no later than December 24, 2006. Pursuant to the Stipulation, PacifiCorp agrees to waive this suspension date, and the Stipulating Parties agree that the Stipulated rates would go into effect on January 1, 2007.

J. General Rate Case Moratorium

As part of the Stipulation, PacifiCorp agrees to not file a new general rate revision case, in the state of Oregon, under OAR 860-022-0017(1) before September 1, 2007. Pursuant to this agreement, PacifiCorp is precluded from seeking recovery, before September 1, 2007, of capital costs, including deferred recovery, of Leaning Juniper, or another new generation resource in Oregon. PacifiCorp is expressly permitted, however, to make a TAM filing for the year of 2008 before September 1, 2007.

III. CONCLUSION

We conclude that the Stipulation produces a just and reasonable result, and should be adopted in its entirety. In so doing, we observe that the effect of our decision is to cause a rate increase for PacifiCorp's ratepayers of not more than $43 million, to go into effect on January 1, 2007.

IT IS ORDERED that:

1. Advice No. 06-007 filed by PacifiCorp on February 23, 2006, is permanently suspended.

2. The Stipulation, attached as Appendix A, is adopted in its entirety.

3. PacifiCorp shall file revised rate schedules consistent with this order, to be effective no earlier than January 1, 2007.

Made, entered, and effective SEP 14 2006.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

PUBLIC UTILITY COMMISSION OF OREGON

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

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 179

In the Matter of PACIFIC POWER & LIGHT (d/b/a PacifiCorp) Request for a General Rate Increase in the Company's Oregon Annual Revenues	**STIPULATION**

This Stipulation is entered into for the purpose of resolving all issues among the parties to this Stipulation related to PacifiCorp's requested revenue requirement increase in this docket.

PARTIES

1. The initial parties to this Stipulation are PacifiCorp (or the "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board ("CUB"), the Industrial Customers of Northwest Utilities ("ICNU"), Fred Meyer Food Stores and Quality Food Centers, Divisions of Kroger Co. ("Kroger"), City of Portland, Klamath Water Users Association ("KWUA") and League of Oregon Cities ("League") (together "the Parties"). This Stipulation will be made available to the other parties to this docket, who may participate by signing and filing a copy of the Stipulation.

BACKGROUND

2. On February 23, 2006, PacifiCorp filed revised tariff schedules for Oregon that would result in a base price increase of approximately $112 million or 13.2 percent. PacifiCorp based its filing on a 2007 calendar year test period. PacifiCorp filed a Net Variable Power Cost ("NVPC") update (consisting of a Transition Adjustment Mechanism ("TAM") update and Supplemental Testimony), which increased its requested revenue requirement by approximately $6.7 million for a total of $118.7 million.

3. Pursuant to Administrative Law Judge Kirkpatrick's Prehearing Conference Memorandum, the Parties commenced settlement conferences on June 14-16, 2006. These settlement conferences continued on June 21, 23 and July 10, 24 and 27, 2006. The settlement conferences were noticed and all parties were invited to participate.

4. As a result of the settlement conferences, the Parties have reached a comprehensive settlement in this case. The net effect of this Stipulation reduces PacifiCorp's proposed increase in test period revenue requirement to a maximum of $43 million, which would result in an overall rate increase of approximately 5 percent. PacifiCorp's revenue requirement increase will include two separate components. First, there is a non-NVPC increase of $33 million. Second, there is a NVPC/TAM increase for 2007 that is capped at $10 million. The NVPC/TAM increase for 2007 may be less than $10 million. The effective date of these new rates is January 1, 2007, which reflects a short extension of the statutory suspension period applicable to this case. Exhibit A to this Stipulation contains the calculation that will be used to determine the NVPC increase in this case. Exhibit B to this Stipulation shows the revenue requirement at the maximum $43 million level, reflecting the maximum NVPC/TAM increase for 2007 possible under this Stipulation. Exhibit C to this Stipulation shows the estimated rate spread, assuming a total $43 million increase. The final, overall rate increase may be less than $43 million.

AGREEMENT

5. The Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented. The Parties agree that the following

adjustments, and the revenue requirement levels resulting from their application, are fair, just, sufficient and reasonable:

a. Non-NVPC Rates: The Parties agree to a revenue requirement increase of $33 million, which represents a settlement of all issues in this case, except NVPC/TAM, which is addressed in paragraph 5(b). Regardless of the overall level of rate increase derived from the NVPC/TAM procedure explained in section 5(b), PacifiCorp shall not increase its non-NVPC rates in this case by more than $33 million.

b. NVPC/TAM: In addition to the non-NVPC rate increase, the Parties agree to a NVPC/TAM rate increase for 2007 capped at a maximum of $10 million. This increase will be calculated using the following steps:

(i) Begin with PacifiCorp's proposed UE 179 total Company NVPC of $889.4 million.

(ii) Subtract $50 million, producing an adjusted NVPC of $839.4 million. This $50 million adjustment is comprised (for settlement purposes only) of the following adjustments: Cool Keeper $1.3 million; Foote Creek Wind $.8 million; Planned outages $1.3 million; Desert Power QF $13.4 million; Ancillary Benefits $4.1 million; and Other $29.1 million. No other modeling changes will be made to GRID (PacifiCorp's NVPC model) and applied in this case, unless agreed to by the Parties. The Parties agree that this procedure will ensure that the NVPC/TAM increase for 2007 will not exceed a maximum of $10 million allocated to Oregon. The Parties reserve their rights to challenge changes to the GRID model or data input changes other than those agreed to in this Stipulation in the TAM updates.

(iii) Subtract PacifiCorp's current NVPC of $796.5 million from the adjusted UE 179 NVPC of $839.4 million to determine the total NVPC-related increase before 2007 TAM updates and before application of the $10 million cap. This increase to $839.4 million would result in a $42.9 million NVPC increase. Regardless of the final TAM amount, the total Company NVPC for 2007 will be capped at $834.4 million, and the NVPC increase will be capped at $37.9 million. Exhibit A contains the calculation used to derive these amounts.

(iv) Regardless of the final level of NVPC/TAM rates for 2007, the Parties agree that the Company may not increase non-NVPC rates by any amount above $33 million in this case to make up for an NVPC increase of less than $10 million allocated to Oregon.

(v) The ultimate level of the NVPC/TAM increase for 2007 will be based upon the difference between the total Company NVPC in rates as approved in UE 170 and the total Company NVPC in rates after completion of the TAM process in this case. The amount of the final NVPC/TAM increase for 2007 is not yet in the record in this proceeding, but the Parties agree that the total Company NVPC/TAM limitation agreed to in this Stipulation will ensure that the NVPC/TAM increase for 2007 is not more than $10 million allocated to Oregon.

(vi) PacifiCorp will apply three TAM updates to its NVPC in the fall of 2006 before the proposed effective date for rates in this case. The first update is scheduled for October 9, 2006 for new or revised wheeling, fuel and wholesale sales and purchases contracts and known and measurable changes for wholesale sales, purchase power, wheeling, natural gas, coal and the Leaning Juniper wind project as of September 30, 2006. The second update is scheduled for November 1, 2006 and will include the most recent forward price curve for electricity and natural gas, setting indicative prices for calculating the direct access transition adjustment. The final update is on November 14, 2006, again including only the most recent forward price curve for electricity and natural gas prices, setting the final direct access transition adjustment. No other updates to NVPC applicable to 2007 are permissible under this Stipulation. The Parties have not reviewed these yet to be filed TAM updates; therefore, the Parties reserve the right to challenge any of these TAM updates on grounds other than those covered by this subsection and by subsection 5(b)(ii), including the fact that they include imprudent new or revised contracts, inaccurate information, or inappropriate GRID model changes or data inputs, or are otherwise inconsistent with this Stipulation or the law.

(vii) PacifiCorp will compare its adjusted NVPC after the three fall 2006 updates and conduct the same calculation set forth in subsection 5(b)(iii) above to determine the final NVPC/TAM increase for 2007 in this case. PacifiCorp will include its actual NVPC results for 2007 in rates, not to exceed an Oregon allocated increase of $10 million for rates to be effective January 1, 2007.

c. Rate Change Effective Date: The Parties agree that the rate changes as specified in this Stipulation should go into effect on January 1, 2007. The Company agrees to waive the current tariff suspension date in UE 179 of December 24, 2006 to January 1, 2007.

d. Cost of Capital: The Parties agree that the overall rate of return ("ROR") should be set at 8.16 percent, which also settles all issues associated with cost of capital (*e.g.,* issuance costs). The Parties further agree that, for all Oregon regulation purposes, until such time as the Commission issues a general rate order subsequent to UE 179, PacifiCorp will use the weighted cost of capital set at 8.16 percent ROR. The Parties do not agree on the individual capital components that result in the ROR of 8.16 percent. Without accepting the individual capital components, the Parties have derived the ROR of 8.16 percent, and for Oregon regulation purposes will assume the components, as specified in the table below.

Component	% of Capital	Cost	Weighted Cost
Debt	49.00%	6.32%	3.10%
Preferred	1.00%	6.30%	0.06%
Common	50.00%	10.00%	5.00%
Total	100.00%		8.16%

e. Pensions: The Parties agree that this Stipulation will permit the Company to recover its full FAS 87 pension expense. The Parties have not reached an agreement regarding whether the FAS 87 pension expense criteria used by the actuary included in PacifiCorp's original filing is appropriate. This agreement is non-precedential and is not binding upon the Parties for any future PacifiCorp rate case.

f. Taxes: The Parties agree on the tax expense levels contained in the revenue requirement model attached as Exhibit B, which are calculated on a stand-alone basis. For CUB, ICNU, City of Portland and KWUA, this agreement is expressly non-precedential and predicated on the fact that the AR 499 rulemaking is not yet completed and the SB 408 automatic adjustment clause can function to recover any over collection in tax expense resulting from this case. CUB, ICNU, City of Portland and KWUA reserve their right to argue in future PacifiCorp rate proceedings that the Commission should adjust tax expense to reflect the projected level of taxes to be paid under the Commission's SB 408 rules.

g. Rate Case Stay-Out: PacifiCorp agrees that it will not file a new general rate case (defined as a general rate revision under OAR 860-022-0017(1)) in Oregon before September 1,

2007. This stay-out precludes PacifiCorp from seeking recovery of capital costs, including any deferred recovery, of Leaning Juniper or any other new generation resource in Oregon before September 1, 2007. PacifiCorp's filing in 2007 for its 2008 TAM is expressly excluded from this stay-out provision.

h. Rate Spread: The Parties agree to the rate spread set forth in Exhibit C, subject to adjustments as necessary to match the final 2007 NVPC-related rate increase in this case. As a general matter, the rate spread for the non-NVPC rate increase is largely based upon equal percentage increases to all rate groups, with a few adjustments, and the NVPC portion of the rate increase is spread only to the energy component of rates.

i. City of Portland and League Issues: PacifiCorp agrees to work with the City of Portland and the League on mutually agreeable rules for restoration priorities for PacifiCorp's Oregon service territory, and file tariffs with the Commission by January 1, 2007 reflecting these rules. PacifiCorp agrees to extend Schedule 781, the direct access shopping incentive schedule through December 31, 2009, with a shopping credit in 2007 of 5 mills, in 2008 of 4 mills and in 2009 of 3 mills. To facilitate the City of Portland's ability to participate in PGE's direct access election window beginning in November 2006 for its street-lighting customers, PacifiCorp also agrees to work with Portland General Electric Company ("PGE") to ensure that no direct access barriers exist for City of Portland street lighting customers covered by the 1977 contract between PacifiCorp and PGE. The City of Portland acknowledges the need for a reciprocal commitment from PGE for effective implementation of this agreement.

j. Direct Access Opt-Out Tariff: PacifiCorp and ICNU agree to support the adoption of PacifiCorp's Schedule 295, Advice No. 05-015, which was filed on October 14,

2005. Schedule 295 creates a long-term opt-out offering for direct access customers for the November 2006 direct access enrollment window. Staff agrees to work with PacifiCorp and ICNU to develop a long-term opt-out tariff acceptable to PacifiCorp, ICNU and Staff. Staff agrees to bring this filing before the Commission no later than October 24, 2006. PacifiCorp agrees to file and support revised rate schedule 295, which is attached as Exhibit D to this Stipulation.

6. The Parties to this Stipulation agree that it resolves all issues in this case. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding.

7. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-14-0085. The Parties agree to support this Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Stipulation at the hearing, and recommend that the Commission issue an order adopting the settlements contained herein.

8. If this Stipulation is challenged by any other party to this proceeding, the Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation. The Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Stipulation.

9. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any Party disadvantaged by such action shall have the

rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

10. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation, other than those specifically identified in the body of this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in Section 5 of this Stipulation.

11. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Stipulation is entered into by each party on the date entered below such Party's signature.

Signature page follows

PACIFICORP

By: Andrea Kelly

Date: 3 Aug 06

STAFF

By: ______________________

Date: ______________________

ICNU

By: ______________________

Date: ______________________

CUB

By: ______________________

Date: ______________________

KROGER COMPANY

By: ______________________

Date: ______________________

CITY OF PORTLAND

By: ______________________

Date: ______________________

KLAMATH WATER USERS ASSOC.

By: ______________________

Date: ______________________

LEAGUE OF OREGON CITIES

By: ______________________

Date: ______________________

PACIFICORP	STAFF
By: ____________	By: [signature]
Date: ____________	Date: 8/3/06
ICNU	CUB
By: ____________	By: ____________
Date: ____________	Date: ____________
KROGER COMPANY	CITY OF PORTLAND
By: ____________	By: ____________
Date: ____________	Date: ____________
KLAMATH WATER USERS ASSOC.	LEAGUE OF OREGON CITIES
By: ____________	By: ____________
Date: ____________	Date: ____________

PACIFICORP	STAFF
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________
ICNU	CUB
By: Melinda J. Davison/Kam	By: ____________________
Date: 8-3-2006	Date: ____________________
KROGER COMPANY	CITY OF PORTLAND
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________
KLAMATH WATER USERS ASSOC.	LEAGUE OF OREGON CITIES
By: ____________________	By: ____________________
Date: ____________________	Date: ____________________

PACIFICORP

By: ______________________

Date: ______________________

STAFF

By: ______________________

Date: ______________________

ICNU

By: ______________________

Date: ______________________

CUB

By: Jason Eisdorfer

Date: Aug 3, 2006

KROGER COMPANY

By: ______________________

Date: ______________________

CITY OF PORTLAND

By: ______________________

Date: ______________________

KLAMATH WATER USERS ASSOC.

By: ______________________

Date: ______________________

LEAGUE OF OREGON CITIES

By: ______________________

Date: ______________________

PACIFICORP

By: ______________________

Date: ______________________

STAFF

By: ______________________

Date: ______________________

ICNU

By: ______________________

Date: ______________________

CUB

By: ______________________

Date: ______________________

KROGER COMPANY

By: ______________________

Date: ______________________

CITY OF PORTLAND

By: Benjamin Walters

Date: August 3, 2006

KLAMATH WATER USERS ASSOC.

By: ______________________

Date: ______________________

LEAGUE OF OREGON CITIES

By: ______________________

Date: ______________________

PACIFICORP

By: ____________________

Date: ____________________

STAFF

By: ____________________

Date: ____________________

ICNU

By: ____________________

Date: ____________________

CUB

By: ____________________

Date: ____________________

KROGER COMPANY

By: ____________________

Date: ____________________

CITY OF PORTLAND

By: ____________________

Date: ____________________

KLAMATH WATER USERS ASSOC.

By: Edward A Finklea

Date: 8-3-06

LEAGUE OF OREGON CITIES

By: ____________________

Date: ____________________

PACIFICORP

By: ____________________

Date: ____________________

STAFF

By: ____________________

Date: ____________________

ICNU

By: ____________________

Date: ____________________

CUB

By: ____________________

Date: ____________________

KROGER COMPANY

By: ____________________

Date: ____________________

CITY OF PORTLAND

By: ____________________

Date: ____________________

KLAMATH WATER USERS ASSOC.

By: ____________________

Date: ____________________

LEAGUE OF OREGON CITIES

By: Andrea J. Fogue

Date: August 3, 2006

Exhibit A

Transition Adjustment Mechanism (TAM)
Net Variable Power Cost (NVPC) Cap and Increase calculation
Millions $

Total Company UE 170 NVPC		$796.5
Oregon TAM Cap increase UE-179	10	
Allocation factor '/1	26.40%	
Total company Cap increase	37.9	37.9
Total company NVPC CAP		$834.4

/1 weighted 50% SG / 50%SE (26.6279+27.1727)/2

Exhibit B

PACIFICORP
UE 179
OREGON ALLOCATED RESULTS OF OPERATIONS
YEAR ENDING DECEMBER 31, 2007
($000)

	SUMMARY SHEET	2007 Oregon Results Per Company Filing (1)	Adjustments (2)	2006 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	**Operating Revenues**					
2	Retail Sales	$845,831	$1,203	$847,034	$43,000	$890,034
3	Wholesale Sales	278,958	0	278,958	0	278,958
4	Other Revenues	34,396	1,239	35,635	0	35,635
5	**Total Operating Revenues**	$1,159,185	$2,442	$1,161,627	$43,000	$1,204,627
6	**Operating Expenses**					
$7	Steam Production	$208,897	-$5,362	$203,535	$0	$203,535
8	Hydro Production	10,895	(1,312)	9,583	0	9,583
9	Other Power Supply	344,596	(7,924)	336,672	0	336,672
10	Transmission	34,631	(1,671)	32,960	0	32,960
11	Distribution	74,778	(3,064)	71,714	0	71,714
12	Customer Accounts	36,313	(750)	35,563	0	35,563
13	Customer Service & Info	2,686	0	2,686	279	**2,965**
14	Sales	0	0	0	0	0
15	Administrative and General	69,288	(7,196)	62,092	0	62,092
16	**Total Operation & Maintenance**	$782,085	($27,279)	754,806	$279	$755,085
17	Depreciation	121,382	0	121,382	0	121,382
18	Amortization	18,573	23	18,596	0	18,596
19	Taxes Other than Income	45,968	0	45,968	1,028	46,996
20	Income Taxes	52,652	9,450	62,102	15,828	77,930
21	Miscellaneous Revenue & Expense	(3,168)	0	(3,168)	0	(3,168)
22	**Total Operating Expenses**	$1,017,494	($17,806)	$999,688	$17,135	$1,016,823
23	**Net Operating Revenues**	$141,691	$20,248	$161,939	$25,845	$187,784
24	**Average Rate Base**					
25	Electric Plant in Service	$4,450,735	($844)	$4,449,891	$0	$4,449,891
26	Less: Accumulated Depreciation & Amortization	(1,914,195)	0	(1,914,195)	0	(1,914,195)
27	Accumulated Deferred Income Taxes	(324,880)	0	(324,880)	0	(324,880)
28	Accumulated Deferred Inv. Tax Credit	(7,435)	0	(7,435)	0	(7,435)
29	**Net Utility Plant**	2,204,225	($844)	$2,203,381	$0	$2,203,381
30	Plant Held for Future Use	0	0	0	0	0
31	Acquisition Adjustments	19,855	0	19,855	0	19,855
32	Working Capital	25,678	(373)	25,305	356	25,661
33	Fuel Stock	18,042	0	18,042	0	18,042
34	Materials & Supplies	29,929	0	29,929	0	29,929
35	Customer Advances for Construction	0	0	0	0	0
36	Weatherization Loans	33	0	33	0	33
37	Prepayments	7,211	0	7,211	0	7,211
38	Misc. Deferred Debits	26,071	0	26,071	0	26,071
39	Misc. Rate Base Additions/(Deductions)	(28,846)	0	(28,846)	0	(28,846)
40	**Total Average Rate Base**	$2,302,198	($1,217)	$2,300,981	$356	$2,301,337
41	**Rate of Return**	6.15%		7.04%		**8.160%**
42	**Implied Return on Equity**	5.96%		5.96%		10.00%

8/2/2006

APPENDIX A
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PACIFICORP
UE 179
OREGON ALLOCATED RESULTS OF OPERATION
YEAR ENDING DECEMBER 31, 2006
($000)

		Income Tax Calculations	2007 Oregon Per Company Filing (1)	Adjustments (2)	2007 Oregon Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1		Book Revenues	$1,159,185	$1,239	$1,160,424	$43,000	$1,203,424
2		Book Expenses Other than Depreciation	843,458	($33,743)	809,715	1,307	811,022
3		State Tax Depreciation	121,382	$0	121,382	0	121,382
4		Interest	67,763	($40)	67,723	11	67,734
5	Less:	Schedule M Differences(Deductions less Additions)	862	$0	862	0	862
6		State Taxable Income	$125,720	$35,022	$160,742	$41,682	$202,425
7		Add OR Depletion Adjustment	$0				
8		Total State Taxable Income	$125,718		$160,742	$41,682	$202,425
9		State Income Tax @ 4.540%	$5,708	$1,588	$7,296	$1,893	$9,189
10		State Tax Credits	$192	$0	192	0	192
11		Net State Income Tax	$5,900	$1,418	$7,318	$1,893	$9,211
12		Additional Tax Depreciation	0	0	0	0	0
13	Plus:	Other Schedule M Differences	0	0	0	0	0
14		Federal Taxable Income	$119,818	33,604	$153,423	$39,789	$193,212
15		Federal Tax @ 35%	41,936	10,495	52,431	13,935	66,366
16		Federal Tax Credits	(436)	0	(436)	0	(436)
17		Current Federal Tax	$41,500	$10,495	$51,995	$13,935	$65,930
18		ITC Adjustment		-			
19		Deferral	0	0	0	0	0
20		Restoration	0	0	0	0	0
21		Total ITC Adjustment	$0	$0	$0	$0	$0
22		Provision for Deferred Taxes	$5,252	$0	$5,252	$0	$5,252
23		Total Income Tax	$52,652	$11,913	$64,565	$15,828	$80,393

ORDER NO. 06-530

PACIFICORP
UE 179
ISSUE SUMMARY SHEET
YEAR ENDING DECEMBER 31, 2006
($000)

Item	Adjustments	Revenue Requirement Effect (non-power cost)	Revenue Requirement Effect (inc.power cost)
	Revenue Requirement (Non-power Costs) on the Company's Filed Results	$94,287	$0
	Revenue Requirement (including TAM Update) on Company's Filed Results		$118,677
	Klamath Rate Change Adjustment	($2,000)	($2,000)
	Updated Revenue Requirement	$92,287	116,677
S-0	Rate of Return-UE 170 settlement numbers, 8.16% ROR.	($35,157)	($35,157)
S-1, S-2, S-4, S-7	A&G Adjustments Includes Staff, CUB, and ICNU adjustments associated with rebasing, incentives, manpower, memberships, benefits, health care, legal fees, SB 1149 implementation and pensions.	($7,467)	($7,467)
S-3	FIT and SIT Adjustments Adjusts test period income taxes based on Staff's proposed capital structure.	($2,293)	($2,293)
S-5	Other Revenues Adjustment Incorporates Staff, ICNU and CUB adjustments, including ICNU's WAPA adjustment, to Other Revenues to reflect test year revenue projections.	($1,277)	($1,277)
S-6	Uncollectibles Adjustment Represents the difference between the results of operations and a 3 year average of uncollectibles from FERC Form 1 data.	($774)	($774)
S-8	RTO Adjustment This is included in the A&G adjustment S-7 .	$0	$0
S-9	Amortization of Capital Stock Expenses Flotation costs included in cost of capital..	$0	$0
S-10, S-11 S-12	O&M Adjustments Includes Staff and ICNU adjustments associated with generation overhauls, PD programs, and generation contracts and special maintenance.	($11,715)	($11,715)
S--13	Power Cost Adjustment Captures Staff Adjustments S13-S-15. Black Box settlement to be an increase of no more than $10 MM.	$0	($14,390) *
S-16	Hydro Relicensing Adjustment Adjusts cash payments from test year expenses.	($604)	($604)
S-17	Station Service This adjustment was dropped.	$0	$0
		($59,287)	($73,677)
	Settled Revenue Requirement	$33,000	$43,000 **

* Power Cost adjustment will be no less than this amount per the calculation methodology in the Stipulation.
** Maximum, not to exceed, incremental revenue requirement increase including final power cost (TAM) update.

Exhibit C

RATE SPREAD TABLE - UE-179 STIPULATION

PACIFIC POWER & LIGHT COMPANY
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
FORECAST 12 MONTHS ENDED DECEMBER 31, 2007

Line No.	Description	Sch No.	Base[1] %	Net[2] %	RMA ¢/kWh
	(1)	(2)	(3)	(4)	(5)
1	Base Change in Revenue Requirement ($000)		$33,000		
2	TAM Adjustment ($000)		$10,000		
	Residential				
3	Residential	4	4.1%	4.8%	0.057
4	**Total Residential**		4.1%	4.8%	
	Commercial & Industrial				
5	Gen. Svc. < 31 kW	23	4.8%	5.2%	(0.559)
6	Gen. Svc. 31 - 200 kW	28	5.2%	5.1%	0.401
7	Gen. Svc. 201 - 999 kW	30	6.3%	5.1%	0.168
8	Large General Service >= 1,000 kW	48	7.3%	5.4%	(0.149)
9	Partial Req. Svc. >= 1,000 kW	47	7.3%	5.4%	(0.149)
10	Agricultural Pumping Service	41	5.3%	5.2%	(2.539)
11	**Total Commercial & Industrial**		6.0%	5.2%	
	Lighting				
12	Outdoor Area Lighting Service	15	6.2%	5.0%	1.002
13	Street Lighting Service	50	6.2%	5.0%	0.908
14	Street Lighting Service HPS	51	6.1%	5.0%	1.416
15	Street Lighting Service	52	6.4%	5.4%	0.920
16	Street Lighting Service	53	6.3%	5.1%	0.580
17	Recreational Field Lighting	54	6.2%	5.7%	0.539
18	**Total Public Street Lighting**		6.2%	5.0%	
19	**Total**		5.0%	5.0%	

Notes: Rates for Klamath Basin Irrigation and Drainage Pumping Schedule 33 will be changed in accordance with Commission Order 06-172 in Docket UE-170. Percentages for Schedules 47 and 48 reflect the average rate change for both schedules.

[1] Includes the effects of Schedule 92.

[2] Includes the effects of Schedules 92, 95, 198, 291, 292, 293, 296 and 299. Excludes effects of the BPA Energy Discount (Schedule 98), Low Income Bill Payment Assistance Charge (Schedule 91) and Public Purpose Charge (Schedule 290).

Exhibit D

PACIFIC POWER & LIGHT COMPANY
TRANSITION ADJUSTMENT
COST OF SERVICE OPT-OUT

OREGON
SCHEDULE 295

Available (N)

In all territory served by the Company in the State of Oregon.

Applicable

To Large Nonresidential Consumers who have chosen to opt-out of the Company's cost-of-service Schedule 200 during the enrollment period specified below and who currently receive Delivery Service under Schedules 47, 48, 747, or 748 or Consumers who receive service under Delivery Service Schedules 30, 41, 730 or 741 under a single corporate name with meters of more than 200 kW of billing demand at least once in the previous thirteen months that total to at least 2 MW. Beginning with the November 2006 Direct Access Enrollment period, Consumers have a three-year option.

Minimum Three-Year Option
Enrollment Period: November X-X, 2006 with a minimum service period from January 1, 2007 through December 31, 2009.

Total Eligible Load

A total load of 200 MW will be accepted under this schedule.

Transition Adjustment

In calculating the Transition Adjustment new electric generation resources (those greater than 100 MW and longer than 10 years which will become used and useful during the 3-year opt-out period – excluding any Qualifying Facility resources added during this same period) will not be included in the calculation. The Transition Adjustment will remain fixed over the 3-year period.

$XX.XX /MWh	January 1, 2007 through December 31, 2007
$XX.XX /MWh	January 1, 2008 through December 31, 2008
$XX.XX /MWh	January 1, 2009 through December 31, 2009

Energy Supply

The Consumer must elect to purchase energy from an ESS (Direct Access Service) for all of the Consumer's Points of Delivery under this schedule.

Notification of Transition Adjustment
Based on the announcement date defined in OAR 860-038-275, the Company will post on its website (www.PacifiCorp.com) the transition adjustment for each delivery service schedule shown on Schedule 200 for each applicable delivery voltage level for Nonresidential Consumers for the 3-year period from January 1 of the calendar year subsequent to the announcement date.

PACIFIC POWER & LIGHT COMPANY
TRANSITION ADJUSTMENT
COST OF SERVICE OPT-OUT

OREGON
SCHEDULE 295

Balancing Account

Beginning January 2007, the Company will accrue in this account, the costs, resulting from changes in the forward price curve that occurred during the open enrollment window, the load actually participating in the cost of service opt-out as compared to the assumed level of participation in the simulations, and any executed energy transactions resulting from significant load departure, if such costs exceed $250,000. The Company shall accrue interest on transition adjustment balances, whether positive or negative, at the Company's authorized rate of return. Amounts in this account will be recovered through Schedule 293 from all consumers eligible for direct access.