

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 180/ UE 181/ UE 184

In the Matters of)	
)	
PORTLAND GENERAL ELECTRIC)	
COMPANY)	
)	
Request for a General Rate Revision (UE 180))	ORDER
)	
Annual Adjustments to Schedule 125)	
(2007 RVM Filing) (UE 181))	
)	
Request for a General Rate Revision relating to)	
the Port Westward Plant. (UE 184))	

**DISPOSITION: MOTION FOR CLARIFICATION GRANTED;
MOTION FOR AMENDMENT OF FINAL ORDER
GRANTED**

Motion for Clarification

On February 12, 2007, Commission Staff (Staff) filed a Motion for Clarification of Commission Order No. 07-015, which approved new rate schedules of Portland General Electric Company (PGE). Staff asserts that PGE misinterpreted the order regarding the “double whammy” effect of SB 408. Specifically, Staff argues that PGE filed Advice No. 07-04 (Advice filing) to implement its Annual Power Cost Variance Mechanism (PCVM)¹ incorrectly by omitting the gross-up to the adjustment for taxes and other revenue sensitive costs in order to remove the tax implication from the expense. Staff believes the Commission intended for the PCVM deadband to be expressed in pre-tax dollars. To clarify the meaning, Staff requests that the Commission issue a supplemental order making that point clear. On February 21, 2007, the Citizens’ Utility Board of Oregon (CUB) submitted a response in support of Staff’s motion.

On February 21, 2007, PGE responded to Staff’s motion. PGE states that, since filing its contested Advice filing, it had “discussed this issue with Staff, and PGE

¹ In the final order, the mechanism referred to as the “Power Cost Adjustment Mechanism” or “PCAM,” *see* Order No. 07-015, 26, 27, is now referred to by PGE as the Annual Power Cost Variance Mechanism (PCVM).

and Staff now agree that the appropriate gross-up factor is derived from the combined State and Federal tax rate used in determining rates in this docket, and not other revenue sensitive costs.” PGE response, 3 (Feb 21, 2007). PGE withdrew its initial Advice filing and in its response, PGE requested that the Commission confirm its calculations. *See id.*

The Administrative Law Judge requested responses to PGE’s request, and Staff submitted a filing on March 7, 2007. In its filing, Staff stated that PGE and Staff have come to an agreement regarding calculation of the deadband but Staff still requests a clarification order. Also, Staff does not oppose PGE’s request for confirmation that it properly calculated the deadband; Staff has reviewed the calculations and agrees that they are appropriate.

Conclusion

We clarify that the deadband in the Annual Power Cost Variance Mechanism, discussed in Order No. 07-015, 26-27, should be expressed in pre-tax dollars. Further, the gross up factor should include the State and Federal tax rates used in this docket, but not other revenue sensitive costs. Finally, we conclude, based on Staff’s review, that PGE appropriately calculated the deadbands for use in the PCVM.

Motion for Amendment of Final Order

In Order No. 07-015, the Commission concluded that new approved rate schedules would be final as long as Port Westward went online within sixty days of the estimated March 1, 2007, operational date. *See* Order No. 07-015, 50, 55. If Port Westward became operational between 60 and 180 days after March 1, then Staff and intervenors would have 15 days from the online date to request that the Commission allow a re-examination of PGE’s costs in rates. *See id.*

On March 13, 2007, PGE filed a motion to amend Order No. 07-015 to allow two extra days for Port Westward to go online without re-examination of PGE’s costs in rates, from April 30 to May 2. PGE states that Staff, CUB, and ICNU do not object to PGE’s request. PGE further declares that the delay is due to the “guaranteed completion date of May 1, 2007,” that was mentioned in PGE/300, Quennoz-Schue/47.

Conclusion

ORS 756.568 allows the Commission to “at any time, upon notice to the public utility” and after opportunity for the utility to be heard, “rescind, suspend or amend any order made by the [C]ommission.” We grant this motion because it is a minor change, it provides PGE certainty in its business plans, and it is not opposed by ICNU, CUB, or Staff, according to PGE.

However, we note that, despite the reference to the “guaranteed completion date,” PGE asserted throughout its case that Port Westward would be online March 1, 2007. *See e.g.*, PGE opening brief, 48-49 (Nov 17, 2006); PGE reply brief, 36 (Dec 1, 2006). The company’s new emphasis on the “guaranteed date,” is not well taken. Further, the motion misunderstands the basis for our decision: The sixty-day delay was not intended to align with another date in PGE’s calendar, but to ensure “the validity of the assumptions regarding Port Westward if its opening is delayed.” Order No. 07-015, 50.

If Staff and intervenors truly do not object to this motion, they would not seek re-examination of costs after Port Westward goes online, two months after PGE’s initially announced online date. Because PGE appears to believe that this amendment to the final order is a necessary minor change that gives certainty to its business plans, the motion is granted, and the order is so amended.

ORDER

IT IS ORDERED that:

1. Order No. 07-015 is clarified to state that the deadband in the Annual Power Cost Variance Mechanism will be expressed in pre-tax dollars and the gross up factor should include the State and Federal tax rates, but not other revenue sensitive costs.
2. Order No. 07-015 is amended to state that the decisions set forth in that order will prevail, as long as Port Westward becomes operational by May 2, 2007. If Port Westward becomes operational on or after May 2, 2007, and before September 1, 2007, Staff and intervenors will have 15 days from the online date to determine whether there is new information that requires a re-examination of PGE’s costs in rates.

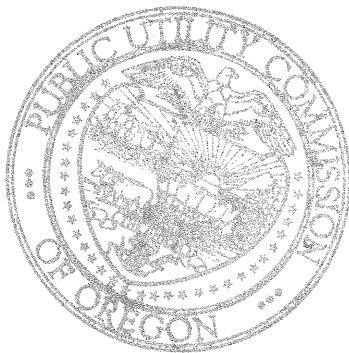
3. PGE shall file revised tariffs consistent with the findings of fact and conclusions of law contained in this order related to Port Westward no later than May 2, 2007. The filing must include attestation by a PGE corporate officer that Port Westward's operational testing has been completed and the plant has been released to the system dispatcher for full communal operation.

Made, entered, and effective APR 02 2007.


Lee Beyer
Chairman


John Savage
Commissioner


Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within sixty 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.