

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 201

| | | |
|---------------------------------------|---|-------|
| In the Matter of |) | |
| |) | |
| PORTLAND GENERAL ELECTRIC |) | |
| COMPANY |) | ORDER |
| |) | |
| Application for Annual Adjustment to |) | |
| Schedule 126 under the Terms of the |) | |
| Annual Power Cost Variance Mechanism. |) | |

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In this Order, the Commission adopts the joint stipulation (Stipulation) entered into by the parties to this docket: Portland General Electric Company (PGE or the Company), the Staff of the Public Utility Commission of Oregon (Staff), the Citizens' Utility Board of Oregon (CUB), and the Industrial Customers of Northwest Utilities (ICNU) (collectively, the Parties). The Stipulation resolves all outstanding issues related to PGE's Application for an Annual Adjustment to Schedule 126 under the Terms of PGE's Annual Power Cost Variance Mechanism¹ (the Application). In this Order, we approve the Stipulation and order PGE to file revised rate schedules consistent with this Order.

PGE filed its Application on July 1, 2008, seeking to establish prices associated with its 2007 power cost variance (PCV). PGE stated that its actual Net Variable Power Costs (NVPC) for 2007 were \$29.3 million below its projected costs, and it proposed refunding \$15.8 million of this amount to its customers under its Power Cost Adjustment Mechanism (PCAM). PGE proposed amortizing this amount over a one-year period beginning on January 1, 2009. This proposal would have resulted in a 0.103 cent per kWh credit to eligible customers.²

¹ Advice No. 08-11, Annual Power Cost Variance Mechanism.

² PGE customers taking service under Schedule 7 who used 900 kWh per month would have seen a \$0.95, or 1.1 percent, reduction in their monthly bills.

On July 11, 2008, CUB filed a notice of intervention under ORS 774.180 and became a party. On July 24, 2008, ICNU filed a petition to intervene and was granted party status.

On October 31, 2008, the Parties submitted the Stipulation and jointly sponsored testimony,³ resolving all issues in this docket. The Stipulation makes two adjustments to PGE's calculation of the PCAM credit, increasing the PCAM credit by approximately \$717,000 and resulting in a proposed credit to customers of \$16.534 million.⁴ The Parties also agree to certain modifications to Schedule 126, as well as various additional protocols intended to facilitate resolution of future PCAM proceedings.

II. BACKGROUND

In Order No. 07-015, the Commission adopted an annual PCAM designed to capture unusual power cost variations. Generally stated, the PCAM allows PGE to share with its customers the benefits and burdens of variations between expected power costs included in rates and actual power costs.

The PCAM includes an asymmetrical deadband ranging from 75-basis-points return on equity (ROE) below the base level of NVPC included in rates, to 150-basis-points ROE above.⁵ If PGE's overall power cost variation is within this deadband, PGE's power cost rates are not adjusted. Costs above this deadband are subject to collection by PGE, while costs below the deadband are subject to refund. Customers bear 90 percent of any such adjustment, while PGE bears the remaining 10 percent.⁶

The PCAM also includes an earnings test to determine whether an adjustment is appropriate, given PGE's actual rate of return. The earnings deadband is +/-100 basis points around PGE's allowed ROE.⁷ If PGE is earning within +/-100 basis points of its authorized ROE, there will be no power cost adjustment. If the Company's earnings are more than 100 basis points below its authorized ROE, however, PGE will be allowed to recover excess power costs, after application of the deadband and sharing provision, up to an earnings level that is 100 basis points less than its authorized ROE. If PGE's earnings are more than 100 basis points above its authorized ROE, it must refund to customers the power cost savings, after application of the deadband and sharing provision, down to its authorized ROE plus a 100-basis-point threshold.

³ The supporting testimony was sponsored jointly by Dustin Ball (Staff), Randy Falkenberg (ICNU), Bob Jenks (CUB), and Alex Tooman (PGE) and is designated as Staff-ICNU-CUB-PGE/100.

⁴ Stipulation at 8.

⁵ See Order No. 07-015 at 26-27.

⁶ *Id.* at 27.

⁷ *Id.* at 26.

III. PGE'S APPLICATION

Base Net Variable Power Costs. PGE determined its base NVPC,⁸ using the final power cost forecasts that were used to develop rate schedules in Docket UE 180. These forecasts were created using PGE's power cost forecasting model, Monet, and established an unadjusted base NVPC of approximately \$775.1 million.⁹

PGE made several adjustments to this base NVPC required by Order No. 07-015, including the removal of \$1.4 million in costs associated with its Super Peak capacity contract and \$4.6 million related to the Boardman forced outage rate.¹⁰ PGE also made a number of additional adjustments that resulted in a base NVPC for 2007 of approximately \$711.5 million. PGE then reduced these costs by \$37.8 million to reflect the fact that the UE 180 rates (including the PCAM) were not effective until January 17, 2007. This resulted in a final calculation of base NVPC costs of \$673.7 million.¹¹

Actual Net Variable Power Costs. PGE's actual NVPC for 2007 totaled \$677.8 million. The Company then removed a number of items required by Schedule 126, as well as \$16.0 million for the 2007 PCAM and \$4.1 million for green power expenses that are billed directly to customers through Schedules 7 and 32, and it included a \$1.9 million credit for Biglow wind benefits. Next, the Company added a number of items required by Schedule 126.¹² With these adjustments, PGE's NVPC for 2007 was approximately \$674.9 million. Finally, PGE reduced actual power costs by \$35.9 million to reflect only the period that the PCAM was in effect, resulting in a final calculation of actual NVPC of \$638.9 million.¹³

Unit NVPC Variance. After calculating its base and actual NVPC, PGE then calculated a unit NVPC variance. On average for the year, the unit NVPC variance was approximately -\$1.79 per MWh. PGE multiplied the unit NVPC variance by its actual load to reach its calculation of a \$29.3 million net power cost variance for 2007 with projected costs higher than actual costs.¹⁴

⁸ NVPC represents the power costs for energy generated and purchased by PGE, as defined in Schedule 126.

⁹ PGE/100, Tooman-Tinker/3.

¹⁰ See Order No. 07-015 at 2.

¹¹ PGE/100, Tooman-Tinker/4.

¹² These include \$2.5 million for costs associated with the gas transportation deferral addressed in Docket UM 1290 and \$275,000 representing potential power costs for 2007 associated with royalties and taxes related to coal transportation for the Colstrip generating plant. PGE notes that revenues from sales of ancillary services are included as a credit to actual NVPC included in PGE's financial statements.

¹³ The calculation of PGE's actual 2007 power costs is summarized at PGE/100, Tooman-Tinker/5, Table 1.

¹⁴ PGE/100, Tooman-Tinker/8.

Proposed Refund to Customers. As noted above, PGE's entire net power cost variance is not refunded to customers. Order No. 07-015 established asymmetrical power cost deadbands and sharing percentages that must be applied to determine whether any PCAM refund or charge is appropriate. Because PGE's actual power costs were below its base power costs, the Company applied the 75-basis-point ROE deadband. This resulted in a credit deadband of \$11.7 million. After deducting this \$11.7 million deadband amount from the annual PCV of \$29.3 million, a \$17.6 million credit remained to be allocated between customers and shareholders. PGE allocated 90 percent of the credit to customers, yielding PGE's proposed \$15.8 million credit.

Earnings Review. As a final step, PGE performed the earnings review required by Order No. 07-015. The ROE deadband for PGE's earnings review is +/-100 basis points of PGE's authorized ROE of 10.1 percent.¹⁵ In this case, PGE's final 2007 ROE (including the power cost variance) was 11.58 percent.¹⁶ Because this ROE exceeds the 11.1 percent threshold established by the deadband, PGE proposed refunding the entire \$15.8 million 2007 PCAM credit to customers beginning on January 1, 2009.

IV. THE STIPULATION

A. Adjustments to PGE's PCAM Calculation

The Stipulation adjusts PGE's calculation of the PCAM credit in two ways: it modifies the asymmetrical deadband to accurately reflect the time period the PCAM was in effect, and it adjusts PGE's calculation of a coal inventory adjustment accrual to reflect only 2007 costs. These two changes increase the PCAM credit by approximately \$717,000, resulting in a total proposed refund to customers of approximately \$16.5 million.¹⁷

| <u>Item</u> | <u>Description</u> | <u>\$(000s)</u> |
|--------------------|---|-------------------|
| (1) | PCAM Credit, as Proposed by PGE | \$(15,817) |
| (2) | Deadband Modification to Reflect January 17, 2007, Effective Date | \$(512) |
| (3) | <u>Removal of 7/12 of Coal Inventory Adjustment Accrual</u> | <u>\$(285)</u> |
| (4)=(2)+(3) | Total Modifications to 2007 Power Cost Variance | \$(797) |
| <u>(5)=(4)*90%</u> | <u>Sharing Percentage (90 percent)</u> | <u>\$(717)</u> |
| (6)=(1)+(5) | PCAM Credit under Stipulation | <u>\$(16,534)</u> |

¹⁵ Order No. 07-015.

¹⁶ PGE/100, Tooman-Tinker/11.

¹⁷ Staff-ICNU-CUB-PGE/100 at 2.

Deadband Adjustment. PGE's calculation of unit NVPC excluded the period from January 1, 2007, through January 16, 2007, on the grounds that the rates established in Docket UE 180 did not go into effect until January 17, 2007. PGE's calculation of the deadband, however, included the entire calendar year. An adjustment was made to the deadband to reflect the January 17, 2007, effective date. This adjustment reduces the size of the deadband, thereby increasing the PCAM credit by \$512,000, before any adjustment for sharing.

Adjustment to Coal Inventory Adjustment Accrual. The Stipulation also makes an adjustment to PGE's coal inventory adjustment accrual. PGE measured the Boardman coal pile in May 2007 and recorded a \$489,000 increase in coal burn costs for 2007. This increase was included in PGE's Application as part of its actual NVPC. After review, the parties determined that approximately 7/12 of the \$489,000 accrual, or \$285,000, was reasonably attributable to 2006 usage, rather than 2007. Since no PCAM was in effect in 2006, the Parties agreed to remove this amount from PGE's calculation of actual power costs. This adjustment increases the PCAM credit by \$285,000, before any adjustment for sharing.¹⁸

Summary of Adjustments. These adjustments increase the PCAM credit variance by \$797,000. Because the 2007 PCV was outside the deadband, the parties propose that 90 percent of this amount, or \$717,000, flow to customers as an additional PCAM credit.

B. Other Provisions

The Stipulation also includes a number of proposals intended to clarify and facilitate future PCAM proceedings.

Modifications to Schedule 126. In the Stipulation, the Parties seek modifications to Schedule 126 to clarify the impact of direct-access windows that occur after PGE's final power cost forecast is developed each year. PGE establishes final forecast power costs for ratemaking purposes on approximately November 15 for the following calendar year. Under existing Commission-approved tariffs, however, non-residential customers may select non-cost-of-service rate options *after* final power costs are established for rates in mid-November. They may do so either during an annual opt-out window in late November (under which non-residential customers may elect to receive service from an Energy Service Supplier (ESS) or choose a market-based rate option from PGE), or during quarterly windows throughout the year.¹⁹

¹⁸ The parties note that the 2007 PCAM proceeding is unique in that the prior period (2006) was a year without a PCAM mechanism. Going forward, coal inventory accrual adjustments will relate entirely to periods covered under the PCAM. Under the Stipulation, the Parties will not object to the inclusion of a coal inventory adjustment in future PCAM proceedings on the basis that the adjustment applies to a prior period.

¹⁹ See Staff-ICNU-CUB-PGE/100 at 7-8.

The Parties testify that Schedule 126 does not clearly provide for adjustments to ensure that the derivation of “base” and “actual” NVPC as defined in Schedule 126 are neutral with respect to these opt-out decisions. The Parties agree that, in this case, PGE made reasonable adjustments to the derivation of the 2007 PCAM results with respect to 2007 non-cost-of-service decisions made by eligible customers, but they seek modifications to Schedule 126 to clarify how adjustments should be made in the future to ensure neutrality with respect to customer opt-outs.²⁰

Senate Bill 408 Accruals. Under Senate Bill 408 (SB 408),²¹ PGE evaluates the difference in “taxes paid” and “taxes collected” as defined by law, then collects or refunds differences of \$100,000 or more. This collection or refund is made pursuant to a Commission order, which is issued approximately 16 months after the end of the year under evaluation. Despite this lag, PGE accrues amounts for refunds or charges during the year under evaluation. For 2007, PGE accrued approximately \$15.8 million as a receivable from customers associated with the application of SB 408 to its 2007 results. The Stipulation makes clear that such accruals are appropriately included in earnings tests for purposes of PCAM proceedings.²²

ROE Calculations. In PGE’s initial filing, PGE presented its authorized ROE results inclusive of the PCAM credit, which yielded an ROE of 11.58 percent. Under the terms of the Stipulation, PGE will be required to present future ROE results from the earnings test both before and after application of any PCAM refund or charge. This information is intended to allow parties to more fully evaluate the effect of the PCAM on PGE’s ROE.

Timely Information Sharing. Finally, the Stipulation establishes a number of protocols intended to facilitate the processing of PGE’s PCAM filings, so that Commission-approved amortization of any PCAM charges or credits can begin on January 1 of the following calendar year. The Parties agree to various provisions regarding confidentiality agreements, as well as provisions regarding the timely provision of workpapers and data responses supporting PGE’s PCAM applications.

V. DISCUSSION

The Commission has reviewed the Stipulation, together with the supporting testimony and exhibits filed. We conclude that the Stipulation is in the public interest and will result in fair, just, and reasonable rates. The Stipulation is attached to this Order as Appendix A and incorporated into this Order by reference.

²⁰ *Id.*

²¹ ORS 757.268.

²² The Parties also agree that this approach to earnings tests for PCAM proceedings is reasonable regardless of the Commission’s forthcoming decision in Docket UM 1224 (in which this same issue is under consideration for an earnings test related to an income tax deferral).

PGE's compliance tariff filing should include a recalculated credit amount consistent with the terms of the Stipulation, including recalculated interest and revenue-sensitive cost changes pursuant to the modified credit amount required by Schedule 126.

VI. ORDER

IT IS ORDERED that:

1. The Stipulation attached to this Order as Appendix A is adopted.
2. The First Revision of Sheet No. 126-4 and the First Revision of Sheet No. 126-5 filed as part of Portland General Electric Company's Advice No. 08-11 on July 1, 2008, are permanently suspended.
3. Portland General Electric Company shall file revised rate schedules consistent with this Order to be effective no earlier than January 1, 2009.

Made, entered, and effective NOV 24 2008.



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 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 201

| | | |
|---|---|---|
| In the Matter of the |) | STIPULATION RESOLVING ALL ISSUES |
| PORTLAND GENERAL ELECTRIC COMPANY |) | |
| Application for Annual Adjustment to Schedule 126 under the Terms of the Annual Power Cost Variance Mechanism |) | |
| |) | |
| |) | |
| |) | |

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”), and the Industrial Customers of Northwest Utilities (“ICNU”) (collectively, the “Stipulating Parties”).

I. INTRODUCTION

On July 1, 2008, PGE filed this annual power cost variance adjustment (“PCAM”) as required by its Tariff Schedule 126. The Stipulating Parties are the only parties to the docket. The parties have conducted discovery, held workshops, and conducted settlement conferences. As a result of those settlement discussions, the Stipulating Parties have agreed to certain adjustments to PGE’s calculation of the PCAM, and to a tariff clarification. The Stipulating Parties submit this Stipulation to the Commission and request that the Commission adopt orders in this Docket implementing the following.

II. TERMS OF STIPULATION

1. This Stipulation is a comprehensive settlement of the issues in this docket.
2. The 2007 PCAM credit will be modified to reflect an earnings test deadband

calculation using 349 days (the applicable PCAM period for 2007) rather than 365 days. The effect of this change is an increase in the PCAM credit of approximately \$461,000.

3. The 2007 PCAM credit will be modified to remove 7/12 of a coal inventory adjustment accrual made by PGE. This reflects an estimate of the portion of the accrual that relates to 2006, in which no PCAM was applicable. This change increases the 2007 PCAM credit by approximately \$256,000. In future PCAM proceedings, coal inventory accruals will not be removed on the basis that they relate to a prior period. Parties retain the right to challenge PGE's coal inventory in future cases on other grounds, including but not limited to its accuracy and reasonableness.

4. In future PCAM proceedings PGE agrees to show earnings test return on equity results first without the PCAM credit or charge, and then after the calculated PCAM credit or charge.

5. The Stipulating Parties agree that accruals related to SB 408 should be included in PCAM earnings tests for 2007 and in future PCAM earnings tests.

6. ICNU and PGE agree to work in good faith to establish a confidentiality agreement that allows ICNU and their expert witness to receive confidential information at the time of PGE's initial filing in future PCAM dockets. PGE also agrees to provide with its future PCAM filings the same work papers as provided in this proceeding, and an additional work paper that shows the transaction level detail for the PCAM actual power cost report, comparable to PGE's response to ICNU data requests 1.1 and 1.2 in this case. In future PCAM proceedings, all parties shall provide work papers concurrently with their testimony. In future proceedings, PGE also agrees to provide ICNU's expert witnesses with confidential data response answers with overnight package delivery and non-confidential data response answers via email.

7. The parties will support a change in the language of Schedule 126, as shown on Exhibit "A" to this Stipulation, to make adjustments to forecasted net variable power costs to reflect the impact of customer direct access enrollments under Schedules 515 through 594 that take place after the final Monet power cost run is filed in mid-November. Nothing in this paragraph reduces the Stipulating Parties procedural and substantive rights to challenge the final Monet power cost runs filed in mid-November or the subsequent adjusted update.

8. The estimated impact of all of these changes is an increase in the 2007 PCAM credit of approximately \$717,000. Exhibit "B" to this Stipulation shows the revised calculation of the 2007 PCAM credit of \$16.534 million after the stipulated changes. PGE will recalculate appropriate revenue sensitive costs and interest on the revised PCAM credit consistent with the methodology provided in Schedule 126.

9. The Stipulating Parties recommend and request that the Commission approve the adjustments described above as appropriate and reasonable resolutions of all issues in this docket.

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

11. The Stipulating 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.

12. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this

Stipulation or adds such material condition. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

13. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).

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

15. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 31st day of October, 2008.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

PORTLAND GENERAL ELECTRIC
COMPANY



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CITIZENS' UTILITY BOARD
OF OREGON



INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

Schedule 126 (Continued)

DEFINITIONS

Actual Loads

Actual loads are total annual calendar retail loads adjusted to exclude loads of Customers to whom this adjustment schedule does not apply.

Actual NVPC

Incurring cost of power based on the definition for NVPC described here in. Actual NVPC will be increased by the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment.

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Actual Unit NVPC

The Actual Unit NVPC is the Actual NVPC divided by Actual Loads.

Annual Variance (AV)

The Annual Variance (AV) is the dollar amount calculated annually based on the following formula:

$(\text{Actual Unit NVPC} - \text{Adjusted Base Unit NVPC}) * \text{Actual Loads}$

Deleted: -

Base Unit NVPC

The Base Unit NVPC is the NVPC used to develop rate schedules for the applicable year divided by the associated calendar basis retail loads. Base NVPC are updated annually in accordance with Schedule 125 ~~adjusted to reflect the forecast load of those Customers that received service under Schedules 515 through 594 for the entire applicable year.~~

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Inserted: -adjusted to reflect the forecast load of those Customers that received service under Schedules 515 through 594 for the entire applicable year

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Adjusted Base Unit NVPC

The Adjusted Base Unit NVPC is the NVPC used to calculate the Annual Variance. The adjusted Base Unit NVPC is the Base Unit NVPC (determined in accordance with Schedule 125) adjusted for load and cost changes resulting from non-residential customers choosing service under Schedule 515 through 594 after the November update for the applicable year.

Negative Annual Power Cost Deadband

The Negative Annual Power Cost Deadband is an amount equal to 75 basis points of the Company's return on equity.

Positive Annual Power Cost Deadband

The Positive Annual Power Cost Deadband is an amount equal to 150 basis points of the Company's return on equity.

Advice No. 07-01
Issued January 16, 2007
Pamela Grace Lesh, Vice President

Effective for service
on and after January 17, 2007

Schedule 126 (Continued)

DEFINITIONS (Continued)

Net Variable Power Costs (NVPC)

The Net Variable Power Costs (NVPC) represents the power costs for Energy generated and purchased. NVPC are the net cost of fuel, fuel transportation, power contracts, transmission / wheeling, wholesale sales, hedges, options and other financial instruments incurred to serve retail load. For purposes of calculating the NVPC, the following adjustments will be made:

- Exclude BPA payments in lieu of Subscription Power.
- Exclude the monthly FASB 133 mark-to-market activity.
- Exclude any cost or revenue unrelated to the period.
- Include as a cost all losses that the Company incurs, or is reasonably expected to incur, as a result of any non-retail Customer failing to pay the Company for the sale of power during the deferral period.
- Include fuel costs and revenues associated with steam sales from the Coyote Springs I Plant.
- Include gas resale revenues.
- Include Energy Charge revenues from Schedules 76R, 38, 83, 89, and 91 Energy pricing options other than Cost of Service and the Energy Charge revenues from the Market Based Pricing Option from Schedules 483 and 489 as an offset to NVPC.
- NVPC shall be adjusted as needed to comply with Order 07-015 that states that ancillary services, the revenues from sales as well as the costs from the services, should also be taken into account in the mechanism.
- -----

ADJUSTMENT AMOUNT

The amount accruing to the Power Cost Variance Account, whether positive or negative will be multiplied by a revenue sensitive factor of 1.0287 to account for franchise fees and uncollectables.

The Power Cost Adjustment Rate shall be set at level such that the projected amortization for 12 month period beginning with the implementation of the rate is no greater than six percent (6%) of annual Company retail revenues for the preceding calendar year.

TIME AND MANNER OF FILING

As a minimum, on July 1st of the following year (or the next business day if the 1st is a weekend or holiday), the Company will file with the Commission recommended adjustment rates for the next calendar year.

Deleted: Actual NVPC will be increased to include the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment

Inserted: Actual NVPC will be increased to include the value of the energy associated with those Customers that received the Schedule 128 Balance of Year Transition Adjustment for the period during the year that the Customers received the Schedule 128 adjustment.¶

Advice No. 07-01
Issued January 16, 2007
Pamela Grace Lesh, Vice President
Portland General Electric Company
P.U.C. Oregon No. E-18

Effective for service
on and after January 17, 2007

Original Sheet No. 126-4

2007 PCAM FINAL2

WI POTENTIAL 2007 COLSTRIP COAL ROYALTY EXPENSE

PGE Power Cost Variance (PCV)

| | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | Total |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| BASE NVPC (Pre-Selection, No PW) | 78,810 | 65,608 | 65,608 | 47,875 | 51,891 | 47,522 | 65,529 | 70,836 | 66,267 | 66,376 | 74,434 | 84,806 | 782,010 |
| MONET NVPC (Pre-Selection, No PW) | 78,810 | 65,608 | 64,425 | 48,744 | 52,770 | 48,550 | 62,486 | 67,591 | 62,890 | 67,238 | 73,926 | 83,827 | 776,274 |
| Adjustment from MONET to ORDER NVPC | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (383) | (4,389) |
| Boardman Forced Outage Rate | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (1,419) |
| Super Peak Electric Value | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (105) | (1,267) |
| Annuitized Dispatch (PW Other only) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (1,922) |
| ORDER NVPC (PRE-SELECTION, NO PW) | 78,112 | 65,107 | 65,151 | 47,176 | 51,163 | 47,033 | 65,031 | 70,337 | 64,788 | 65,677 | 73,935 | 84,308 | 776,028 |
| ORDER NVPC - (PRE-SELECTION, PW 3/1/07) | 77,847 | 64,842 | 63,861 | 47,381 | 52,007 | 47,787 | 61,733 | 66,528 | 61,927 | 66,474 | 73,163 | 82,863 | 767,113 |
| Adjustment from ORDER to BASE NVPC | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (119) | (1,420) |
| CALISO Auxiliary SVC Revenue - Other Rev | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (118) | (1,419) |
| OP-Outs to MONET NVPC (No PW) | (4,880) | (4,010) | (4,070) | (3,285) | (2,935) | (2,677) | (5,179) | (5,902) | (5,174) | (4,570) | (5,156) | (5,250) | (62,871) |
| OP-Outs to MONET NVPC (PW 3/1/07) | (4,880) | (4,010) | (4,072) | (3,285) | (2,935) | (2,677) | (5,179) | (5,902) | (5,174) | (4,570) | (5,156) | (5,250) | (62,869) |
| BASE NVPC | 35,416 | 60,860 | 60,844 | 48,643 | 48,020 | 44,119 | 57,614 | 64,203 | 59,358 | 61,070 | 69,652 | 78,653 | 632,259 |
| BASE NVPC (Post-Selection, COS, PW 3/1/07) | 35,268 | 60,585 | 60,569 | 48,368 | 47,745 | 44,872 | 56,316 | 60,888 | 56,515 | 61,657 | 67,769 | 76,766 | 623,726 |
| BASE NVPC (Post-Selection, COS, PW 8/12/07) | 35,616 | 60,880 | 60,844 | 48,643 | 48,020 | 44,119 | 57,614 | 64,203 | 59,358 | 61,070 | 69,652 | 78,653 | 632,259 |
| BASE NVPC (Post-Selection, COS, PW 8/12/07) (Jan to 1/31/07) | 35,616 | 60,880 | 60,844 | 48,643 | 48,020 | 44,119 | 57,614 | 64,203 | 59,358 | 61,070 | 69,652 | 78,653 | 632,259 |
| BASE NVPC (Post-Selection, COS, PW 8/12/07) (Jan to 1/31/07) | 35,616 | 60,880 | 60,844 | 48,643 | 48,020 | 44,119 | 57,614 | 64,203 | 59,358 | 61,070 | 69,652 | 78,653 | 632,259 |
| ORDER Retail Loads (Pre-Selection, COS) | 1,750,404 | 1,514,509 | 1,408,870 | 1,408,705 | 1,370,789 | 1,370,789 | 1,450,488 | 1,509,588 | 1,381,793 | 1,459,848 | 1,589,043 | 1,747,146 | 18,165,207 |
| OP-Outs to ORDER Retail Loads | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (69,831) | (845,889) |
| BASE LOADS (Retail, Post-Selection, COS) | 813,151 | 1,450,321 | 1,340,155 | 1,338,874 | 1,299,688 | 1,414,395 | 1,414,395 | 1,433,613 | 1,311,559 | 1,387,575 | 1,497,351 | 1,677,351 | 16,521,126 |
| BASE UNIT NVPC | 43,535 | 41,955 | 40,850 | 32,522 | 35,834 | 34,331 | 39,822 | 42,333 | 43,029 | 44,444 | 45,268 | 46,131 | 49,335 |
| Actual / Forecast NVPC (PW 6/12/07) (no 0th Rev) | 72,586 | 45,668 | 49,892 | 37,237 | 49,342 | 43,663 | 58,651 | 57,765 | 57,523 | 62,078 | 66,117 | 76,292 | 677,804 |
| EXCLUDE: | | | | | | | | | | | | | |
| FAS 13371 - ITRM/Delera | 291 | (254) | (45) | 124 | (322) | (103) | (119) | (297) | 368 | (17) | 142 | (49) | (849) |
| Credit Reserve - Expense | (281) | 224 | 139 | (105) | 398 | (149) | (149) | 108 | (248) | (49) | (49) | 108 | (30) |
| PCAM 2007 - Revenue unrelated to period | 97 | (20,002) | (6,315) | (700) | - | 2,762 | 5,321 | 2,692 | 3,829 | (415) | (1,830) | 3,389 | (27,082) |
| PCAM 2007 - Feb 2005 adjustment | - | - | - | - | - | - | - | - | - | - | - | - | 15,949 |
| Biglow Wind 2007 benefits | - | - | - | - | - | - | - | - | - | - | - | - | 116 |
| Green Power expenses in N1115 from JMS4SD | - | - | - | - | - | - | - | - | - | - | - | - | 116 |
| 71% of Coal Inventory Adj - Stipulation | 410 | 382 | 338 | 305 | 294 | 284 | 305 | 319 | 314 | 314 | 360 | 445 | 4,079 |
| Subtotal Inclusions | 517 | (20,251) | (4,883) | (395) | 565 | 3,225 | 5,379 | 2,821 | 3,999 | (213) | (1,770) | 2,503 | (6,465) |
| INCLUDE: | | | | | | | | | | | | | |
| Coyle Steam Sales M24189 | (176) | (186) | (137) | (97) | (97) | (97) | (242) | (181) | (165) | (237) | (140) | (129) | (1,847) |
| ADD Gas Resale Margin - M24183 | (1,742) | 82 | (1,089) | (94) | (94) | (94) | (5) | 135 | (4) | (96) | 133 | (1,084) | (4,156) |
| Costs/Revenues related to period but booked outside | (851) | (372) | (565) | (500) | (516) | (2,085) | (1,225) | (432) | (633) | (346) | (421) | (220) | (8,128) |
| Energy Revenues from VFO customers | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gas Transportation Delera - NWP settlement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gas Transportation Delera - GTM (POT) settlement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Potential 2007 Colstrip coal royalty expense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal Inclusions | (2,469) | 113 | (1,751) | (1,031) | (810) | (2,380) | (1,391) | (406) | (491) | (486) | (316) | (254) | (11,801) |
| ACTUAL NVPC (PW starts 5/1/07) | 33,066 | 64,032 | 59,024 | 47,548 | 38,058 | 52,851 | 62,851 | 64,556 | 63,033 | 61,006 | 69,571 | 73,539 | 638,639 |
| ACTUAL LOADS (Retail-COS-Calendar) | 842,256 | 1,424,372 | 1,442,068 | 1,538,470 | 1,438,331 | 1,431,447 | 1,439,089 | 1,370,532 | 1,276,568 | 1,377,735 | 1,501,806 | 1,675,900 | 16,317,675 |
| ACTUAL UNIT NVPC | 40.00 | 44.84 | 42.57 | 32.32 | 35.84 | 34.33 | 39.81 | 42.33 | 43.029 | 44.444 | 45.268 | 46.131 | 49.335 |
| UNIT NVPC VARIANCE | 40.00 | 44.84 | 36.77 | 27.31 | 35.83 | 29.47 | 36.78 | 39.81 | 41.58 | 44.86 | 46.32 | 43.89 | 39.14 |
| BASE UNIT NVPC | 43.55 | 41.95 | 40.85 | 32.52 | 35.84 | 34.33 | 39.81 | 42.33 | 43.029 | 44.444 | 45.268 | 46.131 | 49.335 |
| ACTUALS ABOVE (BELOW) BASE UNIT NVPC | (3.55) | 2.89 | (4.08) | (5.21) | (0.11) | (4.84) | (3.03) | (2.52) | (1.57) | 0.42 | 1.07 | (2.24) | (0.19) |
| ANNUAL VARIANCE (AV) | | | | | | | | | | | | | |
| ACTUALS ABOVE (BELOW) BASE | (2,891) | 4,257 | (5,951) | (6,972) | (1,544) | (6,255) | (4,448) | (3,459) | (1,831) | 876 | 1,801 | (3,723) | (28,945) |
| ACTUALS ABOVE (BELOW) BASE - YTD | (2,891) | 4,257 | (5,951) | (6,972) | (1,544) | (6,255) | (4,448) | (3,459) | (1,831) | 876 | 1,801 | (3,723) | (28,945) |
| Positive Deadband - Actuals Above Base - Pro-rated for 6/12/07 PW start | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Negative Deadband - Actuals Below Base - Pro-rated for 8/12/07 PW start | - | - | - | - | - | - | - | - | - | - | - | - | - |
| YTD POWER COST VARIANCE (PCV) | | | | | | | | | | | | | |
| ANNUAL POWER COST VARIANCE (PCV) | | | | | | | | | | | | | |
| Original Credit per Ex. 101 | | | | | | | | | | | | | |
| Eligible PCAM 84 - Sharing | | | | | | | | | | | | | |
| 71% of Coal Inv Adj | | | | | | | | | | | | | |
| Change in Deadband | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |
| Shareing | | | | | | | | | | | | | |
| Impact on PCAM Credit | | | | | | | | | | | | | |
| Expected Revised PCAM Credit | | | | | | | | | | | | | |
| Revised Deadband per Slip | | | | | | | | | | | | | |
| POSITIVE (NEGATIVE) PCV = ACTUALS ABOVE (BELOW) POWER COST DEADBANDS | | | | | | | | | | | | | |
| POSITIVE (NEGATIVE) PCV = ACTUALS ABOVE (BELOW) POWER COST DEADBANDS | | | | | | | | | | | | | |
| Opt-Outs to MONET NVPC | 78,810 | 65,608 | 64,425 | 48,744 | 52,770 | 48,550 | 62,486 | 67,591 | 62,890 | 67,238 | 73,926 | 83,827 | 776,274 |
| MONET NVPC (Pre-Selection) NO PW | 78,810 | 65,608 | 64,425 | 48,744 | 52,770 | 48,550 | 62,486 | 67,591 | 62,890 | 67,238 | 73,926 | 83,827 | 776,274 |
| MONET NVPC (Post-Selection) NO PW | 73,850 | 61,586 | 60,353 | 44,379 | 48,756 | 44,855 | 59,350 | 64,938 | 60,093 | 61,868 | 69,288 | 79,869 | 739,140 |
| MONET NVPC (Post-Selection) COS PW 3/1/07 | (4,860) | (4,010) | (4,070) | (3,285) | (2,935) | (2,677) | (5,179) | (5,902) | (5,174) | (4,570) | (5,156) | (5,250) | (62,869) |
| Opt-Outs to MONET NVPC - NO PW | (4,860) | (4,010) | (4,070) | (3,285) | (2,935) | (2,677) | (5,179) | (5,902) | (5,174) | (4,570) | (5,156) | (5,250) | (62,869) |