



Rising power costs and new generating plant drive PGE rate filing

OPUC-regulated rate case to involve stakeholders in up to 10-month process

Portland, Ore. -- Continued increases in the cost of wholesale power, sustained high natural gas costs and a new generating plant are the largest factors putting upward pressure on retail prices, Portland General Electric stated in a filing with regulators today. PGE's rate case filing with the Oregon Public Utility Commission (OPUC) estimates retail prices will increase an average of 8.9 percent across all customer classes beginning Jan. 1, 2007. The estimate breaks down to 8.5 percent for residential customers, 10.5 percent for small commercial customers and 8.7 percent for larger commercial and industrial users.

"With this filing, PGE is proposing to include in rates the first generating plant we have built in over 10 years," said Pamela Lesh, PGE vice president of rates and regulatory affairs. "The Port Westward Generating Plant will benefit our customers for many years to come."

Lesh noted that many of the factors driving PGE's retail price increase request were significant elements of recent regulatory filings from Portland-based Pacific Power, which requested a 13.2 percent increase averaged across all customer classes, and Washington-based Puget Sound Energy, which filed for a 9.2 percent increase. Nearly half of PGE's total request -- 4.1 percent -- is for increases in power and fuel costs. "There is a rising global demand for more energy resources, which influences fuel prices for power plants," Lesh said.

New power plant helps secure customers' energy future

As the population of PGE's territory continues to grow, so does the need for additional sources of reliable energy -- a need that is increasing at a rate of about 2 percent annually. Roughly 2.9 percent of PGE's estimated increase will pay for PGE's 400-megawatt Port Westward Generating Plant. This new super-efficient natural gas-fired generator under construction near Clatskanie, Ore., will power up to 300,000 homes annually.

Online in the spring of 2007, the Port Westward unit will be the most efficient of its type in the Pacific Northwest. In keeping with Oregon's rules for power plant cost recovery, this 2.9 percent portion of the overall requested rate increase would not take effect until the power plant is operational, around March 1, 2007.

Maintaining reliability and enhancing customer accessibility

Of the total requested price increase, 1.7 percent is for non-power costs, which include general business expenses and costs for maintaining PGE's high level of customer service and system reliability. This is the first request to increase non-power costs in five years. PGE has 4.5 percent fewer employees today than four years ago, even though PGE has added 49,035 customers, or 6.5 percent, during the same period, according to Steve Hawke, PGE vice president of customer service and delivery.

"With fewer employees, PGE is maintaining its reliability and offering more services to customers than ever before -- from online bill payment to enhanced communications channels that better connect customers with our employees," Hawke said.

Meanwhile, PGE continues to undertake steps that keep operational costs as low as possible while maintaining service and reliability. PGE has integrated cost management into its business operations. This has helped PGE achieve operations and maintenance costs that in 2004 were 23 percent below the average of Pacific Northwest investor-owned utilities. PGE's ongoing thermal and hydro power plant retrofit program -- now in its 14th year -- is resulting in an additional 551 million kilowatt hours of electricity production annually without using more fuel or water.

The OPUC will establish a schedule of workshops and hearings as part of a thorough, open public process to review PGE's rate case over the next several months, and PGE anticipates an OPUC ruling in November or December 2006. PGE will update its price request for the costs of electric power and natural gas it purchases over the next few months. To learn more, visit the [OPUC Web site](#). To learn more about PGE's pricing plan, view PGE's new [online multimedia presentation](#).

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PGE, headquartered in Portland, is a fully integrated electric utility that serves more than 775,000 residential, commercial and industrial customers in Oregon.

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