

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 319**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Request for a General Rate Revision.

**NET VARIABLE POWER COST  
STIPULATION**

This Net Variable Power Cost Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the Industrial Customers of Northwest Utilities ("ICNU"), and Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co. ("Kroger") (collectively, the "Stipulating Parties").

PGE filed this general rate case on February 28, 2017. The filing included fourteen separate pieces of testimony and exhibits. PGE also provided to Staff and other parties voluminous work papers in support of its filing. Since that time, Staff and intervening parties have analyzed PGE's filing and work papers, and submitted more than 700 data requests obtaining additional information. Two schedules were set by the Administrative Law Judge in this matter: one for net variable power cost ("NVPC") issues, and the other for general rate case issues. Pursuant to the schedules, a NVPC workshop was held on May 5, 2017, and parties filed opening testimony on NVPC issues on June 2, 2017. A workshop and settlement conference for NVPC issues were held on June 15 and 16, 2017. As a result of those discussions, the Stipulating Parties have reached a compromise settlement of all NVPC issues, as described in detail below. No other parties participated in the NVPC settlement discussions.

## TERMS OF PARTIAL STIPULATION

1. This Stipulation resolves all NVPC issues raised in this docket.
2. Western Energy Imbalance Market (“Western EIM”). PGE will increase modeled 2018 test year benefits for the Western EIM by \$0.5 million. PGE will engage with an independent third party to complete a Western EIM cost-benefit study to be used in its 2019 Annual Update Tariff (AUT) filing. PGE will not seek deferred accounting for the incremental costs associated with performing the study.
3. Major Maintenance Expenses. The issues raised regarding major maintenance expenses will be addressed in the general rate case portion of this docket.
4. North Mist Expansion Project Overlap. PGE will include in modeled power costs a \$97,000 decrease to NVPC, while continuing to model a two-month overlap in the Multi-Area Optimization Network Energy Transaction power cost forecasting model (“MONET”).
5. Boardman Biomass. Biomass research and development costs will remain in PGE’s Administrative and General costs and be addressed in the general rate case portion of this docket.
6. Coyote Forced Outage Rate. For purposes of settlement in this docket, in calculating the forced outage rate for Coyote Springs, PGE will replace the 2013 Coyote Springs forced outage rate with Coyote’s 2012 forced outage rate.
7. Boardman Oil Use. PGE will reduce the dollar amount of the forecast oil usage at Boardman by \$200,000.


8. Headwater Benefits Study. For this docket, PGE will continue to use the 2013-2014 Pacific Northwest Coordination Agreement Headwater Benefits Study used in PGE's February 28<sup>th</sup> NVPC filing.
9. All Remaining NVPC Issues. In settlement of all remaining power cost issues:
  - a. 2018 test year power costs will be reduced by \$3 million.
  - b. PGE will explore and propose a more granular forward-looking method of forecasting California trading margins, which will be included in PGE's 2019 AUT filing.
  - c. Staff will continue to investigate the appropriate treatment of company-owned wind farm capacity factor forecasts and may propose alternative treatment of these forecasts in future proceedings.
  - d. PGE agrees to continue to respond to Staff data requests regarding the Carty Lateral.
10. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of the identified issues in this docket.
11. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
12. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

13. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation prior to evidentiary hearings. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) to withdraw from the 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, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. 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.
14. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the

terms of this Stipulation. Except as provided in this Stipulation, no Stipulating 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 8<sup>th</sup> day of September, 2017.

  
\_\_\_\_\_  
PORTLAND GENERAL ELECTRIC  
COMPANY

\_\_\_\_\_  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

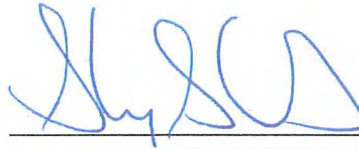
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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

\_\_\_\_\_  
THE KROGER CO.

DATED this 25 day of August, 2017.

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PORTLAND GENERAL ELECTRIC  
COMPANY



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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

DATED this \_\_\_\_\_ day of August, 2017.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

A handwritten signature in black ink, appearing to read "E. J. ...", is written over a horizontal line.

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CITIZENS' UTILITY BOARD  
OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.



DATED this 7<sup>th</sup> day of ~~August~~ <sup>September</sup>, 2017.

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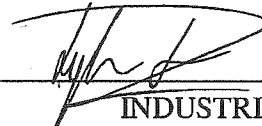
PORTLAND GENERAL ELECTRIC  
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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON



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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

DATED this 8<sup>th</sup> day of August, 2017.

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PORTLAND GENERAL ELECTRIC  
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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES



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THE KROGER CO.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON**

**UE 319  
GENERAL RATE CASE**

**PORTLAND GENERAL ELECTRIC**

**Joint Testimony in Support of the  
Net Variable Power Cost Stipulation**

**Direct Testimony of**  
*Scott Gibbens, OPUC*  
*Neal Townsend, KROGER*  
*Bob Jenks, CUB*  
*Bradley R. Mullins, ICNU*  
*Mike Niman, PGE*

September 8, 2017

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## I. Introduction

1 **Q. Please state your names and positions with your respective organizations.**

2 A. My name is Scott Gibbens. I am a Senior Economist for the Public Utility Commission of  
3 Oregon (OPUC) Staff. My qualifications appear in Staff Exhibit 101.

4 My name is Neal Townsend. I am Principal with Energy Strategies, LLC and am  
5 testifying on behalf of Kroger. My qualifications appear in FM Exhibit 100.

6 My name is Bob Jenks. I am the Executive Director of the Citizens' Utility Board of  
7 Oregon (CUB). My qualifications appear in CUB Exhibit 101.

8 My name is Bradley Mullins. I am an independent consultant testifying on behalf of the  
9 Industrial Customers of Northwest Utilities (ICNU). My qualifications appear in ICNU  
10 Exhibit 101.

11 My name is Mike Niman. I am the Manager of Financial Analysis for Portland General  
12 Electric (PGE). My qualifications appear in PGE Exhibit 300.

13 **Q. What is the purpose of your testimony?**

14 A. Our purpose is to describe and support a stipulation (the Stipulation) between OPUC Staff  
15 (Staff), CUB, ICNU, Kroger, and PGE (the Stipulating Parties) resolving all issues related to  
16 PGE's 2018 forecast of net variable power costs (NVPC) identified by the Stipulating  
17 Parties. A copy of the Stipulation is provided as Exhibit 101. While there are other parties  
18 to this case, none participated in settlement discussions and we are not aware of any who  
19 oppose the Stipulation.

20 **Q. What is the basis for the Stipulation?**

21 A. PGE filed its initial forecast of 2018 NVPC on February 28, 2017 as part of its general rate  
22 case filing (UE 319). PGE's NVPC forecast was updated on March 31. On May 5, parties

1 held a workshop to discuss issues and review PGE's Multi-Area Optimization Network  
2 Energy Transaction power cost forecasting model (MONET). Staff and ICNU submitted  
3 opening testimony on June 2, 2017. The parties subsequently held settlement discussions on  
4 June 15 and 16, 2017. At the June 16 meeting, parties reached an agreement deemed  
5 reasonable for settlement. The Stipulation reached at the June 16 meeting resolves all  
6 NVPC-related issues raised by parties in this docket (UE 319).

7 **Q. What power cost issues were raised by Staff and ICNU in testimony and resolved in**  
8 **this settlement?**

9 A. The issues that were raised and settled are:

- 10 • Western Energy Imbalance Market (Western EIM);
- 11 • North Mist Expansion Project (NMEP) Overlap Costs;
- 12 • Coyote Forced Outage Rate;
- 13 • Carty Maintenance Schedule;
- 14 • Boardman Oil usage;
- 15 • Headwater Benefits Study (HWBS);
- 16 • California Trading Margins;
- 17 • Wind Capacity Factors;
- 18 • Carty Gas Supply Costs;
- 19 • Transmission Resales; and
- 20 • Wells Hydroelectric Purchase Power Agreement (PPA).

21 We explain the resolution of each of these issues below.

22 **Q. Are there any remaining issues related to NVPC not addressed in the Stipulation?**

- 1 A. No. The Stipulation addresses and settles all NVPC-related issues in Docket No. UE 319.
- 2 This Stipulation does not address or resolve any other issues related to the general rate case
- 3 portion of this docket.

## II. Stipulated Issues

### A. Western Energy Imbalance Market

1 **Q. Please describe the issue regarding the Western EIM.**

2 A. Staff identified concerns regarding PGE's costs and benefits resulting from its participation  
3 in the Western EIM starting October 1, 2017. Staff believes setting direct Western EIM  
4 benefits equal to direct costs is the most appropriate method until PGE has more accurate  
5 results from the market.

6 **Q. Have parties resolved this issue in this settlement?**

7 A. Yes. For settlement purposes, Parties agreed to increase modeled 2018 test year benefits for  
8 the Western EIM by \$0.5 million. In addition, PGE will engage an independent third party  
9 to complete a Western EIM cost-benefit study to be used in its 2019 Annual Update Tariff  
10 (AUT) filing.

11 **Q. Will PGE request deferred accounting treatment for the costs of the third party  
12 Western EIM cost-benefit study?**

13 A. No. PGE will not seek deferred accounting treatment for the incremental costs associated  
14 with performing the study.

### B. Major Maintenance Expenses

15 **Q. Please describe the issue regarding Major Maintenance Expenses.**

16 A. Staff questioned the inclusion of Major Maintenance Expenses in PGE's Production  
17 Operation and Maintenance (O&M) costs rather than recovering them through the NVPC  
18 mechanism.

19 **Q. Have parties resolved this issue in this settlement?**



1 A. No. However, parties agreed to address this issue in the general rate case portion of this  
2 docket.

**C. North Mist Expansion Project Overlap Costs**

3 **Q. Please describe PGE’s approach regarding the modeling of the NMEP overlap.**

4 A. PGE is planning an overlap of two months between the NMEP in-service date and the  
5 conclusion of “gap services”<sup>1</sup> and the current Mist Natural Gas Storage facility (Mist) to  
6 ensure that PGE can reliably provide firm fuel supply to the entire Port Westward / Beaver  
7 complex. The overlap allows time for the remaining gas held at the Mist Natural Gas  
8 Storage facility to be physically transferred to NMEP or consumed at the Port Westward /  
9 Beaver complex shortly after the NMEP is placed into service.

10 **Q. Did any of the parties express concerns about PGE’s approach to modeling the NMEP  
11 overlap with Mist?**

12 A. Yes. Staff questioned the two-month overlap between the NMEP in-service and the  
13 conclusion of “gap services” and Mist. Staff proposed that PGE reduce the length of  
14 overlap from two months to one month.

15 **Q. Have parties resolved this issue in this settlement?**

16 A. Yes. For the purpose of this settlement, parties agreed to include in the 2018 test year  
17 modeled power costs a \$97,000 decrease to NVPC, while continuing to model a two month  
18 overlap in MONET.

19 **Q. Do any other issues remain regarding the 2018 forecasted cost of the NMEP?**

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<sup>1</sup> “Gap services” allow for the extension of the existing Mist Storage agreement while NMEP is constructed and commissioned.

1 A. No. Staff indicated in testimony that they believe the amount PGE has included in its 2018  
2 NVPC for NMEP is reasonable<sup>2</sup> and no other party raised any concerns regarding this issue.

**D. Boardman Biomass**

3 **Q. What concerns regarding Boardman Biomass did parties identify?**

4 A. Staff proposed that PGE move the Boardman Biomass Research and Development (R&D)  
5 cost recovery request from within Administrative and General (A&G) costs to PGE's NVPC  
6 forecast. Staff based its recommendation on the belief that these costs are more properly  
7 classified as power costs because they relate to fueling generation.

8 **Q. Please describe the Boardman Biomass project.**

9 A. Boardman Biomass is an R&D project to assess the feasibility of displacing coal at PGE's  
10 Boardman Coal Generation Plant with torrefied biomass. The 2018 forecasted Boardman  
11 Biomass R&D costs are not related to fueling generation and, thus, were included within  
12 A&G.

13 **Q. Have parties resolved this issue in this settlement?**

14 A. Yes. For settlement purposes, parties agreed that the 2018 forecast of Boardman Biomass  
15 project costs will continue to be addressed within the general rate case portion of this  
16 docket.

**E. Coyote Springs Forced Outage Rate**

17 **Q. Did any of the parties express concern about the forecast of the Coyote Springs forced**  
18 **outage rate?**

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<sup>2</sup> Docket No. UE 319, Staff Exhibit 300, page 8.

1 A. Yes. Staff and ICNU questioned the inclusion of the extended outage, experienced at the  
2 Coyote Springs plant in 2013, in PGE’s calculation of the four-year rolling average to  
3 determine the plant’s forced outage rate in PGE’s 2018 NVPC forecast. In place of PGE’s  
4 calculation, Staff proposed a collar method be applied to Coyote Springs similar to that used  
5 for excluding outliers from coal plants’ forced outage rates.<sup>3</sup> ICNU proposed using the  
6 average equivalent forced outage rate over the four years 2012, 2014, 2015, and 2016 to  
7 calculate the Coyote Springs forced outage rate.

8 **Q. Have parties resolved this issue in this settlement?**

9 A. Yes. Parties agreed for settlement purposes in this docket to replace the 2013 Coyote  
10 Springs forced outage rate with Coyote Springs’ 2012 forced outage rate in the calculation  
11 of the 2018 forced outage rate for Coyote Springs.

**F. Carty Maintenance Schedule**

12 **Q. Please describe the issue regarding the Carty Maintenance Schedule.**

13 A. ICNU identified concerns regarding the timing of when PGE initially modeled planned  
14 maintenance for the Carty Generation Station (Carty) in 2018. For the February 28, 2017  
15 NVPC filing, PGE had Carty’s Combustion Inspection outage scheduled to take place in  
16 October 2018. ICNU argued that May of 2018 would be a more appropriate time to  
17 schedule Carty’s planned maintenance, as MONET did not model the plant to dispatch in  
18 this month. Moving planned maintenance to May 2018, therefore, would result in the least  
19 cost to customers.

20 **Q. How did parties resolve this issue in this settlement?**

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<sup>3</sup> See Commission Order No. 10-414, Section II, A. 2., pages 5-6

1 A. Parties agreed that PGE would update Carty’s planned maintenance schedule in its MONET  
2 update filed on July 10, 2017. The update reflected the plant’s decision to move the  
3 Combustion Inspection outage from October 2018 to the period encompassing April 27,  
4 2018 through May 11, 2018. Because PGE has already complied with this agreement in its  
5 July 10, 2017 MONET update, the Stipulating Parties did not include this issue in the  
6 Stipulation.

#### G. Boardman Oil Use

7 **Q. Please describe the issue regarding the Boardman Oil Use.**

8 A. PGE forecasts the use of oil volume at Boardman by using the four-year average of actual  
9 usage. ICNU argued that Boardman’s oil use should be tied to its forecasted generation  
10 output rather than the four-year average oil volume consumed. ICNU proposed forecasting  
11 the 2018 amount of oil consumption at Boardman based on the amount consumed in 2016 as  
12 the 2018 generation forecast corresponds closely to the generation level experienced in  
13 2016.

14 **Q. Have parties resolved this issue in this settlement?**

15 A. Yes. Parties agreed to reduce the forecasted oil usage cost at Boardman by \$200,000 to  
16 approximately reflect ICNU’s recommendation.

#### H. Headwater Benefits Study

17 **Q. Please describe the issue regarding the Headwater Benefits Study.**

18 A. In years when PGE files a general rate case, MONET is typically updated using the most  
19 recent Pacific Northwest Coordination Agreement Headwater Benefits Study (HWBS).  
20 However, due to issues identified within the 2015-2016 study, PGE did not update MONET

1 with the most recent HWBS in either the February 28, 2017 filing or the March 31, 2017  
2 update. In its testimony, ICNU identified concerns regarding the inclusion of the most  
3 recent Headwater Benefits Study in a later MONET update during the UE 319 proceeding,  
4 due to the limited time parties would have to review the changes.

5 **Q. Have parties resolved this issue in this settlement?**

6 A. Yes. Parties agreed for settlement purposes in this docket to forgo updating the 2018 test  
7 year NVPC forecast with the 2015-2016 HWBS and to continue using the 2013-2014  
8 HWBS included within PGE's February 28<sup>th</sup> NVPC filing.

**I. Remaining Issues in the Stipulation**

9 **Q. Please describe the remaining power cost issues that are resolved through this**  
10 **settlement.**

11 A. The remaining power cost issues that parties resolved as part of this agreement include:

- 12 • **California Trading Margins:** Staff questioned PGE's method for forecasting benefits  
13 attributable to trading activity at the California-Oregon Border (COB). Staff proposed a  
14 different methodology of calculating these benefits by accounting for the average  
15 difference between COB transaction values using actual and average margin calculations.
- 16 • **Wind Capacity Factors:** Staff raised concerns regarding PGE's originally forecast  
17 capacity factors for utility-owned wind facilities. In order to address their concerns, Staff  
18 recommended PGE's wind capacity factor be calculated using: 1) half of the difference  
19 between the original expected capacity factor included as part of the prudence review and  
20 the now-current projected output; or 2) the higher of the current expected capacity factor  
21 or the original 75% probability of exceedance capacity factor.

- 1 • **Carty Gas Supply Costs:** Staff questioned PGE’s decision on the size of the 25-mile  
2 pipeline from the Gas Transition Northwest (GTN) mainline to Carty (Carty Lateral) and  
3 proposed a reduction in PGE’s 2018 NVPC, associated with the capacity of the Carty  
4 Lateral exceeding Carty’s fuel needs.
- 5 • **Transmission Resales:** PGE included a proxy contract for transmission resales within  
6 2018 NVPC to replace an existing contract that expires at the end of 2017. Staff  
7 identified a concern that PGE’s 2018 forecast of transmission resale revenues is lower  
8 than historical transmission resale revenues. Staff recommended that the 2018 forecast of  
9 transmission resale revenues be calculated as the average of historical transmission resale  
10 revenue from 2014-2016.
- 11 • **Wells Hydroelectric PPA:** In its March 31, 2017 NVPC update, PGE included its  
12 recently executed contract with Douglas County for a share of the energy and capacity at  
13 the Wells Hydroelectric Project (Wells). Staff was concerned that the contract was  
14 uneconomic, if the energy produced was valued using a forward electric price curve  
15 consistent with the curve used for PGE’s March 31, 2017 NVPC filing. Staff proposed to  
16 reduce PGE’s power costs by an annual disallowance that would make the net present  
17 value of the contract zero.

18 **Q. How have parties resolved these issues in this settlement?**

- 19 A. For settlement purposes, PGE will reduce its 2018 NVPC forecast by \$3.0 million related to  
20 the remaining issues above. Parties agreed that the \$3.0 million reduction to PGE’s 2018  
21 NVPC forecast and the agreement regarding the following items represent appropriate and  
22 reasonable resolutions for these issues. Parties agreed to the following:

- 1 • PGE’s method of forecasting COB trading margins will not change at this time; however,  
2 PGE will explore a more granular forward-looking method of forecasting COB trading  
3 margins for inclusion in PGE’s 2019 AUT filing.
- 4 • PGE’s method of forecasting wind capacity factor will not change at this time; however,  
5 Staff reserves the right to continue investigating the appropriate treatment of company-  
6 owned wind farm capacity factor forecasts and may propose alternative treatment within  
7 a future proceeding.
- 8 • PGE will continue to respond to Staff data requests regarding the Carty Lateral.

9 **Q. Please explain why this is an appropriate remedy to COB trading margins issue.**

10 A. During and after settlement discussions PGE provided updates to Staff’s COB trading  
11 margin calculations to allow apples to apples comparison of prices. The update indicated  
12 that an apples to apples comparison resulted in a smaller adjustment than Staff’s Opening  
13 Testimony proposes. Staff agrees that PGE’s version of the adjustment calculation improves  
14 upon Staff’s original proposal.

15 **Q. Please explain why this is an appropriate remedy to the Carty Lateral issue.**

16 A. Staff’s primary concern related to the Carty Lateral was that it may have been sized with  
17 excess capacity to accommodate future expansion. During and after Settlement PGE  
18 provided clear statements that the economic analysis of the Carty lateral was based on the  
19 volume of gas and pressure requirements of Carty Unit 1 alone, and did not include  
20 consideration of future Carty expansion. PGE also provided additional data and explanation  
21 of the analysis performed on the Carty Lateral design. PGE’s agreement to respond to  
22 continued discovery requests related to the Carty Lateral will allow Parties an opportunity to  
23 verify the analysis.

1 **Q. Please explain why this is an appropriate remedy to the Wind Capacity Factor issue.**

2 A. Staff's proposal related to the Wind Capacity Factor has broad implications beyond the  
3 current docket. Given the broader implications, an additional year of analysis and  
4 evaluation will provide a more thorough basis for the Commission when deciding this issue.  
5 The agreement leaves open the ability for parties to consider this issue in the future.

6 **Q. Please explain why this is an appropriate remedy to the Wells PPA issue.**

7 A. Staff's Opening Testimony notes that PGE's cost-benefit model for the Wells PPA did not  
8 incorporate a capacity value for the Wells PPA. PGE subsequently provided an updated  
9 model that included both updated market prices and a capacity value. This updated model  
10 indicates that the Wells PPA provides more benefit to customers than Staff's original  
11 analysis.

12 **Q. Please explain why this is an appropriate remedy to the Transmission Resale issue.**

13 A. During and after settlement discussions PGE provided parties with evidence that actual  
14 transmission purchases, the costs of which are not included in either net power costs or base  
15 rates, are roughly equal to transmission resale revenue, exclusive of certain large expiring  
16 contracts.

17 **Q. Does this Stipulation resolve all NVPC-related issues raised by parties in this docket**  
18 **(UE 319)?**

19 A. Yes.

20



**III. Recommendation to the Commission**

1 **Q. What is your recommendation to the Commission regarding the adjustments contained**  
2 **in the Stipulation?**

3 A. The Stipulating Parties recommend and request that the Commission approve these  
4 adjustments. Based on careful review of PGE's, OPUC Staff's, CUB's, and ICNU's filings;  
5 consideration of the documentation provided in PGE's Minimum Filing Requirements  
6 (MFRs); thorough discovery conducted by parties in Docket No. UE 319, including  
7 approximately 61 data requests focused on power cost issues; and thorough discussion of the  
8 issues during the settlement conferences, we believe the proposed adjustments represent  
9 appropriate and reasonable resolutions to all issues in this docket. Rates reflecting these  
10 adjustments will be fair, just, reasonable, and provide PGE with adequate revenues  
11 consistent with the standard in ORS 756.040.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

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7. Boardman Oil Use. PGE will reduce the dollar amount of the forecast oil usage at Boardman by \$200,000.


8. Headwater Benefits Study. For this docket, PGE will continue to use the 2013-2014 Pacific Northwest Coordination Agreement Headwater Benefits Study used in PGE's February 28<sup>th</sup> NVPC filing.
9. All Remaining NVPC Issues. In settlement of all remaining power cost issues:
  - a. 2018 test year power costs will be reduced by \$3 million.
  - b. PGE will explore and propose a more granular forward-looking method of forecasting California trading margins, which will be included in PGE's 2019 AUT filing.
  - c. Staff will continue to investigate the appropriate treatment of company-owned wind farm capacity factor forecasts and may propose alternative treatment of these forecasts in future proceedings.
  - d. PGE agrees to continue to respond to Staff data requests regarding the Carty Lateral.
10. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of the identified issues in this docket.
11. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
12. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

13. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation prior to evidentiary hearings. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) to withdraw from the 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, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. 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.
14. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the

terms of this Stipulation. Except as provided in this Stipulation, no Stipulating 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 8<sup>th</sup> day of September, 2017.

  
\_\_\_\_\_  
PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

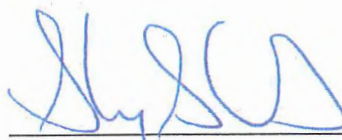
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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

\_\_\_\_\_  
THE KROGER CO.

DATED this 25 day of August, 2017.

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PORTLAND GENERAL ELECTRIC  
COMPANY



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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.



DATED this \_\_\_\_\_ day of August, 2017.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

A handwritten signature in black ink, appearing to read "E. J. ...", is written over a horizontal line.

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CITIZENS' UTILITY BOARD  
OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

DATED this 7<sup>th</sup> day of ~~August~~ <sup>September</sup>, 2017.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON



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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

DATED this 8<sup>th</sup> day of August, 2017.

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