Davison Van Cleve PC
Attorneys at Law
TEL (503) 241-7242 ● FAX (503) 241-8160 ● mail@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

August 5, 2013

Via E-mail and Federal Express

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PORTLAND GENERAL ELECTRIC Application to Open Docket for Request for Proposals for Capacity Resources
Docket No. UM 1535

Dear Filing Center:

Enclosed for filing in the above-referenced docket, please find the original and five (5) copies of the Request for Investigation of Grays Harbor Energy, LLC.

Thank you for your assistance, and please don't hesitate to contact our office with any questions.

Sincerely yours,

/s/ Jesse Gorsuch
Jesse Gorsuch

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the attached Request for Investigation of Grays Harbor Energy, LLC upon all parties of record in this proceeding, as shown below, by causing the same to be delivered via electronic mail, as all parties have waived paper service.

Dated at Portland, Oregon, this 5th day of August, 2013.

Sincerely,

/s/ Jesse Gorsuch
Jesse Gorsuch

(W) PORTLAND GENERAL ELECTRIC
JAY TINKER – 1WTC0702
V. DENISE SAUNDERS **(C)** – 1WTC1301
121 SW Salmon St.
Portland, OR 97204
pge.opuc.filings@pgn.com
denise.saunders@pgn.com

(W) CITIZENS' UTILITY BOARD OF OREGON
ROBERT JENKS **(C)**
G. CATRIONA MCCRACKEN **(C)**
610 SW BROADWAY, STE 400
PORTLAND OR 97205
dockets@oregoncub.org
bob@oregoncub.org
catriona@oregoncub.org

(W) NW & INTERMOUTAIN POWER PRODUCERS COALITION
ROBERT D KAHN
1117 MINOR AVENUE, SUITE 300
SEATTLE WA 98101
rkahn@nippc.org

(W) RICHARDSON ADAMS
GREGORY M. ADAMS **(C)**
PETER J. RICHARDSON **(C)**
PO BOX 7218
BOISE ID 83702
greg@richardsonadams.com
peter@richardsonadams.com

(W) OREGON DEPARTMENT OF ENERGY
MATT KRUMENAUER **(C)**
KACIA BROCKMAN
625 MARION ST NE
SALEM OR 97301
matt.krumenauer@state.or.us
kacia.brockman@state.or.us

(W) CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP
RICHARD LORENZ **(C)**
J LAURENCE CABLE **(C)**
CHAD STOKES
1001 SW FIFTH AVE - STE 2000
PORTLAND OR 97204-1136
rlorenz@cablehuston.com
lcable@cablehuston.com
cstokes@cablehuston.com

(W) DEPARTMENT OF JUSTICE
RENEE M FRANCE **(C)**
SENIOR ASSISTANT ATTORNEY GENERAL
1162 COURT ST NE
SALEM OR 97301-4096
renee.m.france@doj.state.or.us

(W) PACIFIC POWER
R. BRYCE DALLEY
MARY WIENCKE
825 NE MULTNOMAH ST., STE 2000
PORTLAND OR 97232
bryce.dalley@pacificorp.com
mary.wiencke@pacificorp.com
oregondockets@pacificorp.com

(W) ESLER STEPHENS & BUCKLEY
JOHN W STEPHENS
888 SW FIFTH AVE STE 700
PORTLAND OR 97204-2021
stephens@eslerstephens.com
mec@eslerstephens.com

(W) NW ENERGY COALITION
WENDY GERLITZ **(C)**
1205 SE FLAVEL
PORTLAND OR 97202
wendy@nwenergy.org

(W) PUBLIC UTILITY COMMISSION
ERIK COLVILLE **(C)**
PO BOX 2148
SALEM OR 97308-2148
erik.colville@state.or.us

(W) DEPARTMENT OF JUSTICE
STEPHANIE S ANDRUS **(C)**
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
stephanie.andrus@doj.state.or.us

(W) REGULATORY & COGENERATION SERVICES INC
DONALD W SCHOENBECK **(C)**
900 WASHINGTON ST STE 780
VANCOUVER WA 98660-3455
dws@r-c-s-inc.com

(W) TEPPER LLC
CHUCK SIDES
MANAGEMENT GROUP OF OREGON, INC
PO BOX 2087
SALEM OR 97308
chucksides@mgoregon.com

(W) RENEWABLE NORTHWEST PROJECT
MEGAN WALSETH DECKER
JIMMY LINDSAY
917 SW OAK, STE 303
PORTLAND OR 97205
megan@rnp.org
jimmy@rnp.org

(W) ACCION GROUP
HAROLD T JUDD
INDEPENDENT EVALUATOR
244 NORTH MAIN STREET
CONCORD NH 03301
hjudd@acciongroup.com

(W) TROUTDALE ENERGY CENTER
PAULA E PYRON
4113 WOLF BERRY CT

LAKE OSWEGO OR 97035-1827
ppyron@cpkinder.com

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1535

In the Matter of	)	
	)	REQUEST FOR INVESTIGATION OF
PORTLAND GENERAL ELECTRIC	)	GRAYS HARBOR ENERGY, LLC
	)	
Request for Proposals for Capacity and	)	
Baseload Energy Resources.	)	

I. INTRODUCTION

Pursuant to ORS § 756.515, Grays Harbor Energy, LLC ("Grays Harbor ") respectfully requests that the Oregon Public Utility Commission ("OPUC" or the "Commission") initiate an investigation into matters relating to Portland General Electric Company's ("PGE" or the "Company") 2012 Capacity and Baseload Energy Resources Request for Proposals ("RFP") in this docket. Crucial issues concerning both RFP transmission assumptions and bid pricing should be investigated to determine whether PGE failed to adhere to the Commission's RFP guidelines or engaged in misconduct during the RFP process.

PGE announced the award of its baseload RFP to a Company-preferred own and operate bid on June 3, 2013.[1/] That announcement occurred just days after PGE executed a Memorandum of Understanding ("MOU") with the Bonneville Power Administration ("BPA") on May 30, 2013 (the "May 2013 MOU"), in which the Company suspended development of the

[1/] The selected bid was submitted by Abengoa S.A. for construction of the Carty Plant. Once constructed, PGE will own and operate the plant—therefore "own and operate" refers to this arrangement.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Cascade Crossing Transmission Project ("CCTP") in order to obtain rights to a considerable quantity of BPA transmission capacity.

The timing of these events, in conjunction with the Company's own statements, strongly implicate PGE in a possible campaign of intentional or unintentional misinformation toward the Commission and the RFP independent evaluator ("IE"), as well as potential misconduct relating to the CCTP transmission assumptions that may have been crucial to bid evaluation in the RFP. The assumptions based on PGE's statements regarding CCTP may have also impacted bidder behavior.

Facts concerning pricing components of the Company's own and operate bid also justify an investigation. Third-party bids with significantly lower costs, including already constructed facilities posing no risk of construction cost overruns, were overlooked in favor of the Carty bid. Other significant factors, such as assumptions around the expected asset life of existing resource bids, may have been inaccurately and improperly calculated by the Company.

In addition, it is not clear that the IE had complete and accurate information to fully evaluate the projects which made the short list. For example, information was not requested on the plant life for existing power plants. Assumptions may have been made that incorrectly suggest that market purchases may have been required for the end of the plant life.

In sum, existing evidence suggests that an investigation is warranted to ensure that PGE's information was accurate and complete, and thus, that the IE was provided all the accurate information necessary to make his recommendations on the final selection. An investigation may quickly reveal further evidence and establish any possible Company

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

impropriety. Grays Harbor asks the Commission to grant this request for investigation based on these circumstances and the following proof.

II. BACKGROUND

The following background information relates to only those facts relevant to the present request for investigation, including evidence potentially supporting a pattern of misconduct and misinformation, intentional or unintentional, on the Company's part. Potentially problematic issues relating to transmission and RFP bid evaluation are recounted separately for ease of understanding, although risk and cost factors interrelate between such concerns.

A. Transmission Issues

In 2010, the Commission acknowledged PGE's plans to build CCTP as part of the Company's 2009 integrated resource plan ("IRP"). Re PGE, Docket No. LC 48, Order No. 10-457 (Nov. 23, 2010). At that time, PGE asserted that CCTP would provide firm transmission service as an alternative to BPA transmission service and "improve reliability by providing additional transmission and reducing load on transfer paths parallel to Cascade Crossing." Id. at 17–18. Likewise, the Commission stated: "The primary benefit of Cascade Crossing is that PGE can avoid future increases in BPA's transmission rates" and achieve savings for "any new generation located in eastern Oregon." Id. at 19.

A year later, in updating its IRP, the Company continued "to believe that Cascade Crossing will provide value as an integral part of PGE's long-term transmission strategy." Docket No. LC 48, PGE's 2011 IRP Update at 68 (Nov. 23, 2011). Indeed, the Company claimed that CCTP "continues to be recognized as an important component of regional

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

transmission plans." Id. These statements were made almost two months after the Commission had combined the RFPs in the instant docket, stating: "The RFP should provide for a level playing field." Docket No. UM 1535, Order No. 11-371 at 6 (Sep. 27, 2011). To that end, in response to the position of certain parties—that "PGE should include the costs it will incur to get its capacity resource to its service territory" and the "specific concerns about how PGE will allocate transmission costs to the self-build option"—the OPUC directed the Company to share its "proposed cost allocation." Id. at 5–6.

By mid-2012, however, PGE supplied the Commission with drastically altered positions concerning CCTP. The Company said it would "only build Cascade Crossing if it proves to be cheaper than the use of the Bonneville transmission system." Docket No. UM 1535, Order No. 12-215 at 2 (June 7, 2012). Based on this assertion, the OPUC approved the Company's RFP, explaining that "*PGE's claim that it does not need to build new transmission resources* leaves its benchmark resources in the same position as the other possible resources . . . with respect to transmission." Id. at 3 (emphasis added). The Commission then reasoned "that the alternative to PGE's self-build transmission is the same for all parties—access to [BPA's] transmission system," concluding that "the bid evaluation will be based on the same transmission costs for all similarly situated potential bidders." Id.

Notwithstanding PGE's claim that it did "not need to build new transmission resources," in the final draft RFP received by bidders, CCTP was "considered part of PGE's system." Final Draft RFP at n.3, excerpts of which are attached hereto as Attachment A. Further, bidders were instructed that, among items that would be the "subject of negotiations and

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

confirmation prior to execution of any contracts in connection with this RFP," bidders would be required to provide "satisfactory evidence of steps taken to perfect the rights to use PGE's Cascade Crossing Transmission Project and/or to obtain transmission on BPA's transmission system." Id. at 16.

The Company then executed an MOU with BPA on January 11, 2013, in which the Company planned to reconfigure CCTP to terminate into BPA's transmission system (the "January 2013 MOU"). January 2013 MOU, attached hereto as Attachment B. In a press release from PGE issued three days later, PGE stated that it was "proposing the Cascade Crossing Transmission Project to meet its customers' growing energy needs, enhance the region's grid and support development of wind generation projects east of the Cascades." PGE News Room (Jan. 14, 2013), attached hereto as Attachment C. PGE recounted that CCTP development began in response to a 2004 order and had been acknowledged by the OPUC in 2010—no mention was made, however, of any hiatus in the project or restart after the Company's apparent determination in 2012 that new transmission resources did not need to be built. Id.

On January 31, 2013, two weeks after PGE had ostensibly resurrected CCTP via the January 2013 MOU, the Company announced that its own Port Westward II Plant was the successful bid in the capacity resource RFP. PGE News Room (Jan. 31, 2013), attached hereto as Attachment D. This was only a day after the IE issued its final report on the RFP process, effectively ending the evaluative portion of that process. Then, on June 3, 2013—nearly simultaneous with the execution of the May 2013 MOU and a further reversal regarding CCTP (i.e., PGE suspending the project, once more)—the Company announced that the Carty Plant, PGE's preferred own and operate option, was the winner of the baseload resource RFP. PGE News Room (June 3, 2013), attached hereto as Attachment E.

On June 10, 2013, Troutdale Energy Center, LLC ("TEC") filed its Amended Petition for Declaratory Ruling in Docket No. DR 46 ("Amended Petition"), petitioning the Commission to issue a declaratory ruling with respect, among other things, to the Company's ability to recover CCTP costs. Re TEC, Docket No. DR 46, Amended Petition (June 10, 2013). On June 19, 2013, PGE filed comments in response to the Amended Petition. Docket No. DR 46, Comments of PGE (June 19, 2013). Notably, and in apparent contrast to earlier claims upon which the Commission relied in approving the RFP, the Company admitted that, in fact, "when considering the Carty Plant site, the CCTP was considered part of PGE's system." Id. at 3. In reply to PGE's comments, TEC voiced concerns over the accuracy and appropriateness of both the CCTP and BPA transmission assumptions in the RFP, while also noting that transmission costs related to the Carty Plant were expected to exceed the entire costs to build Carty. Docket No. DR 46, TEC's Response to Comments of PGE at 8, 2 (June 27, 2013).

In all, this brief, factual summary of events surrounding the RFP and PGE's stated positions on CCTP raises important questions and manifests a decided waffling on the Company's part, if not a potentially conscious pattern of misinformation. This is summarized below.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

DATE	PGE ACTION/ANNOUNCEMENT	CCTP NEEDED
Nov. 23, 2010	Acknowledgment of 2009 IRP	Yes
Nov. 23, 2011	2011 IRP Update	Yes
June 7, 2012	Final Draft RFP Approved	No
June 8, 2012	Final Draft RFP	Yes
Jan. 11, 2013	January 2013 MOU	Yes
May 30, 2013	May 2013 MOU	No
June 3, 2013	Announcement of RFP Baseload Resource Selection	No

Moreover, as Grays Harbor has discovered through review of the Company's transmission service requests ("TSRs") filed with BPA, PGE became very active beginning in 2010 and continuing through June 2013, requesting transmission capacity in BPA's system in an apparent attempt to possibly circumvent the need for the CCTP.[2/] The dating of the TSRs suggests that PGE could have been misleading the Commission about the status of CCTP throughout much of the RFP process.

PGE's statements and actions regarding the need for CCTP appear to be similar in pattern to the position they took regarding the need for the South of Allston transmission project. In PGE's 2009 IRP, the South of Allston transmission project was identified as a necessary project to allow the Company to obtain firm transmission to deliver the output of the

[2/] Grays Harbor can furnish such information upon request, although out of an abundance of caution, due to potential confidentiality and proprietary concerns, the actual data has not been attached to this request. Nonetheless, the Commission and Staff can quickly and easily verify this fact by review of BPA's Open Access Same-time Information System using a digital certificate.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

proposed Port Westward II project to the Company's service territory. However, during the development of the RFP, PGE suddenly announced that the South of Allston transmission project was no longer needed and provided no further explanation as to what changed since the need was specifically identified in the 2009 IRP. The South of Allston transmission project was not built and as a result Port Westward II appears to face a similar north to south transmission constraints as Grays Harbor. However, by selecting the Port Westward II project for its peaking needs the Company appears to have accepted the transmission risk for its own project, yet was apparently not willing to take this so called "risk" for the Grays Harbor project.

B. Pricing Issues

Under the Commission's RFP guidelines, PGE was directed to select its initial short list of bids based, in part, on price factors, calculating each price score according to the ratio of a bid's projected total cost per megawatt-hour ("MWh") to forward market prices. Re Investigation Regarding Competitive Bidding, Docket No. UM 1182, Order No. 06-446 at 10 (Aug. 10, 2006). Notwithstanding, neither PGE nor the IE provided Grays Harbor (or, presumably, any other bidder) with details on market power forecast assumptions which are a requisite component of an RFP per Guideline 9(a). Id. Consequently, it appears that no third party bidders were able to tailor their bids to reflect this indispensable component of RFP pricing evaluation.

Similarly, at no time did PGE ask any questions of Grays Harbor, from initial bid submission through the selection process, regarding the Company's expectations on the life of the asset or cost of life extension. For instance, the facility underlying both of Grays Harbor's

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

bids has had a very low number of starts and minimal run time in its five years of operation—effectively giving the resource all the advantages of a newly constructed facility, yet without any of the risk and uncertainty surrounding yet-to-be-constructed bids. Therefore, PGE's ultimate selection of a yet-to-be-constructed own and operate bid, with the Company having made no inquiries which would have allowed it to accurately compare options, strongly suggests that proper pricing comparisons were not made in the RFP.

To that end, the RFP itself provides that existing asset bids must include "costs associated with upgrades necessary to make the asset comparable to a plant of current vintage and technology." Final Draft RFP at 19, Attachment A. Given PGE's complete silence on the interrelation of price scoring and asset life, questions must be asked about how the Company factored in asset life extensions for existing resources such as the Grays Harbor facility. Moreover, if PGE failed to properly evaluate (or evaluate at all) the actual run times and start figures for existing facilities, as appears to be the case, it would follow that the Company may also have unfairly handicapped existing resource bids in comparison to the future operational date of the Carty Plant. For example, retirement assumptions based simply on initial operation dates could have prejudiced the Company's evaluation, while maintenance provisions extending asset life may not have been factored in at all.

Indeed, certain statements in the IE's final report indicate that assumptions regarding asset life may have been a defining factor in the ultimate selection of RFP resources. Most notably, the IE revealed: "Given the $/MWh ratio that is used, it was seen that *Bids with longer terms did benefit because the market costs escalated substantially due to the underlying*

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

fundamental assumptions." Docket No. UM 1535, IE Report at 19 (Jan. 30, 2013) (emphasis added). Asset life assumptions would have been critical because the IE report states that "risk of costs during plant operation is a distinct consideration" and "most of the cost exposure during the life of the project for PPAs is passed through to the utility." Id. at 17. Obviously, inaccurate assumptions regarding the expected asset life of a third-party bid could have fundamentally and improperly altered risk and cost evaluations according to these disclosures from the IE report. While the IE noted that "[e]ach bid was simulated for its term and all variable costs and values were collected," id. at 16, significant questions exist as to how accurate the inputs to these simulations were.

These pricing questions take on added significance in light of indications of possible bias and the uncertainty surrounding the actual costs of the Carty Plant. Calpine Corporation ("Calpine"), which submitted two baseload resource proposals in the RFP, requested an investigation asking the Commission to look into PGE's selection of the Abengoa proposal and to direct the Company to seek acknowledgement of its selection of the that proposal. Docket No. DR 46, Comments of Calpine, Request for Investigation (July 19, 2013). Calpine explained that, in selecting the Carty proposal, PGE had effectively chosen a self-build option which would allow the Company to earn a profit in rate base no different than the Company would earn through a benchmark resource. Id. at 6–7. Further, Calpine noted that the Carty selection ensured that credit rating agencies would not impute debt equivalency to PGE's balance sheet, as would be the case with power purchase agreements ("PPA"). Id. at 7. Indeed, at least four credit rating agencies have issued positive or more positive reports on PGE *since* the Carty Plant was selected as the winning baseload resource. Id. For its part, PGE may have apprised investors weeks before the announcement of the Carty selection of a potential $2 billion to be added to rate base in the next few years—a figure almost certainly factoring the costs to construct Carty, and possibly implicating the selection of the own and operate resource well before the "official" announcement. Deutsche Bank: Clean Tech, Utilities & Power Conference at 21 (May 13–14, 2013), excerpts of which are attached hereto as Attachment F.

Further, Calpine conclusively demonstrated a $76 to $91 million difference between what PGE and Abengoa have publicly disclosed as the costs of the Carty Plant. Docket No. DR 46, Comments of Calpine, Request for Investigation at 9. With such dramatic price uncertainty, coupled with the Company's possible long-acknowledged bias to self-select during the RFP process, an investigation seems abundantly merited. Simply put, pricing component issues raised specifically in relation to Grays Harbor bids could not have been accurately evaluated if confusion or indeterminacy existed over the actual pricing components of the Carty bid.

Therefore, the issues raised by Calpine and Grays Harbor properly suggest that PGE may have used faulty assumptions on the existing asset life, and market price assumptions. Given their weighting in the RFP process, these assumptions could have ensured that an existing plant could not prevail in the RFP process.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

III. LEGAL STANDARDS

A. Requests for Information

The Oregon legislature determined to give the Commission an express means to quickly investigate any matter through ORS § 756.515. Specifically, the statute provides: "Whenever the Public Utility Commission believes . . . that an investigation of *any matter* relating to any public utility . . . should be made, . . . the commission may on motion *summarily* investigate any such matter, with or without notice." ORS § 756.515(1) (emphasis added).

The Commission has used this statute to authorize an investigation leading to a determination that electric companies should re-issue and extend RFPs when bid prices were possibly affected by the inclusion of improper data. Re OPUC, Docket No. UM 1452, Order No. 10-304 (Aug. 9, 2010). The Commission has also opened an investigation pursuant to the statute when a requesting party needed information from a utility in order to determine whether the utility had acted in compliance with OPUC regulations. Re Juniper, Docket No. UW 58, Order No. 98-177, 1998 Ore. PUC LEXIS 93 (Apr. 27, 1998). Moreover, to address the "apparent" inconsistencies of a utility's actions in violation of Commission regulations, the Commission issued an order, pursuant to ORS § 756.515, mandating action to ensure that utility's compliance. Re US West, Docket No. UM 833, Order No. 97-043, 1997 Ore. PUC LEXIS 118 (Feb. 10, 1997).

In this docket, the Commission denied a request for investigation filed by Northwest and Intermountain Power Producers Coalition ("NIPPC"). Docket No. UM 1535, Order No. 13-056 (Feb. 25, 2013). In so doing, the OPUC established minimal standards for a

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

valid request for investigation within the context of these proceedings, holding that NIPPC's request failed because it had "provided no claim or evidence that PGE failed to follow any Commission guideline or otherwise engaged in misconduct during this RFP process." Id. at 2. In contrast, Grays Harbor identifies numerous claims, evidence, and areas of possible inaccuracies in the RFP process that warrant investigation.

B. RFP Guidelines

In adopting RFP guidelines, the Commission stated that resources "should undergo a bidding process to ensure obtaining least-cost resources for customers." Docket No. UM 1182, Order No. 06-446 at 3. Further, Guideline 4 states: "A utility may use a self-build option in an RFP to provide a potential cost-based alternative for customers." Id. at 5. In order to achieve these ends, the Commission "reserve[s] the right to require increased IE involvement on a case-by-case basis." Docket No. UM 1182(1), Order No. 11-340 at 2 (Sep. 1, 2011).

On June 10, 2013, the Commission reaffirmed that it has "accepted the premise that a bias exists . . . which provides a utility the opportunity to earn return on plant investments but not on PPAs." Docket No. UM 1182, Order No. 13-204 at 1 (June 10, 2013). Stating that "our goal is to address any utility incentive to select benchmark resources instead of PPAs," the Commission issued the following mandate: "we direct the IE to provide a more comprehensive accounting of the risks and benefits to ratepayers for construction cost over-runs and under-runs." Id. at 8, 9. The Commission suggested certain opportunities available to utilities to mitigate the risk of construction over-runs, for example "by seeking fixed price guarantees or contingency reserves, and generally [by] adjust[ing] self-build bids to account for possible work

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

orders and other risks." Id. at 9. The Commission then concluded by stating: "Ultimately, we expect the IE to use this analysis to provide the Commission a recommendation as to what resource provides the best combination of cost and risk to customers." Id. at 10.

IV. ARGUMENT

Based on available evidence, and the acute potential for further evidence to be revealed upon Commission action, approval of this request for investigation is justified. PGE's representations on the CCTP issues have been inconsistent. Moreover, the centrality of the CCTP assumptions in any fair RFP bid evaluation implicates the Company in several RFP guideline violations, including Guidelines 4–11 and Guideline 13. Further still, basic questions concerning the lowest risk and least cost associated with various bid options have been raised by several parties, both in these proceedings and in the separate Docket No. DR 46. These claims and the evidence herein support a prompt investigation into this matter, pursuant to the statutory authority of the Commission to "summarily" investigate "any matter" implicating PGE in misconduct or failure to follow RFP guidelines in this docket. ORS § 756.515(1); Docket No. UM 1535, Order No. 13-056 at 2.

Due to the confidential nature or simple unavailability of much of the relevant information bearing upon the potential claims of misconduct and RFP guideline violations, a request for investigation is merited. Guideline 12 provides: "Bidding information, including the utility's cost support for any Benchmark Resource, as well as detailed scoring and evaluation results will be made available to the utility, Commission staff and non-bidding parties under protective orders . . . ." Docket No. UM 1182, Order No. 06-446 at 14. That means that Grays

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Harbor, as a bidding party, has not had access to the very material which may prove any claims it makes regarding possible improper bidding processes and potential RFP guideline violations. This is especially relevant to the pricing issues raised, which may indicate that PGE did not follow RFP guidelines on several points.

In addressing recognized issues of utility bias toward self-build bids, the Commission is interested in identifying resources providing both the least cost and least risk to customers. Evidence suggests that the selected Carty bid may not be the least cost baseload resource available, nor the bid offering PGE and Oregon ratepayers the least risk.

A. PGE Has Potentially Biased the RFP by Unfairly Factoring CCTP into Transmission Assumptions for Its Own and Operate Resource

In considering CCTP as a part of the Company system for its own and operate bid, PGE may have biased the RFP evaluation by improperly factoring less transmission risk for any own and operate resource options. The fact that PGE may have factored some degree of BPA transmission into both its own and operate and third-party resource bids is beside the point—in considering the non-existent (and now suspended) CCTP as a part of its system, an own and operate bid could have been assumed to incur *less* transmission risk, resulting in less overall cost. That is, an own and operate resource could have been regarded as being proportionately less reliant on BPA transmission than outside bids for which less risk mitigation was assumed, if the CCTP factors were not weighted in accurate proportion for outside bids.

This was precisely the outcome numerous parties sought to avoid in this RFP process, a concern shared by the Commission until PGE claimed that no new transmission would be needed. For instance, parties asked that, should other bidders be "required to secure

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

transmission rights to get their capacity resource to PGE's service territory, then PGE should include the costs it will incur to get its capacity resource to its service territory." Docket No. UM 1535, Order No. 11-371 at 5. The Commission initially agreed, finding that "[t]he RFP should provide a level playing field" and directing PGE to share "the proposed cost allocation." Id. at 6.

But, after the OPUC held that "PGE's claim that it does not need to build new transmission resources leaves its benchmark resources in the same position as the other possible resources," the Commission declined a Staff recommendation that the draft RFP be approved on "condition that PGE provide additional information . . . regarding the company's transmission assumptions." Docket No. UM 1535, Order No. 12-215 at 3. While it appears that the concerns of Staff and other parties have materialized in the form of CCTP assumptions, the Commission can still validate and rectify the RFP process through an investigation and appropriate responsive action.

1. Risks and Reliability Issues Connected with BPA Transmission

First, both the Commission and PGE acknowledge the uncertainty and assumption of risk associated with using the BPA transmission system. For instance, PGE originally promoted CCTP as a firm transmission alternative to BPA service and claimed CCTP would "improve reliability by providing additional transmission." Docket No. LC 48, Order No. 10-457 at 17–18. For its part, in acknowledging CCTP, the Commission expressly stated that "[t]he *primary* benefit of Cascade Crossing is that PGE can avoid future increases in BPA's transmission rates" and achieve savings for "any new generation located in eastern Oregon." Id.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

at 19 (emphasis added). Not coincidentally, the Carty Plant is located next to PGE's Boardman facility in eastern Oregon.

In fact, alleged issues concerning transmission reliability and availability, at least for Grays Harbor resources, may have played a critical role in the RFP selection. Grays Harbor submitted two baseload resource RFP bids, and for each Grays Harbor received a notification from PGE, stating that BPA transmission upgrades along the "I-5 Corridor" would need to be completed before transmission service requests tied to the Grays Harbor resources could be secured. As PGE estimated a 2018 completion date for BPA's I-5 Corridor upgrades, the Grays Harbor bids may have been considered unfavorably by the Company in terms of transmission reliability and risk factors.

Grays Harbor informed the IE that a 2018 completion date for BPA's I-5 Corridor upgrades would not equate to risk or reliability concerns regarding the transmission of Grays Harbor resource power to PGE's system. To that end, Grays Harbor shared the process and results of its research on this very issue, finding that historical data indicated that energy from Grays Harbor would have reached PGE's system 99.71% of the time in 2012. Obviously, concerns related to I-5 Corridor upgrades *should* have been rendered moot (as they apparently were for Port Westward II).

2. Indications that PGE May Have Improperly Considered Transmission Risks

The Company's representations before the Commission suggest both misconduct and the unjust inclusion of CCTP for consideration of its own and operate resource. The OPUC approved the Company's RFP, in part because of "PGE's claim that it does not need to build new

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

transmission resources." Docket No. UM 1535, Order No. 12-215 at 3. Taking the Company at its word, the Commission stated that the absence of CCTP "leaves its benchmark resources in the same position as the other possible resources . . . with respect to transmission." Id.

Nonetheless, PGE now admits that, "when considering the Carty Plant site, CCTP *was* considered part of PGE's system." Docket No. DR 46, Comments of PGE at 3 (emphasis added). To what extent this consideration factored into Carty risk and cost assumptions is uncertain, however. While PGE stated in the Final Draft RFP that CCTP would be considered as part of its system, the Company also expressly retained "the right to adjust the delivery risk of *each* proposal based upon the progress of BPA's network open season process and the development of the proposed Cascade Crossing transmission line." Final Draft RFP at n.3, 31, Attachment A (emphasis added). Likewise, PGE stated that it "may adjust the delivery risk of external PODs based upon the progress of BPA's network open season process at the time of the determination of the initial short list and the development of the proposed Cascade Crossing transmission line." Id. at 33.

In tandem, these reservations effectively provided PGE with the means to potentially improperly apply CCTP assumptions. For example, CCTP was considered part of PGE's system for the Carty Plant. Whether it was considered as part of PGE's system for non-Company bids is unknown (or to what degree), but the totality of circumstances surrounding the RFP and the Company's shifting positions on CCTP warrant an investigation to determine the fairness and equanimity of bid evaluation. That is, PGE's reservations allowed the Company to "adjust" risk between BPA transmission and CCTP with no apparent constraint upon the

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Company's discretion, so PGE could have potentially gamed the RFP process in its favor regarding scoring on transmission.

Statements within the IE's final report also suggest that consideration of CCTP may have been unjust. Specifically in relation to the Carty Plant, the IE admitted that it "did not have data to determine whether Cascade Crossing will be required in the future." Docket No. UM 1535, IE Report at 21. Further, the IE reviewed studies showing "that Carty can successfully connect at Slatt substation without a need for Cascade Crossing." Id. These statements *strongly* suggest that the IE and the Company may have been factoring in very different assumptions concerning CCTP's role in the Carty Plant bid—while PGE considered CCTP as part of its system in relation to Carty, the IE seemed to base its evaluation on the opposite. PGE could have dramatically lowered the risks and, therefore, the costs of its own and operate bid by lessening the assumed reliance of Carty on BPA transmission.

To that end, the Commission has reasonable cause to investigate the IE's conclusion that Abengoa, unlike all other bidders (because it, alone, bid to construct PGE's own and operate resource), "would not be responsible for transmission upgrades." Id. PGE claimed that it "had a sufficient plan to provide transmission services to assure [own and operate] Bidders that upon completion of construction transmission would not be a barrier to acceptance by PGE." Id. But this assertion calls out for inquiry, as the demonstrated uncertainty regarding CCTP—compounded by questions concerning the sufficiency of capacity sought in TSRs filed by the Company with BPA, behind the scenes—did not justify a lesser standard of scrutiny than Grays

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Harbor and other third-party bidders received, who *were* expressly questioned on potential barriers posed by transmission.

In sum, the inherent risks associated with reliance on BPA transmission could have been inequitably applied to any own and operate option, leading to an improper deflation of overall costs for the winning Carty Plant bid. The own and operate option could have been considered to rely less on BPA transmission—presumably (though this is precisely what the mechanism of an investigation is meant to uncover) by a uniquely favorable offsetting value achieved through putative incorporation of CCTP into PGE's system. Indeed, "Transmission Rights: Long Term Firm Transmission on BPA's transmission" made up the largest individual category within the overall "Project Characteristics" RFP bid scoring category, comprising a full third (50 of 150 points) of possible weighting for the "Project Characteristics" category. RFP Scoring Weights Table, attached hereto as Attachment G.

The figures and circumstances surrounding the RFP suggest that transmission scoring may have been seriously manipulated through use of CCTP in PGE's favor. As TEC pointed out, "the Commission's initial acknowledgement of the [CCTP] relied in large part on PGE's representations about the incremental revenues available to PGE from selling excess transmission capacity." DR 46, TEC's Response to Comments of PGE at 3. An investigation would allow the Commission to determine whether PGE not only used CCTP to lower assumed risks and, hence, costs associated with its own and operate bid, but also whether PGE possibly imputed positive revenues to *some aspect of* the Carty bid, through the Company's original expectation that CCTP would generate revenue through sales of excess transmission capacity.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

This possibility might initially seem far-fetched, if not for the huge differential between the $500 million in BPA transmission costs associated with the Carty Plant and the cost of $455 million to actually construct Carty. Id. at 2. Questions should be asked through an investigation as to how the Carty Plant was determined to be the least cost, lowest risk available resource in the baseload RFP, in spite of what should have been a decidedly poor transmission score.

Ultimately, it appears that the Commission could have relied on inaccurate information from the Company in reasoning "that the alternative to PGE's self-build transmission is the *same for all parties*—access to [BPA's] transmission system." Docket No. UM 1535, Order No. 12-215 at 3 (emphasis added). If that was the case, such inaccurate information would have led the Commission to unknowingly make a flawed conclusion in holding that "the bid evaluation will be based on the *same transmission costs* for all similarly situated potential bidders." Id. (emphasis added). This assumption, by all indications, does not appear to be correct as it is an inadequate proxy for transmission. It simply does not make sense to assume equal costs for all bidders or that the availability of BPA transmission is the same for all projects. The risk and cost associated with transmission service should be different for each project, albeit with fair assumptions not improperly favoring the Company's own and operate bids in an inequitable manner.

B. An Investigation Promises to Further Substantiate Reasonable Claims of Multiple RFP Guideline Violations by the Company

The Commission directs that RFP resources "should undergo a bidding process to ensure obtaining *least-cost* resources for customers." Docket No. UM 1182, Order No. 06-446 at 3 (emphasis added). The Company's potentially improper use of CCTP to mitigate risks and

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

deflate costs in its own and operate RFP bids would directly conflict with this fundamental OPUC directive—ensuring, if anything, that the actual least cost resource in the RFP may have been overlooked in preference to a preferred Company bid. Moreover, the same improper usage of CCTP assumptions would form a basis for each of the following claims that PGE may have failed to follow the Commission's approved RFP guidelines. Also, once facts concerning certain pricing components which may have been unjustly evaluated are considered, the possibility of guideline violation seems likely.

1. Self-Build Options Should Be Cost-Based Customer Alternatives

The Commission directs that RFP resources "should undergo a bidding process to ensure obtaining *least-cost* resources for customers." Id. Guideline 4 states: "A utility may use a self-build option in an RFP to provide a potential cost-based alternative for customers." Id. at 5. Taken together, if PGE used inaccurate assumptions that led to inaccurate bidding weights in scoring worksheets, it stands to reason that the winning Company own and operate bid may not provide the least cost alternative for customers—and thereby violates RFP guidelines. A request for investigation would be a natural means to ascertain whether such circumstances exist.

Adherence to the guidelines is especially crucial on this point of utility self-build options. The OPUC just reaffirmed an existing bias toward utility bids and announced that its "goal is to address any utility incentive to select benchmark resources instead of PPAs." Docket No. UM 1182, Order No. 13-204 at 8. That same goal should be determinative here—an investigation and further IE analysis will help ensure that both least cost and least risk considerations are properly weighted.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

As Calpine noted in its request for investigation, the Commission has identified numerous advantages to the acquisition of an existing plant, including a "lower risk to ratepayers" in contrast to new build facilities like Carty. DR 46, Comments of Calpine, Request for Investigation at 9–10 (quoting Re PacifiCorp, Docket No. UM 1374, Order No. 08-376 at Appendix A, p. 5 (July 17, 2008)). Similarly, projects already in service were eligible for a full 50 point score under the RFP "Project Development Criteria" category. Attachment G. In particular, Grays Harbor bids could have been expected to be very favorably considered in this regard, being newly constructed plants with minimal generation run time and minimal wear on the facilities. An investigation will answer legitimate and important questions as to how PGE determined Carty to be the least cost, lowest risk resource in comparison to bids that were devoid of such risk, and that offered fully constructed, minimally-used facilities, such as the Grays Harbor bids. If the IE had not been fully apprised of such facts, an accurate comparison between facilities like the Grays Harbor resource and the Carty Plant could not have occurred.

Recent events outside the RFP serve to highlight the questions that should be directed toward PGE's award of a yet-to-be-constructed own and operate resource. As the OPUC is no doubt aware, outages this summer at the Coalstrip and Boardman plants have rendered regional utilities short of over 1200 MW of baseload power during the peak cooling season. Notwithstanding, excess capacity in the current market is presently at sufficient levels that affected utilities anticipate handling the outages quite well. In fact, PGE itself has stated that covering the lost power should not be a problem, specifically due to excess market capacity. Clearing Up, Issue No. 1604, *A Summer With Less Coal*, p. 7 (July 19, 2013), excerpt of which is

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

attached hereto as Attachment H. Thus, with utilities like PGE so apparently flush with power options, it would seem to make very little sense—either financially or environmentally—for the Company to opt for new plant construction in the RFP when relatively new, competitively priced, existing plants were offered.

Finally, Grays Harbor was able to offer a substantial discount to PGE over the winning Carty bid. The actual cost in MWh deliverable to the Company through a Grays Harbor bid would have been a fraction of the actual costs of the winning Carty own and operate bid. An investigation will bring this fact into the open, and allow a proper assessment to be made as to whether another bid should have received more favorable consideration in providing the lowest cost component on asset sales. As Calpine points out, careful investigation into the actual Carty construction costs is especially merited, given the $76 to $91 million difference between what PGE and Abengoa have publically disclosed to be the costs of the Carty Plant. DR 46, Comments of Calpine, Request for Investigation at 9.

2. Questions Regarding the Integrity of RFP Evaluation and Flaws in the Evaluative Criteria

If the Company improperly factored-in CCTP assumptions in order to lower own and operate bid risks and costs, the IE may have been misled and RFP guidelines thereby violated. For instance, Guideline 5 provides that the "IE *must* be used in each RFP to help ensure that all offers are treated fairly." Docket No. UM 1182, Order No. 06-446 at 6 (emphasis added). If, however, PGE changed crucial assumptions, which a request for investigation might uncover, the IE may not have been able to ensure evaluative fairness as required by Guideline 5. In other words, just as the Commission was possibly misled by PGE's assertion that the

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Company did not need to build CCTP, the IE may also have been led to improperly base his evaluation of the Company's RFP process upon incorrect information—e.g., evaluating bids, and the propriety of PGE's conduct, on false transmission and pricing assumptions. If so, the IE could not fulfill the obligation that it "must . . . help ensure that all offers are treated fairly" while operating under incorrect assumptions. At this point, there is enough concern by many parties, and an investigation is warranted to resolve these allegations once and for all.

More importantly, an investigation could lead to positive, corrective action. The Commission "reserve[s] the right to require increased IE involvement on a case-by-case basis." Docket No. UM 1182(1), Order No. 11-340 at 2. Hence, an investigation further substantiating claims of possible PGE impropriety could lead to an order that the IE reevaluate the bids. As noted, bid reissuance and extension has been ordered before by the Commission, when flawed assumptions were uncovered within an RFP. Docket No. UM 1452, Order No. 10-304 at 2. Such action would also address the affirmed "bias" which exists in favor of utilities earning returns on plant investments by selecting their own, preferred RFP bids. Docket No. UM 1182, Order No. 13-204 at 1. Indeed, the Commission very recently directed IEs "to provide a more comprehensive accounting of the risks and benefits to ratepayers," expecting "the IE to use this analysis to provide the Commission a recommendation as to what resource provides the best combination of cost and risk to customers." Id. at 9, 10.

To the same end, Guideline 6 states that "draft RFPs must set forth . . . bid evaluation and scoring criteria," which the Company would not have done if, as it now appears the case, PGE may not have disclosed accurate CCTP and pricing assumptions. Docket No. UM

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

1182, Order No. 06-446 at 7. The Commission holds that "bids should not be excluded because of the lack of transmission capabilities" and that "bidders should be given enough information . . . to determine how important different project and bidder characteristics are to the utility." Id. at 8, 9.

Guideline 8 provides that a "utility must submit a detailed score for any Benchmark Resource, with supporting cost information, to the Commission and IE prior to the opening of bidding," including "the same bid scoring and evaluation criteria that will be used to score market bids" and "any transmission arrangements." Id. at 10. As there is cause to believe the Commission and IE may have been given faulty scoring and evaluation criteria—specifically with regard to differing transmission assumptions between PGE and market bids, as well as missing pricing assumptions—this guideline may have been violated and a request for investigation is warranted.

Similarly, Guideline 9 states that an "IE must have full access to the utility's production cost and risk models," id. at 11; conversely, PGE's differing transmission arrangements implicate the potential for varying risk assumptions, while forward market and asset life assumptions were never disclosed. Moreover, the Commission has explained that it expects a utility to "apply the same tradeoff between cost and risk in the bid process as it did in the IRP, and not simply focus on expected cost at the acquisition stage," agreeing that utilities should "include the transmission and generation integration costs." Id. at 11, 12. The likelihood of guideline failings here, especially with the potential for uneven balancing between cost and risk assumptions, supports the grant of an investigation. Also, the Company's election not to

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

provide bidders with forward market pricing assumptions or to inquire into critical facts regarding asset usage, maintenance, and life expectancy appears contrary to the express terms of Guideline 9.

Guideline 10 states that "the IE will evaluate the unique risks and advantages associated with the Benchmark Resource." Id. at 12. Plainly, however, the IE could not have done so in the RFP if the Company played shell games with CCTP assumptions or other evaluative pricing criteria—an issue of special significance given the Commission's acknowledgment that differences between Benchmark and market resources "emphasize the need to consider the additional risk customers bear in deciding the best option from the RFP." Id. at 13. By the same token, Guideline 11 suggests fairness issues may need to be addressed through an investigation, since the requirement that an "IE will make any detailed bid scoring and evaluation results available to . . . Commission staff" could not have been satisfied had faulty scoring and evaluative criteria been passed on to Staff as a consequence of PGE misinformation. Id.

3. RFP Approval and Acknowledgment May Be Tainted by PGE Misconduct

This request for investigation, it bears restating, is not based on any contention of Commission error, but upon evidence which suggests possible misconduct and RFP guideline violations by the Company. The Commission states that its approval of RFP guidelines is a determination on "whether the RFP satisfies these [i.e., RFP] guidelines, and whether the utility's proposed bidding process is fair." Id. at 9. Accordingly, any reasonable cause to believe PGE had misled the Commission on CCTP, issues regarding the fairness and uniformity of RFP

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

transmission assumptions, or critical pricing components, would be grounds to justify an investigation.

Finally, satisfaction of Guideline 13, "RFP Acknowledgment," includes an observation by the OPUC on a "utility's ultimate responsibility for obtaining the best deal in terms of cost and risk through the RFP process." Id. at 15. An investigation is warranted now since it may uncover additional information related to improper CCTP and pricing assumptions which may well have led to a Company own and operate award which *did not* minimize resource cost and risk.

V. CONCLUSION

Serious inconsistencies in PGE's actions and statements implicate the Company in numerous possible violations of Commission RFP Guidelines, thereby justifying an order, pursuant to ORS § 756.515, to open an investigation and if warranted provide for corrective measures. See Docket No. UM 833, Order No. 97-043, 1997 Ore. PUC LEXIS 118. Grays Harbor respectfully requests that the OPUC open an investigation to determine what impact potentially inaccurate CCTP and pricing assumptions favoring the Company own and operate bid may have had in RFP resource evaluation and selection in this docket. Evidence suggests that PGE may have failed to properly evaluate both least cost considerations and lowest risk assumptions, in regard to both construction and transmission evaluative criteria—matters of critical concern to the Commission in identifying the resource which provides the best combination of cost *and* risk to customers. Other issues may emerge that also warrant investigation.

DAVISON VAN CLEVE, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
Telephone: (503) 241-7242

Wherefore, Grays Harbor respectfully requests that the OPUC open an investigation to further evaluate the potential for misconduct and/or inaccurate information leading to a flawed outcome, as it may find that the lowest cost and the lowest risk resource was not selected. Additionally, Grays Harbor requests that an investigation be initiated to establish whether any RFP guidelines were violated, particularly as discussed in this request. The precise remedy associated with the investigation should be determined based on the results of the investigation.

DATED this 5th day of August, 2013.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Melinda J. Davison
Melinda J. Davison
Jesse E. Cowell
333 S.W. Taylor, Suite 400
Portland, Oregon 97204
(503) 241-7242 telephone
(503) 241-8160 facsimile
mjd@dvclaw.com
jec@dvclaw.com
Of Attorneys for Grays Harbor Energy, LLC

Attachment A

Portland General Electric Co.

REQUEST FOR PROPOSALS

Power Supply Resources

June 8, 2012

however, if during the bid evaluation, PGE determines that a proposal as submitted will be unable to achieve firm delivery to PGE's load, the proposal will be rejected.

In addition, the following items will be the subject of negotiations and confirmation prior to execution of any contracts in connection with this RFP:

(1) status of firm delivery capability or rights to transmit the energy being bid to PGE's load or satisfactory evidence of steps taken to perfect the rights to use PGE's Cascade Crossing Transmission Project and/or to obtain transmission on BPA's transmission system through BPA's Network Open Season;

and in the case of the Flexible Capacity resource,

(2) rights to dynamically transfer the proposed nameplate equivalent of the resource being bid to PGE's load,

(3) the ability to operate the facility under automatic generator control (AGC) and

(4) rights to schedule fuel intra-day.

For the Flexible Capacity resource, dynamic transfer right and ability to modify fuel schedules including delivery to the resource within the day are necessary to access the AGC (intra-hour) capabilities of a generating unit and delivery to PGE's load. If a proposal includes interconnection or transmission service as well as gas transport and/or gas storage agreements, the Bidder will be required to supply all information as detailed in Appendix N.

Bid price scores will include all incremental costs to deliver, or sink, the energy from a scheduling POD on PGE's System to PGE's load. For the purposes of scoring bids in the RFP, including the Benchmark resource, "PGE System" shall be interpreted as the edge of the PGE Balancing Authority Area[3], excluding the PGE Balancing Authority Area boundaries surrounding PGE's Remote Resources.

"PGE System" includes the following:

- The Trojan 230kV POD if a project is interconnected to PGE at Trojan.
- If a project is interconnected to BPA, PODs to PGE System may include:
    - TROJAN (Trojan 230 kV)
    - BPAT.PGE
        - PGE Contiguous
            - Pearl 230 kV (Sherwood)

[3] Cascade Crossing is considered part of PGE's system.

conditions or revisions to the documents will be discussed with Bidders selected for post-bid negotiations. PGE will not consider partial ownership of any resource.

Typically, PGE controls risks associated with ownership through the design, engineering and construction of the generating project. Under both the Build Own Transfer (BOT) and the Asset Purchase Agreement for existing assets structure, these same ownership risks will be transferred to PGE. Therefore, the following requirements apply to asset sales:

- Build Own Transfer:
  - BOT must comply with the same technical specifications required of the resources on PGE's sites
  - BOT bids may take exceptions to the Technical Specifications associated with the particulars of the proposed third party site. BOT bids should clearly identify all exceptions in an attachment to the bids.
  - The costs associated with construction oversight by PGE engineering staff will be imputed to BOT bids (these same costs will also be added to EPC bids on PGE's site and Benchmark bids). These costs will be available as part of the During Construction costs.
- Bids for APA of existing assets must include in their offer:
  - Costs associated with upgrades necessary to make the asset comparable to a plant of current vintage and technology.
  - Upgrades are evaluated on a case by case basis, and prior to signing any definitive agreements, PGE will conduct due diligence activities to determine the condition of the asset.
  - If an APA bid is selected for negotiations, prior to signing a definitive agreement, the bidders of APA for existing assets will pay the costs associated with these due diligence activities conducted by PGE to be capped at $500,000. Additional information is included in Appendix I.
  - Because each asset is unique, prospective bidders offering sale of existing assets are encouraged to contact the IE with questions or to seek clarification.

The required point-of-delivery for products specified in this RFP is PGE's load. Currently, PGE's load is designated as "PGE" for scheduling purposes. Bidder will be responsible for all transmission arrangements and costs to PGE's load. These costs include those required for interconnection and transmission service.

PGE's long-term rights to transmission on BPA's system are already dedicated to PGE resources. While PGE will evaluate each proposal and POD on a case by case basis, Bidders should assume that PGE has no long-term firm transmission rights that are available to be re-directed to delivering proposed resources to PGE service territory.

The Pacific Northwest (PNW) transmission system currently has numerous constraints that can limit the firm delivery of power products for extended periods of time. The scoring process for this RFP assumes continuation of the status quo; however, PGE retains the right to adjust the delivery risk of each proposal based upon the progress of BPA's network open season process and the development of the proposed Cascade Crossing transmission line.

A Bidder may specify multiple PODs in its bid (e.g., PGE.BPAT or PGE.PACW), provided it specifies which party has the right to choose the applicable POD. Bids that assign the right to choose the applicable POD to PGE will be scored higher than those that do not.

Except for Qualifying Facilities (QFs) under the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended, for proposed projects within PGE's service territory, interconnection to, and transmission service on, PGE's transmission system, including the proposed Cascade Crossing transmission line, will be provided under the terms and conditions of PGE's federal Open Access Transmission Tariff (OATT), PGE's Generator Interconnection Guidelines, and all applicable orders and rules. Interconnection of proposed QFs shall be governed by PURPA, applicable PGE tariffs and applicable OPUC orders and rules.

Confirmation of firm delivery capability or rights to transmit the proposed energy supply to PGE load (including confirmation of dynamic transfer capability) will be required prior to execution of any contracts in connection with this RFP.

PGE's federal Open Access Transmission Tariff (OATT) is available at:
http://www.oatioasis.com/PGE/PGEdocs/PGE_CURRENT_OATT_Part_I_as_of_10-12-07_Schedules_Attachmen%E2%80%A6.pdf

PGE's Generator Interconnection Guidelines are available at:
http://oasis.portlandgeneral.com/pdf/gen_inter.pdfhttp://oasis.portlandgeneral.com/pdf/gen_inter.pdf.

- Debt and equity ratings.
- Performance assurance.
- Financial ratio analysis.
- Default risk.
- Credit concentration and liquidity.
- Enforceability of contractual credit terms.
- Bidder revisions to contract templates that may affect credit requirements.

Final Short List Determination

For the initial short list, PGE's target is bids representing more than two times the capacity requested in this RFP, subject to receipt of a sufficient quantity and quality of bids. Once the initial short list has been developed pursuant to the scoring criteria outlined above, PGE will refine bid evaluation in the following areas to determine the final short list:

Transmission - Explanations of transmission evaluations can be found in the section "Criteria Used for Scoring Qualified Bids", above. As stated above, PGE may adjust the delivery risk of external PODs based upon the progress of BPA's network open season process at the time of the determination of the initial short list and the development of the proposed Cascade Crossing transmission line. As described above, bids which do not provide for firm delivery capability or rights to transmit the proposed energy supply to PGE's load or satisfactory evidence of steps taken to perfect the rights to transmission services may be excluded from the final short list.

Security for Performance Requirements – PGE will perform a detailed credit risk evaluation of all shortlist bidders, and will refine performance assurance requirements during this stage. However, performance assurance will only be required at the execution of an agreement with a successful bidder.

Dynamic Transfer - For bidders submitting proposals into the Flexible Capacity RFP, PGE will perform due diligence with respect to ascertaining the existence of dynamic transfer capability (DTC). Bidders will be asked to provide proof of DTC from the resource to PGE's load. For Flexible Capacity, no definitive agreement will be signed until bidders can satisfy this requirement.

Portfolio Fit – PGE will consider the fit of a given short-listed proposal with PGE's existing resources, and potentially in conjunction with other short-listed proposals to the extent aggregation is necessary to reach PGE's desired new resource targets.

Attachment B

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Contract No. 13TX-15828

MEMORANDUM OF UNDERSTANDING

by and between

BONNEVILLE POWER ADMINISTRATION

and

PORTLAND GENERAL ELECTRIC COMPANY

This MEMORANDUM OF UNDERSTANDING (MOU) is entered into as of this 11th day of January 2013 by and between Bonneville Power Administration (BPA), and Portland General Electric Company (PGE), hereinafter individually "Party," and collectively "Parties."

RECITALS

This MOU sets forth a framework for the Parties to further explore an option for developing additional transfer capability between Boardman, Oregon and the Willamette Valley through possible transmission system expansion, exchange of assets or transfer capability, and joint implementation of non-wires solutions.

The Parties are further exploring this option as a possible alternative that could significantly reduce the environmental impact of the Cascade Crossing Transmission Project, while at the same time improve the reliability, add capacity and remove constraints on the regional transmission system. The Cascade Crossing Transmission Project was originally proposed and is being permitted as a double-circuit 500 kV transmission line that would extend from Boardman, Oregon to Salem, Oregon and is currently undergoing environmental review pursuant to the National Environmental Policy Act.

Under such an option, as described in greater detail below, PGE would make investments in and own all or a part of certain transmission facilities, and convey to BPA ownership and/or rights to use one or more of the following: assets, transfer capability, investments, or rights to direct the operation of certain PGE generation facilities. Additionally, the ownership of certain assets or transfer capability may be conveyed by PGE to BPA. As a result of such investments and conveyances, PGE would obtain ownership of up to 2,600 MW of transfer capability between Boardman, Oregon and the Willamette Valley. Thereafter, both Parties would make their respectively owned transfer capability available in a manner that is consistent with the applicable provisions of their respective Open Access Transmission Tariffs (OATTs) or as may be authorized by applicable regulatory bodies.

If both Parties, in their sole and absolute discretion, determine that the option set forth below is both operationally acceptable and commercially desirable, they would complete appropriate environmental review as required by applicable law. Additionally, the Parties would prepare one or more proposed agreements (the Agreement) for public review and

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comment and, subject to such review and comment and any other appropriate review process, the Parties would enter into such agreement(s). Such agreement(s) would lay out a plan for how the Parties would further develop the option described below, as it may be modified pursuant to further review, study and analysis by the Parties.

1. TERM

This MOU shall be effective on the date of execution by the Parties. The MOU shall terminate on the earlier of: 1) execution of the Agreement by the Parties, or 2) December 31, 2014; provided, however, that any Party may withdraw from this MOU at any time, for any reason whatsoever or for no reason, after giving the other Party ninety (90) days' notice of its intent to do so.

2. GENERAL PRINCIPLES; SCHEDULE

The provisions of the Agreement, should the Parties decide to enter into it, will be consistent with the general principles described in Appendix A.

Within the next 120 days, the Parties will jointly develop and define a project timeline and plan that lays out the key components and milestones that are required to assist the Parties in completing the necessary studies and analyses, evaluating the merits of the option described below and ultimately reaching final decisions.

3. NO FINAL DECISION

Nothing in this MOU constitutes a final decision by either Party regarding the terms and conditions of the Agreement. No such Agreement will be entered into by BPA until such time as any appropriate public review and comment, and any other appropriate processes, have been conducted.

As a Federal agency, BPA has certain obligations and responsibilities under the National Environmental Policy Act (NEPA) and other Federal laws (collectively the NEPA review process) that it must fulfill before it can make a final decision concerning whether to participate in implementation of the option described in Sections 4 and 5. Nothing in this MOU shall be construed as obligating or committing BPA to make a final decision concerning this option before a NEPA review process has been completed. In addition, BPA reserves the right to determine the appropriate NEPA and other environmental compliance strategies for its role in this option, and to choose any alternatives considered in the NEPA process, including the no-action alternative.

4. TRANSMISSION SYSTEM EXPANSION

The Parties will further develop and complete necessary studies and analyses of the transmission system expansion described below to increase transfer capability between Boardman, Oregon and the Willamette Valley. If the Parties conclude that such transmission system expansion is both commercially desirable and operationally acceptable, then, in addition to the description of rights and responsibilities below, the Parties will negotiate detailed rights and responsibilities associated with each element of the transmission system expansion as part of the Agreement or other agreement that may be negotiated between the Parties. Pending the outcome of such studies and analysis, the Parties expect that PGE may obtain and own up to 1,400 MW of additional transfer capability between Boardman, Oregon and the Willamette Valley. Studies will be completed on the following elements:

(a) *Knight Series Capacitors:* Series capacitor banks would be installed at BPA's Knight Substation on BPA's Knight-Ostrander 500 kV and Knight-Wautoma 500 kV lines (Knight Series Capacitors) to increase the usable transfer capability of existing lines. PGE would own the Knight Series Capacitors and would pay for the Knight Series Capacitors' permitting (permitting) here and throughout this MOU includes any and all analysis BPA undertakes relative to the National Environmental Policy Act, the Clean Water Act, Endangered Species Act, the National Historic Preservation Act, and any other applicable environmental or cultural resource laws regarding the proposal), procurement and installation. BPA would operate and maintain the Knight Capacitors at PGE's expense. BPA would own, operate, and maintain the remainder of the Knight Substation at BPA's expense.

(b) *Pine Grove Substation:* PGE would construct a new Pine Grove Substation which would be the western terminus of this new single circuit 500 kV option proposed for the eastern portion of Cascade Crossing Transmission Project (see below). The Pine Grove Substation and the eastern portion of the Cascade Crossing Transmission Project would increase the amount of usable transfer capability available from Boardman, Oregon to the Willamette Valley. BPA's John Day-Marion 500 kV, Ashe-Marion 500 kV and Buckley-Marion 500 kV lines would be looped into Pine Grove Substation. Series capacitors would also be installed on BPA's John Day-Pine Grove 500 kV, Ashe-Pine Grove 500 kV and Pine Grove-Marion Nos. 1, 2 and 3 lines. PGE would own Pine Grove Substation, including the series capacitors, and pay for the permitting, development and construction of the Pine Grove Substation and the series capacitors. PGE would also construct Pine Grove Substation in accordance with specifications provided by BPA and good utility practice. BPA would cooperate with PGE's development and permitting by providing information relating to the connection of BPA's transmission lines, noted above, to Pine Grove Substation. BPA would operate and maintain Pine Grove Substation at PGE's cost.

(c) *East Portion of Cascade Crossing Transmission Project (Coyote Springs-Grassland-Pine Grove) Line:* At PGE's expense, PGE would permit, develop, and construct the Coyote Springs-Grassland-Pine Grove Line (the eastern portion of the Cascade Crossing Transmission Project), which would be a 500 kV transmission line from Coyote Springs Substation to PGE's new Grassland Substation and then to the new Pine Grove Substation. PGE would own and maintain the new transmission line from Coyote Springs – Grassland-Pine Grove. BPA would cooperate with PGE's development and permitting by providing information relating to the connection of BPA's transmission facilities to the new transmission line.

(d) *Grassland Substation*: Grassland Substation would be the central terminus of the single circuit 500 kV Coyote Springs-Grassland-Pine Grove Line. PGE would own the Grassland Substation and pay for the permitting, development and construction of the Grassland Substation.

(e) *Longhorn Substation*: If BPA subsequently chooses to develop and construct the Longhorn Substation, PGE would have the option to construct its transmission line to the Longhorn Substation and own one bay, provided it is willing to pay all costs associated with the 500 kV bay at the Longhorn Substation. BPA would cooperate with PGE's development and permitting by providing information relating to the connection of PGE's transmission line to BPA's Longhorn Substation.

(f) *Transmission Expansion in the Portland and Salem Area:* The Parties would develop and complete necessary studies of transmission system expansion that may be required to support additional transfer capability from Boardman, Oregon to PGE's service territory. Any such reinforcements would be made at PGE's expense and may include one or more of the following: constructing a new Blue Lake-Gresham 230 kV line, re-conductoring its Murray Hill-St. Mary 230 kV line, re-terminating and re-conductoring its McLoughlin-Pearl-Sherwood 230 kV line, separating its Pearl-Sherwood 230 kV lines into new breaker positions that would be placed into service as separated lines, separating the BPA Pearl-Marion and BPA Pearl-Ostrander 500 kV lines, installing a suitably sized shunt capacitor group at BPA's Allston 500 kV Substation, developing the BPA Sifton 230 kV yard or implementing a remedial action scheme-initiated generation trip at Bonneville generation project, expanding PGE's McLoughlin 230 kV Substation, upgrading the BPA Santiam-Chemawa 230 kV line to a higher current rating, and constructing a new Bethel-Salem 230 kV line. Ownership, operation, and maintenance of any such transmission reinforcements would be subject to further negotiations between the Parties.

5. EXCHANGE

The Parties will further explore the possibility of an exchange whereby PGE would obtain, from BPA, ownership of additional transfer capability of up to 600 MW between Boardman, Oregon and the Willamette Valley, and BPA would obtain from PGE ownership and/or rights to use one or more of the following assets, transfer capability, investments, or rights to direct the operation of certain PGE generation facilities to be selected by the Parties:

(a) North to South transfer capability on the California-Oregon Intertie;

(b) Transfer capability to serve BPA preference customers that are currently served by PGE's transmission system;

(c) Grizzly-Round Butte 500 kV Line and 500/230 transformer;

(d) Round Butte-Redmond 230 kV Line;

(e) Carlton-Sherwood 230 kV Line;

(f) Circuit breakers for BPA's Pearl Substation;

(g) The addition of PGE's Port Westward Plant to BPA's remedial action scheme;

(h) PGE taking certain actions with its Beaver Generating Plant and its distributed standby generation in the Portland area that would alleviate transmission congestion under specific contingencies and/or conditions specified in the Agreement,

(i) Copies and the right to utilize any survey, study and inspection data and results that PGE is authorized or permitted to share, pertaining to PGE's proposed and alternative transmission routes from the vicinity of the proposed Pine Grove Substation to the Salem area, including but not limited to: land surveys, engineering studies, environmental and cultural inspections and surveys, together with any geotechnical soil testing results; and,

(j) Other transmission facilities or investments to be identified by the Parties.

6. POTENTIAL ADDITIONAL PROJECT
The Parties will work together to determine the feasibility of additional transmission projects where PGE may obtain up to 600 MW of additional capacity between the Boardman, Oregon area and the Willamette Valley. If the Parties identify such additional transmission projects where PGE may participate, the Parties will further explore such participation in accordance with the principles established in Appendix A.

7. ADDITIONAL VALUE
As the Parties continue their evaluation of the transmission system expansion elements found in Section 4 and the exchange elements addressed in Section 5, they will also continue to assess the value provided by each Party to ensure that it is fair and equitable for both. In particular, both Parties acknowledge that as part of the potential expansion and exchange, PGE would also: 1) exchange additional transmission assets, transfer capability and/or provide other operational flexibilities to BPA, some of which may be described in Section 5(a-j) that BPA would find beneficial, and/or 2) make a monetary payment to BPA for use of BPA pre-existing transmission system (i.e. latent capacity and other impacts across BPA flowgates); in each case to the extent BPA is not otherwise sufficiently compensated by PGE.

8. NON-BINDING NATURE OF MOU

This MOU is not a binding and enforceable contract but is intended to serve as a basis for further discussion, study, analysis, and negotiations between the Parties with respect to the potential Agreement. In the course of this analysis and negotiation, PGE and BPA may determine that improvements can be made or substituted for the elements of this MOU. This MOU does not constitute an offer, agreement or commitment and does not contain all matters to be reflected in the Agreement or any other agreement the Parties may enter into.

9. LIMITATION OF LIABILITY

Each of the Parties acknowledges and agrees that the other Party shall not be liable to it for any claim, loss, cost, liability, damage or expense, including any direct damage or any special, indirect, exemplary, punitive, incidental or consequential loss or damage (including any loss of revenue, income, profits or investment opportunities or claims of third party customers), arising out of or directly or indirectly related to the other Party's performance or nonperformance under this MOU. The rights and obligations under this Section 9 shall survive the expiration and termination of this MOU if an Agreement is not entered into, but shall otherwise be superseded by the provisions of the Agreement.

10. CAPACITY EXPANSION OR SERVICE ALTERNATIVES

Both Parties acknowledge that it is always possible that they would not reach agreement on the transmission system expansion contemplated in Section 4 and the exchange contemplated in Section 5 or that environmental review or permitting issues could preclude some or all of the components contemplated from being implemented. PGE, at its own discretion, is choosing to focus on permitting its Project from Boardman to the Pine Grove Substation and will suspend permitting the previously proposed section west of the Maupin area. Both Parties acknowledge that PGE has the option to resume its focus and permitting activities on the originally proposed 215 mile double-circuit Cascade Crossing Transmission Project or to continue receiving transmission service under BPA's OATT and, to the extent PGE may deem appropriate, request additional service from BPA under the OATT.

11. GENERAL PROVISIONS

(a) If transmission studies or other analyses performed by the Parties demonstrate that the transmission system expansion or investments described above do not provide the benefits that were expected by the Parties, then the Parties will cooperate in good faith to identify alternative transmission system expansion or other alternatives that would provide substantially similar benefits as the benefits currently expected from the transmission facilities described herein at a comparable cost.

(b) This MOU may not be amended except in writing signed by both Parties.

(c) This MOU is for the sole and exclusive benefit of the Parties and shall not create a contractual relationship with, or cause of action in favor of, any third party.

(d) Neither Party shall have the right to assign its interest in this MOU without the prior written consent of the other Party, which consent may be withheld by the other Party in its sole and absolute discretion.

(e) Nothing contained in this MOU shall be construed as creating a corporation, company, partnership, association, joint venture or other entity, nor shall anything contained in this MOU be construed as creating or requiring any fiduciary relationship between the Parties. No Party shall be responsible hereunder for the acts or omissions of the other Party. Nothing herein shall preclude a Party from taking any action (or having its affiliates take any action) with respect to any other transmission facility or investment, including any such project that may compete with any transmission facility or investment identified in this MOU.

(f) Each Party acknowledges and agrees that the other Party's decision to proceed with an Agreement is within such Party's sole and absolute discretion.

(g) This MOU shall not be deemed to establish any right or provide a basis, either legal or equitable, by any person or class of persons against the United States, its departments, agencies, instrumentalities or entities, or its officers or employees; or against PGE or its board of directors, employees, or agents.

(h) Nothing in this MOU will be construed as limiting or affecting in any way the authority or responsibility of the Parties to perform within their authorities, and nothing in this MOU shall be construed as committing the Parties to take any action concerning the items identified in this MOU before they have made provisions for compliance or actually complied with all applicable statutes and regulations.

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IN WITNESS WHEREOF, each of the Parties has caused this MOU to be executed by its authorized representative on the day and year first above written.

PORTLAND GENERAL ELECTRIC COMPANY

By: Bill Nicholson
Name: Bill Nicholson
Title: Senior Vice President Customer Service, Transmission and Distribution

BONNEVILLE POWER ADMINISTRATION

By: Larry Bekkedahl
Name: Larry Bekkedahl
Title: Senior Vice President for Transmission Services

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APPENDIX A

GENERAL PRINCIPLES FOR FURTHER DEVELOPMENT OF AN OPTION FOR DEVELOPING ADDITIONAL TRANSFER CAPABILITY

1. The Agreement must be good for the Northwest as a whole; the goal is to strengthen the integrity of the transmission grid - removing constraints, adding capacity, and improving reliability for the next 60 + years and maintaining good environmental stewardship. PGE and BPA are interested in providing diversity to the existing transmission ownership model:

   - Leveraging the opportunity to achieve together what neither could accomplish independently.

   - Leveraging ownership and capital financing opportunities.

2. The Agreement must be good for BPA customers as a whole and PGE customers as a whole:

   - There shall be no cost shifting without associated benefits.

   - Changes to revenue streams need early notice and adequate ability to manage impacts.

3. BPA and PGE are committed to cost effective, reliable integration of wind. BPA and PGE are committed to satisfying the regulatory obligations of providing energy for customer and network load consistent with the Renewable Energy Standard.

4. BPA and PGE will respectively own their newly acquired transfer capability, which will be derived from the transmission system investments and conveyances to be made by the Parties in accordance with the Agreement, in a manner that is consistent with the applicable provisions of their respective OATTs, or as may be authorized by applicable regulatory bodies.

5. BPA and PGE are committed to demonstrate a collaborative decision making process to enhance the regional transmission capabilities. Any disputes unable to be resolved by the respective working teams will be elevated to each Party's executives for resolution.

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Attachment C

News Room

Jan. 14, 2013

PGE, BPA pursuing change to Cascade Crossing Transmission Project
Utility collaboration identifies option that could benefit region, reduce impacts

PORTLAND, Ore. – Portland General Electric (NYSE: POR) and the Bonneville Power Administration today announced they have signed a Memorandum of Understanding to pursue a modification to PGE's proposed **Cascade Crossing Transmission Project** that could benefit the region's grid while significantly reducing environmental impacts.

PGE initially proposed a 215-mile transmission project from Boardman, Ore. to Salem, Ore. Under the modification in the MOU, the line would begin at Boardman and follow the path of the original project, but terminate at a new Pine Grove substation that PGE would build about 18 miles southwest of Maupin. This would eliminate about 101 miles of the project from the Maupin area to Salem, avoiding most impacts to the Confederated Tribes of Warm Springs Reservation, the Mt. Hood and Willamette national forests and private forest and agricultural land in Marion and Linn counties.

PGE also would invest in grid enhancements and/or exchange assets with BPA to increase transmission capacity, and potentially reduce congestion and enhance reliability of the grid. In return, PGE could receive up to 2,600 megawatts of transmission capacity ownership rights to deliver electricity to customers in Portland and the Willamette Valley. Specific contract terms are still under discussion.

"PGE and BPA have been working collaboratively, using a 'one-utility' approach, to identify opportunities to leverage both utilities' current and future transmission assets," said Bill Nicholson, PGE senior vice president of customer service, transmission and distribution. "This solution should reduce the impacts of new transmission, manage costs and benefit customers of both utilities."

"We are very pleased with the collaborative effort with PGE and believe we have found a better alternative that reduces the overall economic and environmental costs of adding transmission capacity," said BPA Transmission Services senior vice president Larry Bekkedahl. "We are in the early stages of exploring the commercial business aspects of working together to assure adequate, reliable and cost-effective transmission is provided for the Northwest."

BPA will conduct a formal stakeholder review process prior to entering into any further agreement. PGE and BPA would cooperate to complete necessary environmental reviews.

PGE intends to file amendments to the public permitting processes for the Cascade Crossing project. PGE will focus on permitting the project from Boardman to the Pine Grove substation and will suspend permitting of the previously proposed section west of the Maupin area. The project currently is undergoing review by the Oregon Energy Facility Siting Council and federal agencies involved in the National Environmental Policy Act process.

PGE is proposing the Cascade Crossing Transmission Project to meet its customers' growing energy needs, enhance the region's grid and support development of wind generation projects east of the Cascades. It is one of seven projects in the nation that have been identified as a Job-Creating Grid Modernization Pilot Project by the Obama administration and are the focus of the Interagency Rapid Response Team for Transmission. The RRTT aims to improve the quality and timeliness of electric transmission infrastructure permitting, review and consultation by the federal government.

PGE first began developing Cascade Crossing in response to an order issued by the Oregon Public Utility Commission in 2004 directing PGE to work with BPA and others to develop transmission capacity over the Cascade Mountain Range. The project was included in PGE's most recent Integrated Resource Plan, which was acknowledged by the OPUC in November 2010.

# # #

About Bonneville Power Administration
BPA is a nonprofit federal agency that markets renewable hydropower from federal Columbia River dams, operates three-quarters of high-voltage transmission lines in the Northwest and funds one of the largest wildlife protection and restoration programs in the world. BPA and its partners have also saved enough electricity through energy efficiency projects to power four large American cities. For more information, contact us at 503-230-5131 or visit our website at www.bpa.gov.

About Portland General Electric Company
Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 829,000 residential, commercial and industrial customers in Oregon. Visit our website at PortlandGeneral.com.

PGE Safe Harbor Statement
Statements in this news release that relate to future plans, objectives, expectations, performance, events and the like may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include statements concerning the potential construction and benefits of the Cascade Crossing project, as well as other statements identified by words including, but not limited to, “will,” “anticipates,” “believes,”

“intends,” “estimates,” “promises,” “expects,” “should,” “conditioned upon” and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including regulatory, operational and legal matters, as well as other factors that could affect the successful completion and operation of the project. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this news release are based on information available to the Company on the date hereof and such statements speak only as of the date hereof. The Company assumes no obligation to update any such forward-looking statements. Prospective investors should also review the risks and uncertainties listed in the Company’s most recent Annual Report on Form 10-K and the Company’s reports on Forms 8-K and 10-Q filed with the United States Securities and Exchange Commission, including Management’s Discussion and Analysis of Financial Condition and Results of Operation and the risks described therein from time to time.

For more information, contact:

Steve Corson, PGE, 503-464-8444

Attachment D

News Room

Jan. 31, 2013

PGE to build additional natural gas plant at Port Westward

Project selected through competitive bidding process to fulfill capacity needs

PORTLAND, Ore. — Portland General Electric Company (NYSE: POR) today announced its proposed Port Westward Unit 2 flexible generating resource, to be located near Clatskanie, was selected as the successful bid in a capacity request for proposals to help meet customer needs and provide system reliability. PGE will begin construction of the plant this year, and expects to have the new resource online in 2015.

Port Westward Unit 2 was the company's benchmark proposal in a competitive bidding process seeking approximately 200 megawatts of flexible peaking capacity. The process was initiated in 2011 and overseen by an independent evaluator who reports to the Oregon Public Utility Commission.

"Port Westward Unit 2 will be an important, versatile resource to meet our customers' current and future needs," said Jim Piro, PGE's president and CEO. "The new natural gas plant will be a highly efficient and environmentally responsible facility designed for maximum flexibility to help meet real-time fluctuations in customer demand and integrate variable renewable resources like wind and solar into PGE's system. It will also serve as a 'peaking' resource during periods of high demand, helping maintain system reliability."

The 220-megawatt plant will be located adjacent to PGE's existing natural gas-fired Port Westward and Beaver plants in Columbia County. The project will create up to 200 new construction jobs, and is expected to cost between $285 million and $310 million, excluding allowance for funds used during construction.

Port Westward Unit 2 will use reciprocating engine gensets supplied by Wärtsilä. Black & Veatch and Oregon-based Harder Mechanical, as a contractual joint venture, will have the turnkey contract for construction of the project.

The RFP was conducted pursuant to competitive bidding guidelines established by the OPUC, using objective scoring criteria intended to identify projects that will provide the best balance of cost and risk while meeting PGE customers' needs for reliable, affordable electric power.

The RFP also sought 300 to 500 megawatts of baseload energy resources, as well as seasonal capacity resources. PGE has completed its evaluation of bids. The company will begin negotiations soon with the top bidder from the final short list of baseload projects. The bids on the final short list include power purchase agreements and PGE-ownership options. PGE intends to ask the independent evaluator to monitor the negotiations for the baseload resource. The company will also conduct negotiations to secure power purchase agreements for the seasonal capacity resources.

Accion Group Inc., the independent evaluator selected by the OPUC, oversaw the RFP and review of bids to assure an objective and impartial process. On Jan. 30, 2013, the independent evaluator gave the OPUC a final assessment of the bid scoring and final short list selection, and a closing report with a detailed assessment of the process. The independent evaluator report confirmed "the RFP was conducted in a fair and unbiased manner and that the Final Short List accurately identified the Bids with the most value for PGE customers." The report and more information about the competitive bidding process are available at **PortlandGeneralRFP.accionpower.com**.

PGE also issued a separate RFP last year, seeking approximately 100 average megawatts of renewable power to help meet Oregon's Renewable Energy Standard. The company is currently evaluating the bids received. Final selections are expected by June 2013, and PGE expects the resources acquired will be brought into the company's portfolio in the 2013-2017 timeframe.

# # #

About Portland General Electric Company:
Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 829,000 residential, commercial and industrial customers in Oregon. Visit our website at PortlandGeneral.com.

For more information, contact:

Brianne Hyder, PGE, 503-464-8442

Attachment E

News Room

June 03, 2013

PGE announces new power plants, transmission capacity proposal

Actions are key to the company's long-term plan to meet customer needs

PORTLAND, Ore. — Portland General Electric Company (NYSE: POR) today announced completion of competitive bidding processes and subsequent negotiations to construct a baseload energy project and to acquire and construct a new wind farm. PGE has also signed a new memorandum of understanding with the Bonneville Power Administration to seek mutual transmission capacity solutions, resulting in the company's decision to suspend permitting and development of the proposed Cascade Crossing transmission project and revise its 2013 earnings guidance. The power plants and the memorandum of understanding significantly advance the company's implementation of its current integrated resource plan, which the Oregon Public Utility Commission acknowledged in November 2010. PGE has entered into the following:

- An agreement to construct a new 440 megawatt natural gas-fired power plant near Boardman. Projected cost: $440 million to $455 million, excluding allowance for funds used during construction.
- Agreements to acquire development rights for and to construct a new wind farm in southeastern Washington with a nameplate capacity of 267 megawatts. Projected cost: $520 million to $535 million, excluding allowance for funds used during construction.
- A non-binding MOU to participate in negotiations with BPA to pursue ownership of regional transmission capacity to meet PGE customers' needs via an innovative exchange of capacity and assets.

The power plants emerged as the best-performing bids to balance cost and risk in requests for proposals PGE issued in 2012, seeking resources to help meet customer energy needs and the Oregon Renewable Portfolio Standard.

"These two new resources will serve our customers with clean, cost-effective, efficiently generated power for decades to come," said Jim Piro, PGE's president and CEO. "We conducted a rigorous RFP process, and I am confident that we selected the least-cost, lowest-risk proposals for our customers."

The new MOU with BPA stems from continued discussions between PGE and BPA to explore common interests surrounding PGE's proposed Cascade Crossing transmission project.

New baseload power plant

The 440-megawatt natural gas-fired power plant will be built for PGE adjacent to its Boardman Generating Station by Abengoa S.A. (MCE: ABG), an international developer and contractor that applies technology solutions for sustainable development in the energy and environment sectors. Abengoa specializes in carrying out complex turnkey projects for thermal generation. The plant will use a G-class turbine manufactured by Mitsubishi Power Systems Americas Inc. and be capable of producing enough electricity to serve about 300,000 residential customers. Abengoa submitted the best-performing bid to meet customers' need for a baseload resource, using a new bidding option encouraged by the OPUC to give independent developers access to sites already controlled by PGE. A total of 18 bids representing eight distinct generating projects were submitted in response to PGE's request for proposals. PGE will own and operate the new facility, which is scheduled to be online in 2016. The project will create up to 500 jobs during construction and about 20 full-time positions when operating.

New wind farm

PGE has entered into an asset purchase agreement to acquire the development rights to phase two of the Lower Snake River wind farm, currently under development by Puget Sound Energy Inc. near

Dayton, Wash., northeast of Walla Walla. The project will be built for PGE by general contractor and independent renewable power developer RES Americas Construction Inc. using 116 wind turbines manufactured by Siemens Energy Inc., each with a nameplate generating capacity of 2.3 megawatts, for a total nameplate capacity of 267 megawatts. The transaction is expected to close in August 2013, subject to customary conditions.

PGE will own and operate the facility, creating up to 300 jobs during construction and about 18 full-time operating positions. The facility is expected to be complete in 2015 and generate enough power to serve about 84,000 residential customers. Timing of construction and project milestones have been structured to enable the project to qualify for federal production tax credits that will reduce the cost of the facility for PGE's customers by approximately $253 million during the life of the project.

Phase two of the Lower Snake River project was the best-performing proposal from among 64 bids representing 39 distinct generating projects that were submitted in response to PGE's request for proposals for renewable resources.

Together with PGE's existing owned and contracted renewable power generating resources, the new wind facility will allow PGE to comply with state standards requiring the utility to supply 15 percent of the power it delivers to customers from qualifying renewable sources beginning in 2015.

Transmission capacity memorandum of understanding

The new, non-binding MOU provides that PGE and BPA will explore a new option under which PGE could acquire perpetual ownership interest of approximately 1,500 megawatts of transmission capacity. In exchange, PGE could make investments in BPA's system, transfer assets or transmission capacity, and/or facilitate implementation of operational efficiency solutions for use by BPA. As a result, PGE has decided to suspend permitting and development of the Cascade Crossing project.

Under the MOU, PGE and BPA will work to reach a definitive agreement concerning the options described in the MOU. However, there is no assurance that the MOU will result in a binding agreement.

The MOU reflects progress PGE and BPA officials have made on discussions surrounding Cascade Crossing under a previous MOU signed in January. Changing market conditions have created an opportunity to explore lower-cost alternatives for customers that could provide needed transmission capacity for PGE with reduced environmental impacts. Plans for new energy projects in the Pacific Northwest have changed and other new transmission lines have been completed or are in development, increasing available capacity. In addition, electricity demand and forecasted growth have slowed. The new MOU identifies an option that could meet PGE's retail customers' needs for the next 10 years.

In a subsequent phase, PGE could acquire up to an additional 1,100 megawatts of perpetual transmission capacity ownership, which could include system upgrades and expansions. Timing and costs of these transmission capacity resources may be clarified through future discussions with BPA.

As a result of the decision to suspend permitting and development of the Cascade Crossing project, PGE will record an after-tax loss of approximately $31 million during the second quarter of 2013 for project-related costs ($52 million pre-tax). The company has filed an application with the OPUC seeking to defer these costs for possible future recovery in customer prices.

“This is a unique opportunity that has only occurred because of our joint planning discussions with BPA on our Cascade Crossing project,” Piro said. “The new MOU lays out a path for PGE to capture the value of additional available transmission capacity more effectively, delaying PGE's need for new transmission infrastructure. While it's not an easy decision to suspend permitting and development of Cascade Crossing, it's the right thing to do for our customers, the region and the environment.”

Culmination of RFP processes

In January, PGE announced plans to also build another new 220-megawatt natural gas-fired plant adjacent to its existing natural gas-fired Port Westward and Beaver plants in Columbia County. Construction of that project, designed to meet customers' growing need for flexible capacity, began in May and will create up to 200 construction jobs. The plant is expected to cost between $300 million and $310 million, excluding allowance for funds used during construction.

The RFPs used to select all three new power plants were conducted pursuant to competitive bidding guidelines established by the OPUC, using objective scoring criteria intended to identify projects that will provide the best balance of cost and risk while meeting PGE customers' needs for reliable, affordable electric power.

Accion Group Inc., an independent evaluator selected by the OPUC, oversaw the RFPs and review of bids to assure an objective and impartial process. Earlier this year, the independent evaluator gave the OPUC final assessments of the bid scoring and final short-list selections, and closing reports with detailed assessments of the process. The reports confirmed the RFPs were conducted in a fair and unbiased manner and that the final short lists accurately identified the bids with the most value for PGE customers. The reports and more information about the competitive bidding process are available at **PortlandGeneralRFP.accionpower.com**.

SEC filing and updated 2013 earnings guidance
PGE filed a Form 8-K report with the Securities and Exchange Commission on June 3, 2013, regarding these and other matters. As reported in the Form 8-K, the company is lowering its previously disclosed full-year 2013 earnings guidance of $1.85 to $2.00 per diluted share to $1.35 to $1.50 per diluted share as a result of these matters. The 8-K report is available on PGE's investor website at **investors.portlandgeneral.com**, and the new MOU is posted at **portlandgeneral.com/cascadecrossing**.

# # #

About Portland General Electric Company: Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 830,000 residential, commercial and industrial customers in Oregon.

Safe Harbor Statement: Statements in this news release that relate to future plans, objectives, expectations, performance, events and the like may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding earnings guidance; statements regarding future load, statements concerning implementation of the company's integrated resource plan; statements regarding acquisition, construction, completion, and operation of generating facilities; statements regarding the possible outcomes of discussions and negotiations with the Bonneville Power Administration and PGE's possible acquisition of transmission capacity; as well as other statements containing words such as "anticipates," "believes," "intends," "estimates," "promises," "expects," "should," "conditioned upon," "will," "would," "could" and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including construction and operational risks relating to the company's generation facilities, including wind conditions, disruption of fuel supply, and unscheduled delays or plant outages, which may result in unanticipated operating, maintenance and repair costs, as well as replacement power costs; the costs of compliance with environmental laws and regulations, including those that govern emissions from thermal power plants; changes in weather, hydroelectric and energy markets conditions, which could affect the availability and cost of purchased power and fuel; changes in capital market conditions, which could affect the availability and cost of capital and result in delay or cancellation of capital projects; failure to complete capital projects on schedule or within budget, or the abandonment of capital projects, which could result in the company's inability to recover project costs; the outcome of various legal and regulatory proceedings; and general economic and financial market conditions. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this news release are based on information available to the company on the date hereof and such statements speak only as of the date hereof. The company assumes no obligation to update any such forward-looking statement. Prospective investors should also review the risks and uncertainties listed in the company's most recent annual report on form 10-K and the company's reports on forms 8-K and 10-Q filed with the United States Securities and Exchange Commission, including management's discussion and analysis of financial condition and results of operations and the risks described therein from time to time.

POR-F

Source: Portland General Electric Company

For more information, contact:

Steve Corson, PGE, 503-464-8444

Attachment F

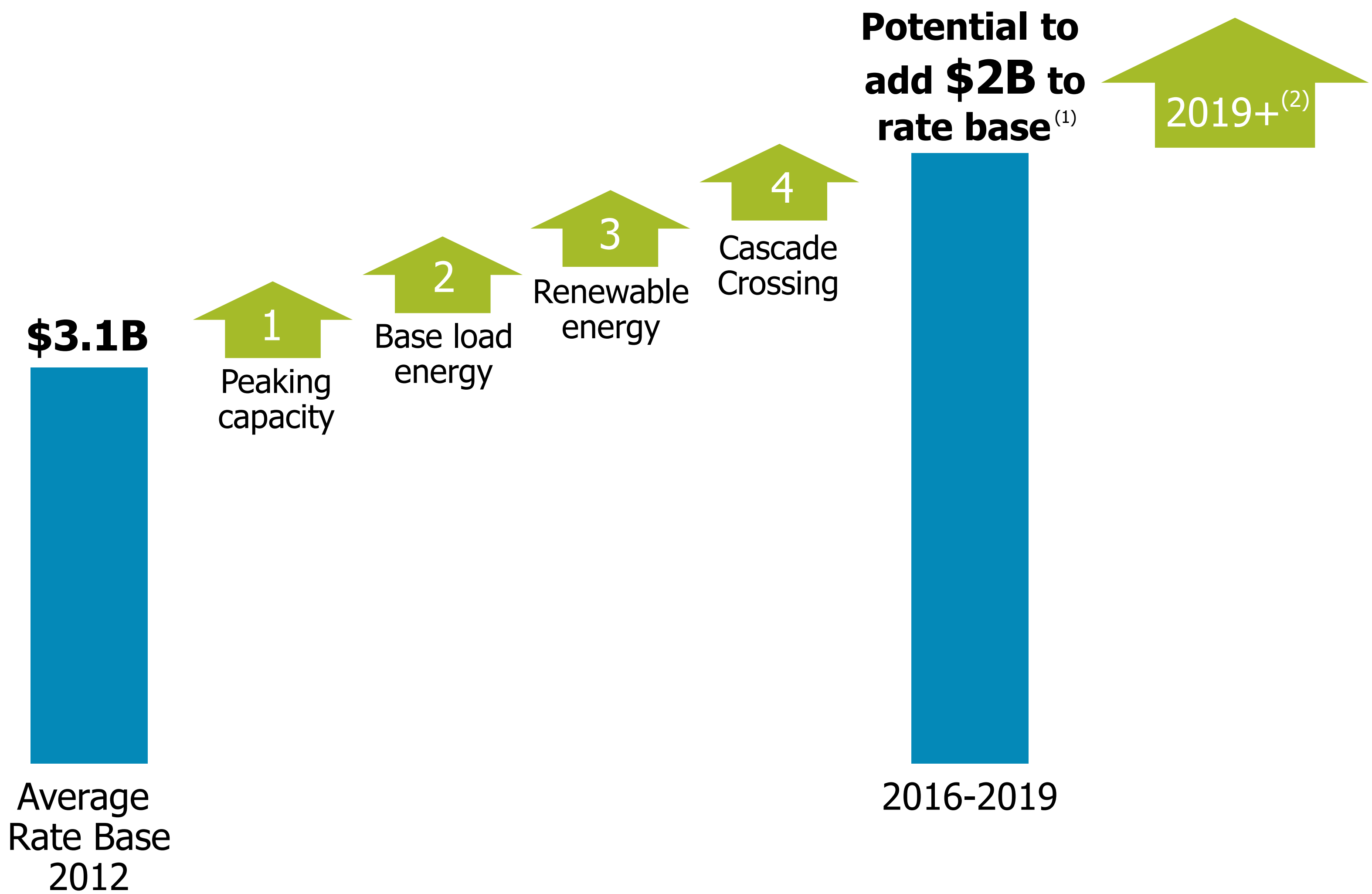
Portland General Electric

Deutsche Bank
Clean Tech, Utilities & Power Conference

May 13-14, 2013

Potential Opportunities for Rate-Base Growth

Portland General Electric



1) Rate base growth dependent on outcome of RFP processes and negotiations with BPA on Cascade Crossing
2) Future rate base growth opportunities, as will be determined by PGE’s next integrated resource plan, which will be filed in November 2013

Attachment G

Bid Scoring Catagories	Max Score	% of Total Score	Description	Individual Catagories	Maximum Scoring Weights	
Price Score	600	60%	Includes fixed and variable bid costs compared to a market price: • For Flexible Capacity Bids, variable costs incorporates: o Cost to comply with PGE's reliability-based dispatch signals o Energy-based market dispatch • Seasonal Capacity bids variable cost will only include cost related to market dispatch • Baseload Energy bids variable cost will only include cost related to market dispatch	The price score will be calculated as the ratio of the bid's projected total cost per MWh to forecast market prices using real-levelized or annuity methods (per Guideline 9a. of the Competitive Bidding Guidelines). See also 'Price Factor' in PGE's 2012 Request for Porpopsals - Power Supply Resources	600	
Project Development Criteria	50	5%	Includes development team experience, permitting	Project already in service	50	Projects in Service
				Permitting status (emissions, makeup water, waste discharge, land use, zoning)	15	Projects not in Service in Development
				Experience of Project Team	7.5	
				Project Financing	17.5	
				Site Control: Including all rights required for project including access to the project site, easements and resources rights appropriate for the project	10	
Project Characteristics	150	15%	Interconnection, Transmission rights, Gas transport and storage	Resource Base Diversity	5	
				Resource Adequacy Considerations	5	
				Interconnection Rights	45	
				Transmission Rights: Long Term Firm Transmission on BPA's transmmission	50	
				Natural Gas Point of Delivery	45	
Power Product Characteristics	125	12.50%	Flexibility of unit, length of contract and firmness of energy	Quality of Power	15	
				GAF / Liquidated Damages	10	
				Length of contract commitment	35	
				Flexibility of Assets used to back bids	60	
				Amount (in MWs per hour) of contract commitment	5	
Credit Evaluation (PPA)	75	7.50%	Collateral requirement, credit threshold, cross default	Credit Rating	15	Credit Evaluation will be based on proposed structure
				PGE propriatary financial scoring based on liquidity ratios, profitability ratios, leverage ratios and financial statement audit quality. The scores and weight given to each of the input will be consistent with PGE Credit Risk Management internal procedures.	60	
Credit Evaluation (Equity)			This is only used for equity bids for projects still in construction. Score is based on counterparty's ratio and debt rating (mutually exclusive with 5. Credit Evaluation (PPA))	PGE ratio analysis score	25	
				Bond Rating	25	
				Net Tangible Worth	15	
				Liquidity	5	
				Corporate Structure	5	
Total	1,000	100%			1,000	

Attachment H

CLEARING UP

Energy and Utility News for the Pacific Northwest and Western Canada

Energy NewsData, Seattle & San Francisco: July 19, 2013 • No. 1604

The Week In Summary

[1] Region in Disbelief, Tries to Absorb BPA Developments

"Surprised," "shocked," "unprecedented" and "stunned." Those were some of the words used to describe this week's events at BPA. Administrator Bill Drummond, sworn in less than five months ago, and COO Anita Decker, were both put on an undisclosed kind of administrative leave, and Deputy Administrator Elliot Mainzer was named "acting administrator on an interim basis." DOE charged BPA with engaging in "prohibited personnel practices" affecting veterans' preference in hiring, and possibly retaliating against whistle-blowers. Many regional leaders are appalled at DOE's response, incensed that trusted colleagues may be permanently tarnished, and are deeply concerned about the impact on BPA. *Review some facts from a bizarre week, at [15]; sample regional reaction, at [16].*

[2] BPA Finds Conservation Cost Savings Compared to Mid-C Power

BPA's energy-efficiency investments from fiscal years 2001 to 2011 would have saved the agency $750 million to $1.36 billion over 20 years, had it bought or sold energy equivalent to those savings at the Mid-Columbia wholesale spot market, according to a new Bonneville analysis. Seeking to make a business case for conservation, BPA also calculates a net benefit from energy efficiency of about $1.2 billion from 2001-2022. *BPA finds conservation investments beat Mid-C, at [12].*

[3] Lower Columbia Recovery Plan Gets Federal Approval

A blueprint for recovering ESA-listed Chinook, chum, coho and steelhead in the lower Columbia has finally been released by NOAA Fisheries. Years in the making, it calls for expensive habitat actions to improve conditions for fish—more than half a billion dollars over the next five years alone, to help create a few "viable" populations that would likely survive for the long haul, or at least the next 100 years. *At [14], the viability of future funding is another question.*

[4] A Pair of Outages Means a Summer With Less Coal

The region's investor-owned utilities will have to make it through the summer without roughly 1,290 MW of coal-fired power. The problem started on July 1 when the 740-MW Colstrip Unit 4 and the 550-MW Boardman Coal Plant tripped off line. But thanks to a surplus of capacity in the markets, utilities say the loss of the coal plants shouldn't be a problem. *At [10], beware of the "thermal hammer."*

Inside

Internet Entrepreneur Planning 900-MW Wyoming Wind Project......... ***Jump to [8].***

Cosmo Specialty Fibers Seeks I-937 Eligibility for 17.2-MW Co-Gen Project .. ***Jump to [8.1].***

Forest Fire Knocks Out Power to Okanogan PUD Customers .... ***Jump to [8.2].***

Natural Gas Drilling Starting in Payette County, Idaho .... ***Jump to [8.3].***

Brief Mentions: News Roundup.. ***Jump to [8.4].***

Deal Would Trim $32M From PacifiCorp's $56M Oregon Rate Request... ***Jump to [11].***

Idaho Power Asks FERC to Rehear Kootenai PURPA Case .... ***Jump to [13].***

POTOMAC: Senate Confirms McCarthy to Head EPA .... ***Jump to [17].***

Perspectives

Who Will Take the Lead on Reforming Utility Ratemaking?.................. ***Jump to [9].***

Price Report

Western Gas Rises, Power Values Drop

Details on Page 5.

Energy Jobs Portal

"If a lot of distributed generation is popping up on their system where it's affecting the way the distribution system operates, they ought to be looking at technologies to integrate, ancillary services—those types of smart grid investments," Ackerman said. Commissioners will make utilities demonstrate there is a positive cost-benefit test, she added, "but we will take a very long view of the benefits and will include non-quantifiable benefits . . . if they plan for these things in public, and an idea comes out of it that looks very promising and the public agrees, the odds of them not getting cost recovery are pretty low.

"We're trying to create an environment where the utilities don't fear taking prudent risks, but it helps if we know what they're doing before they do it," Ackerman said.

Perhaps I'm just impatient, and these issues need further vetting in open forums before anyone can step up to the plate. And we already have public processes where such discussions can take place, like utility integrated resource planning.

Still, I find it somewhat unsettling that regulators—who are typically well-schooled in utility matters—defer to state lawmakers, who typically aren't that knowledgeable and are more vulnerable to that public opinion that Kjellander mentions—for direction here.

Anyone out there looking for a real challenge? ***[Jude Noland].***

Supply & Demand

[10] A Summer With Less Coal • *from [4]*

The region's investor-owned utilities will have to make it through the summer without roughly 1,290 MW of coal-fired power.

The problem started on July 1 when the 740-MW Colstrip Unit 4 and the 550-MW Boardman Coal Plant tripped off line.

This loss of capacity comes at a time of the year when the Northwest is typically exporting excess generation to California. But thanks to an abundance of wind, hydro and natural gas-fired generation in the region, the affected utilities say there shouldn't be a problem making up for the shortfall.

However, customers may feel the loss. Most of the utilities will lean more heavily on market purchases during the outage and those costs could be passed on to customers.

Shortly after coming back into service after being down for two months for scheduled maintenance, Colstrip Unit 4 tripped off line on July 1. The outage appears to be the result of "damage to the stator/rotor assembly, consistent with a ground fault," according to a statement released by NorthWestern Energy. PPL Montana, the operator of the plant, was developing a maintenance schedule as of last week, but the unit is expected to be out of service for at least six months.

Earlier estimates pegged the cost of fixing Unit 4 at $30 million. Each of the owners will likely pay about $4.5 million for the fix, although insurance is expected to cover some of the costs.

Puget Sound Energy, Avista, NorthWestern Energy, PacifiCorp and Portland General Electric all own shares of Unit 4.

Portland General Electric's portfolio took an additional hit with the loss of the Boardman plant; the utility owns a 65-percent share of the plant, and gets about 374 MW of its net capacity.

Boardman went down after a "thermal hammer event" caused structural damage to the cold reheat piping line that runs between the turbine and the boiler, the company said in an SEC statement. The plant is expected to be idle for at least one month.

Thanks to excess capacity in the current market, covering the lost power shouldn't be problem, the utility said. Utilities affected by the outages plan to either increase both market purchases or crank up other generating assets to meet the shortfall.

PGE said it expects to spend between $10 million and $12 million to replace power from Boardman and Colstrip.

Other utilities don't have as big a hole to fill.

Avista has already purchased some replacement power in the forward markets and also plans to make some wholesale-market buys, according to a spokeswoman.

"This is standard practice for Avista—we purchase a certain amount of wholesale power whenever it's necessary. We'll simply be purchasing more power in the coming months, knowing we'll need to secure 100 MW of power until Colstrip is back on line," Laurine Jue, spokeswoman for Avista, told *Clearing Up*.

A spokesman for PacifiCorp said the company is likely to "use a variety of resources available to us, since it's a relatively small amount of capacity, relative to this company."

Puget Sound Energy, which gets about 175 MW from Unit 4, will also increase its market purchases and rely on its other generating assets to meet the shortfall.

"Right now there's still a surplus (in the market) available to utilities in the Northwest," Mike Jones, manager of jointly owned projects for Puget Sound Energy, told *Clearing Up*. "Utilities carry a reserve just for this kind of thing. But the market has not fully recovered from the recession, so it makes it a little bit easier."

Under a reciprocal sharing agreement with PPL Montana, NorthWestern Energy said it will receive about 15 percent of the output from Colstrip Unit 3, and has made market purchases for July and August. Unit 4 provides NorthWestern Energy with about 100 MW, or 10 percent of its peak-load capacity.

Environmental groups will be watching the repairs at Colstrip Unit 4 very closely. In March, the Sierra Club and the Montana Environmental Information Center (MEIC) sued the owners of the Colstrip Generating Station, alleging a lengthy list of Clean Air Act violations dating back to the 1990s.

The suit alleges that significant modifications have been made to the 2,200-MW facility without obtaining the required permits (CU 1585 [15]).

"The prevention of significant deterioration provision of the Clean Air Act says when old facilities have to do significant upgrades, they have to consider whether it is economic to install modern pollution controls," Anne Hedges, executive director at MEIC, told the *Great Falls Tribune*. "They have a bad habit of modernizing that old facility without getting the necessary permits."

In 2009, Unit 4 was off line for several months after cracks were found in a low-pressure turbine rotor where it connects to the turbine shaft. The plant was taken off line while the rotor was removed and replaced *[Steve Ernst]*.

[11] Deal Would Trim $32M From PacifiCorp's $56M Oregon Rate Request • *from [6]*

Under an all-parties settlement filed July 9 with the Oregon PUC, PacifiCorp would reduce its request for a 4.6-percent, $56-million general rate increase to $23.7 million, and won't file for another increase until 2015, *[UE 263]*.

The $32.3-million reduction stems from six adjustments, predominantly $12.5 million from operating and maintenance expenses; $10.4 million from a separate tariff already in place to recover costs associated with the Mona-to-Oquirrh transmission project *[UM 246]*; and $5.4 million for the company's prepaid pension asset, which is being considered in a separate docket, *UM 1633*.

The remaining $4 million of the reduction is due to adjustments in the depreciation rates ($1.6 million), rate of return ($1.2 million), and electric plant in service ($1.2 million).

If approved by regulators, the changes, effective Jan. 1, 2014, would raise residential rates by 1.55 percent and overall commercial and industrial rates by 2.32 percent. The settlement also pushes the earliest effective date for a subsequent rate increase to Jan. 1, 2016.

The timing of the next rate case was an issue with some of the stakeholders, who noted that the current case, submitted to the commission in March (CU No. 1585 [17]), was the fourth in five years.

However, base rates could increase again before then if the company's 637-MW Lake Side 2 gas-fired combined-cycle combustion turbine in Utah comes on line and is operational next year. Oregon's nominal share of Lake Side 2's costs is $22.7 million.

If the plant is not on line by 60 days after June 30, 2014, PacifiCorp must make a separate rate filing to add the plant to rates. Stakeholders would, in any event, have an opportunity to scrutinize the prudency of the associated costs.

While not agreeing on capital cost and structure components, the settlement specified "notional" values for them from the previous rate case and for the overall rate of return, "for Oregon regulatory purposes," the settlement said. The adopted ROR would be 7.621 percent, based on 47.6 percent debt, 52.1 percent common stock, and 0.3 percent preferred stock, with embedded costs of 5.25, 5.427, and 9.8 percent, respectively.

PacifiCorp had initially requested the same capital structure, but used a slightly higher embedded cost for debt—5.322 percent compared to 5.25 percent—which yielded a higher ROR of 7.655 percent (CU No. 1585 [17]).

The settlement's rate spread among the customer classes would be used until OPUC approves new allocation factors in a later general rate case. Until then, the adopted allocation factors would apply—if the PUC approves it—to the Lake Side 2 tariff, the pending 2014 Transition Adjustment Mechanism (TAM) *[UE 264]*, and the future 2015 TAM filing. The TAM collects anticipated net power costs allocated to Oregon customers.

The rate design the parties agreed to better reflects the Oregon jurisdictional changes in PacifiCorp's FERC transmission and ancillary services revenue requirement, the settlement stipulation said. These are offset by changes in distribution and system usage charges that are revenue neutral within each rate schedule. The design also would increase the residential customer's monthly basic charge by 50 cents.

PacifiCorp was joined in the agreement by the OPUC staff, the Citizens' Utility Board of Oregon, the Industrial Customers of Northwest Utilities, Fred Meyer and Quality Food Centers (divisions of the Kroger Co.), Wal-Mart, and Noble Americas Energy Solutions.

The remaining party, The League of Oregon Cities, does not object to the deal *[Rick Adair]*.

[12] BPA—Conservation a Cost-Saver Compared to Mid-C Power • *from [2]*

BPA's energy-efficiency investments from fiscal years 2001 to 2011 would have saved the agency $750 million to $1.36 billion over 20 years, had it bought or sold energy equivalent to those savings at the Mid-Columbia wholesale spot market, Bonneville reported in a new analysis.

BPA's "Case for Conservation" also found a net benefit over the same period from its energy-efficiency spending of roughly $1.2 billion for 2001-2022.

Bonneville conducted this research—which also includes a framework conservation business case for utilities—in response to a common inquiry from customers, EE Vice President Richard Génecé told *Clearing Up*.

"It's become more and more apparent customers really want to understand what is the business case for conservation," he said. "There's a sense that, yes, there are lots of reasons to do conservation. When it gets down to the economics of it, the economic benefits, how can that be quantified in any real sense?"

Génecé noted to *Clearing Up*, and in a letter accompanying the analysis, four contextual underpinnings—"the backdrop, if you will, for why we undertook this effort," he said.

One is the economic downturn since 2008, with many utilities experiencing minimal if any load growth, amid worries about conservation's near-term retail rate impacts. Génecé said he hears from many utility officials about increasing challenges in justifying EE spending. "Here's an answer to that . . . Even in a slow- or no-load-growth scenario in any particular utility, [EE] still makes sense."

A second is BPA's commitment to meet regional energy-saving targets set by the Northwest Power and Conservation Council, and within that, an expectation public-power utilities collectively will account for 25 percent of those savings. That means some utilities have to justify EE spending beyond Bonneville funding.

In addition, some utilities have yet to reach their full BPA Tier 1 power allocations, and thus are not facing price signals (and conservation inducements) from Tier 2 rates and/or the market.