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Douglas C. Tingey
Associate General Counsel

September 2, 2014

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

**Re: UE 286 – PGE’s Net Variable Power Costs and Annual Power Cost Update
Second Partial Stipulation**

Attention Filing Center:

On behalf of Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon, the Citizen’s Utility Board of Oregon, and the Industrial Customers of Northwest Utilities, PGE is filing an original and five copies of the following documents:

- Second Partial Stipulation; and
- Joint Testimony in Support of Second Partial Stipulation.

This stipulation resolves all remaining issues in docket UE 286. Please note that the original signature pages will be forwarded to the Filing Center upon receipt by our office.

A copy of this filing has been served on all parties on the UE 286 service list.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Tingey", is written over the typed name.

Douglas C. Tingey
Associate General Counsel

DCT:qal
Enclosures
cc: Service List-UE 286

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 286

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY'S

Net Variable Power Costs and Annual Power
Cost Update

SECOND PARTIAL STIPULATION

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

I. INTRODUCTION

On July 22, 2014, PGE, Staff of the Public Utility Commission (“Staff”), the Citizens’ Utility Board (“CUB”) and the Industrial Customers of Northwest Utilities (“ICNU”) (together the “Stipulating Parties”) filed a stipulation resolving all but three issues in this docket. No other parties filed testimony in this docket. The Stipulating Parties held further settlement discussions, the most recent on July 28, 2014. As a result of those discussions, the Stipulating Parties have reached an agreement resolving all remaining issues in this docket.

The Stipulating Parties request that the Commission issue an order adopting this Stipulation.

II. TERMS OF STIPULATION

1. This Stipulation settles the issues set out below.
2. Load Forecast Price Elasticity. In Docket UE 228, the Commission

approved a stipulation between PGE, Staff, CUB and ICNU, which provided that, in AUT dockets where the overall projected impact of the Schedule 125 change is less than 3%, a price elasticity adjustment would not be included in the load forecast. In PGE's current rate case, Docket UE 283, Staff proposed, and the other Stipulating Parties agreed, that in years when PGE has a general rate case, a price elasticity adjustment should be included in the load forecast used for the rate case and the AUT docket, if separate, regardless of the size of the requested price change. The Stipulating Parties request that the Commission, through approval of this Stipulation, modify the agreement submitted in Docket UE 228. The Stipulating Parties that are also taking an active role in PGE's current general rate case will submit a stipulation in that docket consistent with this paragraph.

3. Wind Integration and Beaver Point-to-Point Transmission. PGE's net variable power costs will be reduced by \$2.5 million in this docket in settlement of issues regarding: (1) the prudence of PGE's decision to purchase variable energy resource balancing services from the Bonneville Power Administration ("BPA") in the test year; (2) the prudence of PGE's contract with the Bonneville Power Administration for point-to-point transmission service from the Beaver generating station; and (3) as part of a resolution of issues in PGE's general rate case, docket UE 283, related to the prudence of Port Westward 2.

4. This Stipulation is not precedential as to any issue or Stipulating Party, except as otherwise provided in the Stipulation.

5. The Stipulating Parties recommend and request that the Commission approve the adjustments described above to PGE's 2015 power costs as appropriate and reasonable resolutions of the issues settled herein.

6. The Stipulating Parties agree that this Stipulation is in the public interest and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.

7. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the parties. Without the written consent of all Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

8. The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right (i) to withdraw from the Stipulation, upon written notice to the Commission and other Stipulating Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration or to appeal the Commission's final order under ORS 756.610. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

9. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-01-0350(7). The Stipulating Parties agree to support this

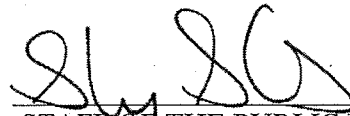
Stipulation throughout this proceeding and in any appeal, provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting an explanatory brief and written testimony, per OAR § 860-001-0350(7), unless such requirement is waived. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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

DATED this 20th day of September, 2014.



PORTLAND GENERAL ELECTRIC
COMPANY

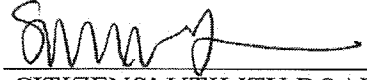


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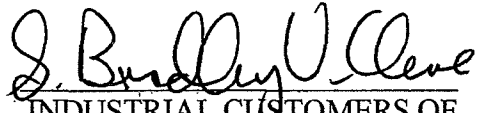
A handwritten signature in black ink, appearing to be 'S. M. J.', written over a horizontal line.

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

UE 286

Net Variable Power Costs and Annual Power Cost Update

PORTLAND GENERAL ELECTRIC COMPANY

Joint Testimony in Support of Second Partial Stipulation

*John Crider
Kevin Higgins
Bob Jenks
Bradley Mullins
Mike Niman*

September 2, 2014

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I. Introduction

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

2 A. My name is John Crider. I am a Senior Power Cost Analyst for the Public Utility
3 Commission of Oregon (OPUC) Staff. My qualifications appear in Staff Exhibit 101.

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

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

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

11 My name is Mike Niman. I am the Manager of Financial Analysis for Portland General
12 Electric (PGE). My qualifications appear in PGE Exhibit 500.

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

14 A. Our purpose is to describe the second partial stipulation (the "Stipulation") reached among
15 OPUC Staff, CUB, ICNU, Fred Meyer Stores and Quality Food Centers, Divisions of The
16 Kroger Co. (Kroger), and PGE (collectively, the "Stipulating Parties") regarding the
17 remaining issues raised in this docket (UE 286). The Stipulation resolves all remaining
18 issues related to PGE's 2015 forecast of net variable power costs (NVPC) identified by the
19 Stipulating Parties in their respective testimonies. While there are other parties to this case,
20 we are not aware of any who oppose the Stipulation.

21 **Q. What issues does the Stipulation address?**

1 A. The Stipulation resolves the following remaining issues related to PGE's 2015 NVPC
2 forecast:

- 3 • The prudence and costs related to PGE's transmission contract with the Bonneville Power
4 Administration (BPA) for point-to-point transmission service from the Trojan Substation
5 to PGE's control area (Beaver PTP Transmission Contract); and,¹
- 6 • The prudence and costs related to PGE's election of BPA Variable Energy Resource
7 Balancing Service (VERBS) 30/60 committed scheduling for the period October 2014
8 through September 2015.

9 **Q. Please summarize the activity in this proceeding leading up to the Stipulation.**

10 A. PGE filed its initial forecast of 2015 NVPC on February 13, 2014, as part of its general rate
11 case filing (UE 283). The NVPC portion of the filing was assigned its own docket, UE 286.
12 The parties subsequently held settlement discussions on June 4 and June 13. A partial
13 settlement agreement was reached at the June 13 meeting. Parties subsequently filed
14 testimony on the remaining issues in UE 286. A joint UE 283 and UE 286 settlement
15 discussion was held on July 28, and a partial settlement agreement was reached resolving the
16 remaining issues in UE 286.

17 **Q. Are there any remaining issues not addressed in the Stipulation?**

18 A. No. The Stipulation addresses and settles all remaining issues in UE 286.

¹ PGE's Beaver, Port Westward 1, and Port Westward 2 generating facilities are interconnected to the transmission system at the Trojan Substation.

II. Stipulated Issues

1 **Q. Did any parties express concerns about the Beaver PTP Transmission Contract and**
2 **PGE’s recent mid-rate-period VERBS Election?**

3 A. Yes. In its opening testimony, ICNU expressed concerns regarding the prudence and
4 usefulness of the Beaver PTP Transmission Contract and PGE’s recent VERBS election. In
5 its opening testimony, ICNU proposed an initial reduction of approximately \$11.7 million to
6 PGE’s 2015 NVPC forecast.² In its rebuttal testimony, ICNU presented a revised proposal
7 for a reduction of approximately \$6.6 million.³ In its rebuttal testimony, CUB stated that it
8 believed the issues were adequately being addressed by other parties in UE 286 and did not
9 present any testimony on either issue.⁴ In its rebuttal testimony, OPUC Staff concluded the
10 both the Beaver PTP Transmission Contract and PGE’s VERBS election were reasonable.⁵

11 **Q. Have parties resolved these issues in the Stipulation?**

12 A. Yes. As a compromise position, the Stipulating Parties agreed to a \$2.5 million reduction to
13 PGE’s 2015 NVPC forecast. The September NVPC update filing in UE 286 will reflect this
14 reduction.

² ICNU/100, Mullins/2

³ ICNU/200, Mullins/2

⁴ CUB/100, Jenks/McGovern/2

⁵ Staff/200, Crider-Ordonez/9

III. Recommendation to the Commission

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

3 A. The Stipulating Parties recommend and request that the Commission approve the Stipulation
4 and the proposed adjustments detailed in the Stipulation. Based on careful review of PGE's,
5 OPUC Staff's, CUB's, and ICNU's testimony; consideration of the documentation provided
6 in PGE's Minimum Filing Requirements (MFRs); thorough discovery conducted by parties
7 in both UE 283 and UE 286, including over 900 data requests; and thorough discussion of
8 the issues during the settlement conferences, we believe the proposed adjustments represent
9 appropriate and reasonable resolutions to the remaining issues in this docket. Rates
10 reflecting these adjustments will be fair, just, reasonable, and provide PGE with adequate
11 revenues consistent with the standard in ORS 756.040.

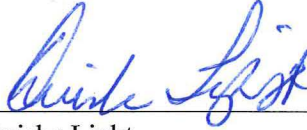
12 **Q. Does this conclude your testimony?**

13 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that I served the **SECOND PARTIAL STIPULATION AND JOINT TESTIMONY IN SUPPORT OF SECOND PARTIAL STIUPLATION** on behalf of the Stipulating Parties, by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 286.

DATED at Portland, Oregon, this 2ND day of September, 2014.



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**SERVICE LIST – 09/02/14
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