

757.005(1)(b)(E). However, pursuant to ORS 757.007(1), persons that are otherwise exempt from regulation under ORS 757.005(1)(b)(E) must still file with the Commission their contracts, and schedules establishing rates, for the provision of heating services. In this manner, the Commission regulates steam sales contracts pursuant to ORS 757.007. Under this statute, the Commission may suspend the effective date of the contract for an additional period of not more than 120 days in order to determine the reasonableness of the contract, taking into consideration the services being provided, the costs and risks of service, the availability and costs of alternative forms of service and other reasonable considerations, including the impact of the contract on existing customers and on the public generally. ORS 757.007(2).

Discussion and Analysis

On July 7, 2016, PGE filed its Application with the Commission for approval to extend the expiration date of its existing steam sale agreement with CRP from August 1, 2016 to December 31, 2016. In its Application, PGE states that PGE and CRP “are working on the terms and conditions of a new steam sale agreement and require additional time to complete the negotiations.”¹

Staff and PGE met in Salem on April 18, 2016, in order to discuss PGE’s ideas on revising its steam sales contracts coming up for renewal. PGE indicates these changes include:

- Implementing a capacity charge to recover fixed costs;
- Splitting the variable steam charge into a Base Steam charge and Peak Steam charge; and
- Implementing a charge for excessive steam volume changes if the customer's Steam Block and control value is not operational.²

The last time the Commission reviewed the contract steam rates was in PGE Advice No. 2011-S2. In that advice filing, Staff reviewed the steam sale pricing calculation between PGE and CRP in order to determine if:

- The expected revenue was sufficient to cover relevant costs;
- The contract was non-discriminatory; and
- PGE's electric customers were held harmless.³

Staff notes that the PGE request is for a fairly short time period of several months at which time PGE will seek Commission approval for new effective rates.

¹ UE 231 7/7/16 Supplemental Application at 1.

² *Ibid.*

³ Staff Report for PGE Advice No. 2011-S2. June 30, 2011. Available at: <http://www.puc.state.or.us/meetings/pmemos/2011/070511/ca1.pdf>

Conclusion

PGE's extension request is for a fairly short period of time. Further, PGE is actively working with Staff in regards to its steam sales contracts coming up for renewal. In addition, the PGE-CRP contract was previously approved by the Commission and it is currently in effect. For these reasons, Staff does not see a need at this time to conduct an in-depth investigation into the terms and rates of the PGE-CRP contract. Staff did generally review the contract terms and recently met with PGE's representatives to obtain answers to questions it had. Staff intends to conduct a more intensive analysis of PGE's steam sales contracts, using the ORS 757.007 criteria for "reasonableness," when the Company seeks to implement permanent changes to them, including its agreement with CRP. Under these circumstances, Staff believes it is reasonable to allow PGE additional time to negotiate changes to its steam sales contracts generally, including its contract with CRP.

Finally, Staff supports PGE's request including the request for less than statutory notice (LSN) for the same reasons: because PGE's extension request is for a fairly short period of time and because the Company is actively working with Staff with regards to its steam sales contracts coming up for renewal.

PROPOSED COMMISSION MOTION:

Approve, with LSN, PGE's request to extend the expiration date of its existing steam sale agreement with Columbia River Processing from August 1, 2016 to December 31, 2016.