



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

July 22, 2016

Via E-File/ Courier
PUC.filingcenter@state.or.us

Public Utility Commission of Oregon
201 High St. SE, Suite 100
PO Box 1088
Salem, OR 97308-1088

Attention: **Filing Center:**

Re: UE 308 In the Matter of Portland General Electric Company's 2017 Annual Power Cost Update Tariff (Schedule 125)

Enclosed please find one original and five copies of PGE's Supplemental Testimony with Confidential Exhibits and Confidential Work Papers to be filed in Docket No. UE 308. This Supplemental Testimony provides information concerning the definitive agreements for PGE's long-term gas hedging proposal.

PGE had stated in its testimony that it would provide the agreements when they were available¹. PGE further clarifies that the confidential documents are being sent to parties of the UE 308 service list who have signed the protective order, with the exception of Noble Americas Energy Solutions²

If you have any questions or require further information, please call me at (503) 464-7580 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink that reads "Patrick G. Hager". The signature is written in a cursive, flowing style.

Patrick G. Hager
Manager, Regulatory Affairs

Encls.
PGH/sp

Cc: UE 308 Service List

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¹ PGE Exhibit 300, Page 21, Table 2

² Per agreement with Noble .

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

UE 308

Long Term Gas Hedging

PORTLAND GENERAL ELECTRIC COMPANY

Supplemental Testimony and Exhibits of

Brett Sims
Alex Tooman

July 22, 2016

1 **Q. Please state your names and positions with PGE.**

2 A. My name is Brett Sims. I am the Director of Origination, Structuring, and Resource
3 Strategy at PGE. My qualifications appear at the end of PGE Exhibit 100.

4 My name is Alex Tooman. I am a Project Manager with Regulatory Affairs at PGE.
5 My qualifications appear at the end of PGE Exhibit 300.

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

7 A. The purpose of our testimony is to submit the definitive agreements for the proposed
8 transaction between the Portland General Gas Supply Company (PGGS) and [REDACTED]
9 [REDACTED] These definitive agreements are subject to final
10 management approvals within each company and any necessary board of director and other
11 internal governance required approvals by each company. In addition, these definitive
12 agreements may be modified and revised in order to be put in final execution form, without
13 substantive or material revisions anticipated. If approved for inclusion in rates, this
14 transaction will provide PGE with long-term gas supply as previously discussed in PGE
15 Exhibits 100, 200, 300, and 600. The final definitive agreements are provided as
16 Confidential PGE Exhibit 701C.

17 **Q. Do the final definitive agreements contain any significant changes compared to the**
18 **draft term sheet or draft definitive agreement?**

19 A. No. As we previously intended and stated in PGE Exhibit 300, page 21, the final definitive
20 agreement reflects the same primary terms and costs as presented in the draft term sheet
21 (provided as Confidential PGE Exhibit 601C) and the draft definitive agreement submitted
22 by PGE on July 8, 2016. As before, this transaction represents a non-operating working

1 interest purchase agreement between PGGGS (PGE affiliate and gas resource buyer) and [REDACTED]
2 [REDACTED] (seller/operator) to provide PGE with a long-term, cost-of-service gas supply.

3 **Q. Is the proposed transactions still cost effective?**

4 A. Yes. The Long-Term Projected Cost of the proposed transaction is still below the Long-
5 Term Benchmark Price, which has been updated to reflect the latest gas price forward curve
6 and long-term gas price forecast. Confidential PGE Exhibit 702C provides a summary of
7 this comparison.


8 **Q. What is the current impact of the proposed transaction on PGEs 2017 net variable
9 power costs?**

10 A. Based on PGE's most recent power cost forecast as filed on July 15, 2016, PGE's MONET
11 model calculates an [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 **Q. Does this complete your testimony?**

16 A. Yes.

List of Exhibits

<u>PGE Exhibit</u>	<u>Description</u>
701C	Definitive Agreements between PGE/PGGS and 
702C	Summary of Cost Effectiveness