

ORDER NO.

111 247

ENTERED

JUL 07 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 231

In the Matter of

PORTLAND GENERAL ELECTRIC

Proposed Tariff for Electric Service.
Advice No. 2011-S2

ORDER

DISPOSITION: CONTRACT ALLOWED; WAIVER GRANTED

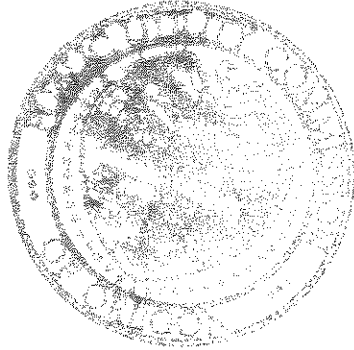
On June 7, 2011, PORTLAND GENERAL ELECTRIC filed Advice No. 2011-S2 to be effective August 1, 2011. The terms of the proposed contract are set forth in the Staff Report dated June 30, 2011, attached as the Appendix to this order.

At its public meeting on July 5, 2011, the Public Utility Commission of Oregon allowed the contract to go into effect. Pursuant to a waiver of OAR 860-022-0032, the Commission finds that the contract shall be effective with meter readings on and after August 1, 2011.

ORDER NO.

IT IS ORDERED that Advice No. ~~2011-S2~~ filed by PORTLAND GENERAL ELECTRIC, is allowed effective with meter readings on and after August 1, 2011.

Made, entered, and effective JUL 07 2011.



BY THE COMMISSION:

Becky L. Beier
Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

UE 231

ITEM NO. CA1

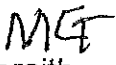
PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: July 5, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE August 1, 2011

DATE: June 30, 2011

TO: Public Utility Commission

FROM: Ed Durrenberger THROUGH: Lee Sparling and Maury Galbraith 

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 2011-S2) Provides special contract arrangements between Portland General Electric and Columbia River Processing for steam.

STAFF RECOMMENDATION:

I recommend that the Commission allow Portland General Electric Company's (PGE or Company) Advice No. 2011-S2 to go into effect for meter readings on or after August 1, 2011.

DISCUSSION:

The OPUC received PGE's Advice No. 2011-S1 on April 20, 2011. The filing was a request to extend the existing special contract under which PGE's Coyote Springs Generating plant supplies steam to Columbia River Processing (CRP or Tillamook Cheese). The extension was needed to allow additional time to complete negotiations on a new contract. The Commission approved the contract extension, with conditions, at the May 17, 2011, Public Meeting and the filing now before you represents the culmination of that process.

On June 7, 2011, the Company completed contract negotiations and filed the new contract as PGE Advice 2011-S2, in accordance with ORS 757.007. The Company filing states that the new contract should be approved for the following reasons:

1. The revenue from the steam sales covers relevant costs,
2. The contract is not discriminatory,
3. PGE customers will be held harmless, and

PGE Advice No. 2011-S2
June 30, 2011
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4. The contract incorporates opportunity-cost pricing where steam sales pricing is based on the market value of power that would otherwise be produced.

The New Contract Filing:

The commercial conditions of the new contract differ from the existing contract in several ways. First, the new contract greatly expands the amount of steam sales to CRP. Previously the base steam delivery was 15,000 lbs/hr; the current base amount is proposed to be 25,000 lbs/hr. In addition, the steam pricing, although based on the same pricing formula, is now proposed to use the Flat Mid-C Index Price rather than a PGE market price comprised of the on-peak and off-peak Mid-C market price adjusted downward for transmission and distribution costs using figures from PGE's Schedule 83. The steam pricing continues to include the annual budgeted variable operations and maintenance (O&M) costs but with an added clause allowing PGE to revise O&M costs for unexpected and unforeseen events related to providing the service.

Review:

Based upon my review of the steam sale pricing calculation, I conclude that the expected revenue will be sufficient to cover PGE's relevant costs of providing steam to the Columbia River Processing plant. In addition, the contract remains non-discriminatory; all other steam customers have similar pricing. Furthermore PGE's customers are held harmless, as this contract incorporates the opportunity-cost pricing more thoroughly discussed and allowed in Order No. 01-489 in Docket UE 125. It is my conclusion that the Columbia River Processing steam sale contract is in the public interest.

PROPOSED COMMISSION MOTION:

The Commission allow PGE's Advice No. 2011-S2 to go into effect for meter readings on or after August 1, 2011.

PGE Steam Sales Special Contract (2011)