

ORDER NO. 14 345

ENTERED OCT 03 2014

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 291

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

2013 Annual Power Cost Variance  
Mechanism.

ORDER

DISPOSITION: STIPULATION ADOPTED

**I. SUMMARY**

On June 3, 2014, Portland General Electric Company (PGE) filed its annual Power Cost Variance (PCV) mechanism update in this docket to recognize the difference between actual and forecasted power costs.<sup>1</sup> In its filing PGE showed that its 2013 power cost variance is within the deadbands specified in Schedule 126. Accordingly, PGE proposed no change to its Schedule 126 rates.

**II. BACKGROUND**

PGE's PCV is calculated in accordance with its tariff Schedule 126. PGE's filing included testimony and work papers showing its 2013 PCV calculation and earnings test results, in accordance with the minimum filing requirements agreed to for PCV dockets.

A prehearing conference was held in this docket on June 25, 2014. The Industrial Customers of Northwest Utilities (ICNU) was granted party status. The Citizens' Utility Board of Oregon (CUB) intervened as a matter of right under ORS 774.180.

The parties reviewed PGE's filing and work papers and held a settlement conference on August 14, 2014. As a result of their discussions, and before any Staff or Intervenor testimony was filed, PGE, Staff, CUB, and ICNU reached an agreement settling all issues in this docket. They filed their stipulation, joint explanatory brief in support of the stipulation, and motion

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<sup>1</sup> See generally *In the Matter of Portland General Elec. Co.*, Docket No. UE 180, et al, Order No. 07-015 (Jan 12, 2007) (order originally adopting PGE's PCV mechanism); Docket No. UE 232, Order No. 11-480 (Dec 5, 2011) (PGE's 2010 PCV filing); Docket No. UE 256, Order No. 12-402 (Oct 24, 2012) (PGE's 2011 PCV filing); Docket No. UE 274, Order No. 13-397 (Oct 29, 2013) (PGE's 2012 PCV filing).

to admit the stipulation and explanatory brief on September 8, 2014. The motion is granted. The stipulation is attached to this order as Appendix A.

## II. PGE's PCV FILING

PGE's PCV calculation begins with its forecasted, or base unit net variable power costs from Schedule 125. This amount is established in PGE's annual power cost update docket, and for 2013 was \$651.1 million.<sup>2</sup> PGE makes adjustments to this amount to account for steam sales from its Coyote Springs plant and direct access and variable option load. PGE calculated adjusted final base unit net variable power costs of approximately, \$637.3 million.

PGE next determines its actual net variable power costs. For 2013 this amount was \$676.9 million. To this amount PGE applies numerous adjustments for items that are billed or recovered through other schedule as well as items that PGE states should be specifically excluded or included. These adjustments resulted in final actual net variable power costs for 2013 of \$637.4 million.

PGE then determines unit power costs to eliminate the variance that would arise from changes in load. From this, PGE calculated the 2013 annual variance of approximately \$11.0 million, with actual power costs exceeding forecasted power costs.

PGE applies a deadband, sharing mechanism, and earnings test (if applicable) to the annual variance. PGE's power cost deadband is \$30 million for a positive annual variance and \$15 million for a negative annual variance. PGE concludes that because the deadband amount of \$30 million is greater than PGE's 2013 annual variance of \$11 million, the sharing percentages do not apply and PGE will absorb the entire variance.

## III. STIPULATION AND EXPLANATORY BRIEF

In their stipulation the parties agree that PGE's actual power costs for 2013 were above forecast power costs by \$11 million, but that amount falls within the Schedule 126 power costs deadbands. In these circumstances there is no rate change for customers. The Schedule 126 rates continue to be set at zero, effective January 1, 2015.

In their stipulation, the parties note that some parties may have proposed adjustments to the power cost calculation or earnings test results but such adjustments, if accepted would not have changed the result. They state that their election not to raise such issues is not to be construed as their agreement with any or all of the aspects of the calculations done by PGE and is not to be considered as precedent for future PCV dockets or in other PGE proceedings.

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<sup>2</sup> Advice No. 12-21 (Nov 15, 2012).

#### IV. DISCUSSION

In its application PGE reported that no rate change would be required in this proceeding because its power cost variance for 2013 was within its Schedule 126 deadbands. By their review of PGE's filing and work papers the parties confirmed PGE's findings and reached their settlement in this case. Given the amount of the reported variance (\$11 million) and the value of the deadband (\$30 million), the parties reasonably concluded that any issues they might raise would not likely be material in terms of effectuating a rate change. Accordingly, they settled on the result of no rate change, without necessarily agreeing to all aspects of the calculations done by PGE.

We find the settlement reasonable and in the public interest. The stipulation should be adopted.

#### V. ORDER

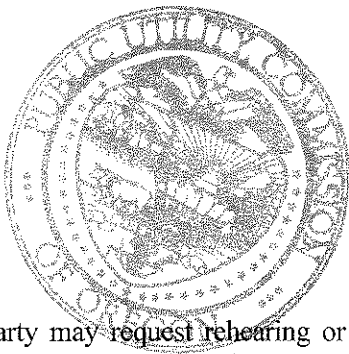
IT IS ORDERED that

1. The stipulation between Portland General Electric Company, the Public Utility Commission of Oregon Staff, the Industrial Customers of Northwest Utilities, and the Citizens' Utility Board of Oregon, attached as Appendix A, is adopted;
2. Portland General Electric Company's Schedule 126 rates should continue to be set at zero effective January 1, 2015.


Made, entered, and effective OCT 03 2014.

COMMISSIONER ACKERMAN WAS  
UNAVAILABLE FOR SIGNATURE

**Susan K. Ackerman**  
Chair



  
**John Savage**  
Commissioner

  
**Stephen M. Bloom**  
Commissioner

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.

## BEFORE THE PUBLIC UTILITY COMMISSION

## OF OREGON

UE 291

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANYAnnual Power Cost Variance Mechanism (2013)

## 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 "Parties"). There are no other parties in this docket.

## I. INTRODUCTION

In accordance with its tariff Schedule 126, PGE filed its annual power cost variance mechanism update in this docket on June 3, 2014. Included with that filing were PGE's testimony and work papers regarding the 2013 power cost variance and earnings test results. This information included the data required by the minimum filing requirements agreed to for Power Cost Variance (PCV) dockets. PGE's filing showed that the 2013 power cost variance was within the deadbands contained in Schedule 126, and therefore results in no power cost variance refund or collection for 2013.

The Parties subsequently reviewed PGE's filing and work papers. The Parties held a workshop/settlement conference on August 14, 2014. As a result of those discussions, the

Parties have reached agreement settling this docket as set forth below. The Parties request that the Commission issue an order adopting this Stipulation.

## II. TERMS OF STIPULATION

1. This Stipulation settles all issues in this docket.
2. PGE's actual power costs for 2013 were above forecast power costs but within the Schedule 126 power cost deadbands. This results in no rate impact to customers for the 2013 power cost variance. Some parties may have proposed adjustments to the power cost calculation or earnings test in this docket but such adjustments, if accepted, would not have altered the Schedule 126 rates. As such, the lack of issues being raised and decided in this docket is not to be construed as agreement to any or all of the aspects of the calculations done by PGE and is not precedent for future PCV dockets or any other case.
3. Schedule 126 rates should continue to be set at zero effective January 1, 2015.
4. The Stipulating Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
5. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.
6. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. Without the written consent of all 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.

7. 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 Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other 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 pursuant to ORS 756.610 to appeal the Commission order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

8. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The 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. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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9. 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 2<sup>nd</sup> day of September, 2014.

  
\_\_\_\_\_  
PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

\_\_\_\_\_  
INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

ORDER NO.

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9. 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 5 day of September, 2014.

PORTLAND GENERAL ELECTRIC  
COMPANY

Mike L  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON  
(attorney)

CITIZENS' UTILITY BOARD  
OF OREGON

INDUSTRIAL CUSTOMERS OF  
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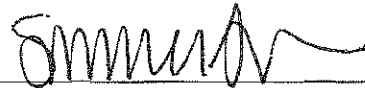
DATED this \_\_\_\_ day of September, 2014.

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PORTLAND GENERAL ELECTRIC  
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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON



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CITIZENS' UTILITY BOARD  
OF OREGON

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