

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 297, UM 1724

In the Matters of

PORTLAND GENERAL ELECTRIC COMPANY,

Renewable Resources Automatic
Adjustment Clause, Revises Schedule 122 (UE 297)

and

Application for Order Approving the Deferral of
Incremental Costs Associated with the
Portland Public Schools Solar Project (UM 1724)

ORDER

DISPOSITION: STIPULATION ADOPTED

In this order, we approve the stipulation between Portland General Electric Company (PGE), the Staff of the Public Utility Commission of Oregon (Staff) and the Citizens' Utility Board of Oregon (CUB) to update PGE's Renewable Resources Automatic Adjustment Clause to reflect the inclusion of the Portland Public Schools Solar Project (PPS Solar Project) and to revise Schedule 122 accordingly.

I. BACKGROUND

As part of its portfolio of renewable resources, PGE has proposed the addition of the PPS Solar Project. The project is a series of rooftop photovoltaic crystalline modules installed on six Portland public school buildings located in Multnomah County. The project will have an expected aggregate installed capacity of 1.2 MW—enough power to offset approximately half of the participating schools' electric usage. To finance the project, PGE sought and received Commission approval¹ to enter into an agreement with Banc of America Leasing & Capital LLC (BALC), using a sale-leaseback structure with PGE receiving a 6-year buyout option. Thus, after completing the project, it will be immediately sold to BALC who will lease it back to PGE with PGE receiving the energy output. PGE proposed to amortize in rates the proceeds of the sale in one year beginning January 1, 2016.

¹ See *Portland General Electric Application for Approval of the Sale of 1.2MW of Solar Electric System to Banc of America Leasing & Capital as Part of a Sale/Leaseback Transaction*, Docket No. UP 324, Order No. 15-237 (Aug 11, 2015).

Pursuant to ORS 469A.120, PGE made two filings related to the PPS Solar Project. First, it filed to amend Schedule 122, Renewable Automatic Adjustment Clause, docketed as UE 297, to include the renewable generating project. Second, it sought to defer costs associated with the PPS Solar Project, docketed as UM 1724.

PGE's filing estimates the 2015 and 2016 revenue requirements and the gain on the sale transaction for the project as resulting in a net credit to customers of approximately \$2.1 million in 2016. PGE will update its then-current costs of the PPS Solar Project by December 1, 2015.

On May 14, 2015, CUB filed a notice of intervention and a prehearing conference was held on May 28, 2015, at which time a procedural schedule was adopted. On July 30, 2015, PGE filed a motion to suspend the procedural schedule, noting that all parties had reached a settlement. The motion was granted and the schedule suspended on that date.

On September 14, 2015, PGE, Staff, and CUB jointly filed a stipulation and testimony in support of the stipulation. Motions to admit the joint testimony, PGE's pre-filed testimony, and supporting affidavits were filed by all parties shortly thereafter. The motions are granted and all are admitted and entered into the record.

II. THE STIPULATION

The parties agree that the stipulation settles all issues in both dockets and that the deferral sought in docket UM 1724 should be granted. The parties agree that PGE will update its 2015 deferred costs and benefits for the PPS Solar Project by December 1, 2015, with the known actual deferred revenue requirement consistent with Schedule 122. The deferral is expected to cover costs accrued between its expected in-service date and December 31, 2015.

The update will include projected power cost and other benefits for 2015 and the actual recorded gain on the sale of the facility. However, any variances between the actual benefits received in 2015 and the estimate in the December 1 update will be the basis of a deferred amount, the differences will be refunded or collected in a future period.

The updated 2015 deferred costs and estimated 2015 and 2016 costs, plus the amortized gain from the sale of the PPS Solar Project, will form the basis of Schedule 122 prices for 2016. The stipulation acknowledges the PGE estimate that the net of these costs and sale proceeds will result, as noted above, in a credit to customers in 2016 of approximately \$2.1 million.

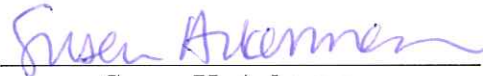
III. DISCUSSION

We have reviewed PGE's application, testimony, and supporting exhibits, the stipulation of the parties and the joint testimony in support of the stipulation, and find that the proposed settlement complies with the provisions of ORS 469A, ORS chapter 757, and section 13 of the Oregon Renewable Energy Act. We further find that the proposed settlement will result in just and reasonable rates and is in the public interest.

IV. ORDER

IT IS ORDERED that:

1. The stipulation between Portland General Electric Company; the Staff of the Public Utility Commission of Oregon; and the Citizens' Utility Board of Oregon, attached to this order as Appendix A, is adopted.
2. Portland General Electric Company shall update its Renewable Resources Automatic Adjustment Clause and revise tariff Schedule 122 in a manner consistent with this order.

Made, entered, and effective OCT 02 2015.

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 297/UM 1724

In the Matter of PORTLAND GENERAL)
ELECTRIC COMPANY'S Renewable Resources)
Automatic Adjustment Clause (Advice No. 15-07,)
Schedule 122) (UE 297))

In the Matter of Application of PORTLAND)
GENERAL ELECTRIC COMPANY for an Order)
Approving the Deferral of Incremental Costs)
Associated with the Portland Public Schools Solar)
Project)
(UM 1724))

STIPULATION REGARDING ALL
ISSUES

This Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), and the Citizens' Utility Board of Oregon ("CUB") (collectively, the "Parties").

On April 1, 2015, PGE filed its annual Renewable Resources Automatic Adjustment Clause update pursuant to PGE tariff Schedule 122. That filing was docketed as UE 297. PGE's filing included one renewable generating project: the Portland Public Schools Solar Project (PPS Solar). The filing included revised tariff sheets, testimony and work papers explaining the renewable resource costs included in the update. On May 28, 2015, a Prehearing Conference was held during which a schedule was adopted for this docket.

PGE had previously sought, in Docket UP 324, Commission authorization to sell the PPS Solar project as part of a sale/lease-back financing structure. PGE proposed to amortize in rates the proceeds of the sale in one year beginning on January 1, 2016. On August 11, 2015, the Commission approved that sale in Order No. 15-237.

Consistent with Schedule 122, on April 1, 2015, PGE also filed its Application for Deferral of Revenue Requirement of Incremental Costs Associated with the PPS Solar project (UM 1724). That application sought a deferral, pursuant to ORS 469A.120, of the revenue requirement associated with the 2015 incremental costs of the PPS Solar project as well as the estimated gain on the sale transaction.

PGE's application in the current docket presented the estimated 2015 and 2016 revenue requirements and the gain on the sale transaction for the PPS Solar project, which results in a net credit to customers of approximately \$2.1 million in 2016. Pursuant to Tariff Schedule 122, PGE will file an update reflecting the then-current costs of this renewable resource by December 1, 2015. PGE does not expect the updates to be significant.

On July 1, 2015, the Parties held a Settlement Conference. Additional settlement talks followed, and the Parties reached agreement settling all issues in this docket. The Parties agree as follows:

TERMS OF STIPULATION

1. This Stipulation is entered to settle all issues in these dockets.
2. The deferral sought in Docket UM 1724 should be granted. PGE will update its 2015 deferred costs and benefits for the PPS Solar project by December 1, 2015, with known actual deferred revenue requirement consistent with tariff Schedule 122. The update will include projected power cost and other benefits for 2015 and the actual recorded gain on the sale of the facility. However, any variances between the actual benefits received in 2015, and the estimate in the December 1 update, will be the basis of a deferred amount. Such differences will be refunded/collected in a future period.

3. These updated 2015 deferred costs and estimated 2015 and 2016 costs, plus the

amortized gain from the sale of the PPS Solar project, will form the basis of Schedule 122 prices for 2016. PGE's application in this docket estimates that the net of these costs and sale proceeds will result in a credit to customers in 2016 of approximately \$2.1 million.

4. The Parties recommend and request that the Commission approve the terms of this Stipulation as appropriate and reasonable resolutions of the issues in these dockets.

5. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

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. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party disadvantaged by such action shall have the rights provided in OAR 860-001-0350 and OAR 860-001-0720, including the right to withdraw from the stipulation and to seek reconsideration of the Commission's 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. The Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The

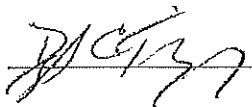
Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-001-0350(7).

9. 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, other than those specifically identified in the 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.

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 17th day of September, 2015.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE OREGON PUBLIC
UTILITY COMMISSION

CITIZENS' UTILITY BOARD OF
OREGON

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