

ORDER NO. 16 335

ENTERED:

SEP 06 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 310

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2015 Annual Power Cost Variance
Mechanism.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In accordance with its tariff Schedule 126, Portland General Electric Company (PGE) filed its annual power cost variance mechanism update on June 6, 2016. Included with its filing were PGE's testimony and work papers regarding the 2015 power cost variance and earnings test results. This information included the data required by the minimum filing requirements agreed to for Power Cost Variance dockets.

A prehearing conference was held on June 22, 2016. Parties appearing were PGE, the Commission Staff, the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities.

On August 23, 2016, the parties filed a stipulation settling all issues in this proceeding. The parties agree that PGE's actual power costs for 2015 were below the forecast of power costs but still within the Schedule 126 power cost deadband. Consequently, they propose no rate adjustment in this docket.

The stipulation is received into evidence and is attached as Appendix A.

Also on August 23, 2016, the parties filed a joint explanatory brief in support of their stipulation. The parties explain the application of the terms of Schedule 126 and describe the results of PGE's earnings test required by its tariff.

II. BACKGROUND

PGE's tariff Schedule 126 is designed to recognize in rates part of the difference between actual net variable power costs (as defined in the tariff) and the net variable power cost

forecast pursuant to tariff Schedule 125. Schedule 126 defines how the Power Cost Variance is calculated, including deadbands that are applied to either a positive or negative power cost variance, and sharing of the variance outside the applicable deadband. The Power Cost Variance is also subject to an earnings test. In its filing, PGE calculated that the difference between forecast and actual power costs in 2014 was about (\$2.6 million). This negative variance is within the \$15 million Negative Annual Power Cost Deadband. As such, the sharing percentages in Schedule 126 do not apply.

PGE also performed the earnings review required by Schedule 126. The Schedule 126 return on equity (ROE) deadband is +/- 100 basis points of PGE's authorized ROE, which for 2015 was 9.68 percent. PGE's testimony showed that the company's final regulated adjusted 2015 ROE was 8.18 percent. This is outside the Schedule 126 earnings deadband, but because the Power Cost Variance is within the power cost deadband, the variance is not subject to the earnings test.

III. DISCUSSION

As stated in the stipulation and brief, after reviewing PGE's filing and work papers, the parties convened a settlement conference. While some parties may have raised issues regarding PGE's calculation of the Power Cost Variance or earnings test, they recognized that such issues would not have changed the outcome of either the calculation of the Power Cost Variance or the earnings test. They state that the stipulation should not be construed as agreement to any aspect of PGE's calculations and is not precedent for future proceedings. They ask that the Schedule 126 rates continue to be set at zero, effective January 1, 2017.

We find the stipulation is reasonable and should be adopted.

IV. ORDER

IT IS ORDERED that:

1. The stipulation between Portland General Electric Company, the Public Utility Commission of Oregon Staff, and the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities, attached as Appendix A, is adopted.

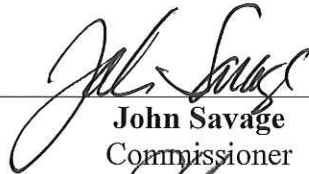
2. Portland General Electric Company's Schedule 126 rate shall be set at zero, effective January 1, 2017.

SEP 06 2016

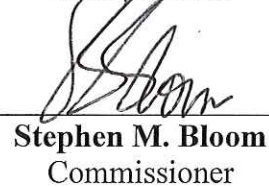
Made, entered, and effective _____.



Lisa Hardie
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 310

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Annual Power Cost Variance Mechanism (2015)

STIPULATION

This Stipulation ("Stipulation") is among Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities (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 6, 2016. Included with that filing were PGE's testimony and work papers regarding the 2015 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 2015 power cost variance was within the deadbands contained in Schedule 126, and therefore results in no power cost variance refund or collection for 2015.

The Parties subsequently reviewed PGE's filing and work papers. The Parties held a workshop/settlement conference on July 12, 2016. 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 2015 were below forecast power costs but within the Schedule 126 power cost deadbands. This results in no rate impact to customers for the 2015 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, 2017.
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.

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 23rd day of August, 2016.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

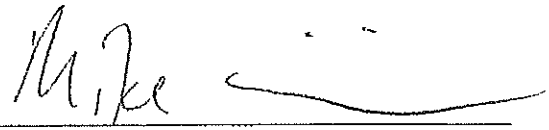
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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 ____ day of August, 2016.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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 8th day of August, 2016.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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 18th day of August, 2016.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON



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NORTHWEST UTILITIES