

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 6, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: November 28, 2016

TO: Public Utility Commission

FROM: Max St. Brown ^{MSB}
J *A*

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UE 231/Advice No. 2016-S4) Extends the expiration date of the existing steam sale agreement between PGE and Columbia River Processing from December 31, 2016 to March 31, 2017.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve the application (Application) by Portland General Electric Company (PGE or Company) to extend the expiration date of its existing steam sales agreement with Columbia River Processing (CRP) from December 31, 2016 to March 31, 2017.

DISCUSSION:

Issue

Whether PGE's Application satisfies the applicable law, and if so, whether the Commission should approve its request to extend the expiration date of its existing steam sale agreement with CRP.

Applicable Rule or Law

ORS 757.005(1)(b)(E) exempts from regulation as a public utility the provision of heat, but not electricity, to a customer. CRP is located in the Port of Morrow, outside of PGE's electricity service territory, thus PGE's steam sales contract with CRP qualifies as the furnishing of heat, but not electricity, and therefore the service is exempt under ORS 757.005(1)(b)(E). However, pursuant to ORS 757.007(1), persons that are otherwise exempt from regulation under ORS 757.005(1)(b)(E) must still file with the Commission

their contracts, and schedules establishing rates, for the provision of heating services. In this manner, the Commission regulates steam sales contracts pursuant to ORS 757.007. Under this statute, the Commission may suspend the effective date of the contract for an additional period of not more than 120 days in order to determine the reasonableness of the contract, taking into consideration the services being provided, the costs and risks of service, the availability and costs of alternative forms of service and other reasonable considerations, including the impact of the contract on existing customers and on the public generally. ORS 757.007(2).

Analysis

On July 7, 2016, PGE filed an Application with the Commission for approval to extend the expiration date of its existing steam sale agreement at that time with CRP from August 1, 2016 to December 31, 2016. One of the purposes of that filing was to align customer renewal dates. The Commission approved that filing in Order 16-271. On November 1, 2016, PGE filed its current Application with the Commission for approval to extend the expiration date of its existing steam sale agreement with CRP from December 31, 2016 to March 31, 2017.

In its Application, PGE describes that another of its steam sales customers has requested additional time to renegotiate its steam sales agreement because that customer will be busy in the next few months working on a corporate reorganization. PGE is requesting to extend its steam sales agreement with CRP in order to keep the terms of all steam sales agreements aligned. In response to Staff's information request, PGE stated that it is not aware of any circumstances that would delay, beyond March 31, 2017, the renegotiation of the steam sales contract with its other customer which is working on a corporate reorganization.¹

Conclusion

PGE's extension request is for a fairly short period of time. Further, PGE is actively working with Staff in regards to its steam sales contracts coming up for renewal. In addition, the PGE-CRP contract was previously approved by the Commission and it is currently in effect. For these reasons, Staff does not see a need at this time to conduct an in-depth investigation into the terms and rates of the PGE-CRP contract. Staff did generally review the contract terms and recently met with PGE's representatives to obtain answers to questions it had. Staff intends to conduct a more intensive analysis of PGE's steam sales contracts, using the ORS 757.007 criteria for "reasonableness," when the Company seeks to implement permanent changes to them, including its agreement with CRP. Under these circumstances, Staff believes it is reasonable to

¹ See Page 2 of Staff's Public Meeting Memo CA8; also on the December 6, 2016 Public Meeting.

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allow PGE additional time to negotiate changes to its steam sales contracts generally, including its contract with CRP.

The Company has reviewed this memo and has stated no objections.

PROPOSED COMMISSION MOTION:

Approve PGE's request to extend the expiration date of its existing steam sale agreement with CRP from December 31, 2016 to March 31, 2017.

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