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**Douglas C. Tingey**  
Assistant General Counsel

May 3, 2011

*Via Electronic Filing and U.S. Mail*  
Oregon Public Utility Commission  
Attention: Filing Center  
550 Capitol Street NE, #215  
PO Box 2148  
Salem OR 97308-2148

**Re: UM 1514**

Attention Filing Center:

Our filing of the Stipulation in the above-captioned docket yesterday inadvertently omitted Exhibit A. Enclosed for filing please find a complete Stipulation with the exhibit attached. We apologize for the inconvenience.

Thank you in advance for your assistance.

Sincerely,

  
DOUGLAS C. TINGEY  
Assistant General Counsel

DCT:cbm  
Enclosure  
cc: UM 1514 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1514**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION</b>
	)	
Application for Deferral of Incremental Costs Associated with Automated Demand Response	)	

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), the Citizens’ Utility Board of Oregon (“CUB”), and Staff of the Public Utility Commission of Oregon (“Staff”) (collectively, the “Stipulating Parties”).

**I. INTRODUCTION**

On December 29, 2010, PGE filed its Application in this docket, along with tariff sheets (Advice Filing 10-29), for recovery through an automatic adjustment clause of incremental costs associated with implementing a pilot Automated Demand Response (“ADR”) program. The initial tariff filing has zero rate recovery request and serves as a placeholder for the structure of the recovery mechanism related to the ADR program. The Stipulating Parties agree that PGE will update the rates associated with recovery of the tariff after June 15, 2011 for rate implementation January 1, 2012. The ADR program is designed to provide a capacity resource that is reasonably priced and produces no emissions. The ADR pilot program will run through the end of 2013 and be operated by a third-party provider that will deliver 10 MW of projected capacity benefits in the first year, beginning in late 2011, and at least 20 MW of capacity benefits in the second year of operation, ramping up to an expected 43 MW by December 2013. The ADR provider

was selected through an RFP process and is a nationally recognized leader in ADR programs. If the pilot program is successful, the ADR program will continue with subsequent Commission approval. The ADR program is described in greater detail in the joint testimony filed in support of this Stipulation.

The parties to Docket No. UM 1514 have held numerous workshops both before and after PGE's initial filing. One of those workshops included representatives of the ADR provider. Staff has also made numerous data requests and PGE has responded to them. Settlement discussions were held on March 1, 2011, and April 4, 2011, and the Stipulating Parties reached settlement on the terms set forth below. The Industrial Customers of Northwest Utilities ("ICNU") participated in the workshops and settlement discussions. ICNU has indicated that it opposes the rate spread portion of Advice Filing 10-29, and neither supports nor opposes the other aspects of this Stipulation. To address ICNU's position, PGE has filed an amended proposed tariff, removing the language regarding spread, and inserting instead a provision stating that the costs will be spread among customers as directed by the Commission. The Stipulating Parties support this amended proposed tariff (See Item 2 in Terms of Stipulation below). It is the parties intent to begin a process soon after approval of this tariff to bring the spread issue to the Commission for decision. Accordingly, the Stipulating Parties request that the Commission issue an order adopting this Stipulation.

## **II. TERMS OF STIPULATION**

1. This Stipulation settles all issues in this docket except as noted below.
2. The Stipulating Parties agree that the proposed ADR pilot is reasonable and prudent and the proposed cost recovery mechanism is appropriate. Accordingly, the

Stipulating Parties agree that the Commission should approve PGE's Advice Filing 10-29, as amended, and should approve the deferral application in this docket, effective for the twelve-month period beginning January 1, 2011, and request that the Commission do so. The automatic adjustment clause in the tariff, and this associated deferral, are intended to run through 2013 and include the incremental costs of the ADR pilot program, subject to the conditions below. PGE estimates that it will incur approximately \$6.0 million of costs by April 2013, and \$8.2 million by the end of 2013.

3. Prior to January 1, 2012, and prior to January 1, 2013, PGE will apply to the Commission to re-authorize the deferral of costs of the ADR pilot and the Stipulating Parties will support such applications. PGE's 2012 application to defer will only ask to defer costs from January 1, 2013 to April 30, 2013. This shortened deferral request will allow Parties an opportunity to review the performance and terms of the pilot prior to pledging support for recovery of the pilot's costs by ratepayers for the period between April 30, 2013 and December 31, 2013. PGE has filed, and the Parties request that the Commission approve, Supplemental Advice Filing 10-29, removing the cost allocation language and inserting a provision stating that costs will be allocated as directed by the Commission. The proposed amended tariff is attached hereto as Exhibit A. PGE will, after June 15, 2011, file a proposed revised Schedule 135 including the costs of the pilot project and a proposed cost allocation.

4. During and after the pilot period, the ADR program will be evaluated to determine if it is successful and provides capacity benefits at a reasonable cost. Two formal evaluations of the ADR program will be prepared by a third-party contractor; one after the Summer 2012 season, and the second after the Summer 2013 season. In

addition, PGE will provide interim status reports based on internal records regarding the program's effectiveness in reducing load when implemented. PGE and Staff will coordinate to determine the specific information to be provided in these interim reports. The interim reports will be provided no later than 45 days after the end of an operating season.

5. If prior to April 30, 2013, Staff or CUB or both conclude that the interim and final reports discussed in paragraph 4 demonstrate that the ADR pilot does not provide capacity benefits at a reasonable cost, Staff or CUB or both may recommend that the Commission not authorize deferral of program costs incurred on and after May 1, 2013. To allow CUB and Staff this opportunity, PGE will file two requests to defer pilot program costs in 2013, one for a period ending April 30, 2013, and another for a period beginning May 1, 2013.

6. If either Staff or CUB or both oppose PGE's deferral of ADR program pilot program costs incurred on and after May 1, 2013, PGE may either 1) terminate the agreement with the ADR provider, or 2) contest the recommendation of Staff or CUB in the Commission docket initiated by PGE's application to defer ADR pilot program costs incurred on and after May 1, 2013.

7. If Staff and CUB conclude, after the pilot period, that the ADR program is cost effective as well as effective at providing capacity benefits, Staff and CUB will support PGE's request to include the costs of the program in its Annual Update Tariff filings subject to a proceeding that allows parties an opportunity to review the prudence of the costs and the program's benefits. Support by Staff and CUB of the ADR pilot will not be considered precedential when reviewing the ADR program after this pilot phase.

8. The Stipulating Parties agree that PGE should bank any White Tags it earns in the implementation of this pilot on behalf of ratepayers and any sales of White Tags should be filed as property sales in the same manner as Renewable Energy Credits (pursuant to Docket No. UP 236), with the gains on sales of White Tags applied to PGE's Property Sales Balancing Account as a refund to customers.

9. The Stipulating Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.

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

11. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating 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.

12. 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 Stipulating Party reserves its right (i) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation and (ii) pursuant to OAR 860-001-0720, to seek rehearing or reconsideration. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

13. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-01-350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing, and recommend that the Commission issue an order adopting the settlements contained herein.

14. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically identified in the Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

15. 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 2nd day of May, 2011.

  
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PORTLAND GENERAL ELECTRIC  
COMPANY

\_\_\_\_\_  
CITIZENS' UTILITY BOARD OF  
OREGON

\_\_\_\_\_  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON



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PORTLAND GENERAL ELECTRIC  
COMPANY

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CITIZENS' UTILITY BOARD OF  
OREGON

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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PORTLAND GENERAL ELECTRIC  
COMPANY

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CITIZENS' UTILITY BOARD OF  
OREGON

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

**SCHEDULE 135  
DEMAND RESPONSE COST RECOVERY MECHANISM**

**PURPOSE**

This Schedule recovers the expenses associated with automated demand response not otherwise included in rates. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all bills for Electricity Service served under the following rate schedules 7, 15, 32, 38, 47, 49, 75, 83, 85, 89, 91, 92, 93 and 94.

**ADJUSTMENT RATE**

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>	<u>Adjustment Rate</u>	
7	0.000	¢ per kWh
15	0.000	¢ per kWh
32	0.000	¢ per kWh
38	0.000	¢ per kWh
47	0.000	¢ per kWh
49	0.000	¢ per kWh
75		
Secondary	0.000	¢ per kWh <sup>(1)</sup>
Primary	0.000	¢ per kWh <sup>(1)</sup>
Subtransmission	0.000	¢ per kWh <sup>(1)</sup>
83	0.000	¢ per kWh
85		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh

(1) Applicable only to the Baseline and Scheduled Maintenance Energy.

**SCHEDULE 135 (Concluded)**

ADJUSTMENT RATE (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>	
89		
Secondary	0.000	¢ per kWh
Primary	0.000	¢ per kWh
Subtransmission	0.000	¢ per kWh
91	0.000	¢ per kWh
92	0.000	¢ per kWh
93	0.000	¢ per kWh
94	0.000	¢ per kWh

(1) Applicable only to the Baseline and Scheduled Maintenance Energy.

**BALANCING ACCOUNT**

The Company will maintain a balancing account to accrue differences between the incremental costs associated with automated demand response and the revenues collected under this schedule. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts.

**DEFERRAL MECHANISM**

Each year the Company may file a deferral request. The deferral will be amortized over one year in this schedule unless otherwise approved by the Oregon Public Utility Commission.

**SPECIAL CONDITION**

1. Costs recovered through Schedule 135 will be allocated to applicable rate schedules in a manner approved by the Commission.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused **STIPULATION (WITH EXHIBIT A ATTACHED)** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UM 1514.

Dated at Portland, Oregon, this 3<sup>rd</sup> day of May, 2011.

  
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**SERVICE LIST  
DOCKET UM 1514**

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