

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1235**

In the Matter of )  
 )  
SP NEWSPRINT CO. ) **JOINT EXPLANATORY**  
 ) **BRIEF**  
 v. )  
 )  
PORTLAND GENERAL )  
ELECTRIC COMPANY )

Pursuant to OAR 860-014-0085, Portland General Electric Company (“PGE”) and SP Newsprint Co. (“SP Newsprint”) (collectively, the “Parties”) submit this brief (“Explanatory Brief”) supporting the stipulation (“Stipulation”) dated December 12, 2005. Capitalized terms used in this Explanatory Brief have the meanings ascribed to them in this Explanatory Brief or in the Stipulation.

**Discussion**

The dispute in this docket centers around the ability of SP Newsprint to increase its Baseline Demand under Schedule 75 beginning January 1, 2006. Special Condition 9 of Schedule 75 provides the ability to modify a customer’s Baseline Demand under certain circumstances. Schedule 75, Special Condition No. 9 states:

The Consumer’s Baseline Demand may be modified as requested by the Consumer upon the addition of permanent energy efficiency measures, load shedding, or the removal of equipment. The Consumer’s Baseline Demand may be modified by the Company if

the Company determines that the level does not reflect load adjusted for the actual Consumer generation.

SP Newsprint originally sought to increase its Baseline Demand from 2.0 MW to 20.0 MW beginning January 1, 2006 due to its installation of permanent energy efficiency measures. PGE denied the request for an increase on November 1, 2005. The parties were not able to resolve the issue and SP Newsprint filed the Complaint in this matter on December 2, 2005. The Stipulation settles all issues raised in the Complaint in this matter. Stipulation ¶ 12. The Parties agree that the Stipulation is in the public interest and will produce rates that are fair, just and reasonable. Stipulation ¶ 13.

SP Newsprint claims that it met the requirements under the tariff to increase its Baseline Demand. PGE claims that it has not. The level of the Baseline Demand affects the pricing of electric service to SP Newsprint both below and above the designated Baseline Demand. The level of SP Newsprint's Baseline Demand also has an impact on Schedule 125, Part A, rates of other large, non-residential customers of PGE. Stipulation ¶ 8.

A compromise has now been reached by the Parties whereby SP Newsprint's Baseline Demand for calendar year 2006 will be set at 11.0 MW. Paragraph 10 of the Stipulation contains this agreement. Under the compromise, SP Newsprint's Baseline Demand will be increased by 50 percent of its request. Moreover, SP Newsprint agrees that it will not seek to change its Baseline Demand again in 2006. The Stipulation, however, does not affect SP Newsprint's ability to give notice to PGE in 2006 that it will modify its Baseline Demand in 2007 under Schedule 75, nor does it bind PGE to accept SP Newsprint's interpretation of Schedule 75 provisions. Stipulation ¶ 11.

By agreeing to settle this dispute for 11 MW for 2006, any impact on other large, non-residential customers through Schedule 125, Part A, will be reduced from those that would have occurred if SP Newsprint's Baseline Demand were increased to 20 MW. Stipulation ¶ 10. This Stipulation is in the public interest and results in rates that are fair, just and reasonable.

The settlement is a compromise of disputed positions. Because this is a compromise, the Parties' ability to set forth additional explanation of the Stipulation is somewhat limited. One of the primary motivations for both Parties to enter the settlement is to achieve as soon as possible certainty as to rates in 2006. This includes certainty for SP Newsprint's ongoing operations, and also certainty for the Schedule 125, Part A credit for other large, non-residential customers. Power cost rates, and associated Schedule 125 rates arising from PGE's RVM proceeding, Docket UE 172, will take effect January 1, 2006. Both parties and other customers have an interest in achieving certainty about those rates as soon as possible.

PGE filed Advice 05-17 as a result of this dispute and to amend the conditions under which a customer may modify its Baseline Demand under Schedule 75. PGE's proposed changes to Schedule 75 were contested by SP Newsprint. PGE will withdraw Advice Filing 05-17 if this Stipulation is accepted by the Commission. Stipulation ¶ 15. PGE plans to file a general rate case in 2006. It is PGE's intent that Schedule 75 issues will be dealt with along with all other issues raised in that rate case. SP Newsprint reserves the right to oppose any modification to Schedule 75 in the upcoming rate case.

As is common in settlements, each party likely used different reasoning, and different analyses of the likely outcome of this Complaint proceeding to arrive at the settlement position.

Since the Stipulation represents the settlement of a disputed claim, each Party independently relied on its own reasoning and analysis in agreeing to the settlement. Nevertheless, both Parties believe that the settlement is a reasonable compromise.

The Stipulation also contains a number of provisions typically contained in stipulations filed with the Commission. Stipulation ¶¶ 14-19.

### Conclusion

The Stipulation is a reasonable compromise of the dispute in this docket. The Stipulation is in the public interest, provides certainty for PGE, SP Newsprint and other customers about the rates for 2006 and results in rates that are fair, just and reasonable. For the reasons set forth above, the Parties request that the Commission approve the Stipulation.

DATED THIS 14<sup>th</sup> day of December, 2005.

PORTLAND GENERAL ELECTRIC  
COMPANY

SP NEWSPRINT CO.

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