

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 220, UM 1480

In the Matters of

PORTLAND GENERAL ELECTRIC
COMPANY

Renewable Resources Automatic
Adjustment Clause (Schedule 122) (UE 220)

And

Application for Deferral of Incremental
Costs Associated with Biglow Canyon
Wind Farm Phase 3 and SunWay 3, LLC
Solar Project. (UM 1480)

ORDER

**DISPOSITION: STIPULATION ADOPTED; TARIFF REVISIONS
APPROVED**

In this Order, the Commission approves Advice No. 10-06, Renewable Resources Automatic Adjustment Clause as revised by the Stipulation among Portland General Electric Company (PGE), the Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon and the Industrial Customers of Northwest Utilities.

I. BACKGROUND

On April 1, 2010, PGE filed its annual Renewable Resources Automatic Adjustment Clause update pursuant to the Company's tariff Schedule 122. The filing, docketed as UE 220, included revised tariff sheets, testimony, and work papers explaining the renewable resource costs included in the update. A prehearing conference was held on May 3, 2010, at which time a schedule for the proceeding was adopted. The date for submission of testimony was subsequently delayed to August 19, 2010, at the request of the parties.

On April 1, 2010, PGE filed an Application for Deferral of Incremental Costs Associated with Biglow Canyon Wind Farm Phase 3 (Biglow 3) and SunWay 3, LLC Solar

Project (SunWay 3) in docket UM 1480, seeking deferral of the incremental costs of those renewable projects. Estimated 2010 revenue requirements were approximately \$16.9 million for Biglow 3 and \$0.2 million for SunWay 3. On July 6, 2010, PGE updated the application, primarily by reducing the forecasted Biglow 3 2010 capital costs; the July 6, 2010 update reduced the deferral revenue requirement to approximately \$13.2 million. On August 19, 2010, PGE filed a Stipulation Regarding All Issues (Stipulation) in both dockets UE 220 and UM 1480, executed by all of the parties to the proceedings. Joint Testimony and Exhibits in Support of the Stipulation was filed on August 31, 2010.

II. TERMS OF THE STIPULATION

The Stipulation settles all issues in these proceedings and has been executed by all of the parties. Under the terms of the Stipulation, the parties, in addition to including the recitation of compliance with Commission rules and procedures, recommend that the Commission approve the Stipulation, agree that it is in the public interest, and acknowledge that it represents a compromise of their respective positions, without adopting the underlying methodologies or theories of the other parties.¹ The Stipulation is attached to this Order as Appendix A.

With respect to SunWay 3, the parties agree that it will be operational and closed to PGE's books during 2010. The SunWay 3 rate base and revenue requirement for 2011 will be removed from these dockets and included in docket UE 215, PGE's general rate case proceeding. Although the SunWay 3 revenue requirement originally filed in this docket was approximately \$262,000, only \$256,000 will be included for the project in docket UE 215. The lower amount is due to an update in the 2011 revenue requirement reflecting a reduction to the stipulated cost of capital in docket UE 215.²

The parties further agree that PGE will update its 2010 deferred costs and benefits for Biglow 3 and SunWay 3 on December 1, 2010, with known, actual deferred revenue requirement numbers consistent with tariff Schedule 122. The Update, plus the residual related to Biglow Canyon Wind Farm Phase 2 (Biglow 2), will form the basis of Schedule 122 prices for 2011.³ The Update will include projected power cost and other benefits for November and December; any variances between the actual benefits received during those months and the estimate in the December 1 Update will be the basis of a deferred amount. Such differences will be either refunded or collected, as appropriate, in a future period.⁴

¹ Stipulation at 2-4, numbered paragraphs 1, 4-10.

² *Id.* at 2, numbered paragraph 2; Stipulating Parties/100, Bird-Feighner-Liddle/3, Exhibit 104 (Joint Testimony in Support of Stipulation, dockets UE 220, UM 1480 (Aug 31, 2010)).

³ The basis of the residual related to Biglow 2 represents a similar variance as for Biglow 3, where the projected output of the wind farm and the actual output created a variance in the power costs and net benefits that were forecasted into rates on January 1, 2010. PGE filed an information update on February 9, 2010 in Docket UE 209 describing the Biglow 2 variances. Stipulating Parties/100, Bird-Feighner-Liddle/4. (Joint Testimony, Dockets UE 220, UM 1480).

⁴ Stipulation at 2-3, numbered paragraph 3, fn 1 (cited therein). The parties currently estimate a revenue requirement reduction from the original estimate of \$16.9 million to \$13.2 million. For Biglow 3, estimates are based on a forecast of output and the forward curve from PGE's last Automatic Update Tariff (AUT); net

III. DISCUSSION

We have reviewed the Stipulation and the parties' Joint Testimony and Exhibits in Support of the Stipulation. We find the terms of the Stipulation are supported by good and sufficient evidence to conclude that the terms and conditions contained in the Stipulation are in compliance with our prior orders, reasonable, and in the public interest. The Commission should therefore adopt the Stipulation and order PGE to submit a revised Schedule 122, Renewable Resources Automatic Adjustment Clause, consistent with the terms of the Stipulation.

IV. ORDER


IT IS ORDERED that:

1. The Stipulation filed by Portland General Electric Company, the Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities is adopted and attached hereto as Appendix A.
2. Within ten (10) days of the date of this order, Portland General Electric Company shall submit a revised Schedule 122, Renewable Resources Automatic Adjustment Clause, consistent with the terms of the Stipulation.
3. On December 1, 2010, Portland General Electric Company shall file an update of its 2010 deferred costs and benefits for Biglow Canyon Wind Farm Phase 3 and SunWay 3, LLC Solar Project with known, actual deferred revenue requirement numbers consistent with the Company's tariff Schedule 122.

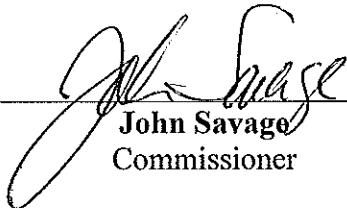
variable power cost impacts will be calculated using actual output and the forward curve from PGE's last AUT proceeding (Docket UE 208). *See* Stipulating Parties/100, Bird-Feighner-Liddle/3 (UE 220, UM 1480).

4. Portland General Electric Company shall provide such information and perform such other acts as may be necessary to be in compliance with the terms of the Stipulation and with this order.

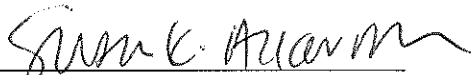
Made, entered and effective OCT 11 2010.



Ray Baum
Chairman



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order pursuant to 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 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 220/UM 1480

In the Matter of Portland General Electric)
Company's Renewable Resources Automatic)
Adjustment Clause (Advice No. 10-06, Schedule)
122) (UE 220))
)

In the Matter of Application of PORTLAND)
GENERAL ELECTRIC COMPANY for an Order)
Approving the Deferral of Incremental Costs)
Associated with Biglow Canyon Wind Farm)
Phase 3 and SunWay 3, LLC Solar Project)
(UM 1480))

**STIPULATION REGARDING ALL
ISSUES**

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

On April 1, 2010, PGE filed its annual Renewable Resources Automatic Adjustment Clause update pursuant to PGE tariff Schedule 122. That filing was docketed as UE 220. The filing included revised tariff sheets, and testimony and work papers explaining the renewable resource costs included in the update. On May 3, 2010, a Prehearing Conference was held during which a schedule was adopted for this docket. On July 20, 2010, PGE filed a motion, with the support of the other Parties, seeking a delay in the filing date for Staff and Intervenor testimony in UE 220 to August 19, 2010. That motion was granted.

On April 1, 2010, in conjunction with its Renewable Resources Automatic Adjustment Clause filing, PGE filed its Application for Deferral of Incremental Costs Associated with

Biglow Canyon Wind Farm Phase 3 and SunWay 3, LLC Solar Project (UM 1480). That application seeks deferral pursuant to ORS 469A.120 of the incremental costs of the identified renewable projects. In the application the estimated 2010 revenue requirements were approximately \$16.9 million for Biglow 3 and \$0.2 million for SunWay 3. PGE provided an updated Biglow 3 2010 deferral revenue requirement on July 6, 2010, which reflected primarily a reduction in average rate base based upon lower than forecast capital costs. This updated 2010 revenue requirement was approximately \$13.2 million.

On July 14, 2010, the Parties held a Settlement Conference. The Parties reached a tentative agreement settling all issues in this docket contingent on PGE providing some additional requested information, which PGE has provided. The Parties agree as follows:

TERMS OF STIPULATION

1. This Stipulation is entered to settle all issues in this docket.
2. SunWay 3 is a solar generating project. SunWay 3 will be operational and closed to PGE's books during 2010. The Parties agree that the rate base and revenue requirement of SunWay 3 for 2011 be moved from Docket UE 220, and included in Docket UE 215, PGE's current general rate case. The parties to a Stipulation Regarding Remaining Issues in Docket UE 215 have also agreed to this move regarding SunWay 3. The 2011 revenue requirement of SunWay 3 in UE 220 was approximately \$262,000 as originally filed. However, the amount being moved into UE 215 is approximately \$256,000, which reflects an update to the 2011 revenue requirement consistent with the cost of capital stipulated to in UE 215.
3. PGE will update its 2010 deferred costs and benefits for Biglow Canyon Phase 3 and SunWay 3 on December 1, 2010, with known actual deferred revenue requirement consistent

with tariff Schedule 122. This update, plus the residual related to Biglow 2¹, will form the basis of Schedule 122 prices for 2011. Actual capital costs are expected to be available at the time of the update. The update will include projected power cost and other benefits for November and December. However, any variances between the actual benefits received during November and December, 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.

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 860-014-0085 and OAR 860-014-0095, 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.


¹ On February 9, 2010, PGE filed an informational update describing the residual.

8. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. 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 § 860-14-0085(4).

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 August, 2010.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

PORTLAND GENERAL ELECTRIC
COMPANY



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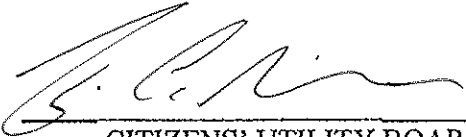
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