

ORDER NO.

11 114

ENTERED

APR 11 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 926

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Request for Order to Sign Proposed
Bonneville Power Administration
Residential Exchange Program Settlement
Agreement and the Residential Exchange
Program Settlement Implementation
Agreement.

ORDER

DISPOSITION: REQUEST APPROVED

On March 22, 2011, Portland General Electric Company (PGE), filed a request with the Public Utility Commission of Oregon (Commission), asking that the Commission require it to sign the Residential Exchange Program Settlement Agreement and the Residential Exchange Program Settlement Implementation Agreement offered by the Bonneville Power Administration (BPA). Details of the Settlement Agreements may be found in the Staff Report for Agenda Item No. 1 of the April 5, 2011 Public Meeting available on the Commission's website.

PGE seeks authorization to execute the Settlement Agreements. PGE concludes that the risks of signing the agreement are outweighed by its benefits.


Staff's recommendation and further description of the procedural history of the Settlement Agreement is contained in the Staff Report, attached as Appendix A and incorporated by reference.

At its Public Meeting on April 5, 2011, the Commission adopted Staff's recommendation that the Commission issue an order directing PGE to execute the Settlement Agreements.

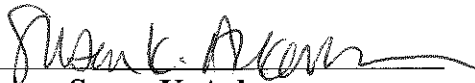
ORDER

IT IS ORDERED that Portland General Electric Company shall execute the proposed Bonneville Power Administration Residential Exchange Program Settlement Agreement, and if offered by the Bonneville Power Administration, the Residential Exchange Program Settlement Implementation Agreement.

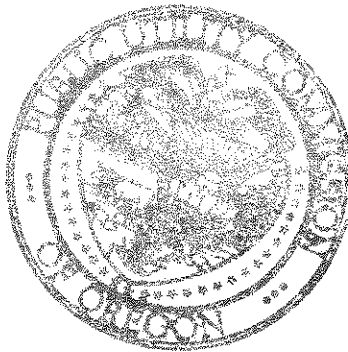
Made, entered, and effective APR 11 2011.



John Savage
Commissioner



Susan K. Ackerman
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.

ITEM NO. 3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 5, 2011

REGULAR CONSENT EFFECTIVE DATE _____

DATE: March 29, 2011

TO: Public Utility Commission

FROM: Marc Hellman st

THROUGH: Lee Sparling ^{li}

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 926) Request for Order to Sign Proposed Bonneville Power Administration Residential Exchange Program Settlement Agreement and the Residential Exchange Program Settlement Implementation Agreement.

STAFF RECOMMENDATION:

I recommend that the Commission require Portland General Electric (PGE) to execute the proposed Bonneville Power Administration (BPA) Residential Exchange Program Settlement Agreement and, if offered by BPA, the Residential Exchange Program Settlement Implementation Agreement.

DISCUSSION:

For a discussion of the background and issues, please refer to the Staff discussion contained in public meeting agenda item #1, "Execution of long-term settlement agreement resolving Residential Exchange Program issues."

I agree with PGE's assessment of risks and benefits outlined in its filing. As such, I support PGE's request to be directed to execute the Residential Exchange Program Settlement Agreement, and if offered by BPA, the Residential Exchange Program Settlement Implementation Agreement.

In addition, I should note that PGE's current Residential Exchange Program (REP) contract with BPA expires on September 30, 2011. In the event the Settlement Agreement does not become effective, either by the failure of the publicly-owned utilities to produce a sufficient number of signers, or because it is not approved by BPA, then PGE will need to negotiate with BPA (and OPUC Staff) an alternative REP mechanism, obtain Commission approval to execute the alternative agreement, and execute it prior to October 1, 2011.

PGE UM 926 Filing
March 29, 2011
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PGE estimates that the residential and small farm benefits will increase beginning on October 1, 2011, from \$49 million to \$58 million annually. This is due principally to the fact that PGE's Average System Cost for BPA FY 2012 has increased more relative to those of the other IOUs. The increase in REP benefits translates to a rate reduction of approximately 1%. The likely timing of the retail rate change that would incorporate the higher level of REP benefits is January 1, 2012, a date on which other rate changes, (e.g., those associated with PGE's Power Cost Adjustment Mechanism), are expected to occur.

Finally I would like to note my appreciation for the roles played by the PGE representatives in the mediation. Jim Lobdell did an excellent job focusing the IOU Group's discussions. And, on many occasions Mr. Lobdell was asked to speak on behalf of the IOU Group and represented our group well in all aspects. Stefan Brown spent countless hours on technical analysis to assist the IOU Group in understanding the ramifications of different proposals. The legal expertise brought by PGE counsel Cheryl Chevis was also extremely valuable to the group, as were David White's efforts in drafting the Settlement Agreement.

PROPOSED COMMISSION MOTION:

Require Portland General Electric (PGE) to execute the proposed Bonneville Power Administration Residential Exchange Program Settlement Agreement and, if offered by BPA, the Residential Exchange Program Settlement Implementation Agreement.

PGE UM 926 filing