

ORDER NO. 13 437

ENTERED NOV 26 2013

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 278

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Request for Approval of a Steam Contract  
with Upper Columbia Mill, LLC.

ORDER

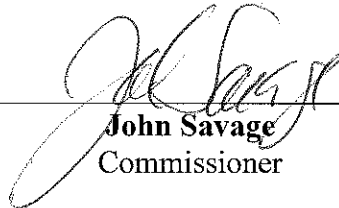
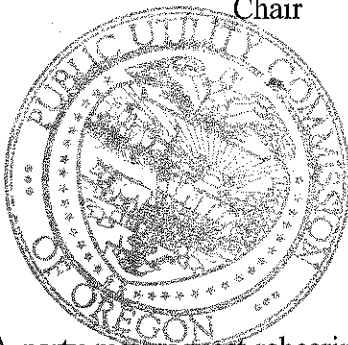
**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

This order memorializes our decision, made and effective at the public meeting on November 26, 2013, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 26<sup>th</sup> day of Nov., 2013, at Salem, Oregon.



**Susan K. Ackerman**  
Chair



**John Savage**  
Commissioner

**COMMISSIONER BLOOM WAS  
UNAVAILABLE FOR SIGNATURE**

**Stephen M. Bloom**  
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.

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ITEM NO. CA3

**PUBLIC UTILITY COMMISSION OF OREGON**

**STAFF REPORT**

**PUBLIC MEETING DATE: November 26, 2013**

**REGULAR** \_\_\_\_\_ **CONSENT** X **EFFECTIVE DATE** November 30, 2013

**DATE:** October 28, 2013

**TO:** Public Utility Commission

**FROM:** John Crider

*JE*

*AGM*

*AA*

**THROUGH:** Jason Eisdorfer, Maury Galbraith and Aster Adams

**SUBJECT:** PORTLAND GENERAL ELECTRIC: (Docket No. UE 278/Advice No. 2013-S6) Revises and renews a special contract arrangement between PGE and Upper Columbia Mill, LLC, for delivery of steam.

**STAFF RECOMMENDATION:**

I recommend that the Commission allow Portland General Electric Company's (PGE or Company) Advice Nos. 2013-S6 to go into effect, with less than statutory notice, for meter readings on or after November 30, 2013<sup>1</sup>.

**DISCUSSION:**

PGE filed Advice No. 2013-S6 on October 11, 2013. The filing was a request to update the steam contract with Upper Columbia Mill that is currently in place.

The revised contract has an initial term of one year followed by a renewal clause authorizing a series of six one-year renewals.

The revised contract is nearly identical to the existing steam contract<sup>2</sup> as far as terms and requirements for the buyer and seller. The new contract differs from the existing contract on seven minor points:

- a) A quarterly steam repricing option has been removed. The contract steam price will be reset on the fifteenth of each month based on power market forward prices at Mid-C;
- b) The requirement that the buyer secure a \$250,000 letter of credit has been removed;

<sup>1</sup> This Staff recommendation requires that OAR 860-022-0032 be waived. This rule states that tariff changes are applicable with service rendered on or after the effective date. If the Commission accepts the Staff recommendation, a UE 278 order waiving OAR 860-022-0032 will need to be issued

<sup>2</sup> See Order 13-194 approved by the Commission on 5-23-2013

PGE Advice Nos. 2013-S6

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- c) The buyer's option to purchase 'sample steam' has been removed;
- d) The parties have agreed to define a "Technical Violation" in the event that the buyer fails to notice the seller for three or more occurrences of steam load fluctuations greater than 10,000 pounds per hour which occur within a 7 day window. Technical Violations contractually enable the seller (PGE) to shut off steam deliveries;
- e) Buyer demand shall not change more than 2000 pounds per minute for any 10 minute period;
- f) The two-tier pricing system based on on- and off-peak demand has been replaced with a single flat Mid-C index price; and
- g) Four new terms are defined: Agreement, Effective Date, Operations & Maintenance Cost, and Technical Violation.

Review:

Historically, Staff reviews of steam sale contracts have applied the relevant standards for special contracts that are set forth in ORS 757.230 and Order No. 87-402. Based on these standards, a review of a steam sale contract includes consideration of the following criteria: (1) The revenue generated from the steam sale should be sufficient to cover relevant costs; (2) Other PGE customers should be held harmless; and (3) The contract should not be discriminatory.

The slight changes in contract terms discussed above have no effect on the contract's continued compliance with these standards of review.

**PROPOSED COMMISSION MOTION:**

The Commission allow PGE's Advice Nos. 2013—S6 to go into effect with meter readings on or before November 30, 2013.

PGE Steam Sales Special Contract (2013)