

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 381

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,2019 Annual Power Cost Variance
Mechanism.

ORDER

DISPOSITION: ANNUAL POWER COST VARIANCE MECHANISM
STIPULATION ADOPTED; SCHEDULE 126 RATES SET TO
ZERO

I. SUMMARY

In this order, we adopt a stipulation that resolves all issues related to Portland General Electric Company's 2019 Annual Power Cost Variance (PCV) Mechanism, and set the PGE Schedule 126 rates at zero, effective January 1, 2021. The stipulation, attached as Appendix A, is between PGE and all other parties to the docket: Staff of the Public Utility Commission of Oregon and the Alliance of Western Energy Consumers (collectively the Stipulating Parties). Through this Annual Power Cost Variance Mechanism stipulation, all issues related to PGE's 2019 power cost earnings review and results are resolved.

II. BACKGROUND AND PROCEDURAL HISTORY

The PCV Mechanism is a true-up procedure for net power costs (NPC). The PCV Mechanism compares PGE's actual NPC incurred during operations for a particular year against the forecast NPC included in rate for that year. The PCV Mechanism allows PGE to either recover or refund the difference between actual power costs and forecast power costs, subject to the power cost deadbands, as well as an earnings test. Beginning January 1, 2011, the power cost deadbands are calculated based on Order No. 10-478 (Appendix D, page 3 of 11): \$30 million for a positive Annual Variance; and \$15 million

for a negative Annual Variance.¹ These deadbands are also set forth in PGE's Schedule 126.

In accordance with the company's tariff Schedule 126, on July 1, 2020, PGE filed an annual power cost variance mechanism update for the year 2019. The filing consisted of testimony and work papers regarding PGE's 2019 power cost variance and earnings review, and included the data required by the minimum filing requirements established for PCV dockets. These documents showed that PGE's 2019 power cost variance was \$5.4 million, within the upper deadband amount of \$30 million, and making the sharing percentages inapplicable for 2019.²

After review of PGE's filing and additional information shared during discovery, the Stipulating Parties held a workshop and settlement conference on September 24, 2020. As a result of discussions there, the Stipulating Parties reached agreement. On October 30, 2020, a stipulation and supporting joint testimony, with motions to admit, were filed.

III. STIPULATION

The stipulation reflects the Stipulating Parties' agreement that application of the Schedule 126 power cost deadbands to the company's actual 2019 NPC results in no charge or refund to customers for the 2019 power cost variance. Although some parties may have raised issues regarding PGE's calculation of the power cost variance or the earnings test, the Stipulating Parties indicate that any proposed adjustments, even if adopted, would not have changed the final Schedule 126 rates. For this reason, the stipulation's lack of discussion about other issues does not indicate agreement about PGE's calculations. The Stipulating Parties recommend and request that we approve the stipulation and direct PGE to continue to set Schedule 126 rates at zero effective January 1, 2021.

IV. DISCUSSION

We adopt the stipulation, finding the comprehensive resolution by the Stipulating Parties of all issues to be reasonable. PGE's Schedule 126 rates are currently set at zero, and the Stipulating Parties agree that no changes should be made. By adopting the stipulation, we find that rates should continue to be set at zero throughout 2021.

¹ PGE/100, Batzler—Cristea/11.

² PGE/100, Batzler—Cristea/12.

V. ORDER

IT IS ORDERED that:


1. The stipulation between Portland General Electric Company and the other parties (consisting of Staff of the Public Utility Commission of Oregon and the Alliance of Western Energy Consumers), attached as Appendix A, is adopted.
2. Portland General Electric Company will set its Schedule 126 rates at zero effective January 1, 2021.

Dec 02 2020

Made, entered, and effective _____.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
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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STIPULATION

This Stipulation (“Stipulation”) is among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, the “Parties”). There are no other parties in this docket.

I. INTRODUCTION

In accordance with its tariff Schedule 126, PGE filed its annual power cost variance mechanism update in this docket on July 1, 2020. Included with that filing were PGE’s testimony and work papers regarding the 2019 power cost variance and earnings review results. This information included the data required by the minimum filing requirements agreed to for Power Cost Variance (PCV) dockets. PGE’s filing showed that the 2019 power cost variance was within the deadbands contained in Schedule 126, and therefore results in no power cost variance refund or collection for 2019.

The Parties subsequently reviewed PGE’s filing and work papers. The Parties held a workshop/settlement conference on September 24, 2020. As a result of those discussions, and discovery, the Parties have reached agreement settling this docket as set forth below. The Parties request that the Commission issue an order adopting this Stipulation.

II. TERMS OF STIPULATION

1. This Stipulation settles all issues in this docket.
2. PGE's actual power costs for 2019 were above forecast power costs but within the Schedule 126 power cost deadbands. This results in no rate impact to customers for the 2019 power cost variance. Some parties may have proposed adjustments to the power cost calculation or earnings review in this docket but such adjustments, if accepted, would not have altered the Schedule 126 rates. As such, the lack of issues being raised and decided in this docket is not to be construed as agreement to any or all of the aspects of the calculations done by PGE and is not precedent for future PCV dockets or any other case.
3. Schedule 126 rates should continue to be set at zero effective January 1, 2021.
4. The Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
5. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.
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. The Parties have negotiated this Stipulation as an integrated document. 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 Party reserves its right: (i) to

withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission 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.

8. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. 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. 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.

9. 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 30th day of October, 2020.

**PORTLAND GENERAL ELECTRIC
COMPANY**

/s/ Douglas C. Tingey

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON**

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

9. 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 22nd day of October, 2020.

**PORTLAND GENERAL ELECTRIC
COMPANY**

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON**

Stephanie Andrus

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

9. 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 22nd day of October, 2020.

**PORTLAND GENERAL ELECTRIC
COMPANY**

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON**

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

/s/ Corinne O. Milinovich
