

**BEFORE THE PUBLIC UTILITY COMMISSION**  
**OF OREGON**

UE 395

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,2020 Annual Power Cost Variance  
Mechanism.

ORDER

DISPOSITION: STIPULATION ADOPTED; SCHEDULE 126 RATES SET TO  
ZERO

**I. SUMMARY**

In this order, we adopt the parties' stipulated agreement that the 2020 actual power costs for Portland General Electric Company were within the deadband of the company's power cost adjustment mechanism (PCAM) and that there should be no change in customer rates. PGE's Schedule 126 rates will continue to be set at zero, effective January 1, 2022. The stipulation, attached as Appendix A, is between PGE, Commission Staff, the Oregon Citizens' Utility Board, and the Alliance of Western Energy Consumers (collectively the Stipulating Parties).

**II. BACKGROUND**

The PCAM is a true-up procedure for net power costs (NPC). The PCAM compares PGE's actual NPC incurred during operations for a particular year against the forecast NPC set in rates for that year. The PCAM allows PGE to either recover or refund the difference between actual power costs and forecast power costs, subject to the deadbands, a sharing mechanism, and an earnings test.<sup>1</sup> 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.<sup>2</sup> These deadbands are also set forth in PGE's Schedule 126.

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<sup>1</sup> PGE/100, Batzler – Cristea/1-2.

<sup>2</sup> PGE/100, Batzler – Cristea/11.

### III. PGE'S FILING AND STIPULATION

In accordance with the company's tariff Schedule 126, on June 29, 2021, PGE filed an annual power cost variance mechanism update for the year 2020. The filing consisted of testimony and work papers.

PGE's filing shows that PGE's 2020 power cost variance was (\$13.74 million) with actual costs lower than forecasted power costs. PGE removed several line items from its actual power costs, including approximately \$127.3 million related to trading losses realized by PGE in August 2020.<sup>3</sup> After adjustments, PGE explains its variance is primarily due to 17 percent higher than forecast wind generation with a \$7.0 million increase to PTC benefits, reduced PGE-owned resource generation leading to fuel savings (offset by costs for market purchases), and lower than forecast wheeling expense.<sup>4</sup>

PGE also performed an earnings review to compare to the return on equity (ROE) deadbands. PGE explains the ROE deadbands are  $\pm 100$  basis points of PGE's authorized ROE, which for 2020 is 9.50 percent (*see* Commission Order No. 18-464). PGE states its final 2020 regulated adjusted ROE is 9.65 percent, which is within the 8.5 percent to 10.5 percent earnings range. Because PGE's annual variance of \$13.7 million is within the deadband amount of \$15 million, PGE does not apply sharing percentages or the earnings test to determine a final variance.

The Stipulating Parties state that they reviewed PGE's filing and work papers. The parties held a workshop and settlement conference on September 10, 2021. As a result of those discussions and discovery, the Stipulating Parties reached settlement. The stipulation states that PGE's actual power costs for 2020 were below forecast power costs but within the Schedule 126 power cost deadbands. This results in no rate impact to customers for the 2020 power cost variance. Parties represent that some of them could 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. The stipulation also provides the parties' agreement that beginning with its initial filing for the 2021 PCAM, PGE will supplement the minimum filing requirements as recommended by Staff to include a work paper that details the summary of differences between actual and forecast power costs and also provides actual power costs by operating units and account.<sup>5</sup>

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<sup>3</sup> PGE/100, Batzler – Cristea/5.

<sup>4</sup> PGE/100, Batzler – Cristea/9-10.

<sup>5</sup> Stipulation at 2; Stipulating Parties/100, Cohen – Gehrke – Mullins – Cristea/4.

**IV. DISCUSSION**

We adopt the stipulation, finding the 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 2022.

**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, the Oregon Citizens' Utility Board, 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, 2022.

Made, entered, and effective Dec 07 2021.



**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”), the Oregon Citizens’ Utility Board (“CUB”), 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, 2021. Included with that filing were PGE’s testimony and work papers regarding the 2020 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 2020 power cost variance was within the deadbands contained in Schedule 126, and therefore results in no power cost variance refund or collection for 2020.

The Parties subsequently reviewed PGE’s filing and work papers. The Parties held a workshop/settlement conference on September 10, 2021. 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 2020 were below forecast power costs but within the Schedule 126 power cost deadbands. This results in no rate impact to customers for the 2020 power cost variance. Some parties could 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, 2022.
4. Parties agreed that PGE will supplement the minimum filing requirements to include additional documentation in support of the summary of differences between actual net variable power costs and the forecast. As part of the documentation PGE will also include actual power costs by operating unit at the account level.
5. The Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
6. 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.
7. 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.

8. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation prior to evidentiary hearings. 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 Stipulating Party reserves its right: (i) 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 (ii) 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's final order. The Stipulating Parties agree that in the event 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, the Stipulating Parties will meet in good faith within ten days and discuss next steps. A Stipulating Party may withdraw from the Stipulation after this meeting by providing written notice to the Commission and other Stipulating Parties. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve. 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 4th day of November, 2021.

**PORTLAND GENERAL ELECTRIC  
COMPANY**

*Louella McIntosh*

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

*Stephanie Andrus*

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**OREGON CITIZEN'S UTILITY BOARD**

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**ALLIANCE OF WESTERN ENERGY  
CONSUMERS**

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DATED this \_\_\_\_\_ day of November, 2021.

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COMPANY**

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

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**OREGON CITIZEN'S UTILITY BOARD**

*W. P. St*

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DATED this \_\_\_\_\_ day of November, 2021.

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CONSUMERS**

*Wenne Malovich*

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