

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 406

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

2021 Annual Power Cost Variance  
Mechanism.

ORDER

DISPOSITION: STIPULATION ADOPTED

**I. SUMMARY**

In this order, we adopt the stipulation entered into by Portland General Electric Company, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) (collectively, stipulating parties) resolving all issues in this docket. Under the stipulation, PGE will recover approximately \$26.6 million plus interest through a 2021 Power Cost Adjustment Mechanism (PCAM) charge, representing a 0.7 percent overall price increase through Schedule 126 as of January 1, 2023.

**II. INTRODUCTION AND BACKGROUND**

On July 1, 2022, PGE filed its annual PCAM update. Schedule 126 is designed to recognize in rates the difference between actual net variable power costs and the net variable power cost forecast under Schedule 125, subject to certain thresholds. Schedule 126 defines how the power cost variance is calculated, including deadbands, that are applied to either a positive or negative variance, and sharing of the variance outside the applicable deadband. The power cost variance is also subject to an earnings test of +/- 100 basis points of PGE's authorized return on equity (*i.e.*, 9.5 percent).

In its filing, PGE calculated a 2021 variance between forecast and actual power costs of approximately \$61.5 million. After applying the \$30 million positive deadband and sharing percentages in Schedule 126, PGE requested recovery of approximately \$28.4 million. PGE proposed to amortize the recoverable power cost variance over two years through Schedule 126.

PGE, Staff, CUB, and AWEC participated as parties in these proceedings. Staff, CUB, and AWEC submitted joint testimony on September 30, 2022. The parties engaged in settlement discussions and reached an agreement resolving all issues. The stipulating parties filed a stipulation and supporting testimony on October 24, 2022. The stipulation is attached as Appendix A.

### **III. STIPULATION**

The stipulating parties recommend that the Commission approve the stipulation as an appropriate and reasonable resolution of the issues in this docket. The stipulating parties agree that the stipulation is in the public interest and that the agreed-upon recoverable power cost variance will result in rates that are fair, just, and reasonable.

No party disputed PGE's application of the deadband or sharing percentages. The stipulating parties agree that for purposes of applying the earnings test for determining PGE's recoverable power cost variance, the company's earnings should reflect the \$30 million in expense absorbed as a result of the deadband. Here, the stipulating parties agree that PGE's return on equity for the 2021 PCAM is below 8.50 percent.

The stipulating parties explain that Staff, AWEC, and CUB raised two issues in these proceedings, and that PGE disputes their adjustments regarding these issues. The disputed issues were related to (1) an outage that occurred at PGE's Carty thermal plant, and (2) an adjustment to exclude the amortization of revenues associated with certain 2015 wheeling transactions. The stipulating parties agreed to reduce the 2021 power cost variance by \$1.75 million in settling the two disputed issues. Under the stipulation, PGE will recover \$26,648,368 plus applicable interest starting January 1, 2023, through Schedule 126. In order to reduce the impact to customers, PGE will amortize the amount over two years. The 2021 PCAM charge, through Schedule 126, will produce a 0.7 percent overall price increase as of January 1, 2023, to be applied on an equal cents per kWh basis over eligible load.

### **IV. RESOLUTION**

We review the terms of any stipulation for reasonableness and accord with the public interest. We have reviewed the PGE filing, the terms of the stipulation, and the supporting joint testimony of the parties. We find that the adjustment set forth in the stipulation represents a reasonable and appropriate resolution of this docket. We find that the resulting amortization through Schedule 126 will result in fair, just, and reasonable rates. Accordingly, we adopt the stipulation.

**V. ORDER**

IT IS ORDERED that:

1. The stipulation between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board, and the Alliance of Western Energy Consumers, filed October 24, 2022, attached as Appendix A, is adopted.
2. Portland General Electric Company shall file a revised Schedule 126 consistent with the directives of this order for effect January 1, 2023.

Made, entered, and effective Nov 08 2022.



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**Megan W. Decker**  
Chair



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**Letha Tawney**  
Commissioner



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**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.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 406

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

2021 Annual Power Cost Adjustment  
Mechanism.

**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 “Stipulating Parties”. There are no other parties in this docket.

**I. INTRODUCTION**

In accordance with its tariff Schedule 126, PGE filed its Annual Power Cost Adjustment Mechanism (PCAM) update in this docket on July 1, 2022. Included with that filing were PGE’s testimony and work papers regarding the 2021 power cost variance and earnings review results. This information included the data required by the minimum filing requirements agreed to for PCAM dockets. PGE’s filing showed that the 2021 actual PCAM costs exceeded base PCAM costs established in PGE’s 2021 Annual Updated Tariff (AUT) in Docket No. UE 377 by \$61,553,742. The application of the Schedule 126 deadbands, 90/10 sharing, and earnings test, as described in PGE’s direct testimony resulted in a 2021 power cost variance (PCV) of \$28,398,368 subject to recovery starting January 1, 2023.

OPUC Staff, CUB, and AWEC subsequently reviewed PGE’s filing and work papers, submitted 40 data requests, and filed joint opening testimony on September 30, 2022. The

Stipulating Parties held three workshop/settlement conferences on September 12, September 21, and October 7, 2022. As a result of the settlement discussions held on October 7, 2022, the Stipulating Parties have reached agreement settling this docket as set forth below. The Stipulating 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. Carty Outage and 2015 Wheeling Transactions: In settlement of the two issues, Stipulating Parties agreed to reduce the 2021 PCV by \$1,750,000. Consequently, PGE will recover \$26,648,368 plus applicable interest starting January 1, 2023 through Schedule 126. PGE will amortize this amount over two years.
3. The Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
4. 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.
5. 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.
6. 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.

7. 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 24th day of October, 2022.

**PORTLAND GENERAL ELECTRIC  
COMPANY**

/S/ Kim S. Burton

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

/S/ Stephanie Andrus

**OREGON CITIZENS' UTILITY BOARD**

/S/ Michael P. Goetz

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS**

/S/ Brent Coleman