

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 208

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

2010 Annual Power Cost Update Tariff
(Schedule 125)

ORDER

DISPOSITION: SETTLEMENT APPROVED; STIPULATION
ADOPTED

I. INTRODUCTION

On April 1, 2009, Portland General Electric Company (PGE or Company) filed its annual revision to its net variable power costs (NVPC) under Schedule 125. Schedule 125 establishes an Annual Power Cost Update Tariff (AUT), which PGE must file on April 1 of each year and which is effective January 1 of the following year. The AUT was approved in Order No. 07-015 and is designed to allow PGE to annually revise customer rates to reflect changes in its projected power costs resulting from new information. The filing included testimony and work papers supporting the initial Company request for NVPC of \$830.7 million for 2010.

As filed, PGE's NVPC for 2010 are lower than the power costs currently in its rates (Order No. 08-505). The final NVPC for 2009 were \$848.4 million, \$17.7 million higher than the amount proposed for 2010.

In response to PGE's initial filing, the Staff of the Public Utility Commission of Oregon (Staff), the Citizens' Utility Board of Oregon (CUB), and the Industrial Customers of Northwest Utilities (ICNU) filed testimony proposing various adjustments to PGE's NVPC forecasts. After negotiations, however, the parties reached settlement.

On August 19, 2009, the parties filed a joint Stipulation (the Stipulation) resolving all issues. On September 9, 2009, the parties filed joint testimony in support of their Stipulation. On September 21, 2009, the parties filed a joint amendment to their Stipulation. Each of the parties filed a motion to have its testimony and exhibits received into evidence. Their testimony is received into the record.

In this order, we adopt the Stipulation in its entirety, with one clarification. We divide the order into four parts. First, we summarize PGE's initial filing, followed by a review of the parties' response and proposed adjustments. We then address the terms of the proposed Stipulation, and conclude with our discussion and decision.

II. PGE's APPLICATION

A. In General

PGE based its filing on its Monet power cost forecasting model. As described by PGE, using data inputs such as forecasted load and forward electric and gas price curves, Monet minimizes power costs by economically dispatching plants and making market purchases and sales. Generally, any plant is dispatched when it is available and its dispatch cost is below the market price, subject to operational constraints. Given thermal output, expected hydro and wind generation, and contract purchases and sales, Monet fills any gaps between resource output and retail load with market purchases (or sales) priced at the forward market curve.

NVPC include wholesale power purchases and sales, fuel costs, and other costs that generally change as power output changes. NVPC include some fixed power costs that relate to fuel used to produce electricity, while excluding some variable power costs that are included elsewhere in PGE's accounting.

Pursuant to Schedule 125, the following updates are allowed in AUT filings:

- Forced outage rates based on a four-year rolling average;
- Projected planned plant outages;
- Forward market prices for both gas and electricity;
- Projected loads;
- Contracts for the purchase or sale of power and fuel;
- Changes in hedges, options and other financial instruments used to serve retail load; and
- Transportation contracts and other fixed transportation costs.

In its application, PGE incorporated updates in each of these categories and provided narrative testimony regarding "significant items."

B. Biglow Canyon Phase 2

The first "significant" item addressed was the inclusion of Biglow Canyon Phase 2 costs and output. PGE included costs for BPA tariff integration, royalty payments, an imbalance premium and day-ahead forecast error estimate, which total \$7.1 million in the 2010 forecast. PGE also includes Biglow Canyon Phase 2 in the operating reserve calculations.

The inclusion of Biglow Canyon Phase 2 reduces 2010 NVPC by about \$15.4 million, the result of lower net market purchases and sales (\$19.8 million), lower wheeling cost (\$2.3 million), and lower WECC incremental reserve cost (\$0.4 million), offsetting the variable costs of \$7.1 million.

C. Stipulated Items from Dockets UE 197 and UE 198

PGE incorporated five adjustments reflecting the Stipulations approved in Dockets UE 197 and UE 198. These include the Boardman Simulator forced outage rate benefit, the 2009 annual Super Peak extrinsic value, removal of the non-running station service costs for Colstrip Units 3 and 4, the wind day-ahead forecast error estimate, and the Boardman heat rate.

D. Changes to Monet

PGE proposed the following changes to Monet:

- Mercury Sorbent chemical costs have been added to Colstrip coal costs;
- BPA IR contracts that expire on December 31, 2009, are converted to Point-to-Point contracts;
- A 1-year amortization of the 2007 general rate case gas transportation deferral; and
- Net ancillary services sales revenues based on actual 2008 sales of reserves to the California Independent System Operator.

E. Forced Outage Rate

PGE reported that the majority of its thermal units have maintained or improved their four-year forced outage rates for 2010.

F. Load Forecast

PGE's load forecast is 2.8 percent lower than the forecast used to set rates in Dockets UE 197 and UE 198 for 2009, and is "flat" relative to PGE's current forecast of 2009 loads. PGE's forecast assumes that about 140 MWa of "opt-out" load returns to a cost-of-service rate.

G. UE 208 Comparison with 2009 Dockets UE 197's and UE 198's NVPC Forecast

PGE provided a table that accounts for the differences between its 2010 NVPC forecast and the 2009 forecast.

Element	Effect (\$M)
Hydro cost and performance	8
Coal cost and performance	-4
Gas cost and performance	-26
Wind cost and performance	-10

Contract and market purchases	16
Market purchases for cost of service load increase	28
Lower market purchase price	-29
Other	-1
Total	-\$18

PGE explained that it expects less hydro production primarily due to the renewal of the Wanapum agreement being effective for the entire year, resulting in a lower PGE share. PGE forecasts increased coal generation and higher coal costs at Colstrip generating facility (Colstrip). PGE forecasts reduced gas generation and lower gas costs.

PGE described its participation in financial markets. According to PGE, the market has emerged as an all-financial term power market and has shifted PGE's purchases from fixed-price physical transactions to fixed/index-price financial swaps, coupled with physical index-price purchases.

H. Rate Impacts

PGE estimated the following rate changes per class of customer:

Schedule	Rate Impact
Sch. 7 Residential	-0.3%
Sch. 32 Small non-residential	-0.3%
Sch. 83 Secondary	-4.2%
Sch. 83 Primary	-4.4%
Sch. 89 Secondary	-4.4%
Sch. 89 Primary	-4.8%
Sch. 89 Subtransmission	-5.1%
Overall	-2.1%

The proposed rates reflect the reduction in Schedule 125 prices and also the changes in revenue requirement associated with Schedule 122 Renewable Resources Automatic Adjustment Clause and System Usage Charges resulting from load returning to cost-of-service pricing.

The Schedule 125 amount is allocated to each schedule using the applicable schedule's forecasted energy, based on an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.

PGE proposed to change the System Usage Charges for Schedules 83/483/583 and Schedules 89/489/589 in accordance with Special Conditions 1-3 of Schedule 129. These special conditions specify the manner in which PGE trues up

year-to-year changes in both Schedule 129 transition adjustments and fixed generation contributions from changes in Schedule 483 and 489 levels of participation.

III. POSITIONS OF PARTIES

A. Staff

Staff noted that PGE forecast “nearly” no load growth for 2010. Staff indicated that one large industrial customer planned to significantly curtail operations and, as the recession continues, that there is a legitimate concern that loads could be lower. Staff believed that it is important to get the load growth figure “right,” but did not propose an adjustment.

According to Staff, PGE included in its expenses an item called the WECC Standard Bal-002-WECC-1,¹ which is a \$2 million expense to cover expected changes to operating reserve calculations. Because the expense has not been recognized and implemented by the Federal Energy Regulatory Commission (FERC), Staff proposed that PGE remove the expense from its calculation of net variable power costs at this time.

Staff noted that the Pelton Dam selective water withdrawal construction has been delayed due to an installation mishap. The extent of, and responsibility for, any resulting excess power costs may become an issue. Staff stated that customers should not be responsible for higher power costs due to errors in design and/or construction on the part of the Company or its contractors.

Staff also expressed concerns regarding the forecasted outage length at the Colstrip facility. Staff believed that PGE has overestimated the reasonable duration of the outage, and proposes that the 51-day period used in the model be replaced with a 30-day outage period.

B. CUB

CUB cited its participation in Docket UM 1355, an investigation into the modeling of forced outage rates, and stated that it has “significant concerns” regarding how PGE forecasts planned maintenance at its thermal plants. Accordingly, CUB recommended that PGE no longer be allowed to update its forecast of planned maintenance after interested parties have filed their testimony. CUB further proposed that the Commission order PGE to use a historic average of actual maintenance, rather than allow PGE to forecast such maintenance.

CUB stated that it has two concerns regarding PGE’s proposal for planned maintenance reporting in this docket. First, PGE’s plan for maintenance for some of its plants was not included in its April filing – the actual maintenance to be used for ratemaking purposes was to be added by PGE in a later update. Because CUB and other

¹ Western Electricity Coordinating Council

parties were scheduled to have only one round of testimony, CUB is concerned that parties would not have the opportunity to address possibly higher costs.

Second, CUB is concerned that PGE routinely overestimates the time needed for planned maintenance, and that the actual costs for planned maintenance are considerably less. CUB states that PGE's failure to include its planned maintenance forecasts for all its plants is not "good ratemaking." CUB expressed strong reservations regarding how PGE might be able to manipulate its rates without scrutiny by manipulating its maintenance schedule. CUB also compared PGE's past forecasts of its maintenance outages with actual outages for the period 2002 to 2008. CUB found that "other than Coyote Springs, all other thermal plants have had more maintenance outage days forecast than were actually necessary during the 2002-2008 period."²

In Docket UM 1355, CUB recommended that the Commission use a 4-year rolling average for planned maintenance. In this docket CUB modified its proposal to recommend that the 4-year rolling average be used as a default, unless the record shows that a different time period should be used.

C. ICNU

ICNU also cited its participation in Docket UM 1355 as the basis for proposed adjustments in this docket. Specifically, ICNU recommended the use of a four-year average for planned outage rate modeling.

According to ICNU, planned outage schedules are problematic for forecasting purposes. Planned outage schedules change in response to external events and forced outages. Furthermore, planned outage forecasts are not verifiable "in any real sense," citing a perverse incentive for a utility to make forecasts that overstate planned outages and costs, and then skimp when it comes to implementing the planned outages.

ICNU noted that PGE did not have an actual planned outage forecast for the Boardman plant for 2010. Instead, the Company planned to update its planned outage forecast in a subsequent filing – after the interested parties had filed their testimony. As a result, parties would have no real opportunity to address the new planned outage forecast.

With respect to Boardman, ICNU noted that, in late 2005, PGE experienced a very long outage at Boardman. ICNU cites a Staff proposal in Docket UM 1355 to apply a "NERC Collar"³ to account for prolonged plant outages. ICNU proposes a NERC Collar adjustment in this case.

ICNU further proposed an adjustment to the Beaver plant planned outage forecast to recognize its very low capacity factor. ICNU calculated an adjustment to reflect the "Equivalent Forced Outage Rate demand," a method that discounts planned maintenance outages for low capacity factor resources.

² CUB/100, Jenks-Feighner/7

³ North American Electric Reliability Corporation

ICNU noted that one of its member companies has reduced its load substantially. ICNU believes that PGE will reflect this load reduction in its updated forecast. ICNU estimated the impact of the load reduction in its calculations.

The net effect of ICNU's proposed adjustments is to reduce PGE's NVPC by about \$20.2 million. About \$17 million of that amount is attributable to the customer load reduction.

IV. THE STIPULATION

A. Terms of the Stipulation

Following the filing of testimony, the parties reached settlement and entered into a Stipulation intended to resolve all outstanding issues. The Stipulation is attached to this decision as Appendix A. An Amendment to the Stipulation is attached as Appendix B.

By letter dated September 29, 2009, PGE reports the results of its September 29 Monet update in this docket. Using most of the stipulated adjustments agreed to in this docket and Docket UM 1355, PGE estimates that its 2010 NVPC will be \$804.4 million, a decrease of about \$15.8 million from PGE's July 10 Monet update.

The terms of the Stipulation are as follows:

1. WECC Reserve Calculation. If adopted by FERC before September 29, 2009, the change should be modeled in 2010 power costs. If FERC does not issue an order by that date, then PGE's power costs will not include this reserve requirement.

2. SWW Power Costs. PGE's 2010 power costs do not include any changes in power costs due to construction-related testing of the Round Butte Selective Water Withdrawal Project.

3. Load Forecast. There is no adjustment to PGE's load forecast to reflect load reduction by a large customer.

4. Colstrip Planned Maintenance. There is no adjustment to the planned maintenance forecast for the Colstrip plant.

5. Planned Maintenance.

a. PGE will not update the timing or duration of planned maintenance outages in this docket.

b. In future dockets, PGE will continue to file its annual power cost update using forecast planned maintenance to model power costs. Other parties may propose a different approach. PGE will provide specified data to parties.

c. In future dockets, PGE will not update either the duration or timing of forecast planned maintenance after July 1. If PGE makes an update filing, it will provide the parties supporting information.

d. In future dockets, all parties will support including in the schedule an opportunity for Staff and Intervenors to respond to any updates for planned maintenance, and a reply opportunity for PGE.

e. PGE will reduce its forecast net variable power costs for 2010 by \$1.0 million to account for changes in planned maintenance.

6. UM 1355. The parties acknowledge their pending Stipulation in Docket UM 1355 and agree that modeling changes agreed to in that docket will be incorporated in the power cost model in this docket. If the Commission order in Docket UM 1355 is not consistent with that Stipulation, the parties agree to incorporate the Commission's changes in "future" dockets.

B. Amendment to the Stipulation

According to PGE, it has been notified by the operator of the Colstrip generating facility that a major maintenance outage, previously planned for 2010, is now scheduled to occur in 2011. Accordingly, the parties agreed to amend their Stipulation to remove the 2010 Colstrip planned outage from the power cost updates. This change decreases projected 2010 net variable power costs by about \$3.4 million, subject to changes in other variables in updates.

C. Testimony in Support of the Stipulation

OAR 860-014-0085(4) requires that settlements and stipulations filed for review shall be supported by an explanatory brief or written testimony. The parties jointly sponsored testimony in support of their Stipulation.

1. Docket UM 1355

a. In General

The witnesses first describe the issues that were carried over into this docket from Docket UM 1355. These are the Forced Outage Rate Collar, high-load and low-load hour outage rate split and the Beaver equivalent forced outage rate when the plant is in demand. The parties reached agreement on each of these issues.

The parties also agreed to a methodology for PGE to be able to continue to forecast planned maintenance outages, while accommodating CUB's concerns regarding parties having an opportunity to comment on updates to the planned maintenance schedule.

b. Forced Outage Rate Collar

Regarding the Forced Outage Rate Collar, the parties state their view that a four-year average continues to be the best method to forecast forced outage rates. However, actual forced outage results outside of a range of outcomes experienced nationally by similar plants may not be indicative of future performance. Thus, they agreed to “collar” the actual results of Boardman and Colstrip.

The “collar” method applies a proxy for a unit’s forced outage rate, should that unit’s annual rate fall outside the 10th or 90th percentile of comparable coal units. The parties agree that this method does not imply imprudence and is not intended to be used in future proceedings to determine prudence.

PGE will incorporate this methodology in its Monet updates for 2010 and then apply the collar in future proceedings, consistent with the Commission’s Order in UM 1355.

c. High-Load/Low-Load Split

Regarding the high-load and low-load hour outage split, Staff, CUB, and ICNU had raised the issue (in Docket UM 1355) whether plant deferrable maintenance outages are more likely to occur during high-load or low-load hours. After PGE conducted its own analysis, parties agreed to include an estimate of the effect on net variable power costs of Boardman’s and Colstrip’s high-load and low-load splits as an “outboard” calculation in an update filing in this docket. In future applications PGE similarly will include an estimate as an “outboard” calculation with its initial filing.

d. Beaver Equivalent Forced Outage Rate

Regarding the Beaver equivalent forced outage rate, the parties note that the described methodology is a formula that generally applies to a simple-cycle peaker plant. However, the Beaver Plant Units 1-7 are a combined cycle gas plant. Thus, the parties agree that the standard formula is not directly applicable to Beaver and that a proxy should be used. The parties agree that the proxy formula will remove the forced maintenance hours for the derivation of the forced outage rate. The parties also agree that the calculation for Beaver Unit 8 will be modified similar to Units 1-7. The parties further agree to revisit the formula in the event the Beaver plant operations change significantly.

In PGE’s July 10th update filing, Beaver’s Unit 1-7 forced outage rate was 24.6 percent, and Beaver Unit 8 was 34.6 percent. PGE expects the Beaver Units 1-7 and Unit 8 proxy to be about 10-11% in its update filing.⁴

⁴ Staff-ICNU-PGE/100, Durrenberger-Falkenberg-Jenks-Tinker/6

2. Compromise Adjustment

As part of the settlement, PGE will lower its net variable power cost forecast by \$1 million to reflect a different planned maintenance forecast schedule for the Colstrip and Port Westward plants. In their testimony, the parties note that ICNU had proposed an adjustment of “up to \$2 million in Monet.” The compromise adjustment will appear as a line-item adjustment in Monet.

3. Planned Maintenance Updates

In response to CUB’s concerns, the parties agree that PGE will not update the timing or duration of its planned maintenance forecast in this docket.⁵ In future Schedule 125 AUT proceedings, the parties agree to support a schedule that will allow an opportunity for parties to respond to any possible updates filed by PGE.

In response to CUB’s concerns, the parties agree that PGE will continue to forecast planned maintenance outages for its thermal generating plants; however, if its forecast for any unit is “significantly different” from earlier forecasts, PGE will provide documentation for the change.

4. WECC Contingency Reserve Requirements

The parties describe proposed new standards for operating reserves that would result in a material increase in PGE’s operating reserve requirements. They explain the manner in which the proposed changes will be incorporated in the calculation of net variable power costs, depending on the timing of a FERC order approving the proposed changes.

5. Other Issues

The parties acknowledge other issues raised by Staff. They agree that no adjustment to PGE’s load forecast is necessary to reflect reduced customer load. PGE agrees not to change the 2010 Monet modeling of Pelton/Round Butte, should the selective water withdrawal be delayed into 2010. The parties also agree that there should be no adjustment to the planned maintenance for the Colstrip facility; the 51 day forecast reflects the need to complete a generator rewind, low-pressure turbine examination, and a chemical clean.

V. DISCUSSION

As shown by their testimony, the parties conducted a thorough analysis of PGE’s filing. We note that ICNU’s witness commented favorably of the breadth and scope of PGE’s filing and supporting materials:

⁵ As modified by the Amendment to the Stipulation.

The materials provided by the Company were very thorough, well organized, and quite comprehensive. Based on my experience and my discussions with Staff, these efforts made a substantially positive impact on the processing of this case. In UE 198, I found it necessary to file at least 214 data requests, while in this proceeding it was only necessary to file one request. Further, I believe the level and detail of the information provided was substantially better than that I obtained in discovery in UE 198, which contributed greatly to the efficient processing of this case.⁶

That greater access to the information allows the Commission to have greater confidence in the merits of a Stipulation between all parties.

As noted in their testimony and in the Stipulation, some issues raised in this docket overlap issues raised in Docket UM 1355. It is the case that the parties have reached a settlement in that docket and that their settlement is pending for approval before this Commission. Having considered the merits of the Docket UM 1355 settlement and having reached a preliminary decision, we must address those deliberations here.

In all respects except one, we have proposed to adopt the parties' Stipulations filed in Docket UM 1355.⁷ Regarding the Stipulation filed for PGE in that docket, that one exception is with respect to the application of the "collar" to the Boardman and Colstrip forced outage rates assumed for power cost modeling. Specifically, we have initially decided that, for each year in which a coal fired unit's annual forced outage rate falls outside the 10th or 90th percentile of the comparable coal units, Staff's methodology will be applied, except that instead of adjusting the forced outage rate to the 10th or 90th percentile values for the calendar year, the mean annual forced outage rate from the unit's entire historical data shall be substituted.

This proposed modification to the parties' Stipulation for PGE in Docket UM 1355 is inconsistent with the parties proposed resolution of those modeling issues in this docket. The parties here anticipated that possibility, and included provisions in the UE 208 Stipulation that, if the Commission's order in Docket UM 1355 is not consistent with the stipulated agreement here, the parties agree to incorporate the Commission's changes in "future" dockets. The parties, however, do not address how to incorporate such changes in this docket.

Although we believe our proposed modification to the Docket UM 1355 Stipulation will produce a superior methodology for modeling a coal plant's forced outage rate, we recognize the need for a prompt resolution of this docket to enable PGE to complete the final Monet run on November 16, 2009. For this reason, we will accept the parties' stipulated methodology for use in forecasting PGE's 2010 NVPC. Pursuant

⁶ ICNU/100, Falkenberg/4

⁷ See ALJ's Notice to Parties dated Oct 6, 2009.

to the parties' agreement, our final resolution of the forecasting issues will be incorporated in PGE's future requests to update its NVPC.

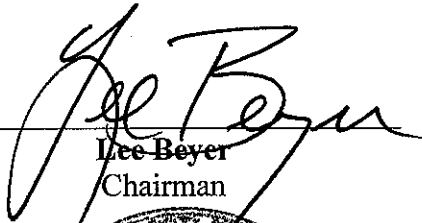
With that clarification, we find the UE 208 Stipulation and its Amendment reasonable and conclude it should be adopted in its entirety.

ORDER

IT IS ORDERED that:

1. The Stipulation and Amendment, submitted by and among Portland General Electric Company, the Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities, is adopted.
2. Portland General Electric Company shall make the final Monet run on November 16, 2009, producing the final Annual Power Cost Update adjustment for 2010.
3. Portland General Electric Company must file revised rate schedules consistent with this order to become effective January 1, 2010.

Made, entered, and effective OCT 30 2009



Lee Beyer
 Chairman



John Savage
 Commissioner



Ray Baum
 Commissioner



A party may request rehearing or reconsideration of this order pursuant to 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 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 208

In the Matter of Portland General Electric
Company's 2010 Annual Power Cost Update
Tariff (Schedule 125)

**STIPULATION REGARDING ALL
ISSUES**

This Stipulation ("Stipulation") is among Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities (collectively, the "Parties").

I. INTRODUCTION

In accordance with its tariff Schedule 125, PGE filed its annual power cost update in this docket on April 1, 2009, including PGE's initial testimony regarding 2010 power costs. PGE also provided the information required under the minimum filing requirements that had been agreed to and adopted in its immediately previous power cost update proceeding. The Parties subsequently sent and responded to data requests. PGE has filed, and will continue to file, updates to its power costs in accordance with the schedule set by the ALJ in this docket. Staff, CUB and ICNU filed testimony on July 8, 2009. The Parties have also held settlement conferences. As a result of those discussions, the Parties have reached agreement settling all issues raised in this proceeding 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. WECC Reserve Calculation. PGE's projected power costs include an

anticipated change in generation operating reserve requirements proposed by the Western Electricity Coordinating Council ("WECC"), approved by the North American Electric Reliability Corporation ("NERC"), and currently pending before the Federal Energy Regulatory Commission ("FERC") for approval. The Parties agree that if FERC adopts the WECC proposed changes in operating reserve requirements without significant modification on or before September 29, 2009, the change should be modeled in 2010 power costs consistent with the FERC order. If FERC has not issued a decision by September 29, 2009, then PGE's power cost in this docket will not include the revised reserve requirements, and PGE will remove this change in its updates to be filed in September and November 2009.

3. SWW Power Costs. PGE's 2010 power costs do not include any changes in power costs due to construction-related testing of the Round Butte Selective Water Withdrawal Project ("SWW"). The Parties agree that this is appropriate and further agree that any changes in power costs due to construction-related testing of the SWW will not be included in PGE's tariff Schedule 126 power cost adjustment filing for 2010.

4. Load Forecast. After further investigation, the Parties agree that there should be no adjustment to PGE's load forecast regarding SP Newsprint.

5. Colstrip Planned Maintenance. The Parties agree that there should be no adjustment to the planned maintenance forecast regarding the Colstrip generating facility.

6. Planned Maintenance. Some parties raised issues both in this docket and in UM 1355 regarding the modeling of planned maintenance outages for PGE's thermal generating facilities. For purposes of settlement of this docket, the Parties have come to the following agreement:

- a. In this docket, PGE will not update the timing or duration of planned

maintenance outages for its thermal plants.

- b. In future Schedule 125 AUT dockets, PGE will continue to file its annual power cost update using forecast planned maintenance to model power costs. All Parties may propose a different approach (e.g., the use of a four-year rolling average or other methodology) to modeling planned maintenance in future AUT proceedings. Further, PGE will include with the MFR information the forecast planned maintenance and actual planned maintenance for each thermal plant for each year since 2002. PGE will also provide a comparison of planned maintenance for Boardman between a four-year average and PGE's forecast using the mean square error technique. PGE will also provide a similar comparison for Colstrip using a six-year average.
- c. In future Schedule 125 AUT dockets, PGE will not update either the duration or timing of forecast planned maintenance after July 1. If PGE does change projected planned maintenance after its initial filing and on or before July 1, PGE will also provide to the parties information which supports the updated planned maintenance schedules.
- d. In future Schedule 125 AUT dockets, the Parties will propose and support including in the procedural schedule for the docket an opportunity for Staff and Intervenors to respond to any updates to planned maintenance made between April 1 and July 1, and a reply opportunity by PGE.
- e. PGE will reduce its forecast net variable power costs for 2010 by \$1.0 million to account for changes in planned maintenance.

7. The same Parties have or will enter into a Stipulation in docket UM 1355 regarding several issues related to plant outages. The Parties agree that for purposes of this docket, the modeling changes proposed and agreed to in the UM 1355 Stipulation will be incorporated into the power cost model in this docket, even though the Commission has not issued a final order in UM 1355. If the Commission order in UM 1355 is not consistent with the Parties' Stipulation in that docket, such ordered changes will be reflected in future AUT dockets.

8. The Parties recommend and request that the Commission approve the adjustments described above to PGE's 2010 power costs as appropriate and reasonable resolutions of the issues in this docket.

9. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable.

10. The Parties agree that this Stipulation represents a compromise in the positions of the parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding. Except as provided in this Stipulation, the Parties agree that they will not cite this Stipulation as precedent in any other proceeding other than a proceeding to enforce the terms of this Stipulation. Nothing in this paragraph precludes a party from stating as a factual matter what the parties agreed to in this Stipulation.

11. If this Stipulation is challenged by any other party to this proceeding, or any other party seeks a revenue requirement for PGE that is inconsistent with the terms of this Stipulation, the Parties reserve the right to cross-examine witnesses and put in such evidence as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation.

Notwithstanding this reservation of rights, the Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

12. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Party reserves the right to withdraw from this 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 or adds such material condition. 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.

13. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Parties agree to support this Stipulation throughout this proceeding and in any appeal, and recommend that the Commission issue an order adopting the settlements contained herein. The Parties also agree to cooperate in drafting and submitting the explanatory brief or written testimony required by OAR § 860-14-0085(4).

14. 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.

15. 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 ^{18th} day of August, 2009.



PORTLAND GENERAL ELECTRIC
COMPANY

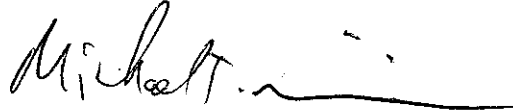
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 17th day of August, 2009.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this ^{17th} day of August, 2009.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
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INDUSTRIAL CUSTOMERS OF
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INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 208

In the Matter of Portland General Electric
Company's 2010 Annual Power Cost Update
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**AMENDMENT TO STIPULATION
REGARDING ALL ISSUES**

On August 19, 2009, a Stipulation in this docket among Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon, and the Industrial Customers of Northwest Utilities (collectively, the "Parties") was filed with the Commission. That Stipulation resolved all issues in this docket, including issues regarding planned maintenance outages for 2010. PGE has recently been notified by the operator of Colstrip that the maintenance plans for the Colstrip 3 generating facility in 2010 have been changed. A major maintenance outage previously planned for 2010, and included in the stipulated forecast for 2010, is now scheduled to occur in 2011 rather than 2010.

Paragraph 6(a) of the Stipulation states: "In this docket, PGE will not update the timing or duration of planned maintenance outages for its thermal plants." The parties agree that this provision be amended to allow modification of the planned maintenance schedule for Colstrip 3. Accordingly, in all subsequent power cost updates in this docket, the planned maintenance for Colstrip 3 will be modified to remove this 2010 scheduled maintenance outage. This change decreases projected 2010 net variable power costs by about \$4.3 million (though the amount of the decrease will change as a result of forward curve updates in this docket).

No other terms of the Stipulation are amended, and all other terms remain in effect.

DATED this ^{16th} day of September, 2009.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON


CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

No other terms of the Stipulation are amended, and all other terms remain in effect.

DATED this 21st day of September, 2009.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
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INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

ORDER NO. 09-433

No other terms of the Stipulation are amended, and all other terms remain in effect.

DATED this 16th day of September, 2009.

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No other terms of the Stipulation are amended, and all other terms remain in effect.

DATED this 17th day of September, 2009.

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