

ORDER NO. 11 5 18

ENTERED DEC 20 2011

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 228

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

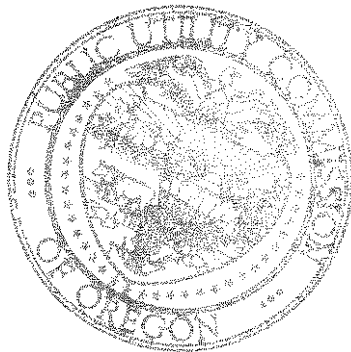
2012 Annual Power Cost Update Tariff  
(Schedule 125).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on December 20, 2011, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

BY THE COMMISSION:



*Becky L. Beier*

**Becky L. Beier**  
Commission Secretary

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.

ITEM NO. CA9

PUBLIC UTILITY COMMISSION OF OREGON  
 STAFF REPORT  
 PUBLIC MEETING DATE: December 20, 2011

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2012

DATE: December 12, 2011

TO: Public Utility Commission

FROM: Steve Schue *S.S.*

THROUGH: *MC* Bryan Conway and *MG* Maury Galbraith

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. 228/Advice No. 11-31)  
 Revises Schedules 125 and 128 for the annual power cost update  
 reflecting the final 2012 Net Variable Power Costs (NVPC).

**STAFF RECOMMENDATION:**

Staff recommends that the tariff sheets filed in Portland General Electric (PGE or Company) Advice No. 11-31 be allowed to go into effect on January 1, 2012.

**DISCUSSION:**

April 2011 Filing:

On April 1, 2011, PGE filed its 2012 net variable power cost (NVPC) forecast, consistent with the terms of its Schedule 125, which implements the Company's Annual Update Tariff (AUT). The filing also included direct testimony in support of the 2012 NVPC forecast of \$724.9 million, which would have translated into an overall rate reduction of approximately 1.1 percent.

Three factors account for most of the approximately 1.1 percent decrease. Lower per unit contract costs and some displacement of non-hydro contracts with less expensive market purchases decreased the NVPC forecast. These non-hydro contract-related decreases were somewhat off-set by higher transmission costs and a decrease in contractual rights to low-cost hydro purchases.

Docket No. UE 228  
December 12, 2011  
Page 2

UE 228 Proceeding:

PGE's filing was assigned the docket number UE 228. In response to the Company's direct testimony, other parties filed reply testimony on June 30, 2011. These other parties included Oregon Public Utility Commission (Commission) Staff (Staff), the Citizens' Utility Board of Oregon (CUB), and the Industrial Customers of Northwest Utilities (ICNU). PGE filed rebuttal testimony on August 15, 2011, and ICNU then filed surrebuttal testimony on August 24, 2011. A hearing was held on August 30, 2011. All parties then agreed to a Stipulation, which PGE filed on October 12, 2011. The Stipulation called for a reduction in NVPC of \$0.6 million, and settled all issues except for the cost of natural gas hedges. Order No. 11-432, issued on November 2, 2011, adopted the Stipulation and reduced NVPC by an additional \$2.6 million, based on the Commission's evaluation of the hedging issue.

Results of Order No. 11-432 and Customer Opt-Out Decisions:

On November 15, 2011, PGE filed its final 2012 NVPC forecast. The amount, \$702.9 million, reflects the \$3.2 million in reductions included in Order No. 11-432. However, most of the reduction from the April 1, 2011, filing is due to a lower load forecast. The new load forecast reflects a substantial level of large customer participation in the September 2011 opt-out window. The combined effect of the \$702.9 million NVPC forecast and the updated load forecast is an overall rate reduction of approximately 1.3 percent.

Advice No. 11-31 and Rate Impacts by Customer Class:

Advice No. 11-31 requests revisions effective on January 1, 2012, to several tariff schedules, consistent with Order No. 11-432 and PGE's November 15, 2011, final 2012 NVPC forecast. These include revisions to Schedule 125, Annual Power Cost Update, and Schedule 128, Short-term Transition Adjustment.

Advice No. 11-31 also requests revisions to System Usage Charges in accordance with Special Conditions 1 through 3 of Schedule 129, Long-Term Transition Cost Adjustment. The revised System Usage Charges affect Schedules 75, 76, 85, 89, 485, 489, 575, 576R, 585, and 589. Finally, the filing requests updated fuel costs for Schedule 77, Firm Load Reduction Pilot Program.

Attachment A provides detail for the overall rate decrease due to the 2012 AUT. The November 15, 2011, NVPC forecast of \$702.9 million results in an overall rate reduction of approximately \$21.8 million, or 1.3 percent, with respect to current rates. Residential customers served under Schedule 7 will receive a reduction of approximately 1.1

Attachment A

TABLE 1 BASE RATES  
 PORTLAND GENERAL ELECTRIC  
 ESTIMATED EFFECT ON CUSTOMERS' TOTAL ELECTRIC BILLS  
 2012 COS ONLY

CATEGORY	RATE SCHEDULE	Forecast 2012		TOTAL ELECTRIC BILLS		Change		CURRENT	PROPOSED
		CONSUMERS	MWH SALES	CURRENT	PROPOSED	AMOUNT	PCT.		
				Base Rates incl Sch 125	Base Rates incl Sch 125				
Residential	7	722,606	7,593,291	\$858,729,251	\$848,857,974	(\$9,871,278)	-1.1%	113.09	111.79
Employee Discount				(\$945,487)	(\$945,487)	\$0			
Subtotal				\$857,783,765	\$847,912,487	(\$9,871,278)	-1.2%		
Outdoor Area Lighting	15	0	23,372	\$4,357,786	\$4,343,479	(\$24,307)	-0.6%	186.68	185.84
General Service <30 kW	32	87,106	1,522,838	\$160,273,649	\$158,431,016	(\$1,842,634)	-1.1%	105.25	104.04
Opt. Time-of-Day G.S. >30 kW	38	372	33,467	\$4,065,075	\$4,026,589	(\$38,486)	-0.9%	121.47	120.32
Irrig. & Drain. Pump. < 30 kW	47	3,266	22,800	\$3,115,796	\$3,085,928	(\$29,868)	-1.0%	136.66	135.35
Irrig. & Drain. Pump. > 30 kW	49	1,233	66,597	\$6,490,200	\$6,402,957	(\$87,243)	-1.3%	97.45	95.14
General Service >30 kW	83.S	11,083	2,839,493	\$244,979,143	\$241,600,148	(\$3,378,997)	-1.4%	88.28	85.09
General Service 201-1,000 kW									
Secondary	85-S	1,195	2,054,341	\$161,168,595	\$158,848,533	(\$2,312,062)	-1.4%	78.07	76.95
Primary	85-P	134	296,093	\$21,828,983	\$21,506,241	(\$322,742)	-1.5%	73.72	72.63
Schedule 89 > 1 MW									
Secondary	89-S	62	537,262	\$40,289,772	\$39,704,157	(\$585,615)	-1.5%	74.99	73.90
Primary	89-P	99	2,566,717	\$167,385,122	\$164,690,070	(\$2,695,052)	-1.6%	65.21	64.16
Subtransmission	89-T	7	405,334	\$25,305,593	\$24,884,046	(\$421,548)	-1.7%	62.43	61.39
Street & Highway Lighting	91	203	106,968	\$17,724,658	\$17,613,412	(\$111,247)	-0.6%	165.70	164.66
Traffic Signals / Comm Devices	92/94	17	4,621	\$361,520	\$356,668	(\$4,852)	-1.3%	78.24	77.19
Recreational Field Lighting	93	24	574	\$109,182	\$108,596	(\$586)	-0.5%	190.30	189.28
<b>TOTAL (CYCLE YEAR BASIS)</b>		<b>827,428</b>	<b>18,083,767</b>	<b>\$1,715,240,841</b>	<b>\$1,693,514,325</b>	<b>(\$21,726,515)</b>	<b>-1.3%</b>	<b>94.85</b>	<b>93.65</b>
<b>CONVERSION ADJUSTMENT</b>				<b>\$2,331,722</b>	<b>\$2,302,187</b>				
<b>TOTAL (CALENDAR YEAR BASIS)</b>			<b>18,108,350</b>	<b>\$1,717,572,663</b>	<b>\$1,695,816,512</b>	<b>(\$21,756,051)</b>	<b>-1.3%</b>		

Docket No. UE 228  
December 12, 2011  
Page 3

percent due to the NVPC decrease. Large non-residential primary voltage customers served under Schedule 89 will receive a reduction of approximately 1.6 percent.

Combined Effect of Advice Nos. 11-25, 11-28, 11-29, 11-30, 11-31, and 11-32:

Advice Nos. 11-25, 11-28, 11-29, 11-30, 11-31, and 11-32 all request rate changes effective January 1, 2012.<sup>1</sup> The combined requests result in an overall rate decrease of approximately 0.8 percent.

Attachment B provides detail for the overall January 1, 2012, rate decrease due to the combined effects of all six filings. Rates for the residential customer class served under Schedule 7 will decrease by approximately 0.9 percent. Monthly bills for a typical Schedule 7 customer using 900 kWh per month will decrease from \$99.57 to \$98.34. Rates for the large non-residential primary voltage customer class served under Schedule 89 will decrease by approximately 2.1 percent.

**PROPOSED COMMISSION MOTION:**

The tariff sheets filed in Portland General Electric Advice No. 11-31 be allowed to go into effect on January 1, 2012.

Portland General Electric Advice 11-31

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<sup>1</sup> This memo addresses Advice No. 11-31. Separate memos address the other requests.

TABLE 4 BASE RATES WITH SUPPLEMENTAL SCHEDULES  
 PORTLAND GENERAL ELECTRIC  
 ESTIMATED EFFECT ON CUSTOMERS' TOTAL ELECTRIC BILLS  
 2012 COS ONLY

CATEGORY	RATE SCHEDULE	Forecast ESEP11E12		TOTAL ELECTRIC BILLS		Change		CURRENT	PROPOSED
		CONSUMERS	MWH SALES	CURRENT		AMOUNT	PCT.		
				All Adjustments excl. Sch 108, 115	All Adjustments excl. Sch 108, 115				
Residential	7	722,606	7,593,291	\$835,208,476	\$827,846,580	(\$7,361,897)	-0.9%	109.99	109.02
Employee Discount				(\$887,852)	(\$871,725)	\$16,227			
Subtotal				\$834,320,524	\$826,974,855	(\$7,345,659)	-0.9%		
Outdoor Area Lighting	15	0	23,372	\$4,388,428	\$4,424,349	\$35,920	0.8%	187.76	189.30
General Service <30 kW	32	87,106	1,522,836	\$164,721,077	\$164,894,872	\$173,795	0.1%	106.17	108.28
Opt. Time-of-Day G.S. >30 kW	38	372	33,467	\$4,133,029	\$4,150,264	\$17,235	0.4%	123.50	124.01
Irrig. & Drain. Pump. < 30 kW	47	3,266	22,800	\$3,044,101	\$3,054,455	\$10,353	0.3%	133.51	133.97
Irrig. & Drain. Pump. > 30 kW	49	1,233	66,597	\$6,266,986	\$6,207,476	(\$59,510)	-0.9%	94.10	93.21
General Service >30 kW	83-S	11,083	2,639,493	\$248,953,892	\$247,848,025	(\$1,105,867)	-0.4%	87.68	87.29
General Service 201-1,000 kW									
Secondary	85-S	1,195	2,064,341	\$164,570,319	\$163,297,144	(\$1,373,175)	-0.8%	79.77	79.10
Primary	85-P	134	296,093	\$22,308,817	\$22,132,449	(\$176,368)	-0.8%	75.34	74.75
Schedule 89 > 1 MW									
Secondary	89-S	82	537,252	\$41,090,260	\$40,472,022	(\$618,238)	-1.5%	76.48	75.33
Primary	89-P	99	2,566,717	\$169,305,808	\$165,789,820	(\$3,515,988)	-2.1%	65.96	64.59
Subtransmission	89-T	7	405,334	\$25,540,687	\$24,985,379	(\$555,308)	-2.2%	63.01	61.54
Street & Highway Lighting	91	203	106,968	\$17,992,078	\$18,143,973	\$151,895	0.8%	168.20	169.62
Traffic Signals / Comm Devices	92/94	17	4,621	\$370,114	\$368,220	(\$1,894)	-0.5%	80.10	79.69
Recreational Field Lighting	93	24	574	\$110,539	\$111,924	\$1,285	1.2%	192.84	195.08
<b>TOTAL (CYCLE YEAR BASIS)</b>		<b>827,428</b>	<b>18,083,767</b>	<b>\$1,707,216,761</b>	<b>\$1,692,855,227</b>	<b>(\$14,361,535)</b>	<b>-0.8%</b>	<b>94.41</b>	<b>93.61</b>
<b>CONVERSION ADJUSTMENT</b>				<b>\$2,320,814</b>	<b>\$2,301,291</b>				
<b>TOTAL (CALENDAR YEAR BASIS)</b>			<b>18,108,360</b>	<b>\$1,709,537,576</b>	<b>\$1,695,156,518</b>	<b>(\$14,381,058)</b>	<b>-0.8%</b>		