

ORDER NO. 13 280

ENTERED: AUG 05 2013

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 266

In the Matter of

PORLAND GENERAL ELECTRIC
COMPANY,

Net Variable Power Costs and Annual
Power Cost Update.

ORDER

DISPOSITION: STIPULATION ADOPTED; NET VARIABLE POWER COSTS TARIFFS AND ANNUAL POWER COST UPDATE TO BE REVISED

I. SUMMARY

In this order, we adopt the stipulation of the parties regarding Portland General Electric Company's 2014 proposed Net Variable Power Costs (NVPC) and the Annual Power Cost Update (APCU), including a \$4.5 million forecast cost reduction, and order PGE to file new tariffs reflecting the modifications and conditions set forth in the stipulation.

II. BACKGROUND

On February 15, 2013, PGE filed tariff sheets in Advice No. 13-03, seeking a general rate increase. We docketed the filing as UE 262 and suspended the tariff sheets for investigation.¹

At the request of the Commission Staff, this docket, UE 266, was subsequently opened to separately address the portion of PGE's general rate filing related to the company's NVPC and APCU. Schedule 125 and PGE Exhibits 400, 401, and 402, previously filed in docket UE 262, were entered into the record as exhibits for consideration in this docket.

The following were granted party status in this docket: PGE, the Citizens' Utility Board of Oregon (CUB); the Industrial Customers of Northwest Utilities (ICNU); Northwest Natural Gas Company, dba NW Natural; Noble Americas Energy Solutions LLC; Troutdale Energy Center LLC; the League of Oregon Cities; Fred Meyer Stores and

¹ Order No. 13-052 (Feb 21, 2013).

Quality Food Centers, Divisions of The Kroger Company; PacifiCorp, dba Pacific Power; and the Renewable Northwest Project (RNP).

On May 21, 2013, Staff, CUB, ICNU, and RNP filed testimony in response to PGE's tariff filing. On May 28, 2013, PGE filed supplemental testimony to provide the parties with updated information on newly negotiated capacity contracts.

Following settlement discussions, PGE, CUB, ICNU, RNP, and Staff filed a stipulation and supporting testimony intended to resolve all issues in this docket. None of the non-signatory parties opposed the stipulation.

III. PGE REQUEST

Annually, PGE files its forecast of the company's upcoming NVPC under the terms of its Annual Update Tariff (AUT), Schedule 125. The AUT is designed to allow PGE to annually revise customer rates to reflect changes in its projected power costs resulting from new information. The updated power cost forecast will also be used as the baseline for comparing actual NVPC when PGE applies the power cost adjustment mechanism set forth in its Annual Power Cost Variance tariff.

In its rate case application filed in docket UE 262, PGE presented its initial 2014 forecast of its NVPC. As in previous dockets, the company used its power forecasting model, called "MONET," to model the hourly dispatch of PGE's generating units. Using data inputs, such as forecasted load and forward electric and gas curves, the model minimizes power costs by economically dispatching plants and making market purchases and sales. Given thermal output, expected hydro and wind generation, and contract purchases and sales, MONET fills any resulting gap between total resource output and PGE's retail load with hypothetical market purchases or sales priced at the forward market price curve.

NVPC includes wholesale power purchases and sales, fuel costs, and other costs that generally change as power output changes. PGE's initial 2014 forecast is \$639.2 million or \$34.32 per megawatt-hour (MWh), which is approximately \$0.87 per MWh less than the final forecast for 2013. The primary factors that explain the decrease are lower gas cost and lower prices for contract and market purchases.

Because PGE filed its 2014 NVPC filing concurrently with its request for a general rate revision, the company included not only the parameter revisions allowed under PGE's AUT, but also model changes and updates to MONET:

1. The use of a five-year rolling average when forecasting wind energy;
2. The use of MONET's dynamic programming model for dispatching coal plants similar to the modeling of gas-fired resources;

3. The use of monthly values of variable operation and maintenance expenses for dispatching purposes;
4. The update of MONET's modeling of ancillary services;
5. The inclusion in PGE's hydro data of the latest Pacific Northwest Coordination Agreement (PNCA) Headwater Benefits study;
6. The inclusion of emission control chemicals in NVPC rather than in O&M expenses;
7. The inclusion of the biomass test burn at the Boardman plant scheduled for the second quarter of 2014; and
8. An update of the previously-used cost estimate of wind day-ahead forecast error based on PGE's wind integration study.

IV. THE STIPULATION

The stipulation between PGE, Staff, CUB, ICNU, and RNP resolves all issues related to PGE's 2014 forecast of NVPC up to the date of the stipulation. The scope of the stipulation encompasses adjustments to the MONET model and other variable costs. The stipulation is attached as Appendix A. We address the primary terms of the stipulation separately.

A. PGE Update Filings

1. *Parties' Original Positions*

In its original filing, PGE proposed to apply its proposed MONET changes to the July Update.

Staff considered the proposed changes and updates to be generally reasonable, but urged the Commission to reject the July Update. Staff said the cost estimate for wind day-ahead forecast error was based on a different methodology than the value included in the initial filing and would be filed after Staff and intervenors' last round of testimony.² Staff proposed that the Administrative Law Judge modify the schedule to make the Staff and intervenor surrebuttal due after the July Update.³

CUB acknowledged that some of the changes were appropriate, but had serious concerns about including in a later update other costs not yet reviewed by Staff and intervenors. CUB was concerned that the record might close without the opportunity for the

² Staff/100, Crider-Ordonez/2-3.

³ *Id.* at 8.

submission of evidence or comment.⁴ RNP was similarly concerned that it was unable to examine PGE's methodology because it had not yet been presented in the docket.⁵

2. *Stipulated Agreement*

Under the terms of the stipulation, all parties will have the opportunity to review and challenge any aspect of PGE's update filings.⁶ We find that this provision adequately addresses the concerns of Staff and intervenors' ability to address aspects of the update filings that have not been examined in this proceeding. This provision of the stipulation should be adopted.

B. Capacity Contracts

1. *Parties' Original Positions*

In its opening testimony, PGE discussed its ongoing RFP for capacity and stated that it is possible that a capacity resource in the form of a purchased power agreement could be in place by 2014. PGE stated that it would continue to evaluate other products available in the market to help fulfill its expected need for capacity resources.⁷

Although CUB did not object to the contracts in principle, it could not endorse the proposal without obtaining sufficient detail. CUB also wanted the opportunity to examine and comment upon any risks that might be associated with the contract products, and noted that more rounds of testimony and discovery might be required.⁸

In response, PGE filed supplemental testimony PGE/1600 regarding capacity RFP contracts on May 28, 2013. PGE noted that, although not yet executed, the contracts' cost and operating parameters had largely been determined. Drafts of those contracts were provided to Staff and intervenors as confidential exhibits PGE/1601, 1602 and 1603. The contracts were bi-seasonal, covering the winter months of December, January, and February, and/or summer months of July, August, and September. Each contract has operating parameters such as capacity, heat rate and dispatch terms, and costs such as fixed capacity, fuel, fuel transportation, variable O&M and transmission. All were backed by physical power plants. PGE estimated that, because MONET assumes normal weather, normal water markets and no reliability interruptions, these contracts will likely dispatch little or not at all in MONET.⁹

⁴ CUB/100, Jenks/3-4.

⁵ RNP/100, Yourkowski-Lindsay-Dubson/4.

⁶ UE 266 Stipulation at 2.

⁷ PGE/400, Niman-Peschka/25, 27.

⁸ CUB/100, Jenks/3-4.

⁹ PGE/1600, Niman-Peschka/1-2.

2. *Stipulated Agreement*

The stipulating parties agreed that the capacity contracts discussed in PGE's supplemental testimony will be included in power cost modeling in MONET. In light of the fact that Staff and intervenors had the opportunity to review the confidential drafts of the capacity contracts, we find that this provision of the stipulation has satisfied their concerns and should be adopted.

C. **Biomass Test Burn**

I. *Parties' Original Positions*

PGE has committed to perform a test burn at its Boardman plant using, as fuel, biomass that has been subject to torrefaction. Torrefaction is a process where biomass material is "roasted" in a temperature range of 200 to 350 degrees Celsius in a low oxygen atmosphere. The roasting yields a charred material that will not absorb water and can be stockpiled outdoors in large quantities for long periods of time.¹⁰ PGE plans to conduct the test burn during 2014 and included the associated costs in its forecast.

CUB supports the plan but was concerned that the test burn might not occur until 2015. If that were to occur, absent an enforceable commitment from PGE, customers might have to pay multiple times for a one-time only cost because of the potential for a mismatch between the AUT and the power cost adjustment mechanism (PCAM) sharing bands.¹¹

2. *Stipulated Agreement*

PGE will monitor progress toward the 2014 test burn at the Boardman plant and will remove costs from the model if it does not appear that the test will occur in 2014. If the costs remain and the burn does not take place in 2014, the estimated test burn net costs will be refunded, with interest at PGE's overall cost of capital, in PGE's 2015 AUT. We find that this provision of the stipulation satisfactorily addresses the issue and should be adopted.

D. **Western Energy Coordinating Council (WECC) Operating Reserve**

I. *Parties' Original Positions*

PGE's NVPC filing included a revised WECC standard. That standard, WECC Bal-002, changes the calculation of operating reserves from five percent of hydro and wind generation, and seven percent of thermal generation to three percent of all generation, plus three percent of control area load. The standard, initially approved by the North American Electric Reliability Corporation (NERC), was remanded in 2010 by FERC and

¹⁰ PGE/400, Niman-Peschka/22.

¹¹ CUB/100, Jenks/9.

was revised by the NERC board of trustees in November of 2012. FERC final approval has not yet been received.¹²

The parties realize that the impact of the change is small, but CUB stated that there was consequently little harm in waiting until 2015, when the costs will be known and measureable.¹³

2. *Stipulated Agreement*

No changes will be made in this docket regarding the proposed WECC operating reserve criteria change. Because no changes will be included in power costs, no adjustments to the MONET model are necessary. The agreement of the stipulating parties that PGE will not make any adjustments to power costs or the MONET model for 2014 with respect to this issue should be adopted.

E. **Bonneville Power Association (BPA) Wind Integration**

1. *Parties' Original Positions*

PGE's initial filing included a portion of the rate increase proposed by BPA in a recent rate proceeding effective October 1, 2013.

CUB cited a May 16, 2013 BPA press release stating that BPA would replace proposed formula rates with fixed rates regarding the recovery of costs in acquiring third party resources as a reserve to balance wind energy variability. CUB voiced concerns that BPA's plan might not come to pass as CUB understood it to be, and therefore opposed PGE's adding a new methodology to forecast BPA's future actual costs in the July Update.¹⁴

2. *Stipulated Agreement*

The agreement of the parties that no changes to power costs will be made regarding possible BPA charges for additional reserves should be adopted.

F **Wind Integration Day-Ahead Forecast Error**

1. *Parties' Original Positions*

Wind integration costs are typically classified into four categories based on the length of time a load-resource imbalance exists. The cost for each component is a measure of the cost of providing the necessary capacity on the system to respond to the load-resource imbalance within the various time frames.¹⁵ PGE identified the day-ahead forecast error

¹² PGE/400, Niman-Peschka/26.

¹³ CUB/100, Jenks/9.

¹⁴ *Id* at 7-8.

¹⁵ Staff/100, Crider-Ordonez/5.

cost as that incurred to re-optimize its portfolio in order to account for the difference between the day-ahead and the hour-ahead forecast for wind generation. The costs materialize in the form of market transactions (purchases and sales) and the re-dispatch of available resources.¹⁶ In its initial filing, PGE used the final costs update filing for 2013 in docket UE 250 but planned to provide an update in the July filing.

Although Staff, CUB, and ICNU had no specific concerns regarding PGE's proposed methodology, each expressed the view that, under the existing schedule, there would not be adequate time to review the proposal and that it should therefore be excluded from the July Update.¹⁷ ICNU noted that PGE's wind integration modeling has never been accepted by parties or approved by the Commission for purposes of establishing costs in rates for wind day-ahead forecast error. In both the UE 198 and UE 250 dockets, the value was stipulated and adopted by the Commission.¹⁸

2. *Stipulated Agreement*

The stipulating parties agree to resolve the issue by increasing the 2014 cost of the day-ahead forecasting error from \$0.50 per MWh of wind generation to \$0.87 per MWh of wind generation and requiring that PGE discuss in its initial testimony in its 2015 AUT filing, any proposed updates to the day-ahead forecasting error costs. If PGE does not include those costs in its initial testimony for its 2015 AUT filing, then the costs for day-ahead forecasting error that PGE asks for in its 2015 AUT filing cannot exceed those included in the PGE initial filing in this proceeding.

While it would be preferable to have had PGE propose a change to the earlier stipulated value and the related methodology in the filing of its initial testimony, the need to conclude the NVPC/APCU filing within the constraints of the current schedule justify accepting a stipulated amount and providing for examination of any changes in future NVPC filings. The stipulation's proposed resolution of the issue should be adopted.

G. BPA Variable Energy Resource Balancing Service (VERBS) 30/60 Wind Integration Option

1. *Parties' Original Positions*

As part of the resolution of the BP-12 rate case, BPA instituted a pilot program that offered wind generators a 33 percent VERBS rate discount in exchange for participating in committed 30/30 scheduling.¹⁹ The standard hourly scheduling rate in BP-12, 30/60, was set at \$1.23/kW-month; the 30/30 rate was \$0.81/kW-month. The lower rate was a pass-through of BPA's savings to participating customers, such as PGE. Although PGE

¹⁶ PGE/400, Niman-Peschka/24.

¹⁷ Staff/100, Crider-Ordonez/7;CUB/100, Jenks/10;ICNU/100, Deen/8-9.

¹⁸ ICNU/100, Deen/9.

¹⁹ The "30/30" scheduling option requires wind generators to consistently schedule a 30 minute basis with a 30 minute persistence level of scheduling. The first number represents the minimum quality of the forecast on which the filed schedule must be based. The second of the two numbers represents the frequency with which wind schedules must be filed (in this case, every 30 minutes).

participated in the shorter scheduling rate option between October, 2011 and September, 2013, it elected not to continue its participation in the next BPA period.

RNP disputed PGE's claim that the incremental costs of its participation off-set the savings obtained by the lower rate. RNP claimed that PGE's costs will be lower going forward and that an election to go as low as 30/15 could save over \$2.6 million annually.²⁰ Although RNP did not recommend that the Commission adjust PGE's forecast of BPA charges for the first three quarters of 2014, it proposed that the forecast for the final quarter of 2014 be adjusted downward to reflect PGE's opportunity to elect discounted charges in April, 2014.²¹

PGE addressed RNP's concerns in a confidential data response.²²

2. *Stipulated Agreement*

As part of the stipulation, RNP withdrew its proposal and does not propose any other adjustment or cost disallowance in this docket. PGE agreed to meet with RNP at least twice, no later than December, 2013 and March, 2014, to present its analysis of whether it will elect a shorter scheduling commitment or a self-supply option at BPA's April 2014 mid-rate-period election opportunity. All other parties will be invited to the meeting. At a minimum, PGE will provide attendees with the following:

1. The assumptions underlying its cost-benefit analysis including
 - A. Presence of additional counterparties in the sub-hourly market;
 - B. Status of system improvements that will be available to improve PGE's within-hour flexibility;
 - C. Categories of additional costs associated with choosing shorter scheduling or self-supply; and
 - D. Life cycle value of system improvements associated with electing shorter scheduling or self-supply.
2. Rough magnitude of the system value of discounted BPA rates.
3. Rough magnitude of additional costs and risks, incremental to a shorter scheduling election or self-supply, that are not reflected in system value analysis.
4. Assessment of whether any additional costs or risks expected for the rate period could be justified in light of longer-term cost savings and other system benefits.

PGE also committed to generally describe the nature and status of its analysis of the April 2014 mid-rate-period election opportunity in its 2015 NVPC/APCU case.²³

²⁰ RNP/100, Yourkowski-Lindsay-Dubson/4-10

²¹ *Id* at, 8-19.

²² Stipulating Parties/100, Crider-Jenks-Weitzel-Deen-Lindsay/11.

²³ Stipulation at 3-4; Stipulating Parties/100, Crider-Jenks-Weitzel-Deen-Lindsay/10-11.

We find that the commitment by PGE adequately responds to the concerns raised by RNP and that the stipulation's provisions with respect to this issue should be adopted.

H. Wind Generation Forecast Calculation and Transmission Resale Revenues

The Wind Generation Forecast Calculation

I. Parties' Original Positions

PGE forecasted wind energy generation based on a five-year rolling average, using actual generation history for each phase of the Biglow Canyon facilities through year-end 2011 plus the previous MONET energy forecast for the remaining years updated with year-end 2012 actual data.²⁴

ICNU argued that the 5-year period was too short a period and instead proposed that the planning numbers from PGE's earlier consultant study be used, rather than values of less than ten years' worth of actual data.²⁵

2. Stipulated Agreement

The stipulation limits the agreement among the parties on this issue to this docket only, agreeing to use the wind generation forecast based on 5-year averaging for the 2014 test year. The parties did not agree as to whether a 5-year average is appropriate for future proceedings, but PGE will conduct one or more workshops beginning in 2013 to explain its use of a 5-year average. PGE will also engage in discussions with stakeholders regarding the most appropriate wind energy forecast methodology for future cases.²⁶ We find that this resolution of the issue is reasonable and should be adopted.

Transmission Resale Revenues

I. Parties' Original Positions

PGE transmits power to its customers using BPA Point-to-Point transmission contracts. When opportunities arise, PGE can resell these transmission rights on a short-term basis, generating incremental revenues. The revenues are not included in the MONET model but, instead, flow through the PCAM.²⁷

ICNU argued that the reasonable value for those revenues should be used to offset PGE's NVPC collected through rates. Since PGE did not include a forecast value for 2014, ICNU recommended that the \$4.95 million average value from the 2009-2012 time

²⁴ PGE/400, Niman-Peschka/9-10.

²⁵ ICNU/100, Deen/8. ICNU also proposed that forecast for the Vansycle Ridge forecast should be rejected for the same reason.

²⁶ Stipulating Parties/100, Crider-Jenks-Weitzel-Lindsay/12-13.

²⁷ *Id* at 13.

period be used.²⁸ PGE contends that the sales are not costless and the countervailing costs should be netted against the revenues.

2. *Stipulated Agreement*

The stipulating parties agreed that these transmission resale revenues will not be explicitly included for the 2014 test year. However, PGE will develop a methodology for forecasting transmission resale revenues and will include the resulting forecast in its initial 2015 AUT filing. We find this provision of the stipulation to be a reasonable resolution of this issue.

I. Power Cost Reduction

1. *Parties' Original Positions*

PGE's initial 2014 forecast was \$639.2 million. There was no consensus among Staff and intervenors on the methodologies used by PGE.

2. *Stipulated Agreement*

The stipulating parties agreed that the NVPC forecast in the 2014 test year will be lowered by \$4.5 million to settle the issues. We find that the proposed adjustments represent appropriate and reasonable responses to the issues in this docket and should be adopted.

V. RESOLUTION

Based on our review of the testimony and supporting exhibits in this case, as well as the stipulation and joint testimony in support of the stipulation, we find the settlement reached by the parties to be appropriate and reasonable resolutions of the issues raised in this proceeding. Rates reflecting these adjustments will be fair, just and reasonable and provide PGE with adequate revenues, consistent with the standard in ORS 756.040. The stipulation should be adopted in its entirety.

VI. ORDER

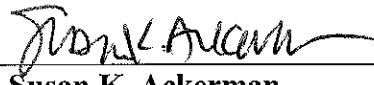
IT IS ORDERED that:

1. The stipulation between Portland General Electric Company, the Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon, the Industrial Customers of Northwest Utilities, and the Renewable Northwest Project, attached as Appendix A, is adopted.

²⁸ ICNU/100, Deen/4.

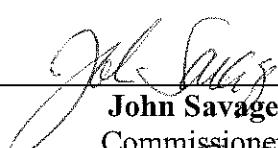
2. Portland General Electric Company must file its final MONET run on or before November 15, 2013, producing the final Annual Update Tariff Adjustment for 2014.
3. Portland General Electric Company must file revised rate schedules consistent with this order to be effective no earlier than January 1, 2014.

Made, entered, and effective AUG 05 2013.



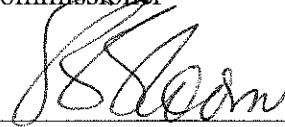
Susan K. Ackerman

Chair



John Savage

Commissioner



Stephen M. Bloom

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 266

In the Matter of
**PORTLAND GENERAL ELECTRIC
COMPANY**

Net Variable Power Costs and Annual Power
Cost Update

STIPULATION

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 ("CUB"), the Industrial Customers of Northwest Utilities ("ICNU"), and the Renewable Northwest Project (collectively, the "Stipulating Parties").

I. INTRODUCTION

As part of its general rate case filing, docketed as UE 262, on February 15, 2013, PGE filed its annual power cost update as required by Tariff Schedule 125. That filing included testimony and work papers, including substantial minimum filing requirements ("MFRs"). Consistent with Schedule 125, PGE updated and supplemented its power cost filing and information required under the MFRs on April 1, 2013.

By order of the Commission, this docket was created for the power cost portion of PGE's general rate case.

The parties in this docket sent and PGE 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, ICNU, and RNP filed testimony on May 21, 2013. No other party filed testimony. The Stipulating Parties held a settlement conference on June 5, 2013. As a result of those discussions, the Parties have reached agreement settling the

issues raised in this proceeding. 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 as of the date of the Stipulation. Parties will be provided an opportunity to review and challenge any aspect of PGE's update filings.

2. Capacity Contracts. The capacity contracts resulting from the recent request for proposal process, discussed in PGE's supplemental testimony dated May 24, 2013, will be included in power cost modeling in Monet.

3. Biomass Test Burn. Power costs as filed include the costs of the biomass test burn scheduled for 2014 at the Boardman plant. PGE will monitor progress toward the test burn, and will remove these costs from 2014 projected power costs if progress indicates that the test burn will not likely occur in 2014. If the costs remain modeled in 2014 power costs but the test burn does not actually occur in 2014, the estimated biomass test burn net cost will be refunded, with interest at PGE's overall cost of capital, in PGE's 2015 AUT.

4. WECC Operating Reserve. No changes will be made in this docket regarding the proposed WECC operating reserve criteria change. No costs for this change are included in power costs in this docket, so no modeling change is necessary.

5. BPA Wind Integration. No change to power costs will be made regarding possible BPA charges for additional reserves.

6. Wind Integration Day-Ahead Forecast Error. PGE proposed to update the costs of the day-ahead forecast error for wind generation. Other parties opposed this update. As settlement of this issue in this docket the Stipulating Parties agree that the cost

of the day-ahead forecasting error will be increased from \$0.50 per megawatt-hour of wind generation, to \$0.87 per megawatt-hour of wind generation. PGE further agrees to include and discuss in its initial testimony in its 2015 power cost filing its proposed updates to the day-ahead forecasting error costs. If PGE does not include its updated day-ahead forecasting error costs in its initial testimony for its 2015 Automatic Update Tariff (AUT) filing, then the costs for day-ahead forecasting error that PGE asks for in its 2015 AUT filing cannot exceed those included in PGE's initial filing in this proceeding.

7. BPA VERBS 30/60 Wind Integration Option. RNP filed testimony regarding PGE's recent election for balancing services with BPA and PGE's opportunity to change that election in April 2014. RNP withdraws its proposal that the Commission set PGE's rate recovery for the last quarter of 2014 at the lowest BPA VERBS rate available to PGE in the April 2014 election. RNP did not intend to make, but hereby withdraws, any other adjustment proposal or any cost disallowance proposal in this docket. PGE agrees to meet with RNP at least twice, no later than December 2013 and March 2014, to present PGE's analysis of whether it will elect a shorter scheduling commitment or a self-supply option at BPA's April 2014 mid-rate-period election opportunity (for integration services from October 2014 through September 2015). All other Parties will be invited to these meetings.

a. At minimum, PGE will present to RNP:

- i. The assumptions underlying its cost-benefit analysis, including:
 1. Presence of additional counterparties in the sub-hourly market;

2. Status of system improvements that will be available to improve PGE's within-hour flexibility from October 2014 through September 2015;
 3. Categories of additional costs directly associated with electing shorter scheduling or self-supply; and
 4. Life cycle value of system improvements associated with electing shorter scheduling or self-supply.
 - ii. Rough magnitude of the system value of discounted BPA rates.
 - iii. Rough magnitude of additional costs and risks, incremental to a shorter scheduling election or self-supply, that are not reflected in the system value analysis.
 - iv. Assessment of whether any additional costs or risks expected for the rate period could be justified in light of longer-term cost savings and other system benefits.
- b. PGE shall generally describe the nature and status of its analysis of the April 2014 mid-rate-period election opportunity in testimony in its 2015 power cost case.
8. Wind Generation Forecast Calculation and Transmission Resale Revenues.

PGE proposed to use a 5-year rolling average to forecast wind generation. ICNU opposed this change. ICNU also proposed inclusion in power costs of a forecast of transmission resale revenues. As settlement of these two issues, it is agreed that:

- a. power cost modeling in this docket will use a 5-year rolling average to forecast wind generation,
- b. PGE will hold at least one workshop with the Stipulating Parties prior to

its 2015 power cost filing to discuss the wind generation forecast issue,
and

- c. PGE will include in its initial filing in its 2015 power cost case a proposed forecast of transmission resale revenues, and an explanation of how the forecast was created.

9. Power Cost Reduction. In settlement of all issues in this docket, projected power costs will be reduced by \$4.5 million to resolve the issues raised by the Parties.

10. This settlement is not precedential as to any issue or party, except as otherwise provided in the settlement.

11. The Parties recommend and request that the Commission approve the adjustments described above to PGE's 2014 power costs as appropriate and reasonable resolutions of the issues settled herein.

12. The Stipulating 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.

13. The Stipulating 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.

14. The Stipulating Parties have negotiated this Comprehensive Settlement 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 Stipulating Party reserves its right (i) to withdraw from the Stipulation, upon written notice to the Commission and 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 to appeal the Commission order under ORS 756.610. 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.

15. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-01-0350(7). The Stipulating 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. The Stipulating parties also agree to cooperate in drafting and submitting an explanatory brief and written testimony per OAR § 860-001-0350(7), unless such requirement is waived. By entering into this Stipulation, no Stipulating 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 Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

16. This Stipulation may be signed in any number of counterparts, each of

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which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 9th day of July, 2013.


PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

RENEWABLE NORTHWEST PROJECT

ORDER NO. 13 280

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DATED this 3rd day of July, 2013.

PORLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
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RENEWABLE NORTHWEST PROJECT

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DATED this 3rd day of July, 2013.

PORLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

RENEWABLE NORTHWEST PROJECT

ORDER NO. 13 280

which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 1st day of July, 2013.

PORLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON



INDUSTRIAL CUSTOMERS OF
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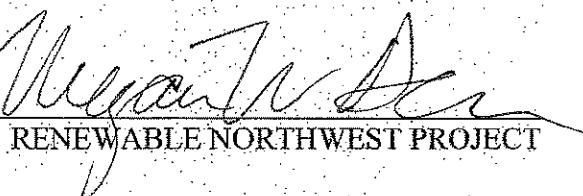
DATED this 9 day of July, 2013.

PORLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES


Megan J. Steiner
RENEWABLE NORTHWEST PROJECT