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Legal Department
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Douglas C. Tingey
Assistant General Counsel

November 1, 2011

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UE 232

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and five copies of:

- **Motion to Admit Stipulation;**
- **Stipulation; and**
- **Explanatory Brief in Support of Stipulation**

This is being filed by electronic mail with the Filing Center. An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

DOUGLAS C. TINGEY
Assistant General Counsel

DCT:cbm
Enclosures
cc: UE 232 Service List

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 232

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

2010 Annual Power Cost Variance Mechanism

MOTION TO ADMIT STIPULATION

Pursuant to OAR 860-001-350(7), Portland General Electric Company ("PGE") moves for admission of the attached Stipulation, dated October 31, 2011, submitted herewith as evidence for this proceeding.

DATED this 1st day of November, 2011.

Respectfully submitted,



Douglas C. Tingey, OSB No. 044366
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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 232

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	STIPULATION
COMPANY)	
)	
Annual Power Cost Variance Mechanism (2010))	
)	

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”). There are no other parties in this docket.

I. INTRODUCTION

In accordance with its tariff Schedule 126, PGE filed its annual power cost variance mechanism update in this docket on July 1, 2011. Included with that filing were PGE’s testimony and work papers regarding the 2010 power cost variance and earnings test results. This information included the data required by the minimum filing requirements agreed to for Power Cost Variance (PCV) dockets. PGE’s filing showed that operation of the Power Cost Deadband in Schedule 126 results in no power cost variance refund or collection for 2010.

The Parties subsequently reviewed PGE’s filing and work papers. The Parties held a workshop on August 25, 2011, and a settlement conference via telephone on September 21, 2011. As a result of those discussions, the Parties have reached agreement settling this docket as

set forth below. The Parties request that the Commission issue an order adopting this Stipulation.

II. TERMS OF STIPULATION

1. This Stipulation settles all issues in this docket.
2. PGE's actual power costs for 2010 were below forecast power costs but fall within the Schedule 126 Negative Annual Power Cost Deadband. Operation of that deadband results in no rate impact to customers for the 2010 power cost variance. Some parties may have proposed adjustments to the power cost calculation or earnings test in this docket but such adjustments, if accepted, would not have altered the Schedule 126 rates. As such, the lack of issues being raised and decided in this docket is not to be construed as agreement to any or all of the aspects of the calculations done by PGE and is not precedent for future PCV dockets or any other case.
3. Schedule 126 rates should continue to be set at zero effective January 1, 2012.
4. The Stipulating Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the issues in this docket.
5. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.
6. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating 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.


7. 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 Stipulating Party reserves the right (i) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation and (ii) pursuant to OAR 860-001-0720, to seek rehearing or reconsideration. 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.

8. 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 sponsor this Stipulation at the hearing (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 or written testimony required by OAR § 860-01-0350(7).

9. 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 Stipulating Party in arriving at the terms of this Stipulation, other than those specifically identified in the 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.

10. 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 31st day of October, 2011.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 31st day of October, 2011.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

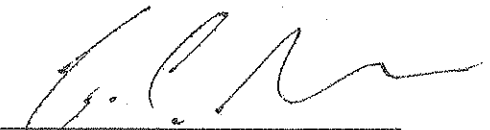
CITIZENS' UTILITY BOARD
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INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this ____ day of October, 2011.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
OF OREGON


INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

DATED this 25th day of October, 2011.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON


INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 232

In the Matter of)	JOINT EXPLANATORY BRIEF
)	
PORTLAND GENERAL ELECTRIC COMPANY)	
)	
Annual Power Cost Variance Mechanism (2010))	

This brief explains the Stipulation (“Stipulation”) dated October 31, 2011, among Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Industrial Customers of Northwest Utilities (“ICNU”), and the Citizens’ Utility Board of Oregon (“CUB”) (collectively, the “Parties”). The Parties submit this brief pursuant to OAR § 860-001-0350(7).

Discussion

On July 1, 2011, PGE made its Annual Power Cost Variance Mechanism filing under tariff Schedule 126. That filing included testimony, work papers, and the information required by the minimum filing requirements previously agreed to regarding Schedule 126.

Tariff Schedule 126 is designed to recognize in rates in some years part of the difference between actual net variable power costs (as defined in the tariff) and the net variable power cost forecast pursuant to tariff Schedule 125. Schedule 126 defines how the Power Cost Variance is calculated, including deadbands that are applied to either a positive or negative power cost variance, and sharing of the variance outside the applicable deadband. The Power Cost Variance

is also subject to an earnings test. With respect to the deadband for 2010 power costs, Schedule 126 stated:

The Negative Annual Power Cost Deadband is an amount equal to 75 basis points of the Company's return on equity.

PGE 2010 Tariff Schedule page 126-2. This tariff provision incorporates the requirements contained on pages 26-27 of Order 07-015, which established PGE's power cost adjustment mechanism.¹

PGE's filing in this docket explained how it calculated the Power Cost Variance for 2010. As calculated by PGE, the variance between forecast and actual power costs in 2010 was approximately \$ 12.4 million. Because this number is within the Schedule 126 Negative Annual Power Cost Deadband of \$17.3 million, the Power Cost Variance for 2010 is zero and neither the sharing percentages nor an earnings test are applicable. Thus, PGE concluded that there is no customer refund or collection associated with the 2010 Power Cost Variance.

Following PGE's filing in this docket, PGE shared requested information with the Parties and the Parties examined PGE's filing and work papers. A settlement conference was held on September 21, 2011, via telephone.

The Parties have concluded that operation of the Schedule 126 Negative Annual Power Cost Deadband in this docket results in there being no refund for the 2010 power cost variance. Some Parties may have raised issues regarding the calculation of the Power Cost Variance or earnings test, but did not because such adjustments, even if adopted, would not have changed the final Schedule 126 rates. Stipulation ¶ 2. Accordingly, the Stipulation provided that "the lack of issues being raised and decided in this docket is not to be construed as agreement to any or all of

¹ Order 10-478 changed the Schedule 126 positive and negative deadbands, effective January 1, 2011.

the aspects of the calculations done by PGE and is not precedent for future PCV dockets or any other case.” Stipulation ¶ 2.

Under its terms, Schedule 126 rates are to be adjusted on January 1, 2011, to incorporate the outcome of this docket. Schedule 126 rates are currently set at zero. The Stipulation thus provides that “Schedule 126 rates should continue to be set at zero effective January 1, 2012.” Stipulation ¶ 3.

The Stipulation settles all issues in this docket. Stipulation ¶ 1. The Parties agree that the Stipulation is in the public interest and will produce rates that are fair, just and reasonable. Stipulation ¶ 5. The Stipulation also contains a number of provisions typically contained in stipulations filed with the Commission. Stipulation ¶¶ 6-10.

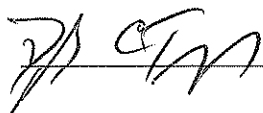
Conclusion

The Stipulation is among Staff, CUB, ICNU, and PGE. Each of the Parties, representing their respective interests, agree that the settlement contained in the Stipulation results in fair, just and reasonable rates in this 2010 Annual Power Cost Variance Mechanism proceeding. The result is consistent with and supported by the record in this docket. For the reasons set forth above, the Parties request that the Commission approve the Stipulation.

DATED this 31st day of October, 2011.

PORTLAND GENERAL ELECTRIC
COMPANY

CITIZENS’ UTILITY BOARD OF
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STAFF OF THE PUBLIC UTILITY
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DATED this 25th day of October, 2011.

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CITIZENS' UTILITY BOARD OF
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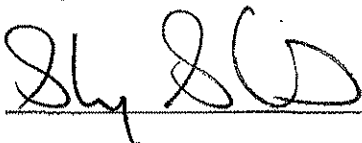
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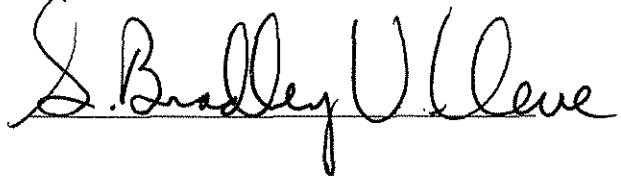
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NORTHWEST UTILITIES



CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **MOTION TO ADMIT STIPULATION, STIPULATION & EXPLANATORY BRIEF** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 232.

Dated at Portland, Oregon, this 1st day of November, 2011.



DOUGLAS C. TINGEY, OSB #044366

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