



Portland General Electric Company
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Douglas C. Tingey
Associate General Counsel

August 22, 2018

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

Re: UE 335 – PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision

Dear Filing Center:

On behalf of Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and the Alliance of Western Energy Consumers ("AWEC"), (collectively, the "Stipulating Parties"), PGE is filing electronically the following documents:

- **Net Variable Power Cost (NVPC) Stipulation; and**
- **Joint Testimony in Support of NVPC Stipulation**

Thank you for your assistance.

Sincerely,


DOUGLAS C. TINGEY
Associate General Counsel

DCT:bop

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 335

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Request for a General Rate Revision.

**NET VARIABLE POWER COST
STIPULATION**

This Net Variable Power Cost Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and the Alliance of Western Energy Consumers ("AWEC") (collectively, the "Stipulating Parties").

PGE filed this general rate case on February 15, 2018. The filing included thirteen separate pieces of testimony and exhibits. PGE also provided to Staff and other parties voluminous work papers in support of its filing. Since that time, Staff and intervening parties have analyzed PGE's filing and work papers, and submitted more than 520 data requests obtaining additional information. Two schedules were set by the Administrative Law Judge in this matter: one for net variable power cost ("NVPC") issues, and the other for general rate case issues. Pursuant to the schedules, a NVPC workshop was held on April 17, 2018, and parties filed opening testimony on NVPC issues on May 24, 2018. PGE filed reply testimony on June 21, 2018. A workshop and settlement conference for NVPC issues were held on June 12 and June 28, 2018. As a result of those discussions, the Stipulating Parties have reached a compromise settlement of all NVPC issues, as described in detail below. No other parties raised issues in this docket regarding NVPC.

TERMS OF PARTIAL STIPULATION

1. This Stipulation resolves all NVPC issues raised in this docket.
2. Western Energy Imbalance Market (“Western EIM”), California-Oregon Border (COB) Trading Margins, Wind Capacity Factor, and Market Curves/Hedging Strategy. Forecast power costs will be reduced by \$4.5 million in a compromise settlement of the Western EIM, COB trading margins, wind capacity factor, and market forward curves/hedging strategy issues raised in this docket. In addition, the Stipulating Parties agree to the following:
 - a. PGE will provide Staff information through a data response detailing how both base dispatch cost savings and flex reserve savings are captured in PGE’s actual Western EIM benefit results and why PGE is unable to separate the two.
 - b. PGE will continue to investigate methods to increase the granularity and improve the modeling of COB margins.
 - c. PGE agrees that it will not oppose a request for an investigation into the modeling of capacity factors for wind resources.
3. Qualifying Facilities. The Stipulating Parties agree to the adoption of the method to track and true-up the on-line dates for Qualifying Facilities (“QF”) described in PGE Exhibit 300, with Staff’s modifications as outlined in Staff Exhibit 200. The method is:
 - a. PGE will update the QF Commercial Operation Dates (“COD”) through the final MONET update in each year’s power cost proceeding.¹

¹ For years without general rate cases, this would apply to PGE’s Annual Update Tariff (AUT filing).

- b. PGE will file deferred accounting applications to defer the difference between actual and forecasted QF costs to recover or credit the variance in QF costs in the next power cost proceeding.
 - c. PGE will include any cure period payments within the proposed methodology.
 - d. As described in PGE Exhibit 300, the variance to be refunded or collected from customers will be determined by re-running the final November 15 NVPC MONET forecast and replacing the estimated QF CODs with actual recorded CODs.
4. Headwater Benefits Study. The Stipulating Parties are satisfied with PGE’s process and documentation and agree to the inclusion of the corrected 2016-2017 Headwater Benefits Study for establishing average expected base outputs for PGE’s hydro resources in this docket. PGE has incorporated the corrected 2016-2017 Headwater Benefits Study into the July 6, 2018 NVPC update.
5. Capacity Agreement. The Stipulating Parties agree to the inclusion in NVPC of PGE’s firm capacity agreement, executed pursuant to the outcome of Docket No. UM 1892. PGE will provide Staff access and the ability to review the financial analysis that PGE conducted for this capacity agreement.
6. Production Tax Credits. The Stipulating Parties agree that PGE will update the Production Tax Credit (“PTC”) rate pursuant to the most current forecast of the applicable Gross Domestic Product deflator available prior to PGE’s November 6, 2018, MONET update. The parties agree to no change in MONET’s modeling of the PTC phase-out for Biglow 2.
7. BPA Wheeling Rate. PGE will replace the proposed escalation factor used for BPA wheeling with a flat increase of \$500,000 for the period between October 1, 2019, and December 31, 2019.

8. Carty Gas Supply Costs. There will be no adjustment for Carty gas supply costs. PGE will provide Staff the following:
 - a. The compressor horsepower required to bring Carty inlet gas pressure under a 16-inch diameter pipeline up to minimum operating requirements at Carty (Option A);
 - b. The compressor horsepower, if any, required to bring Carty inlet gas pressure under a 20-inch diameter pipeline up to minimum operating requirements at Carty (Option B);
and
 - c. A comparison, using the cost assumptions from PGE's Carty Lateral cost estimates, as provided in Staff/303, Kaufman/367-369, the cost of a 16-inch diameter pipeline with both a single and redundant compressor sized as described above ("Option A") with the cost of a 20-inch diameter pipeline with a single and redundant compressor, if any, as sized above ("Option B").
9. MONET Code Review. The Stipulating Parties agree to PGE's proposal put forth in PGE Exhibit 1400 regarding review of the MONET code. PGE will host a workshop to provide CUB and other interested parties an in-depth overview of the MONET model and work collaboratively with parties to address any concerns. If concerns remain after the workshop, PGE will work with Parties to determine the proper parameters requiring further analysis and identification of a third-party consultant(s) to address the remaining concerns. In the event that a consultant is engaged, Parties agree to allow PGE to defer any costs involved in conducting the third-party review, subject to an earnings review.
10. North Mist. The Stipulating Parties agree that the North Mist Expansion Project expense forecast is reasonable. PGE will continue to update the in-service date of the North Mist Expansion Project through the final NVPC update scheduled on November 15, 2018.

11. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of the identified issues in this docket.
12. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
13. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating 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 Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation prior to evidentiary hearings. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) to withdraw from the 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, 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 pursuant to ORS 756.610 to appeal the Commission's final order. 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.

15. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no 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. 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 which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 21st day of August, 2018.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

ALLIANCE OF WESTERN
ENERGY CONSUMERS

DATED this 21st day of August, 2018.

PORTLAND GENERAL ELECTRIC
COMPANY

P.P. Kaylie Klein
STEPHANIE ANDRUS

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

ALLIANCE OF WESTERN
ENERGY CONSUMERS

DATED this 21st day of August, 2018.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON



CITIZENS' UTILITY BOARD
OF OREGON

ALLIANCE OF WESTERN
ENERGY CONSUMERS

DATED this 17th day of August, 2018.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON



ALLIANCE OF WESTERN
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