

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2012**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2013

DATE: December 4, 2012

TO: Public Utility Commission

FROM: John Crider *J*

THROUGH: Jason Eisdorfer and Maury Galbraith *ME*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UE 250/Advice No. 12-21) Revises Tariff Schedules for the annual power cost update reflecting the updated 2013 Net Power Costs (NPC).

STAFF RECOMMENDATION:

Staff recommends that the tariff sheets filed in Portland General Electric's (PGE or Company) Advice No. 12-21 be allowed to go into effect on January 1, 2013.

DISCUSSION:

March 2012 Filing

On March 30, 2012, PGE filed its 2013 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 2013 NVPC forecast of \$674.8 million, which would have translated into an overall rate reduction of approximately 1.6 percent.

UE 250 Proceeding

PGE's filing was assigned the docket number UE 250. In response to the Company's direct testimony, other parties filed reply testimony on July 6, 2012. These other parties included Oregon Public Utility Commission Staff (Staff), the Citizens' Utility Board of Oregon (CUB), Noble Americas Energy Solutions (Noble), and the Industrial Customers of Northwest Utilities (ICNU). PGE filed rebuttal testimony on August 10, 2012, and a stipulation was reached on September 6, 2012, to settle all issues raised.

The Stipulation contained agreement on three issues. First, certain pollution control costs will be deferred until PGE's next general rate case and removed from the 2013 forecast of NVPC. This results in a decrease of \$2.96 million in NVPC relative to PGE's July 2012 filing. Second, PGE's modeling of day-ahead forecast error with respect to wind integration will be held at the same level as the 2011 and 2012 test years. This adjustment will decrease power costs by \$1.11 million. Finally, all parties agree to an increase of \$550,000 in NVPC as settlement for all other issues raised in this docket. The Stipulation was adopted in its entirety by the Commission in Order 12-397.

Results of Order No. 12-397 and final Monet runs

On November 15, 2012, PGE filed its final 2013 NVPC forecast based on Stipulation resolutions and final variable cost adjustments. The amount, \$651.07 million, reflects the \$4.07 million in reductions included in Order No. 12-397 and reductions due to changes in forward curve prices. The revised NVPC total represents a \$32.7 million reduction from the amount currently included in rates, and a \$23.8 million reduction from the initial filing in Docket UE 250.

Advice No. 12-21 and Rate Impacts by Customer Class

Advice No. 12-21 requests revisions effective on January 1, 2013, to several tariff schedules, consistent with Order No. 12-397 and PGE's November 15, 2012, final 2013 NVPC forecast. These include revisions to Schedule 125, Annual Power Cost Update, and Schedule 128, Short-term Transition Adjustment.

Advice No. 12-21 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 2013 AUT. The November 15, 2012, NVPC forecast of \$651.07 million results in an overall rate reduction of approximately \$32.7 million, or 2.0 percent, with respect to current rates. Residential customers served under Schedule 7 will receive a reduction of approximately 1.9 percent due to the NVPC decrease. Large non-residential primary voltage customers served under Schedule 89 will receive a reduction of approximately 1.9 percent, as well.

Attachment B provides detail for the overall January 1, 2013, rate decrease due to the combined effects of all 2012 rate adjustments. Rates for the residential customer class

served under Schedule 7 will decrease by approximately 2.2 percent. Monthly bills for a typical Schedule 7 customer using 900 kWh per month will decrease from \$109.10 to \$106.75. Rates for the large non-residential primary voltage customer class served under Schedule 89 will decrease by approximately 2.7 percent.

Staff has reviewed the final 2013 NVPC forecast and the Schedule revisions included in Advice filing No. 12-21 and finds them to be in compliance with Commission Order No. 12-397.

PROPOSED COMMISSION MOTION:

The tariff sheets filed in Portland General Electric's Advice No. 12-21 be allowed to go into effect on January 1, 2013.

**TABLE 1 BASE RATES
 PORTLAND GENERAL ELECTRIC
 ESTIMATED EFFECT ON CUSTOMERS' TOTAL ELECTRIC BILLS
 2013 COS ONLY**

CATEGORY	RATE SCHEDULE	Forecast	TOTAL ELECTRIC BILLS				CURRENT	PROPOSED	CURRENT	PROPOSED	
		SSEP12E13	CUSTOMERS	MWH SALES	CURRENT	PROPOSED					Change
					Base Rates incl Sch 122a, Sch 125, 145	Base Rates incl Sch 122a, Sch 125, 145					AMOUNT
Residential	7	727,824	7,581,656	\$853,945,508	\$837,341,682	(\$16,603,826)	-1.9%	112.63	110.44		
Employee Discount				(\$939,284)	(\$920,749)	\$18,515					
Subtotal				\$853,006,245	\$836,420,934	(\$16,585,311)	-1.9%				
Outdoor Area Lighting	15	0	23,112	\$4,310,646	\$4,270,200	(\$40,446)	-0.9%	186.51	184.76		
General Service <30 kW	32	88,128	1,571,501	\$164,137,175	\$160,931,314	(\$3,205,861)	-2.0%	104.45	102.41		
Opt. Time-of-Day G.S. >30 kW	38	373	34,633	\$4,199,397	\$4,132,210	(\$67,187)	-1.6%	121.26	119.32		
Irrig. & Drain. Pump. < 30 kW	47	3,266	21,241	\$2,924,209	\$2,877,055	(\$47,154)	-1.6%	137.67	135.45		
Irrig. & Drain. Pump. > 30 kW	49	1,233	67,407	\$6,550,648	\$6,401,678	(\$148,970)	-2.3%	97.18	94.97		
General Service >30 kW	83	10,948	2,776,555	\$237,975,816	\$232,450,473	(\$5,525,343)	-2.3%	85.71	83.72		
General Service 201-1,000 kW											
Secondary	85-S	1,174	2,007,599	\$156,082,707	\$153,392,524	(\$2,690,182)	-1.7%	77.75	76.41		
Primary	85-P	115	177,853	\$13,398,046	\$13,172,172	(\$225,873)	-1.7%	75.33	74.06		
Schedule 89 > 1 MW											
Secondary	89-S	73	495,915	\$36,486,006	\$35,851,235	(\$634,771)	-1.7%	73.57	72.29		
Primary	89-P	88	2,454,287	\$158,028,319	\$155,034,090	(\$2,994,230)	-1.9%	64.39	63.17		
Subtransmission	89-T	6	279,466	\$17,512,835	\$17,183,065	(\$329,770)	-1.9%	62.67	61.49		
Street & Highway Lighting	91	205	109,017	\$18,023,843	\$17,833,063	(\$190,780)	-1.1%	165.33	163.58		
Traffic Signals	92	17	4,439	\$345,639	\$337,738	(\$7,901)	-2.3%	77.87	76.09		
Recreational Field Lighting	93	24	569	\$108,099	\$107,121	(\$978)	-0.9%	190.07	188.35		
TOTAL (CYCLE YEAR BASIS)		833,474	17,605,247	\$1,673,089,629	\$1,640,394,870	(\$32,694,759)	-2.0%	95.03	93.18		
CONVERSION ADJUSTMENT				\$2,156,333	\$2,114,195						
TOTAL (CALENDAR YEAR BASIS)			17,627,938	\$1,675,245,962	\$1,642,509,066	(\$32,736,897)	-2.0%				

**TABLE 4 BASE RATES WITH SUPPLEMENTAL SCHEDULES
 PORTLAND GENERAL ELECTRIC
 ESTIMATED EFFECT ON CUSTOMERS' TOTAL ELECTRIC BILLS
 2013 COS ONLY**

CATEGORY	RATE SCHEDULE	Forecast SSEP12E13		TOTAL ELECTRIC BILLS				CURRENT	PROPOSED
		CUSTOMERS	MWH SALES	CURRENT		PROPOSED			
				All Adjustments excl. Sch 108, 115	All Adjustments excl. Sch 108, 115	Change AMOUNT	Change PCT.		
Residential	7	727,824	7,581,656	\$827,160,172	\$809,343,281	(\$17,816,891)	-2.2%	109.10	108.75
Employee Discount				(\$889,380)	(\$864,439)	\$24,940			
Subtotal				\$826,270,792	\$808,478,841	(\$17,791,950)	-2.2%		
Outdoor Area Lighting	15	0	23,112	\$4,390,098	\$4,357,439	(\$32,660)	-0.7%	189.95	188.54
General Service <30 kW	32	88,128	1,571,501	\$165,827,052	\$161,992,355	(\$3,834,697)	-2.3%	105.52	103.08
Opt. Time-of-Day G.S. >30 kW	38	373	34,633	\$4,323,083	\$4,254,796	(\$68,287)	-1.6%	124.83	122.86
Irrig. & Drain. Pump. < 30 kW	47	3,266	21,241	\$2,888,320	\$2,828,845	(\$59,475)	-2.1%	135.98	133.18
Irrig. & Drain. Pump. > 30 kW	49	1,233	67,407	\$6,341,113	\$6,177,256	(\$163,857)	-2.6%	94.07	91.64
General Service >30 kW	83	10,948	2,776,555	\$243,753,475	\$237,742,565	(\$6,010,910)	-2.5%	87.79	85.63
General Service 201-1,000 kW									
Secondary	85-S	1,174	2,007,599	\$160,559,252	\$157,584,463	(\$2,974,789)	-1.9%	79.98	78.49
Primary	85-P	115	177,853	\$13,777,613	\$13,524,528	(\$253,085)	-1.8%	77.47	76.04
Schedule 89 > 1 MW									
Secondary	89-S	73	495,915	\$37,254,427	\$36,437,063	(\$817,364)	-2.2%	75.12	73.47
Primary	89-P	88	2,454,287	\$159,276,851	\$154,934,824	(\$4,342,027)	-2.7%	64.90	63.13
Subtransmission	89-T	6	279,466	\$17,613,443	\$17,115,993	(\$497,450)	-2.8%	63.03	61.25
Street & Highway Lighting	91	205	109,017	\$18,561,296	\$18,401,041	(\$160,255)	-0.9%	170.26	168.79
Traffic Signals	92	17	4,439	\$356,602	\$347,814	(\$8,789)	-2.5%	80.34	78.36
Recreational Field Lighting	93	24	569	\$111,386	\$110,550	(\$836)	-0.8%	195.85	194.38
TOTAL (CYCLE YEAR BASIS)		833,474	17,605,247	\$1,661,304,803	\$1,624,288,372	(\$37,016,431)	-2.2%	94.36	92.26
CONVERSION ADJUSTMENT				\$2,141,145	\$2,093,437				
TOTAL (CALENDAR YEAR BASIS)			17,627,938	\$1,663,445,948	\$1,626,381,809	(\$37,064,139)	-2.2%		

Attachment B