

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

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2013

DATE: December 12, 2012

TO: Public Utility Commission

FROM: Adam Bless

THROUGH: Jason Eisdorfer and Maury Galbraith

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1561(4)) Updates the company's non-firm avoided cost information for the first quarter 2013.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric Company's (PGE) first quarter 2013 non-firm avoided energy costs.

DISCUSSION:

OAR 860-029-0080(4) requires electric utilities contracting to buy non-firm power from a Public Utility Regulatory Policies Act (PURPA) qualifying facility (QF) to submit quarterly filings of non-firm avoidable energy costs. PGE filed its non-firm avoided costs for the first quarter of 2013 on November 15, 2012. These rates represent the amount PGE will pay for energy deliveries in excess of 110 percent of the delivery schedule for a QF delivering power pursuant to Schedule 201. The Covanta Marion solid waste facility in Brooks, Oregon, has received payments based on the quarterly non-firm avoided energy costs in the past when its energy delivery to PGE has exceeded 110 percent of scheduled. Covanta Marion is likely to deliver excess power during the first quarter of 2013 and throughout the remaining term of the contract, which expires in 2014.

PGE's first quarter non-firm avoidable energy costs are 3.64 cents per kWh for on-peak power and 3.12 cents per kWh for off-peak power. PGE's energy cost estimates were developed from the Company's most recent forward market price curves, and include transmission and line losses.

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In comparison, PGE's Schedule 201 standard fixed price option firm avoided costs for small Qualifying Facilities average 4.95 cents per kWh on-peak and 4.31 cents per kWh off-peak during the first quarter of 2013.

Staff has reviewed PGE's non-firm avoided energy costs for the first quarter of 2013, and finds the estimates consistent with current forward market price curves and recommends approval of PGE's non-firm avoided cost filing.

PROPOSED COMMISSION MOTION:

PGE's non-firm avoided energy costs for the first quarter of 2013 be approved.