



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

August 2, 2010

*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 215**

Attention Filing Center:

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

- **STIPULATION REGARDING REMAINING ISSUES**

This is being filed by electronic mail with the Filing Center. The parties to this stipulation are in the process of drafting and will submit joint testimony in support of this stipulation soon.

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,

A handwritten signature in black ink, appearing to read "D. C. Tingey".

DOUGLAS C. TINGEY  
Assistant General Counsel

DCT:cbm  
Enclosures  
cc: UE 215 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION REGARDING REMAINING ISSUES</b>
	)	
Request for a General Rate Revision	)	

This 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”), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. (“Kroger”), and the Industrial Customers of Northwest Utilities (“ICNU”)(collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held. A procedural schedule was entered with separate schedules for the annual net variable power cost portion of the PGE’s request and the other issues relating to the general rate revision. The docket has proceeded pursuant to those schedules. PGE has responded to numerous data requests in this docket from Staff and intervenors. Four prior Stipulations, three regarding revenue requirement issues and one regarding rate spread and rate design issues, have been submitted to the Commission.

On June 4, 2010, the Stipulating Parties other than PGE filed their respective direct testimony regarding revenue requirement issues. On July 19, 2010, PGE filed its rebuttal testimony regarding the issues that remained unsettled. On July 22, 2010, the Stipulating Parties participated in a Settlement Conference that resulted in a compromise settlement by the

Stipulating Parties regarding the remaining issues in this docket, as described below.

## **TERMS OF STIPULATION**

I. This Stipulation is entered to settle all remaining issues among the Stipulating Parties in this docket excepting only the issue of the Boardman tariff reserved by ICNU and Kroger in the Second Revenue Requirement Stipulation.

II. Decoupling. The Stipulating Parties request that the Commission extend PGE's Schedule 123 decoupling tariffs beyond the two-year period specified in Order 09-020, through December 31, 2013. The Stipulating Parties agree that within 60 days after the fourth year of operation of PGE's Sales Normalization Adjustment and Lost Revenue Recovery decoupling tariffs, that the parties will confer to identify an independent consultant, for the purpose of examining the effectiveness of the decoupling tariffs. If the Stipulating Parties cannot agree on an independent consultant to perform this analysis they will ask the Commission to select the consultant. PGE will pay the first \$50,000 of the costs of the consultant's analysis. Any expense beyond \$50,000 will be included in the decoupling tariff balancing account. The consultant should, at a minimum, address the questions contained in Exhibit "A" to this Stipulation. The timeline for the consultant study should be such that the study is completed by the end of the fifth year of decoupling tariff operation. The Parties do not agree on the appropriate fixed cost recovery methodology, but agree that the Schedule 123 fixed cost recovery rate methodology currently in effect for PGE should be continued through December 31, 2013 in order to allow the independent consultant, identified above, to review that mechanism.

III. Rate of Return. The Stipulating Parties agree that PGE's authorized return on equity will be 10.0%, the same as currently authorized. PGE's capital structure for ratemaking purposes will remain at 50% common equity and 50% long-term debt. PGE's cost of long-term debt will be 6.065% as set forth in PGE's rebuttal testimony in this docket. The preceding

values result in an overall cost of capital of 8.033%.

IV. PCAM. Effective for power costs beginning January 1, 2011, the power cost variance deadbands in PGE's Annual Power Cost Variance Mechanism tariff, Schedule 126, will be set as follows: The Negative Annual Power Cost Deadband will be \$15 million. The Positive Annual Power Cost Deadband will be \$30 million. The Stipulating Parties agree to no other changes in Schedule 126 in this docket; however, no party is precluded from proposing changes to Schedule 126 in future general rate cases.

V. Rate base and revenue requirement adjustments. In settlement of all issues, two adjustments will be made:

1. In calculating the revenue requirement resulting from this rate case only, PGE will remove an amount from rate base sufficient to result in a revenue requirement decrease of \$100,000. This will be achieved by reducing rate base \$717,000 and associated depreciation by \$16,000.
2. In calculating the revenue requirement resulting from this rate case only, PGE will add \$966,000 to "Other Revenues" to cause a decrease in revenue requirement of \$1 million.

VI. Pension Deferral. PGE will withdraw its application for deferred accounting of certain pension expenses docketed as Docket UM 1462.

VII. Sunway 3. Sunway 3 is a solar generating project included in PGE's Renewable Resources Automatic Adjustment Clause filing, Docket UE 220. Sunway 3 will be operational and closed to PGE's books during 2010. The Stipulating Parties agree that the rate base and revenue requirement of Sunway 3 (approximately \$262,000 in UE 220, which value will be updated to reflect the cost of capital provided in paragraph III above) be moved from Docket UE 220, and included in this general rate case. The Parties to Docket UE 220 have also agreed to

move Sunway 3 to this docket.

VIII. The Stipulating Parties recommend and request that the Commission approve the adjustments described above as appropriate and reasonable resolutions of the remaining issues in this docket.

IX. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

X. 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.

XI. 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 disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095, including the right to withdraw from the stipulation and to seek reconsideration of the Commission's 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.

XII. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. 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 necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and

submitting written testimony required by OAR § 860-14-0085(4).

XIII. 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.

XIV. 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 <sup>2<sup>nd</sup></sup> day of ~~July~~ <sup>August</sup>, 2010.

  
PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
OF OREGON

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INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

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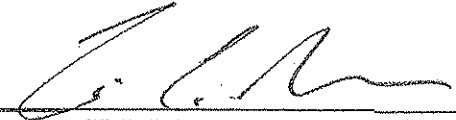


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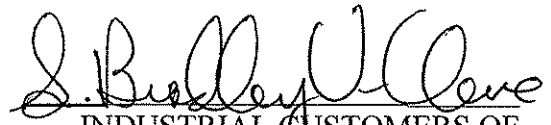
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THE KROGER CO.

## Exhibit "A"

### Decoupling Mechanism Questions:

1. Did the mechanisms effectively remove the relationship between the utility's sales and profits?
2. Did the mechanisms effectively mitigate the utility's disincentives to promote energy efficiency?
3. Did the mechanisms improve the utility's ability to recover its fixed costs?
4. Did the mechanisms reduce business and other financial risks? If yes, please describe the business and financial risks that were impacted and the level of impact and effects on operations.
5. What changes in the Company's culture or operating practices resulted from the implementation of the partial decoupling mechanism?
6. To what extent did fixed costs covered by fixed cost-recovery factors increase with customer growth beyond what was included in the test-year load forecast in UE 197 and in any subsequent general rate case?
7. PGE's mechanism is based on a volumetric fixed charge. However, the amount of revenue available for fixed cost recovery may vary depending on the variable cost of the power being sold or purchased (Revenue/kWh minus variable power cost/kWh equals revenue available for fixed costs). Should the volumetric fixed charge decoupling rates be calculated in a different manner in order to account for this. For example, as the difference between total volumetric rates for both Schedules 7 and 32 and a measurement of short-run marginal energy costs such as the Mid-Columbia index?
8. What is the effect of a change in load (as included in this mechanism) on PGE's costs? What is the effect of the change in load on revenue? Has this mechanism accurately accounted for these changes? On a going forward basis is this mechanism likely to accurately account for these changes?
9. Should the SNA mechanism be bifurcated such that the total kWh for each of Schedules 7 and 32 are fixed for and beyond the test period for purposes of recovery/refund of transmission and generation fixed revenue requirements? Calculation of the fixed revenue requirements for functions other than generation and transmission would be in the same manner as is currently done.

## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **STIPULATION REGARDING REMAINING ISSUES** to be served by electronic mail to those parties whose email addresses appear on the attached service list and by method specified, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UE 215.

Dated at Portland, Oregon, this 2<sup>nd</sup> day of August, 2010.



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