



Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8926 • Facsimile (503) 464-2200

Douglas C. Tingey
Associate General Counsel

July 25, 2013

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 262 – PGE's Request for a General Rate Revision

Attention Filing Center:

Enclosed for filing in the above-referenced docket are an original and five copies of the Joint Parties' **Second Partial Stipulation**.

The original signature pages for Staff, Industrial Customers of Northwest Utilities, The Kroger Company, and Wal-Mart Stores, Inc. will be provided upon receipt by our office.

These documents are also being filed by electronic mail with the Filing Center and electronically served upon the UE 262 service list.

Thank you in advance for your assistance.

Sincerely,

Douglas C. Tingey
Associate General Counsel

DCT:qal
Enclosures
cc: Service List-UE 262

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 262

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	SECOND PARTIAL STIPULATION
COMPANY)	
)	
Request for a General Rate Revision)	

This Second Partial 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"), the City of Portland ("COP"), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. ("Kroger"), the Industrial Customers of Northwest Utilities ("ICNU"), Wal-Mart Stores, Inc., and Noble Americas Energy Solutions LLC ("Noble") (collectively, the "Stipulating Parties"). PacifiCorp intervened to monitor this docket, did not participate in settlement negotiations, and takes no position on this Stipulation.

Many of the Stipulating Parties previously entered into and filed a Partial Stipulation in this docket that settled all issues except PGE's test year pension-related costs, proposed changes to PGE's direct access program, aspects of PGE's decoupling mechanism, and three streetlight related issues raised by the COP: ownership and maintenance responsibility of associated circuits, certain luminaire charges, and pole maintenance charges.

On July 2, 2013, the Stipulating Parties participated in a Settlement Conference regarding all remaining issues in this docket except pension expense. All parties were invited to participate. A subsequent settlement conference was held on July 9, 2013. Counsel for the Northwest and Intermountain Power Producers Coalition ("NIPPC") participated in this

Settlement Conference. As a result of those discussions the Stipulating Parties have reached a compromise settlement of all remaining issues in this docket except pension-related cost, as described in detail below.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves all remaining issues in this docket except PGE's test year pension-related costs.

LONG-TERM DIRECT ACCESS ISSUES

2. To address disputed issues of potential undue cost shifting and fairness to all customers, the Stipulating Parties agree to the following changes to PGE's long-term direct access programs. The Stipulating Parties intend for these changes to be implemented after expiration of the currently effective stipulation approved by the Commission in Order No. 12-057, which makes the current program available through the 2013 election window for service commencing in 2014 and thereafter.
3. With respect to the five-year cost of service opt-out option in PGE's tariffs, the Stipulating Parties agree that commencing with elections made in 2014 for service commencing in 2015 and thereafter:
 - a. The portion of the Schedule 129 transition adjustments related to net variable costs, applicable supplemental adjustments, and the market price of power will be calculated in advance of the applicable enrollment window and will not be subject to updates during the five-year period for which the transition adjustments are applicable. This portion of the transition adjustments will be levelized over the five-year period.

- b. The initial Schedule 129 transition adjustments will reflect current Commission-approved fixed generation costs, and the transition adjustments will not be levelized over the five-year period.
 - c. During the five-year period the portion of Schedule 129 transition adjustments related to fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings.
 - d. Beginning in year six from the election transition adjustments will be zero.
 - e. PGE will continue to differentiate Schedule 129 transition adjustments by schedule and delivery voltage for Schedules 485 and 489.
 - f. Consistent with the agreements below regarding streetlight issue, new tariff Schedules 491, 492, and 495 will be implemented. Schedules 491, 492 and 495 will each be subject to the same Schedule 129 transition adjustments.
 - g. Customers electing the five-year opt-out under Schedules 485, 489, 491, 492, and/or 495, must give PGE not less than three years notice to return to cost of service.
4. With respect to the three-year cost of service opt-out option in PGE's tariffs, and also commencing with elections made in 2014 for service commencing in 2015 and thereafter:
- a. PGE will offer fixed Schedule 129 transition adjustments in accordance with OAR 860-038-0275(5) that are not subject to update.
 - b. PGE will calculate these transition adjustments by including the projected monthly revenue requirements of existing and new resources, if any, that are expected to begin providing service to customers during the three-year period. If

the new resources are expected to commence service to customers on a date other than January 1, the revenue requirements for the resource will be appropriately prorated for the year.

- c. The Schedule 129 transition adjustments will be levelized and differentiated by tariff schedule and delivery voltage.
5. Customers that enrolled in a five-year opt-out prior to the 2015 service year will not be subject to the changes to the calculation of the transition adjustment implemented by the Stipulation, and instead will continue to be responsible for the fixed transition adjustments contained in the rate schedules in effect at the time of the direct access election.
6. PGE will offer long-term direct access for customers on tariff Schedules 91, 92, and 95 commencing with the 2015 service year. These new long-term direct access tariffs will be Schedules 491, 492 and 495. To be eligible for Schedules 491 and 495, the minimum number of lights will be 30,000. To be eligible for Schedule 492, the minimum number of intersections will be 500. To be eligible for participation in any of these schedules, all lights corresponding to an individual municipal department (e.g. transportation, water, or parks departments within a municipality) must be included in the long-term direct access election. Participation in the new Schedules 491, 492, and 495 will be subject to the 300 aMW direct access participation cap.
7. The overall long-term direct access participation limit will remain at 300 aMW.
8. PGE agrees to consider in good faith the possibility of providing an option that would allow direct access customers to remain in the direct access program after relocating to

another location within PGE's service territory, and the Stipulation Parties agree that implementing such a change to the direct access program will not violate this Stipulation.

9. It is the intent of the Stipulating Parties that the terms of this Stipulation regarding long-term direct access issues will be in effect for the four service years 2015 through 2018. The Stipulating Parties agree that they will not propose or support changes to PGE's long-term direct access program during this period, unless agreed to by all Stipulating Parties. The Stipulating Parties further agree that if PGE seeks a waiver of OAR 860-038-0275 as a result of the 300 aMW limit, the Stipulating Parties will not oppose PGE's request.

DECOUPLING ISSUES

10. PGE's Schedule 123 Decoupling Adjustment will be extended through 2016 with the following changes:
 - a. Commencing in 2014 PGE will file its decoupling results for the previous year by November 1, for prices effective January 1. For example, PGE will file its 2013 decoupling results by November 1, 2014, for prices effective January 1, 2015.
 - b. For Schedule 7, a secondary fixed monthly charge will be applied only to customer counts that exceed the test period customer counts. This secondary fixed charge will be calculated by taking 76 percent of the final Schedule 7 Monthly Fixed Charge per customer in order to develop the secondary fixed monthly charge.
 - c. The fixed monthly charge and the secondary fixed monthly charge will be updated in general rate cases. The secondary fixed monthly charge will be a percentage factor multiplied by the fixed monthly charge. The percentage factor

will be the average of the annualized consumption for new (connecting) residential customers during a two-year period, compared to the final forecast Schedule 7 use per customer in the rate case test period. The two-year period shall begin three years prior to the initial filing date and end one year prior to the filing date.

STREETLIGHT ISSUES

11. The previously stipulated overall rate of return will be applied to lighting pole and investment prices.
12. The costs of maintenance of associated circuits will be reassigned from distribution to the maintenance prices for Schedule 91 Option A and B, Schedule 95 Option A, and Schedule 15 prices.
13. Schedule 91 Option B pole prices will be calculated using a 0.20% replacement rate.
14. PGE and the City of Portland commit to resolve concerns regarding the Option C demarcation points and the points of delivery for streetlight associated circuits in the City of Portland. PGE and the City of Portland commit to resolving concerns regarding ownership and responsibilities regarding these associated circuits, including but not limited to code compliance, accessibility and safety, outside of this proceeding.

GENERAL PROVISIONS

15. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of all remaining issues in this docket except PGE's test-year pension related costs.
16. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.

17. The Parties agree that this Stipulation represents a compromise in the positions of the 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.
18. The Stipulating Parties have negotiated this Stipulation as an integrated document. 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 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 order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.
19. 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, 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 Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

20. 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 24th day of July, 2013.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

CITY OF PORTLAND

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DATED this 20 day of July, 2013.

PORTLAND GENERAL ELECTRIC
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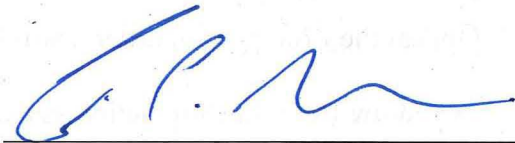
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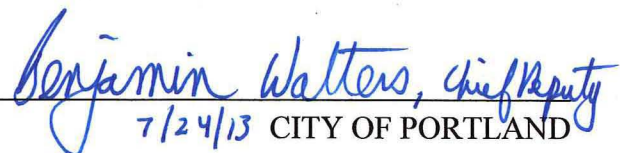
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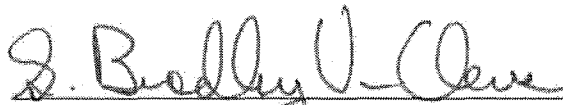
DATED this day of July, 2013.

PORTLAND GENERAL ELECTRIC
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7/24/13 CITY OF PORTLAND



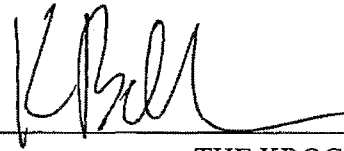
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NORTHWEST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.

NOBLE AMERICAS ENERGY
SOLUTIONS LLC

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES



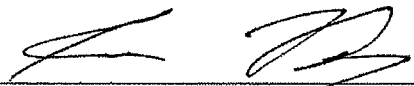
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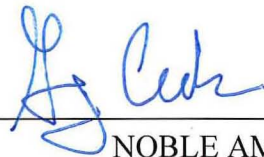
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A handwritten signature in blue ink, appearing to read "L. Ceder", is written over a horizontal line.

NOBLE AMERICAS ENERGY
SOLUTIONS LLC

CERTIFICATE OF SERVICE

I hereby certify that I served the Joint Parties **Second Partial Stipulation**, by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 262.

DATED at Portland, Oregon, this 25th day of July, 2013.



Quisha Light
Regulatory Paralegal
Portland General Electric Company
121 SW Salmon St., 1WTC1301
Portland, OR 97204
(503) 464-8866 (Telephone)
(503) 464-2200 (Fax)
quisha.light@pgn.com

**SERVICE LIST – 07/25/13
OPUC DOCKET # UE 262**

Tracy Rutten PO BOX 928 SALEM OR 97308 trutten@orcities.org	Lisa F Rackner MCDOWELL RACKNER & GIBSON PC dockets@mcd-law.com
MICHAEL GORMAN BRUBAKER & ASSOCIATES INC mgorman@consultbai.com	Greg Bass NOBLE AMERICAS ENERGY SOLUTIONS, LLC gbass@noblesolutions.com
Tommy A Brooks CABLE HUSTON BENEDICT HAAGENSEN & LLOYD tbrooks@cablehuston.com	E-Filing NORTHWEST NATURAL efiling@nwnatural.com
Chad M. Stokes CABLE HUSTON BENEDICT HAAGENSEN & LLOYD cstokes@cablehuston.com	Mark R Thompson NORTHWEST NATURAL mark.thompson@nwnatural.com
OPUC Dockets CITIZENS' UTILITY BOARD OF OREGON dockets@oregoncub.org	Sarah Wallace PACIFIC POWER sarah.wallace@pacificorp.com
Robert Jenks CITIZENS' UTILITY BOARD OF OREGON bob@oregoncub.org	Oregon Dockets PACIFICORP, DBA PACIFIC POWER oregondockets@pacificorp.com
G. Catriona Mccracken CITIZENS' UTILITY BOARD OF OREGON catriona@oregoncub.org	Judy Johnson PUBLIC UTILITY COMMISSION judy.johnson@state.or.us
S BRADLEY VAN CLEVE DAVISON VAN CLEVE PC bvc@dvclaw.com	Johanna Riemenschneider PUC STAFF - DEPARTMENT OF JUSTICE johanna.riemenschneider@doj.state.or.us
Kevin Higgins ENERGY STRATEGIES LLC khiggins@energystrat.com	Stephanie S Andrus PUC STAFF - DEPARTMENT OF JUSTICE stephanie.andrus@state.or.us
Maja Haium LEAGUE OF OREGON CITIES mhaium@orcities.org	Donald W Schoenbeck REGULATORY & COGENERATION SERVICES INC dws@r-c-s-inc.com
Gregory M. Adams RICHARDSON ADAMS greg@richardsonadams.com	Paula E Pyron TROUTDALE ENERGY CENTER ppyron@cpkinder.com
Kurt J. Boehm BOEHM KURTZ & LOWRY kboehm@bkllawfirm.com	Jody Kyler Cohn BOEHM KURTZ & LOWRY jkyler@bkllawfirm.com

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Nona Soltero FRED MEYER STORES/KROGER nona.soltero@fredmeyer.com	Nancy Werner BEERY, ELSNER & HAMMOND, LLP nancy@gov-law.com
Andrew Bartlett CITY OF HILLSBORO Andrew.bartlett@hillsboro-oregon.gov	David Tooze CITY OF PORTLAND – PLANNING & SUSTAINABILITY David.tooze@portlandoregon.gov
Benjamin Walters CITY OF PORTLAND – City of Attorney's Office ben.walters@portlandoregon.gov	Samuel L. Roberts HUTCHINSON, COX, COONS, ORR & SHERLOCK sroberts@eugenelaw.com
Steve W. Chriss WAL-MART STORES, INC. stephen.chriss@wal-mart.com	R. Bryce Dalley PACIFIC POWER bryce.dalley@pacificorp.com
Robert D. Kahn NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION rkahn@nippc.org	