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Douglas C. Tingey
Associate General Counsel

July 17, 2014

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
P.O. Box 1088
Salem OR 97308-1088

Re: UE 283 – PGE’s General Rate Revision

Attention Filing Center:

Enclosed for filing in the above-referenced docket are an original and five copies of the:

- **Stipulation; and**
- **Joint Testimony in Support of Stipulation (UE 283/ Stipulating Parties/100).**

These documents are also being filed by electronic mail with the Filing Center and electronically served upon the UE 283 service list.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Tingey", is written over the typed name.

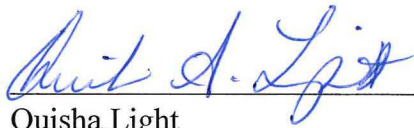
Douglas C. Tingey
Associate General Counsel

DCT:jrb
Enclosures
cc: Service List-UE 283

CERTIFICATE OF SERVICE

I hereby certify that I served the **JOINT PARTIES' PARTIAL STIPULATION AND JOINT TESTIMONY IN SUPPORT OF PARTIAL STIUPLATION**, by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 283.

DATED at Portland, Oregon, this 17th day of July, 2014.



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OPUC DOCKET # UE 283**

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**SERVICE LIST – 07/17/14
OPUC DOCKET # UE 283**

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**SERVICE LIST – 07/17/14
OPUC DOCKET # UE 283**

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 283

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

This 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"), 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 13, 2014, PGE filed this general rate case. On March 7, 2014, a prehearing conference was held. A procedural schedule was established to resolve issues relating to the general rate revision. A separate docket was established, Docket No. UE 286, for consideration of issues related to PGE's Net Variable Power Costs and Annual Power Cost Update. PGE has requested that the revised rates pursuant to this general rate case become effective January 1, 2015. PGE has responded to over 800 data requests in this docket from Staff and other parties.

Prior to the Settlement Conference scheduled for May 20, 2014, Staff provided to the other parties in this docket its settlement proposal that included numerous proposed adjustments to PGE's filed case. On May 20, 2014, the Stipulating Parties participated in a Settlement Conference regarding this docket. All parties were invited to participate. A subsequent

settlement conference was held on May 27, 2014. Parties also discussed the cost of long-term debt at a settlement teleconference on June 12, 2014. As a result of those discussions the Stipulating Parties have reached a compromise settlement of a number of issues in this docket, as described in detail below.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves the issues identified below.
 - a. S-0 Capital Structure and Cost of Debt. For ratemaking purposes, the Stipulating Parties agree to a capital structure of 50% equity and 50% long-term debt for test year 2015. The Stipulating Parties also agree to PGE’s cost of long-term debt equal to 5.443 percent. This cost of debt is comprised, for 2014 and 2015, of the following issuances, amounts and costs:

Issuances		Maturity	All-In
Year	\$M	in Years	Cost
2014	100	31	4.432%
2014	100	32	4.481%
2014	80	10	3.594%
2015	125	10	3.702%

Should PGE opt to issue shorter duration bonds in 2015 than the assumed ten-year term, the benefit of the lower interest rate, will be deferred for refund to customers, with the adjustment to interest costs based on the average daily spreads of the month of June 2014.

- b. S-1 Uncollectibles. An uncollectible rate of 0.47% will be used in this case.
- c. S-3 Interest Synchronization. Interest on debt will be included in the revenue requirement consistent with the update agreed to in S-0.

- d. S-22 Working Cash. A working cash factor of 3.70% will be used in deriving revenue requirement. The Stipulating Parties further agree that an independent third party will be hired to perform an adequately funded lead/lag study and to thoroughly evaluate the existence and amount, if any, of any double counting between working capital and inclusion of materials and supplies in rate base. To the extent such evaluation reveals that PGE's rate base for 2015 should have been reduced relative to the amounts otherwise included in the 2015 revenue requirement, the revenue requirement effect will be subject to deferral and refund to customers. This deferral will apply to a one-year period only – calendar year 2015.
- e. S-4 Other Revenue. PGE's proposed 2015 Other Revenues will be increased by \$1.310 million.
- f. S-5 Advertising. PGE's test year advertising expenses will be decreased by \$0.052 million from the amount in PGE's initial filing. Advertising expenses will be further adjusted to equal 0.125 percent of the final revenue requirement approved in this docket, including the power cost revenue requirement determined in Docket No. UE 286.
- g. S-6 Customer Assistance. Test year customer assistance expenses will be reduced by \$0.277 million.
- h. S-8 Sponsorships. 2015 test year expenses for sponsorships will be decreased by \$0.120 million.
- i. S-9 Memberships. Membership expenses included in the test year will be decreased by \$0.103 million.

- j. S-14.2 Various A&G. Expenses included in FERC accounts 902, 903, 905, 921, 923, 924, 926, 928, 930, and 935 for 2015 will be reduced by a total of \$0.255 million.
- k. S-10. For settlement purposes, the Stipulating Parties agree that PGE's proposed 2015 expenses related to the Energy Imbalance Market will be reduced by \$0.300 million, and rate base will also be reduced by \$1.5 million. PGE will also, when its cost for EIM are more clearly defined, file a Request for an Accounting Order seeking to capitalize any incremental expenses associated with EIM. .
- l. S-15 Fee-free Bankcard Program. In docket UE 262, PGE's 2014 test year rate case, it was agreed that PGE would implement a fee-free bankcard payment program for residential customers beginning July 1, 2014. \$0.5 million was included in 2014 test year revenue requirement for this program. As explained in the supporting testimony, the Stipulating Parties agree that PGE should delay implementation of this program until November 1, 2014. PGE agrees to defer the ratable share of included 2014 expenses, 2/3 of \$500,000, for refund to customers during 2015. In addition, the Stipulating Parties agree that the fee-free bankcard program will be limited to residential customers only during 2015. PGE will provide a report to the OPUC and Stipulating Parties on the adoption rate, relative use of debit cards to credit cards, and the characteristics of customers using this program. The PGE report will be circulated to the Stipulating Parties no later than March 1, 2015. Test year expenses for the bankcard program will be reduced by \$0.734 million from PGE's initial filing.

- m. S-18 Software Amortization. The Stipulating Parties agree that amortization expense associated with the Geographic Information System and Outage Management System will be removed from PGE's 2015 revenue requirement. PGE's proposed 2015 expenses for software amortization will be reduced by \$0.928 million. In addition, PGE's plant-in-service rate base will be increased by \$28.912 million to account for the Maximo Wave 2 project closing in 2014. PGE will provide an attestation by a corporate officer that the Maximo Wave 2 system has been closed to plant prior to the end of 2014.
 - n. S-19 Property Tax. There will be no adjustment to PGE's filed case except as consistent with any rate base change adopted by the Commission utilizing the appropriate property tax rate.
 - o. S-23 Confederated Tribes of Warm Springs agreement. The Stipulating Parties agree that PGE's decision to enter into the purchased power agreement with the Confederated Tribes of Warm Springs as outlined in PGE Exhibit 1500 is prudent.
3. 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.
 4. The Parties agree that this Stipulation is in the public interest, and will meet the standard in ORS 756.040.
 5. 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.

6. 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 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.
7. 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 except for ICNU, 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.

8. 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 17th day of July, 2014.



PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY

COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

THE KROGER CO.

PORTLAND GENERAL ELECTRIC
COMPANY



STAFF OF THE PUBLIC UTILITY

COMMISSION OF OREGON

CITIZENS' UTILITY BOARD
OF OREGON

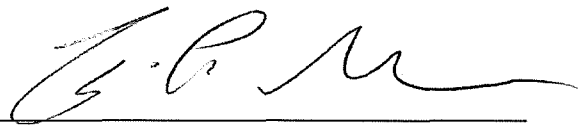
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NORTHWEST UTILITIES

THE KROGER CO.

PORTLAND GENERAL ELECTRIC
COMPANY

STAFF OF THE PUBLIC UTILITY

COMMISSION OF OREGON

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THE KROGER CO.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UE 283

PORTLAND GENERAL ELECTRIC COMPANY

Joint Testimony in Support of Partial Stipulation

Marianne Gardner

Kevin Higgins

Bob Jenks

Rob Macfarlane

July 17, 2014

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I. Introduction

1 **Q. Please state your names and positions.**

2 A. My name is Marianne Gardner. I am a Senior Revenue Requirement Analyst in the Energy
3 Division at the Public Utility Commission of Oregon (OPUC). My qualifications appear in
4 OPUC Exhibit 101.

5 My name is Kevin C. Higgins. I am Principal with Energy Strategies, LLC and am
6 testifying on behalf of The Kroger Co. My qualifications appear in FM Exhibit 100.

7 My name is Bob Jenks. I am the Executive Director of the Citizens' Utility Board of
8 Oregon (CUB). My qualifications appear in CUB Exhibit 101.

9 My name is Rob Macfarlane. I am a Project Manager for Portland General Electric
10 (PGE). My qualifications appear in PGE Exhibit 300.

11 **Q. What is the purpose of your testimony?**

12 A. Our purpose is to describe the Partial Stipulation (the Stipulation) reached among the OPUC
13 Staff (Staff); CUB; Industrial Customers of Northwest Utilities (ICNU); Fred Meyer Stores
14 and Quality Food Centers, Divisions of The Kroger Co. (Kroger); and PGE (collectively, the
15 Stipulating Parties) regarding several revenue requirement issues in this docket (UE 283).
16 While there are other parties to this case, we are not aware of any who oppose this Partial
17 Stipulation. For convenience, we use the issue numbers assigned in the May 27, 2014 Staff
18 Issues List.

19 **Q. What is the basis for the Stipulation?**

20 A. PGE filed this general rate case on February 13, 2014. During the next three to four months,
21 PGE responded to more than 700 data requests from Staff, CUB, ICNU, and other parties.
22 On May 16, Staff provided an initial analysis of numerous issues and the Stipulating Parties

1 participated in Settlement Conferences on May 20 and May 27, during which other parties
2 also identified issues. During those discussions, PGE accepted a number of Staff proposals
3 and offered modifications regarding other proposals. The Stipulating Parties also accepted a
4 number of PGE's suggestions, which represented compromises that parties deemed
5 reasonable for settlement purposes.

6 **Q. Please summarize the agreement contained in the revenue requirement portion of the**
7 **Partial Stipulation.**

8 A. The Partial Stipulation represents the settlement of several revenue requirement issues. A
9 copy of the stipulation is provided as Exhibit 101. Table 1 summarizes the settled issues
10 with a short description.

Table 1
(Stipulated Issues with approximate adjustments)

Issue No.	Category	Description
S-0 & S-3	Capital Structure and Cost of Debt, and Interest Synchronization	Capital structure: 50% equity / 50% debt Cost of debt: 5.443% Include interest on debt consistent with cost of debt percentage
S-1	Uncollectibles	Decrease Uncollectibles from 0.50% to 0.47%
S-22	Working Cash	Working cash: 3.70% (no change) Third party lead/lag study
S-4	Other Revenue	Increase Other Revenue by \$1.310 million
S-5	Advertising	Reduce O&M expense by \$0.052 million Adjust to 0.125% of final revenue requirement
S-6	Customer Assistance	Reduce O&M expense by \$0.277 million
S-8	Sponsorships	Reduce O&M expense by \$0.120 million
S-9	Memberships	Reduce O&M expense by \$0.103 million
S-14.2	Various A&G	Reduce O&M expense by \$0.255 million
S-10	EIM	Reduce O&M expense by \$0.300 million Reduce rate base by \$1.5 million
S-15	Fee-free Bankcard Program	Reduce O&M expense by \$0.734 million
S-18	Software Amortization	Reduce O&M expense by \$0.928 million Increase rate base by \$28.912 million
S-19	Property Tax	No adjustment
S-23	Confederated Tribes of Warm Springs Agreement	No adjustment, agreement is prudent

1 **Q. Does this Partial Stipulation indicate that all parties agree on the calculations or bases**
2 **employed by other parties to determine each adjustment?**

3 A. No. Although the Stipulating Parties may not necessarily agree on the calculations,
4 assumptions, or bases used to determine each adjustment, we believe the amounts represent
5 a reasonable financial settlement of the respective issues in this docket. The adjustments are
6 in the public interest and are consistent with rates that are fair, just, and reasonable.

7 **Q. Does the Partial Stipulation resolve all revenue requirement issues in this proceeding?**

8 A. No. Remaining issues in the case include additional revenue requirement, return on equity,
9 rate spread and rate design, load forecasting, and the prudence of the two major resource
10 additions: Port Westward 2 and Tucannon River Wind Farm.

II. Resolved Revenue Requirement Issues

1 **Q. Please describe the Partial Stipulation regarding capital structure (S-0) and Cost of**
2 **Debt (S-0).**

3 A. The Stipulating Parties agree to a capital structure of 50% equity and 50% debt and a cost of
4 debt of 5.443%. The cost of debt includes actual 2014 debt issuances and a projection of
5 2015 debt issuances using 10 year bonds at 3.7%. The Stipulating Parties agree that if PGE
6 opts to issue shorter-term debt in 2015, the benefit of the lower interest rate, if any, will be
7 deferred for refund to customers.

8 **Q. Please describe the Partial Stipulation regarding Uncollectibles (S-1).**

9 A. PGE's initial filing included a 0.50% uncollectibles rate. The Stipulating Parties agree that
10 for settlement purposes a 0.47% uncollectibles rate will be used for the test year to reflect
11 the increasing penetration of paperless billing and the fee-free bankcard program.

12 **Q. Please describe the Partial Stipulation regarding Interest Synchronization (S-3).**

13 A. PGE's initial filing included a 5.557% cost of debt rate. The Stipulating Parties agree that
14 for settlement purposes PGE will include interest on debt in the revenue requirement
15 consistent with the updated cost of debt rate agreed to in S-0.

16 **Q. Please describe the Partial Stipulation regarding Working Cash (S-22).**

17 A. Staff proposed to remove Materials and Supply (M&S) Inventory from rate base based on a
18 concern that PGE is double counting M&S in working cash. PGE pointed out that the
19 inclusion of M&S inventory in the lead/lag study to establish working cash results in a
20 decrease to the working cash factor and that it is appropriately accounting for M&S
21 inventory in both rate base and working cash. The Stipulating Parties agree to the working
22 cash factor of 3.70% and that a third party will be hired to perform an independent lead/lag

1 study and to evaluate whether there are any double counting issues between working cash
2 and inclusion of M&S inventory in rate base. To the extent that such evaluation reveals that
3 PGE's rate base for 2015 should have been reduced relative to the amounts otherwise
4 included in the 2015 revenue requirement, the Stipulating Parties agree that the revenue
5 requirement effect will be subject to deferral and refund to customers. The Stipulating
6 Parties further agree that the deferral should apply for calendar year 2015 only. The
7 Stipulating Parties agree that the 3.70% working cash factor, deferral and refund provisions
8 described above, and the application of the deferral for 2015 are a reasonable outcome for
9 settlement purposes.

10 **Q. Please describe the Partial Stipulation regarding Other Revenues (S-4).**

11 A. Staff proposed adjustments based on historical actuals. After reviewing forecasted amounts,
12 the Stipulating Parties agree that PGE would increase its Other Revenues by \$1.310 million
13 as a reasonable outcome for settlement purposes.

14 **Q. Please describe the Partial Stipulation regarding Advertising (S-5).**

15 A. The Stipulating Parties agree that PGE's test year advertising expense should be set equal to
16 0.125% of the revenue requirement, which in the initial filing would reduce PGE's revenue
17 requirement by \$0.052 million.

18 **Q. Please describe the Partial Stipulation regarding Customer Assistance (S-6).**

19 A. The Stipulating Parties agree to reduce PGE's test year expense by \$0.277 million, relating
20 to Customer Assistance. The adjustment is based on escalating 2013 actuals for settlement
21 purposes.

22 **Q. Please describe the Partial Stipulation regarding Sponsorships (S-8).**

23 A. The Stipulating Parties agree to remove Sponsorships in their entirety. This adjustment
24 reduces PGE's test year expense by \$0.120 million for settlement purposes.

1 **Q. Please describe the Partial Stipulation regarding Memberships (S-9).**

2 A. The Stipulating Parties agree to reduce PGE’s test year expense by \$0.103 million, relating
3 to Memberships for settlement purposes.

4 **Q. Please describe the Partial Stipulation regarding Various A&G (S-14.2).**

5 A. The Stipulating Parties agree to reduce PGE’s test year expense by \$0.255 million, relating
6 to meals and entertainment in FERC accounts 902, 903, 905, 921, 923, 924, 926, 928, 930,
7 and 935 for settlement purposes.

8 **Q. Please describe the Partial Stipulation regarding Energy Imbalance Market (S-10).**

9 A. The Stipulating Parties agree to remove the effects of PGE’s proposal relating to Energy
10 Imbalance Market (EIM). This adjustment reduces PGE’s test year expense by
11 \$0.300 million and reduces rate base by \$1.5 million. The stipulating parties also agree that,
12 when PGE’s cost for EIM are more clearly defined, PGE may file a request for an
13 Accounting Order seeking to capitalize any prudently incurred incremental expense
14 associated with EIM.

15 **Q. Please describe the Partial Stipulation on the Fee-free Bankcard Program (S-15).**

16 A. PGE proposed to expand the Fee-free Bankcard Program to nonresidential customers from
17 the residential-only program approved in docket UE 262. The Stipulating Parties agree that
18 for settlement purposes PGE will: (1) keep the program as a residential program for web and
19 Interactive Voice Response system, (2) reduce test year expense by \$0.734 million, and (3)
20 define customer eligibility consistent with eligibility for the residential exchange credit. The
21 Stipulating Parties also agree that PGE will provide a report to the OPUC and Stipulating
22 Parties on the adoption rate, relative use of debit cards to credit cards, and the characteristics
23 of customers using the Fee-free Bankcard Program to the extent possible no later than
24 March 1, 2015. Lastly, the Stipulating Parties agree that PGE should delay implementation

1 of the program from the original implementation date of July 1, 2014 to November 1, 2014
2 and defer the ratable share of included 2014 expenses, (i.e., 2/3 of \$0.5 million), for refund
3 to customers during 2015.

4 **Q. Please describe the Partial Stipulation regarding Software Amortization (S-18).**

5 A. In PGE's filing, there were three projects that closed to plant around May 2015 as part of the
6 Next Wave program: Maximo Wave 2, Geographic Information System (GIS), and Outage
7 Management System (OMS). In discovery, PGE indicated the Maximo Wave 2 project was
8 scheduled to close earlier, in November 2014.

9 The Stipulating Parties agree to reduce PGE's test year expense by \$0.928 million
10 relating to the removal of amortization associated with GIS and OMS and additional
11 amortization of Maximo Wave 2 for settlement purposes. The Stipulating Parties also agree
12 to increase 2015 rate base by \$28.912 million relating to Maximo Wave 2. Lastly, the
13 Stipulating Parties agree that PGE will provide an attestation by an officer that the Maximo
14 Wave 2 system has been closed to plant prior to the end of 2014.

15 **Q. Please describe the Partial Stipulation regarding Property Tax (S-19).**

16 A. The Stipulating Parties agree to no adjustment to PGE's filed property tax expense. In
17 addition, the parties agree to update property taxes consistent with any rate base change
18 adopted by the Commission utilizing the appropriate property tax rate.

19 **Q. Please describe the Partial Stipulation regarding the Confederated Tribes of Warm
20 Springs agreement (S-23).**

21 A. The Stipulating Parties agree that PGE's decision to enter into the purchased power
22 agreement with the Confederated Tribes of Warm Springs as outlined in PGE Exhibit 1500
23 is prudent.

24 **Q. What is your recommendation to the Commission regarding these adjustments?**

1 A. The Stipulating Parties recommend and request that the Commission approve these
2 adjustments. Based on careful review of PGE's filing, consideration of PGE's responses to
3 over 700 data requests, and thorough analysis of the issues during two days of settlement
4 conferences, we believe these adjustments represent appropriate and reasonable resolutions
5 of the respective issues in this docket. Rates reflecting these adjustments will be fair, just,
6 and reasonable.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 283

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

This 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"), 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 13, 2014, PGE filed this general rate case. On March 7, 2014, a prehearing conference was held. A procedural schedule was established to resolve issues relating to the general rate revision. A separate docket was established, Docket No. UE 286, for consideration of issues related to PGE's Net Variable Power Costs and Annual Power Cost Update. PGE has requested that the revised rates pursuant to this general rate case become effective January 1, 2015. PGE has responded to over 800 data requests in this docket from Staff and other parties.

Prior to the Settlement Conference scheduled for May 20, 2014, Staff provided to the other parties in this docket its settlement proposal that included numerous proposed adjustments to PGE's filed case. On May 20, 2014, the Stipulating Parties participated in a Settlement Conference regarding this docket. All parties were invited to participate. A subsequent

settlement conference was held on May 27, 2014. Parties also discussed the cost of long-term debt at a settlement teleconference on June 12, 2014. As a result of those discussions the Stipulating Parties have reached a compromise settlement of a number of issues in this docket, as described in detail below.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves the issues identified below.
 - a. S-0 Capital Structure and Cost of Debt. For ratemaking purposes, the Stipulating Parties agree to a capital structure of 50% equity and 50% long-term debt for test year 2015. The Stipulating Parties also agree to PGE’s cost of long-term debt equal to 5.443 percent. This cost of debt is comprised, for 2014 and 2015, of the following issuances, amounts and costs:

Issuances		Maturity	All-In
Year	\$M	in Years	Cost
2014	100	31	4.432%
2014	100	32	4.481%
2014	80	10	3.594%
2015	125	10	3.702%

Should PGE opt to issue shorter duration bonds in 2015 than the assumed ten-year term, the benefit of the lower interest rate, will be deferred for refund to customers, with the adjustment to interest costs based on the average daily spreads of the month of June 2014.

- b. S-1 Uncollectibles. An uncollectible rate of 0.47% will be used in this case.
- c. S-3 Interest Synchronization. Interest on debt will be included in the revenue requirement consistent with the update agreed to in S-0.

- d. S-22 Working Cash. A working cash factor of 3.70% will be used in deriving revenue requirement. The Stipulating Parties further agree that an independent third party will be hired to perform an adequately funded lead/lag study and to thoroughly evaluate the existence and amount, if any, of any double counting between working capital and inclusion of materials and supplies in rate base. To the extent such evaluation reveals that PGE's rate base for 2015 should have been reduced relative to the amounts otherwise included in the 2015 revenue requirement, the revenue requirement effect will be subject to deferral and refund to customers. This deferral will apply to a one-year period only – calendar year 2015.
- e. S-4 Other Revenue. PGE's proposed 2015 Other Revenues will be increased by \$1.310 million.
- f. S-5 Advertising. PGE's test year advertising expenses will be decreased by \$0.052 million from the amount in PGE's initial filing. Advertising expenses will be further adjusted to equal 0.125 percent of the final revenue requirement approved in this docket, including the power cost revenue requirement determined in Docket No. UE 286.
- g. S-6 Customer Assistance. Test year customer assistance expenses will be reduced by \$0.277 million.
- h. S-8 Sponsorships. 2015 test year expenses for sponsorships will be decreased by \$0.120 million.
- i. S-9 Memberships. Membership expenses included in the test year will be decreased by \$0.103 million.

- j. S-14.2 Various A&G. Expenses included in FERC accounts 902, 903, 905, 921, 923, 924, 926, 928, 930, and 935 for 2015 will be reduced by a total of \$0.255 million.
- k. S-10. For settlement purposes, the Stipulating Parties agree that PGE's proposed 2015 expenses related to the Energy Imbalance Market will be reduced by \$0.300 million, and rate base will also be reduced by \$1.5 million. PGE will also, when its cost for EIM are more clearly defined, file a Request for an Accounting Order seeking to capitalize any incremental expenses associated with EIM. .
- l. S-15 Fee-free Bankcard Program. In docket UE 262, PGE's 2014 test year rate case, it was agreed that PGE would implement a fee-free bankcard payment program for residential customers beginning July 1, 2014. \$0.5 million was included in 2014 test year revenue requirement for this program. As explained in the supporting testimony, the Stipulating Parties agree that PGE should delay implementation of this program until November 1, 2014. PGE agrees to defer the ratable share of included 2014 expenses, 2/3 of \$500,000, for refund to customers during 2015. In addition, the Stipulating Parties agree that the fee-free bankcard program will be limited to residential customers only during 2015. PGE will provide a report to the OPUC and Stipulating Parties on the adoption rate, relative use of debit cards to credit cards, and the characteristics of customers using this program. The PGE report will be circulated to the Stipulating Parties no later than March 1, 2015. Test year expenses for the bankcard program will be reduced by \$0.734 million from PGE's initial filing.

- m. S-18 Software Amortization. The Stipulating Parties agree that amortization expense associated with the Geographic Information System and Outage Management System will be removed from PGE's 2015 revenue requirement. PGE's proposed 2015 expenses for software amortization will be reduced by \$0.928 million. In addition, PGE's plant-in-service rate base will be increased by \$28.912 million to account for the Maximo Wave 2 project closing in 2014. PGE will provide an attestation by a corporate officer that the Maximo Wave 2 system has been closed to plant prior to the end of 2014.
 - n. S-19 Property Tax. There will be no adjustment to PGE's filed case except as consistent with any rate base change adopted by the Commission utilizing the appropriate property tax rate.
 - o. S-23 Confederated Tribes of Warm Springs agreement. The Stipulating Parties agree that PGE's decision to enter into the purchased power agreement with the Confederated Tribes of Warm Springs as outlined in PGE Exhibit 1500 is prudent.
3. 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.
 4. The Parties agree that this Stipulation is in the public interest, and will meet the standard in ORS 756.040.
 5. 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.

6. 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 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.
7. 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 except for ICNU, 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.

8. 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 17th day of July, 2014.



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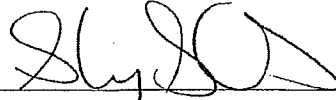
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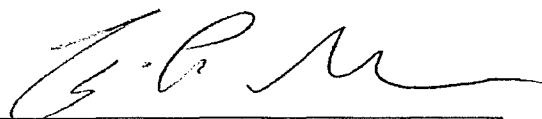
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A handwritten signature in black ink, appearing to be 'G. B. M.', written over a horizontal line.

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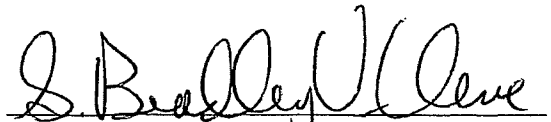
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