



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

June 23, 2015

Via Electronic Filing

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

Re: UE 294 – PGE’s General Rate Case

Attention Filing Center:

Enclosed for filing in the above-referenced docket is a **Partial Stipulation** between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, the Citizens' Utility Board of Oregon, the Industrial Customers of Northwest Utilities, and Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co., collectively, the Stipulating Parties.

The Stipulating Parties are working on joint testimony in support of the Partial Stipulation and will file it as soon as it is completed.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. C. Tingey", is written over a light blue horizontal line.

Douglas C. Tingey

DCT:jrb
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 294

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Request for a General Rate Revision.

PARTIAL STIPULATION

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

PGE filed this general rate case on February 12, 2015. The filing included fourteen separate pieces of testimony and exhibits. PGE also provided to Staff and other parties voluminous work papers in support of its filing. Since that time Staff and intervening parties have analyzed PGE's filing and work papers, and submitted several hundred data requests obtaining additional information. Settlement Conferences were held on May 21, and 29, 2015. Prior to these settlement conferences Staff provided to the other parties in this docket its settlement proposal that included numerous proposed adjustments to PGE's filed case. As a result of those discussions, the Stipulating Parties have reached a compromise settlement of several issues in this docket, as described in detail below. In addition to the Stipulating Parties, the Small Business Utility Advocates ("SBUA") attended the settlement discussions. SBUA does not oppose this Stipulation. No other parties participated in the settlement discussions.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves the issues identified below.
 - a. S-1 Revenue Sensitive Costs and Uncollectibles. An uncollectible rate of 0.4032% will be used for test-year expenses.
 - b. S-5 Advertising. Test-year expense will be reduced by \$70,000.
 - c. S-7 Medical Benefits. Non-union medical benefit expenses will be reduced by \$577,000. Union medical benefit expenses will be reduced by \$320,000. Company picnic expenses will be reduced by \$95,000.
 - d. S-9 Dues and Donations. Test-year expenses will be reduced by \$194,000.
 - e. S-12 Energy Efficiency. Test-year expense will be reduced by \$237,000.
 - f. S-13 Research and Development. Test-year expenses for research and development will be \$2 million, a reduction of \$1.1 million from PGE's request.
 - i. PGE will, until its next general rate case, file annual reports of research and development spending.
 - ii. If research and development spending is less than \$2 million per year, the unspent amount will be refunded to customers.
 - iii. There will be no prudence review associated with these annual filings.
 - g. I-2 Construction Overheads. PGE will hire an outside expert to review its construction overheads cost allocation accounting and methodologies. The overall scope of the work will be to determine if PGE's allocation methodology readily identifies the source of the expenses and the basis for their allocation. PGE will consult with Staff and interested parties in identifying an appropriate

expert and defining a scope of work. The expert will prepare a report that will be provided to Staff and interested parties.

h. The following issues were settled as a group:

S-4 Wages and Salaries

S-6 Various A&G

S-8 Pension

S-11 Escalation

S-15 Fee Free Bankcard

S-10 Capital Additions related to the North Fork Surface Collector and Grassland Switchyard

I-3 Carty Generating Station

I-7 Coal Inventory

In settlement of all of these issues:

A. For ratemaking purposes, test-year expenses will be reduced by \$8 million, and rate base will be reduced by \$9 million.

B. PGE agrees not to launch a commercial fee free bankcard payment program in 2016. PGE agrees to notify Staff no less than forty-five days prior to launching a commercial fee free bankcard payment program. PGE further agrees with Staff's residential bankcard program adoption rate of 9.1 percent and 13.06 percent for end of years 2015 and 2016, respectively.

C. When the North Fork Surface Collector project is placed into service PGE will file an attestation from an officer attesting that the plant has been placed into service. If the plant is not placed into service by December 31, 2015, the project

costs will be removed from the test-year rate base. Project costs included in test-year rate base will be the lesser of actual project costs or \$53.8 million. If North Fork capital costs are higher than that amount, PGE will not be bound to its original \$53.8 million estimate in subsequent general rate proceedings. If PGE seeks to recover any additional amounts in a subsequent general rate filing, PGE must demonstrate the prudence of such additional costs.

D. The Grassland Switchyard net rate base amount of \$24.686 million will be removed from year-end 2015 rate base. Grassland Switchyard plant will remain in Construction Work In Progress until the Carty Generating Station is placed into service. The parties request that the Commission approve the following accounting treatment language:

“PGE will continue to classify the capital costs associated with the Grassland Switchyard as construction work in progress (CWIP) in FERC Account 107 until the Carty Generating Station (Carty) is placed into service. Depreciation of such amount is expected to begin when Carty is placed into service. Allowance for funds used during construction will accrue on CWIP until Carty is placed in service.”

E. The parties agree that PGE’s decision to construct the Carty Generating Station was prudent and the Commission should approve the Carty tariff rider requested by PGE to reflect the prudently incurred costs and benefits of the plant when it begins providing service to customers, with the following conditions:

- i. For determining rates in this docket only, the gross plant for Carty, including the Grassland Switchyard, will be \$514 million. If actual capital costs for Carty (including the Grassland Switchyard) are lower than the stated amount, PGE will refund the 2016 revenue requirement difference resulting from the lower capital costs, with interest at its overall authorized

cost of capital, beginning January 1, 2017. If Carty capital costs are higher than the designated amount, PGE may not recover those costs through the Carty tariff rider. However, PGE will not be bound to the original \$514 million estimate in subsequent rate proceedings. If PGE seeks to recover any additional amounts in a subsequent general rate filing, PGE must demonstrate the prudence of such additional costs.

- ii. PGE will file an attestation by an officer when the Carty plant is placed in service.
- iii. If the Carty Generating Station is not completed and in service by July 31, 2016, PGE will need to file a new ratemaking request seeking the inclusion of the Carty costs in rates, inclusive of Grassland Switchyard.

2. 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.
3. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
4. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating 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.

5. 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 Stipulating 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's final 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.
6. 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 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 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. 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.

7. 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 _____ day of June, 2015.

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.

terms of this 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.

7. 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 23rd day of June, 2015.



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.

terms of this 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.

7. 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 _____ day of June, 2015.

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.

terms of this 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.

7. 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 23RD day of June, 2015.

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.

terms of this 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.

7. 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 22nd day of June, 2015.

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.

terms of this 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.

7. 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 _____ day of June, 2015.

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.