



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

August 17, 2015

*Via Electronic Filing*

Oregon Public Utility Commission  
Attn: Filing Center  
201 High Street SE  
P.O. Box 1088  
Salem, OR 97308-1088

**RE: UE 294 Portland General Electric General Rate Revision**

Attention Filing Center:

Enclosed for filing in the above referenced docket is:

- **Joint Testimony in Support of the First Partial Stipulation (UE 294 Stipulating Parties/100)**
- **Exhibit 101**

If you have any questions or require further information, please contact me at (503) 464-7580. Please direct all formal correspondence and requests to the following email address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

A handwritten signature in blue ink that reads "Patrick G. Hager". The signature is written in a cursive, flowing style.

Patrick G. Hager  
Manager, Regulatory Affairs

PGH:sp

*encl.*

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

**UE 294  
GENERAL RATE CASE**

**PORTLAND GENERAL ELECTRIC COMPANY**

**JOINT TESTIMONY IN SUPPORT OF PARTIAL  
STIPULATION**

*August 17, 2015*

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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 Rates, Finance, and Audit Division of the Public Utility Commission of Oregon (OPUC).  
4 My qualifications appear in OPUC Staff Exhibit 701.

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

7 My name is Bradley G. Mullins. I am an independent consultant representing the Industrial  
8 Customers of Northwest Utilities (ICNU). My qualifications appear in ICNU Exhibit 101.

9 My name is Neal Townsend. I am a Principal at Energy Strategies, LLC. My testimony  
10 is being sponsored by Fred Meyer Stores and Quality Food Centers (Fred Meyer), divisions  
11 of the Kroger Co. My qualifications appear in Fred Meyer Exhibit 100.

12 My name is Alex Tooman. I am a Project Manager for Portland General Electric (PGE).  
13 My qualifications appear in PGE Exhibit 200.

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

15 A. The purpose of our testimony is to describe the First Partial Stipulation (Partial Stipulation)  
16 reached among the OPUC Staff (Staff); CUB; ICNU; Fred Meyer; and PGE (collectively,  
17 the Stipulating Parties) regarding several revenue requirement issues in this docket  
18 (UE 294). While there are other parties to this case, we are not aware of any who oppose  
19 this Partial Stipulation. For convenience, we use the issue numbers assigned in the May 15,  
20 2015 Staff Issues List.

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

2 A. PGE filed this general rate case on February 12, 2015. During the next several months,  
3 PGE responded to approximately 700 data requests from Staff, CUB, ICNU, and other  
4 parties. On May 16, Staff provided an initial analysis of numerous issues. The Stipulating  
5 Parties participated in Settlement Conferences on May 21 and May 29, during which other  
6 parties also identified issues. During those discussions, PGE accepted a number of Staff's  
7 proposals and offered modifications regarding other proposals. The Stipulating Parties also  
8 accepted a number of PGE's suggestions, which represented compromises that parties  
9 deemed reasonable for settlement purposes.

10 **Q. Please summarize the agreement contained in the revenue requirement portion of the**  
11 **Partial Stipulation.**

12 A. The Partial Stipulation represents the settlement of several revenue requirement issues. A  
13 copy of the stipulation is provided as Exhibit 101. Table 1, below, summarizes the settled  
14 issues with a short description.

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

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

- 1 **Q. Does the Partial Stipulation resolve all revenue requirement issues in this proceeding?**
- 2 A. No. Remaining issues in the case include return on equity, power costs, rate spread and rate
- 3 design, load forecasting, additional revenue requirement adjustments, and the size of the
- 4 power cost deadbands in PGE’s power cost adjustment mechanism.

**Table 1**  
**Stipulated Issues with Approximate Adjustments**

Issue No.	Category	Summary Description
S-1	Uncollectible Rate	Reduced the uncollectible rate to 0.4032%
S-5	Advertising	Reduced O&M expense by \$70,000
S-7	Medical Benefits	Reduced O&M expense by \$992,000
S-9	Dues and Donations	Reduced O&M expense by \$194,000
S-10	Capital Additions	Reduced rate base by \$24.7 million for Grassland Switchyard and included it with the Carty plant. Attestation for North Fork Surface Collector.
S-12	Energy Efficiency	Reduced O&M expense by \$237,000
S-13	Research and Development	Test-year expenses for research and development will be \$2 million
I-2	Construction Overheads	Review PGE’s construction overheads cost allocation accounting and methodologies
I-3	Carty Generating Station	Carty is prudent and provision to refund lower capital costs, if achieved
I-7	Coal Inventory	No adjustment based on the coal inventory
<b>Group Issues</b>	<b>Group Categories</b>	<b>Group Settlement</b>
S-4	Wages and Salaries	Reduced O&M expense by \$8 million and rate base by \$9 million. PGE will not offer a commercial fee free bankcard program in 2016 and prior to launching a program will notify Staff at least 45 days in advance.
S-6	Various A&G	
S-8	Pension	
S-11	Escalation	
S-15	Fee Free Bankcard	

- 5 **Q. How is the rest of your testimony organized?**
- 6 A. In the next section we provide additional detail regarding the revenue requirement issues
- 7 settled by the first partial stipulation. We then discuss the non-revenue requirement issues
- 8 that were also resolved. In the final section, we summarize our recommendation to the
- 9 Commission.

## II. Resolved Revenue Requirement Issues

1 **Q. Please describe the Partial Stipulation regarding PGE's uncollectibles rate (S-1).**

2 A. PGE's initial filing included a 0.4300% rate for uncollectible revenue. The stipulating  
3 parties agreed that a 0.4032% uncollectibles rate will be used for PGE's test year revenue  
4 requirement to reflect Staff's three-year average of actual net write-offs (light and power).  
5 So, while this revised uncollectible rate will change the net-to-gross factor, the Stipulating  
6 Parties did not agree to any specific reduction in uncollectible expenses for the test year.

7 **Q. Please describe the Partial Stipulation regarding advertising costs (S-5).**

8 A. Staff conducted a detailed review of PGE's test year advertising costs (Categories A,  
9 Informational Advertising; B, Legally Mandated Advertising; C, Institutional/Promotional  
10 Advertising; D, Political/Non-utility Advertising; and E, Energy Efficiency/Conservation  
11 Advertising) and proposed that certain costs in FERC account 908 be removed for lack of  
12 justification. The Stipulating Parties agreed to remove these costs from PGE's test year  
13 forecast, which reduced operations and maintenance (O&M) costs by \$70,000. PGE's other  
14 advertising costs were found to be reasonable.

15 **Q. Do PGE's stipulated advertising costs conform to Oregon's administrative rules?**

16 A. Yes. The stipulated amount for Category A advertising is below the one-eighth of one  
17 percent of PGE's gross retail operating revenues as stated in OAR 860-026-0022(3)(a) and  
18 will be monitored with subsequent updates to PGE's revenue requirement to ensure this  
19 remains applicable. Category B costs are included in PGE's 2016 test year revenue  
20 requirement, but Categories C, D, and E are excluded.

21 **Q. Please describe the Partial Stipulation regarding medical benefits (S-7).**

1 A. Staff evaluated PGE’s medical benefit costs by analyzing both PGE’s historical trends and  
2 industry health benefit trends. Based on this review, the Stipulating Parties agreed to reduce  
3 PGE’s non-union medical benefit expenses by \$577,000, and union medical benefit  
4 expenses by \$320,000. For settlement purposes, the Stipulating Parties also agreed to  
5 remove an additional \$95,000 related to PGE’s biennial company picnic.

6 **Q. Please describe the Partial Stipulation regarding dues and donations (S-9).**

7 A. Based on Staff’s review of costs associated with PGE memberships in specific  
8 organizations, the Stipulating Parties agreed to reduce PGE’s test year O&M costs by  
9 \$194,000.

10 **Q. Please describe the Partial Stipulation regarding capital additions (S-10).**

11 A. The stipulation regarding S-10, capital additions relates to two capital projects: the North  
12 Fork Surface Collector and the Grassland Switchyard. All other capital additions included  
13 in the test period are not covered by this Partial Stipulation.

14 • North Fork Surface Collector (NFSC) – is a hydro licensing requirement that was  
15 included in PGE’s FERC license for the Clackamas Hydro Project. PGE expects the  
16 collector to be operational in the fall of 2015. Because PGE’s test year rate base was  
17 established as of December 31, 2015, the Stipulating Parties agreed that when the NFSC  
18 project is placed into service, PGE will file an attestation from an officer that the plant  
19 has been placed into service. If the plant is not placed into service by December 31,  
20 2015, the project costs will be removed from PGE’s test-year rate base. In addition,  
21 NFSC project costs included in test year rate base will be the lesser of actual project costs  
22 or \$53.8 million. If NFSC capital costs are higher than that amount, PGE will not be  
23 bound to its original \$53.8 million estimate in subsequent general rate proceedings, but if



1 PGE seeks to recover any additional amounts in a subsequent general rate filing, PGE  
2 must demonstrate the prudence of such additional costs.

- 3 • Grassland Switchyard – is a switchyard that will be built to integrate the Carty  
4 Generating Station (Carty) into the existing Boardman-Slatt transmission line. As part of  
5 its detailed prudence review of Carty, Staff also evaluated the Grassland Switchyard and  
6 found both investments to be prudent. The Stipulating Parties, however, agreed that the  
7 \$24.7 million net amount for the Grassland Switchyard should be removed from PGE's  
8 year-end 2015 rate base and remain in construction work in progress until Carty is placed  
9 into service in 2016.

10 **Q. Please describe the Partial Stipulation regarding energy efficiency (S-12).**

11 A. The Stipulating Parties agreed to reduce PGE's O&M costs by \$237,000 as they relate to  
12 energy efficiency (EE) and demand side management programs (DSM) programs. The  
13 Stipulating Parties based this adjustment on Staff's review of historical actual EE and DSM  
14 costs plus a comparison of test year program costs with tariffed programs and planned  
15 pilots.

16 **Q. Please describe the Partial Stipulation regarding research and development (S-13).**

17 A. The Stipulating Parties agreed to reduce PGE's test year research and development (R&D)  
18 costs from \$3.1 million to \$2.0 million. The \$2.0 million reflects \$1.4 million in carry-over  
19 projects from 2014 and 2015, plus an additional \$0.6 million for smart grid and energy  
20 storage programs.

21 **Q. Did the Stipulating Parties agree to any conditions regarding the settlement of R&D**  
22 **costs?**

1 A. Yes. The Stipulating Parties agreed to two conditions regarding the settlement of R&D  
2 costs until PGE's next general rate case:

- 3 • PGE will file annual reports of R&D spending.
- 4 • There will be no prudence review associated with these annual filings.
- 5 • If PGE's R&D spending is less than \$2 million per year, the unspent amount will be  
6 refunded to customers.

7 **Q. Please describe the Partial Stipulation regarding the Group Settlement.**

8 A. The Stipulating Parties agreed to a Group Settlement for issues S-10, I-3 and I-7 (discussed  
9 separately in this joint testimony) and several revenue requirement issues collectively and  
10 resolved them with an \$8.0 million reduction to PGE's test year O&M costs and a \$9.0  
11 million reduction to PGE's test year rate base. The components of the Group Settlement on  
12 revenue requirement issues are as follows:

- 13 • S-4, Wages and Salaries – addresses all issues related to PGE's compensation  
14 including wage escalation, full time equivalent employees (FTEs), incentives, and  
15 overtime. Discussions on these topics involved: 1) the application of Staff's wage  
16 and salary model and appropriate escalation factors; 2) the bases for specific increases  
17 in FTEs; 3) percentage disallowances for various categories of incentives; and 4)  
18 appropriate rates of increase in overtime.
- 19 • S-6, Various A&G – addresses all issues related to administrative and general (A&G)  
20 costs that pertain to business meals and entertainment, employee recognition, union  
21 meals, and incidentals; plus director and officer (D&O) insurance. Discussions on  
22 these topics involved the appropriate percent of these costs to include in PGE's

1 revenue requirement and in particular to which layers of D&O insurance should the  
2 disallowance percent apply.

- 3 • S-8, Pension – addresses all issues related to PGE’s pension costs. Discussions on  
4 this topic addressed the appropriate discount rate applicable to PGE’s FAS 87 pension  
5 expense and the appropriateness of including PGE’s pension deferred tax liability in  
6 rate base.
- 7 • S-11, Escalation – addresses all issues related to the escalation of PGE’s non-labor  
8 expenses. Discussions on this topic addressed the reasonableness of various factors  
9 used to escalate PGE’s non-labor expenses and the appropriateness of using a single  
10 factor versus using different factors that relate to specific types of costs.
- 11 • S-15, Fee Free Bankcard (FFBC) – addresses all issues related to PGE’s FFBC  
12 program. Discussions on this topic addressed the projected participation rates in the  
13 program, how those participation rates are determined, and by how much those rates  
14 would increase. Discussions also addressed the advisability of expanding the  
15 program to small commercial customers in 2016.
- 16 • Staff’s independent supporting testimony provides additional justification for the  
17 revenue requirement adjustments related to the Group Settlement.

18 **Q. Did the Stipulating Parties agree to any specific conditions regarding the Group**  
19 **Settlement?**

20 A. Yes. In relation to the FFBC program, the Stipulating Parties agreed that PGE would not  
21 launch a commercial FFBC program in 2016 and that PGE would notify Staff no less than  
22 forty-five days prior to launching a commercial FFBC payment program.

### III. Resolved Non-Revenue Requirement Issues

1 **Q. Please describe the Partial Stipulation regarding construction overheads (I-2).**

2 A. As a result of on-going discussions from PGE's previous general rate case (Docket No.  
3 UE 283) plus workshops before and during the UE 294 proceeding, Staff has expressed  
4 concerns regarding PGE's methodology to allocate construction overheads to capital  
5 projects. Specifically, Staff has questioned: 1) PGE's method to allocate overheads based  
6 on labor only; 2) the ratio of overhead costs to direct labor costs for certain construction  
7 projects; and 3) the trade-off between allocations and direct charges. To address these  
8 concerns, the Stipulating Parties have agreed that PGE will hire an outside expert to review  
9 its construction overhead cost allocation accounting and methodologies. The overall scope  
10 of the work will be to determine if PGE's allocation methodology readily identifies the  
11 source of the expenses and the basis for their allocation. PGE will consult with Staff and  
12 interested parties in identifying an appropriate expert and defining a scope of work. The  
13 expert will prepare a report that will be provided to Staff and interested parties.

14 **Q. Please describe the Partial Stipulation regarding Carty (I-3).**

15 A. Staff conducted a detailed prudence review of PGE's Carty plant from two perspectives: 1)  
16 the consistency of Carty with respect to previous integrated resource plans (IRPs) and  
17 requests for proposals (RFPs); and 2) the prudence of Carty as of the date when PGE  
18 decided to proceed with the project. Based on extensive discovery, Staff concluded that  
19 Carty was indeed consistent with PGE's 2009 IRP, 2011 Update, and 2012 Update as well  
20 as PGE's 2012 RFP. In addition, Staff concluded that Carty was also prudent as of the date  
21 PGE decided to proceed with the project (approximately June 3, 2013). This finding was

1 based on Staff's determination that the need for the base load was still present and that Carty  
2 was still the appropriate resource to meet that load.

3 The Stipulating Parties agreed, for purposes of settlement, that PGE's decision to  
4 construct the Carty Generating Station was prudent and the Commission should approve the  
5 Carty tariff rider, subject to the conditions described below.

6 **Q. Did the Stipulating Parties agree to conditions related to the Carty tariff rider?**

7 A. Yes. The following conditions apply to the Carty tariff rider:

- 8 • For determining rates in the UE 294 docket only, the gross plant for Carty, including the  
9 Grassland Switchyard, will be \$514 million. If actual capital costs for Carty (including  
10 the Grassland Switchyard) are lower than the stated amount, PGE will refund the 2016  
11 revenue requirement difference resulting from the lower capital costs, with interest at its  
12 overall authorized cost of capital, beginning January 1, 2017.
- 13 • The Parties request that the Commission approve specific language for the accounting  
14 treatment of capital costs for the Grassland Switchyard. The net rate base amount of  
15 \$24.686 million will be removed from PGE's year-end 2015 rate base. Further,  
16 construction work in progress for the Grassland Switchyard will continue to accrue  
17 AFUDC until Carty is placed in service.
- 18 • If Carty capital costs are higher than the designated amount, PGE may not recover those  
19 costs through the Carty tariff rider. However, PGE will not be bound to the original \$514  
20 million estimate in subsequent rate proceedings. If PGE seeks to recover any additional  
21 amounts in a subsequent general rate filing, PGE must demonstrate the prudence of such  
22 additional costs.
- 23 • PGE will file an attestation by an officer when Carty is placed in service.

- 1       • If the Carty Generating Station is not completed and in service by July 31, 2016, PGE  
2           will need to file a new ratemaking request seeking the inclusion of the Carty costs in  
3           rates, inclusive of Grassland Switchyard.

4       **Q. Please describe the Partial Stipulation regarding PGE's coal inventory (I-7).**

- 5       A. Based on discovery addressing PGE's coal inventory, the Stipulating Parties agree that, for  
6           purposes of settlement, no adjustment is necessary to PGE's test year revenue requirement.

#### **IV. Conclusion**

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

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

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

9 A. Yes.



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 black ink, appearing to read "DCT", is written over the typed name.

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 23<sup>rd</sup> 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.

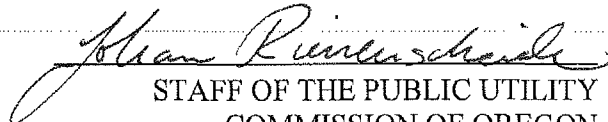
7. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this \_\_\_\_\_ day of June, 2015.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

---

THE KROGER CO.



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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 23<sup>rd</sup> day of June, 2015.

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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  
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THE KROGER CO.

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DATED this 22nd day of June, 2015.

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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  
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DATED this \_\_\_\_\_ day of June, 2015.

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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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NORTHWEST UTILITIES



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