



**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

September 14, 2018

***Via Electronic Filing***

Oregon Public Utility Commission  
Attention: Filing Center  
PO Box 1088  
Salem OR 97308-1088

**Re: UE 335 – PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision**

Dear Filing Center:

On behalf of Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the Alliance of Western Energy Consumers ("AWEC"), Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co. ("Kroger"), and Wal-Mart Stores, Inc. and Sam's West, Inc. ("Walmart"), (collectively, the "Stipulating Parties"), PGE is filing electronically the following document: **Joint Testimony in Support of the Third Partial Stipulation.**

Thank you for your assistance.

Sincerely,

**DOUGLAS C. TINGEY**  
Associate General Counsel

DCT:bop

Enclosures

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

**UE 335  
General Rate Case**

**PORTLAND GENERAL ELECTRIC COMPANY**

**Joint Testimony in Support of the  
Third Partial Stipulation**

**Direct Testimony of**

*Marianne Gardner, OPUC*

*Bob Jenks, CUB*

*Bradley G. Mullins, AVEC*

*Dr. Marc Hellman, AVEC*

*Justin Bieber, Energy Strategies, LLC*

*Steve W. Chriss, Wal-Mart Stores*

*Stefan Brown, Ph.D., PGE*

September 14, 2018

## Table of Contents

<b>I. Introduction.....</b>	<b>1</b>
<b>II. Resolved Revenue Requirement Issues.....</b>	<b>5</b>
<b>III. Resolved Load Forecast Issues .....</b>	<b>9</b>
<b>List of Exhibits .....</b>	<b>12</b>

## 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 401.

5       My name is Bob Jenks. I am the Executive Director of the Oregon Citizens' Utility Board  
6       (CUB). My qualifications appear in CUB Exhibit 201.

7       Our names are Bradley G. Mullins and Dr. Marc M. Hellman. We are independent  
8       consultants representing the Alliance of Western Energy Consumers (AWEC). Our  
9       qualifications appear in AWEC Exhibit 101 and 301.

10       My name is Justin Bieber. I am a Senior Consultant with Energy Strategies, LLC and am  
11       testifying on behalf of Fred Meyer Stores and Quality Food Centers (Fred Meyer), Divisions  
12       of The Kroger Co. My qualifications appear in Fred Meyer Exhibit 100.

13       My name is Steve W. Chriss. I am Director, Energy and Strategy Analysis for Wal-Mart  
14       Stores, Inc. and Sam's West, Inc. (Walmart). My qualifications appear in Walmart Exhibit  
15       101.

16       My name is Stefan Brown. I am Manager of Regulatory Affairs in Portland General  
17       Electric Company's (PGE's) Rates and Regulatory Affairs Department. My qualifications  
18       appear in Section III of Joint Testimony supporting the first partial stipulation in this docket.

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

20   A. Our purpose is to describe the July 23 and 24, 2018 Third Partial Stipulation (the Stipulation)  
21       reached among the OPUC Staff (Staff), CUB, AWEC, Fred Meyer, Walmart, and PGE  
22       (collectively, the Stipulating Parties or Parties) regarding certain revenue requirement issues

1 in this docket (UE 335) as described below. While there are other parties to this case, we are  
2 not aware of any who oppose this Stipulation.

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

4 A. PGE filed this general rate case on February 15, 2018. During the next three months, PGE  
5 responded to more than 500 data requests from Staff, CUB, AWECA, and other parties. On  
6 April 17, parties held a workshop to discuss issues and review various revenue requirement  
7 topics. On May 17, Staff provided an initial analysis of issues and the Parties participated in  
8 Settlement Conferences on May 18, during which other parties identified additional issues.  
9 During those discussions, PGE accepted a number of Staff's proposals and offered  
10 modifications regarding other proposals. The Stipulating Parties also accepted several of  
11 PGE's suggestions, which represented compromises that parties deemed reasonable for  
12 settlement purposes. This settlement led to the First Partial Stipulation filed with the  
13 Commission on August 16, 2018.

14 Staff and Intervenors filed Opening Testimony on June 6, 2018, which identified other  
15 issues not settled in the first Settlement Conference. Parties participated in a second  
16 Settlement Conference on June 18 and 19 during which PGE offered modifications regarding  
17 some proposals and accepted others. The Stipulating Parties reached numerous compromises  
18 that parties deemed reasonable for settlement purposes. This settlement led to the Second  
19 Partial Stipulation filed with the Commission on August 22, 2018.

20 PGE filed rebuttal testimony on July 13, 2018. Parties met for a third Settlement  
21 Conference on July 23 and 24 and were able to reach an agreement resolving all remaining  
22 revenue requirement issues.

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

A. The Stipulation represents the settlement of the remainder of the revenue requirement issues. A copy of the Stipulation is provided as Exhibit 401. Table 1 summarizes the settled issues with a short description. Exhibit 402 provides an updated revenue requirement incorporating the results of this Stipulation.

**Table 1**  
**(Stipulated issues with approximate adjustments)**

Issue No.	Category	Description
S-7, S-8, S-11, S-14, S-19, S-22, S-28, S-29, S-30, A-4, A-5, A-6, A-7, A-8, A-9, A-10, A-17, A-19, A-21, A-22 (excluding pension), C-1, C-5	Bundled Settlement	Total revenue requirement reduction of \$20 million for the 2019 test year for the following issues: Wages & Salaries, FTE's and Incentives (S-7), Insurance Credits (S-8), Property Tax (S-11), Miscellaneous A&G (S-14), Depreciation, amortization, and accumulated deferred income tax (ADIT) (S-19), Storm Accrual (S-22, A-21, C-1), IT O&M Expense (S-28), CET Capital Costs (S-29), Plant Additions after 8/1/2018 (S-30), Alternative to ARAM (A-4), 2018 tax refund (A-5), Plant Additions after 10/31/2018 (A-6), Field Voice Communications (A-7), Project Specific Plant (A-8), Non-discrete Plant (A-9), PTC Carryforward (A-10), Customer Touchpoints R&D tax credit (A-17), Distributed Standby Generation (A-19), Wages & Salaries, FTEs, Benefits, and Energy Supplier Assessment (A-22), and Long-term Disability (C-5).
A-2	Composite Tax Rate	PGE will eliminate the use of rounding in the apportionment calculation for this and future general rate cases and will include a \$10 thousand state tax credit on line 62 of the revenue requirement calculation.
A-12	Stock Incentive Plan ADIT	PGE will exclude \$2.45 million in Officer Stock Incentives from its ADIT balance.
A-22	Pension Expense	PGE will update pension expense for the test year based on running the Willis Towers Watson tool to reflect a two-week average discount rate as of August 31, 2018.

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

A. No. Although the Stipulating Parties may not necessarily agree on the calculations, assumptions, or bases used to determine each adjustment, we believe the amounts represent a

1        reasonable financial settlement of the respective issues in this docket. The adjustments are in  
2        the public interest and are consistent with rates that are fair, just, and reasonable.

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

4        A. No. This Stipulation resolves only the issues associated with each of the categories as  
5        specified in Table 1, above. In conjunction with the First and Second Partial Stipulations,  
6        however, Parties have resolved all revenue requirement issues in this proceeding.

**II. Resolved Revenue Requirement Issues**

**Q. Please describe the Partial Bundled Stipulation.**

A. The Stipulating Parties agree to bundle the specified revenue requirement issues and reduce PGE's revenue requirement by \$20 million for the 2019 test year forecast. The Stipulating parties also agree to terms regarding the Research and Development (R&D) Tax Credit; Energy Efficiency calculation in PGE's load forecast; a capital project review process; benchmarking studies; and deferrals associated with 2017 Storm restoration cost, 2018 Interim Tax Refund, and R&D Tax Credit.

**Q. Please describe the R&D Tax Credit agreement.**

A. Parties agree that PGE will hire an expert to determine how much of PGE's costs (including Customer Touchpoints) qualify for the R&D tax credit. Any net benefit resulting from the study will be flowed through to customers and any net cost will be split evenly between customers and shareholders. Parties support PGE's filing of a regulatory deferral to track the net benefit or cost.

**Q. Please describe the agreement regarding the deferrals in the rate case.**

A. Parties agree that the deferrals proposed as part of the 2019 General Rate Case will be addressed outside of the rate case through the appropriate regulatory processes. The deferrals include the 2017 Storm Deferral (Docket No. UM 1817), the deferral of Customer Touchpoints Project costs (Docket No. UM 1948), and the 2017/2018 Interim Tax Deferral (Docket No. UM 1920). The parties agree to support ratemaking that would allow for an estimate of the Interim Tax deferral to be amortized over two years, starting January 1, 2019. There may be a subsequent adjustment to align the amount recovered in rates with the final tax impact for 2018, which is unknown at this time but will be determined in Docket No. UM 1920. This may affect the amortization period. Other than as specifically provided below, by



1 agreeing upon an estimated amount for January 1, 2019, no party shall be deemed to have  
2 agreed that the methods used to develop such estimate are appropriate for determining the  
3 final 2018 interim deferral amount, and the Stipulating Parties agree that such estimate will  
4 have no precedential value with respect to the proper calculation of the final 2018 interim  
5 deferral amount. Additionally, the R&D tax credit will also be addressed outside of this rate  
6 case as part of a separate deferral proceeding.

7 **Q. Please describe the agreement regarding the benchmarking studies.**

8 A. The Parties agree that PGE will select a vendor(s) to conduct high level benchmarking studies  
9 covering operating costs, Information Technology costs excluding cybersecurity, and  
10 cybersecurity costs. Parties will work together to create a scoping document for the  
11 benchmarking studies and Parties will have the opportunity to participate in the review of  
12 benchmarking vendors. PGE also agrees to file quarterly reports with the Parties until its next  
13 general rate case to address efficiencies and the performance of its 2020 Vision projects.

14 **Q. Please describe the capital project review process.**

15 A. The Stipulating Parties agree that PGE will undergo a capital project review process. PGE  
16 will file attestations for all large non-blanket projects with costs projected to be \$5 million or  
17 greater and that are expected to close by year-end 2018. Attestations will include the dollar  
18 amount of Construction Work In Progress transferred to plant on each respective project, and  
19 a description of which phases are in service for multi-phase projects. PGE will continue to  
20 submit updates of its 2018 close-to-plant detail as described in PGE's responses to OPUC  
21 Data Request Nos. 128 and 131. PGE will also file a report regarding these projects by mid-  
22 February and parties can submit Data Requests through March 31, 2019. If there is not  
23 agreement as to whether certain costs were prudent, PGE agrees to a Commission hearing  
24 regarding the prudence of those costs. If the Commission then determines that the costs are

1 imprudent, PGE agrees to adjust rates prospectively to remove the full amount of imprudent  
2 costs from rates from the revenue requirement collected in rates as determined by the  
3 Commission in this docket. The parties agree that PGE may further update base rates, as  
4 necessary, effective January 1, 2020, to reflect the revenue requirement impact of removing  
5 imprudent costs from rate base effective January 1, 2020 until PGE's next general rate case.

6 **Q. Please describe the agreement regarding the pension discount rate update (A-22).**

7 A. In its initial filing, PGE forecasted pension expense using a discount rate of 3.64%. In opening  
8 testimony, AWEC noted that discount rates had been increasing in recent months and  
9 proposed a 30-basis point increase to the discount rate. For settlement purposes, the parties  
10 agree that PGE will update the pension expense provided in PGE Exhibit 1707C based on  
11 running the Willis Towers Watson tool to reflect a two-week average discount rate as of  
12 August 31, 2018. The updated pension expense amount will be reflected in the revenue  
13 requirement.

14 **Q. Please describe the Stipulation regarding Composite Tax Rate (A-2).**

15 A. PGE included a composite tax rate of 27.15% in its initial filing. In opening testimony, AWEC  
16 calculated a lower composite tax rate of 26.86% due to: 1) the elimination of rounding in the  
17 apportionment calculation, and 2) a Multnomah County Business Income Tax (MCBIT)  
18 adjustment. AWEC also took into consideration that the initial \$1 million of Oregon taxable  
19 income is taxed at a lower rate of 6.5%, resulting in a \$10,000 lower state tax expense than  
20 PGE included in its original filings. PGE presented a counter-proposal in its reply testimony  
21 accepting elimination of the rounding in the apportionment calculation and the inclusion of a  
22 \$10,000 state tax credit on line 62 of the revenue requirement calculation. PGE did not agree  
23 with the MCBIT adjustment as there is no deduction for it on PGE's federal or state income

1 tax returns and as such, is a pass-through tax. The Stipulating Parties agree to this proposal  
2 as presented in PGE Exhibit 1900.

3 **Q. Please describe the Stipulation regarding Stock Incentive Plan ADIT (A-12)**

4 A. PGE's initial filing included ADIT of \$3.5 million related to the management stock incentive  
5 program. AWEC proposed the exclusion of the entire \$3.5 million of ADIT related to this  
6 program, citing that the benefits tied to the ADIT are not generally considered for ratemaking  
7 since they are often directly tied to earnings. In reply testimony PGE proposed a partial  
8 adjustment, excluding the Officer Stock Incentives from the ADIT balance, resulting in a  
9 downward ADIT adjustment of \$2.5 million. The Stipulating Parties agree to this proposal as  
10 presented in PGE Exhibit 1900.

### III. Resolved Load Forecast Issues

1   **Q. Please describe the Stipulation regarding the Energy Efficiency Calculation.**

2   A. PGE's initial filing included the full Energy Efficiency Calculation in the Load Forecast for  
3       the 2019 test year. For settlement purposes, Parties agreed that PGE will reduce the Energy  
4       Efficiency calculation in the 2019 Load Forecast by 40%.

### IV. Resolved Pricing Issues

5   **Q. Please describe the stipulation regarding the residential basic charge.**

6   A. In the initial filing, PGE proposed increasing the residential Basic Charge by \$2 to \$13 in  
7       order to better match prices to embedded costs and to balance the Bonbright principles of  
8       reflecting costs and sending the appropriate price signals to customers. Both Staff and CUB  
9       opposed the increase. Staff explained that the recovery of remaining embedded costs should  
10       come from the Distribution Charge and CUB argued that an increase in the Basic Charge  
11       would disproportionately affect low usage customers. In reply testimony, PGE stated that  
12       Staff justified a lower Basic Charge by only considering marginal costs and excluding the  
13       other consumer portion of costs, and though PGE acknowledged that though low usage  
14       customers would see a larger increase on their bill, the importance of using a fixed charge to  
15       recover fixed costs is missed. For settlement purposes, Parties agreed that PGE will keep the  
16       residential Basic Charge at \$11 per month.

17   **Q. Please describe the agreement regarding Schedules 85, 89, and 90.**

18   A. Parties agree that PGE will equalize the percentage average impacts to base rates resulting  
19       from this 2019 general rate case for its largest customers (over 200 kW) on Schedules 85, 89,  
20       and 90. To achieve this equalization, adjustments will be made via the energy charge.

21   **Q. Please describe the stipulation regarding Demand Charges**

1 A. Parties agree that PGE will evaluate a \$/kW on-peak generation demand charge for Schedules  
2 83 and 85 in the next general rate case and address in testimony whether it intends to include  
3 such generation demand charges or why it does not support such generation demand charges.

4 **Q. Please describe the generation reserve margin issue.**

5 A. PGE used, in its initial filing, a generation reserve margin of 17 percent in its generation  
6 marginal cost study. The source of the number is PGE's 2016 Integrated Resource Plan (IRP).  
7 In reply testimony, Staff argued that the actual reserve margin is less than the planning margin.  
8 Staff proposed using a 10 percent value as opposed to the 17 percent included in PGE's  
9 original filing. In reply testimony PGE stated that using the generation reserve margin from  
10 the 2016 IRP was the correct methodology because Oregon utilities have historically used the  
11 generation reserve estimates in the IRP process for ratespread and PGE has used the values  
12 since Docket No. UE 215 (2011 general rate case). Additionally, PGE states that Staff only  
13 examined the spinning and supplemental reserves, which are not inclusive of all generation  
14 reserve obligations that PGE must meet, such as the reserve margin necessary to meet  
15 customer peak loads during abnormal weather conditions.

16 **Q. Please describe the agreement regarding generation reserve margins.**

17 A. Parties agree that PGE will reduce the generation reserve margin applied to the capacity  
18 resource in the generation marginal cost study from 17% to 12% for the 2019 test year.

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

20 A. The Parties recommend and request that the Commission approve these adjustments. Based  
21 on careful review of PGE's filing, consideration of PGE's responses to over 500 data requests,  
22 and thorough analysis of the issues, we believe these adjustments represent appropriate and  
23 reasonable resolutions of the respective issues in this docket. Retail prices reflecting these  
24 adjustments will be fair, just, and reasonable.

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

2     A. Yes.

**List of Exhibits**

<b><u>PGE Exhibit</u></b>	<b><u>Description</u></b>
401	Copy of Partial Stipulation
402	Updated Revenue Requirement

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 335**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Request for a General Rate Revision.

**THIRD PARTIAL STIPULATION**

This Third Partial Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), the Alliance of Western Energy Consumers ("AWEC"), Fred Meyer Stores and Quality Food Centers, Division of The Kroger Co. ("Kroger"), and Wal-Mart Stores, Inc. and Sam's West, Inc. ("Walmart") (collectively, the "Stipulating Parties").

The parties to this docket have entered into multiple stipulations resolving various groups of issues. As a result of continuing settlement discussions, including settlement conferences held on July 23 and July 24, 2018, the Stipulating Parties have reached a compromise settlement resolving several additional issues as set forth below. The Stipulating Parties know of no party that will oppose this stipulation.

**TERMS OF THIRD PARTIAL STIPULATION**

1. This Stipulation resolves only the general rate case issues described below.
2. Bundled Settlement (S-7), (S-8), (S-11), (S-14), (S-19), (S-22), (S-28), (S-29), (S-30), (A-4), (A-5), (A-6), (A-7), (A-8), (A-9), (A-10), (A-17) (A-19), (A-21), (A-22), (C-1), and (C-5). The following issues were resolved as a group: Wages & Salaries, FTE's and Incentives



(S-7), Insurance Credits (S-8), Property Tax (S-11), Miscellaneous A&G (S-14), Depreciation, Amortization, Accumulated Deferred Income Taxes – ADIT (S-19), Storm Accrual (S-22, A-21, C-1), IT O&M Expense (S-28), CET Capital Costs (S-29), Plant Additions after 8/1/2018 (S-30), Alternative to Average Rate Assumption Method (“ARAM”) (A-4), 2018 tax refund (A-5), Plant Additions after 10/31/2018 (A-6), Field Voice Communications (A-7), Project Specific Plant (A-8), Non-discrete Plant (A-9), Production Tax Credit Carryforward (A-10), Customer Touchpoints R&D tax credit (A-17), Distributed Standby Generation (A-19), Wages & Salaries, FTEs, Benefits (excluding pension expense), and Energy Supplier Assessment (A-22), and Long-term Disability (C-5). In settlement of all of these issues, the parties agree as follows:

- a. PGE’s total revenue requirement will be reduced by \$20 million for the 2019 test year.  
The reduction will be split equally between capital and expense.
- b. PGE will hire an expert to determine how many of PGE’s Research and Development (R&D) projects qualify for an R&D tax credit. If any resulting tax credits exceed the costs, including expert costs, of acquiring the benefit, the net benefit resulting from the study will be flowed through to customers. If costs, including expert costs, exceed any tax benefits received, the net cost will be split evenly between customers and shareholders. The net benefit or cost of the study will be tracked through a separate deferral.
- c. The 2017 Storm Deferral (Docket UM 1817), the 2018 Interim Tax Deferral (Docket UM 1920), and the R&D tax credits will be addressed outside of this rate case through appropriate regulatory processes. The parties agree to support the Commission implementing in rates an estimate of the Interim Tax Deferral amortized over two years,

starting January 1, 2019. An agreed upon amount will be used to set the rate for 2019, with a subsequent adjustment to align the amount amortized in rates with the finally determined 2018 interim deferral amount. The adjustment may affect the amortization period. The estimated amount to be included in rates on January 1, 2019 and the final 2018 interim deferral amount will be determined in Docket UM 1920. Other than as specifically provided in Paragraph 2.f, below, by agreeing upon an estimated amount for January 1, 2019, no party shall be deemed to have agreed that the methods used to develop such estimate are appropriate for determining the final 2018 interim deferral amount, and the Stipulating Parties agree that such estimate will have no precedential value with respect to the proper calculation of the final 2018 interim deferral amount.

- d. PGE will select a vendor or vendors to conduct high-level benchmarking studies covering operating costs, Information Technology costs excluding cybersecurity, and cybersecurity costs. A scoping document will be created for the benchmarking studies and parties will have the opportunity to participate in the review of benchmarking vendors. PGE will also provide quarterly updates on its 2020 Vision Projects until PGE's next general rate case.
- e. PGE will continue to update its 2018 close-to-plant detail as described in its responses to OPUC Data Request Nos. 128 and 131 during the pendency of this case. Attestations will be filed for each non-blanket project projected to cost \$5 million or greater and expected to close by the end of 2018. Attestations will include CWIP transferred to plant on each respective project, and a description of which phases are in service for multi-phase projects. On or before February 15, 2019, PGE will file a report detailing capital projects closed to plant as of December 31, 2018, including budgets and actuals

for each project, the amount of CWIP transferred to plant, and the date the project became used and useful. PGE agrees to respond to data requests submitted by Staff and other parties through March 31, 2019. If there is not agreement as to whether certain costs were prudent, PGE agrees to a Commission hearing regarding the prudence of those costs. If the Commission then determines that the costs were imprudent, PGE agrees to adjust rates prospectively to remove the full amount of imprudent costs from rates from the 2019 revenue requirement collected in rates. The Parties agree that PGE may update base rates effective January 1, 2020, to reflect the revenue requirement impact of removing imprudent costs from rate base effective January 1, 2020 until PGE's next general rate case.

- f. For settlement purposes, parties also agree to accept PGE's implementation of the ARAM to calculate Excess Deferred Federal Income Taxes ("EDFIT") for this rate case, but reserve the right to argue for a different methodology in future rate case proceedings. This adjustment resolves all issues with respect to excess deferred federal income taxes in the test period. Regarding the interim period addressed in UM 1920, PGE may, in Docket UM 1920, propose a true-up of its calculation for 2018, using the same methodology used in this docket, based upon actual tax depreciation claimed on PGE's 2018 Federal income tax return. Parties agree that no new adjustments or methodological changes with respect to EDFIT will be proposed in the Docket UM 1920.

- 3. Pension Expense (A-22). PGE will update the pension expense provided in PGE Exhibit 1707C based on running the Willis Towers Watson tool to reflect a two-week average

discount rate as of August 31, 2018. The updated pension expense amount will be reflected in revenue requirements and is not included in the \$20 million adjustment identified above.

4. Composite Tax Rate (A-2). PGE will eliminate the use of the rounding apportionment for this and future general rate cases and will include a \$10 thousand state tax credit on line 62 of the revenue requirement calculation to account for the graduated tax rate in Oregon.
5. Stock Incentive Plan ADIT (A-12). PGE will exclude officer stock incentives of \$2.45 million from its ADIT balance.
6. Load Forecast. PGE will reduce the Energy Efficiency calculation in the 2019 load forecast by 40%.
7. Residential Basic Charge. The residential basic charge will remain \$11 per month.
8. Schedules 85, 89, and 90. The percentage change in rates for this general rate case will be equalized for Schedules 85, 89, and 90 via the energy charge.
9. Demand Charges. PGE will evaluate a \$/kW on-peak generation demand charge for Schedules 83 and 85 in its next general rate case and address in testimony whether it intends to include such demand charges or why it doesn't support such demand charges.
10. Generation Reserve Margin. PGE will reduce the generation reserve margin applied to the capacity resource in the generation marginal cost study from 17% to 12% for the 2019 test year.
11. Customer Touchpoints. PGE will revise its functionalization of the Customer Touchpoints project to allocate 10% of the costs to generation based on the detail provided in CUB Exhibit 200.<sup>1</sup>

---

<sup>1</sup> CUB/200, pages 3 - 9.

12. 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.
13. 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.
14. 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.
15. 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.

16. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Stipulating 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.
17. 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 6<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
PORTLAND GENERAL ELECTRIC  
COMPANY

\_\_\_\_\_  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

\_\_\_\_\_  
CITIZENS' UTILITY BOARD  
OF OREGON

\_\_\_\_\_  
ALLIANCE OF WESTERN  
ENERGY CONSUMERS

\_\_\_\_\_  
THE KROGER CO.

\_\_\_\_\_  
WALMART

DATED this 6th day of September, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY



---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART



DATED this 6<sup>th</sup> day of September, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON



---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART

DATED this 5<sup>th</sup> day of September, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON



---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART

DATED this \_\_\_\_\_ day of August, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS



---

THE KROGER CO.

---

WALMART

DATED this 29<sup>th</sup> day of August, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON


---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

  
*Its attorney* WALMART

UE 335 / Stipulating Parties / 402

Gardner – Jenks – Mullins/Hellman – Bieber – Chriss – Brown / 1

Portland General Electric Company

2019 Revenue Requirement - Base Business

(\$000)

				Rev Req			Percent
				Total Increase:	33,516		1.84%
	At Current Rates	July Load Forecast Delta	GRC Change for RROE	Proposed 2018	Non-NVPC Adjustments	NVPC Adjustments	Total Results
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Sales to Consumers	1,798,713	19,582	66,326	1,884,622	(36,839)	4,029	1,851,812
2 Sales for Resale	-			-	-	-	-
3 Other Revenues	25,327			25,327	-	-	25,327
4 Total Operating Revenues	1,824,041		66,326	1,909,949	(36,839)	4,029	1,877,140
5 Net Variable Power Costs	375,309			375,309	-	3,887	379,196
6 Production O&M (excludes Trojan)	165,665			165,665	(1,652)	-	164,013
7 Trojan O&M	115			115	-	-	115
8 Transmission O&M	15,798			15,798	-	-	15,798
9 Distribution O&M	136,180			136,180	(858)	-	135,321
10 Customer & MBC O&M	78,739			78,739	(2,400)	-	76,339
11 Uncollectibles Expense	6,171		295	6,466	(120)	13	6,043
12 OPUC Fees	5,776		276	6,052	(118)	13	5,946
13 A&G, Ins/Bene., & Gen. Plant	174,655			174,655	(14,168)	-	160,486
14 Total Operating & Maintenance	958,407		571	958,978	(19,317)	3,913	943,259
15 Depreciation	305,531			305,531	(2,962)	-	302,569
16 Amortization	66,965			66,965	(500)	-	66,465
17 Property Tax	71,578			71,578	-	-	71,578
18 Payroll Tax	16,637			16,637	-	-	16,637
19 Other Taxes	2,501			2,501	-	-	2,501
20 Franchise Fees	45,644		2,180	47,825	(935)	102	46,992
21 Utility Income Tax	62,226		22,571	84,797	(3,923)	3	80,588
22 Total Operating Expenses & Taxes	1,529,491		25,322	1,554,812	(27,637)	4,018	1,530,589
23 <b>Utility Operating Income</b>	294,550		60,586	355,137	(9,202)	11	346,550
24 <b>Average Rate Base</b>				355,137			346,550
25 Avg. Gross Plant	10,221,818			10,221,818	(74,050)	-	10,147,768
26 Avg. Accum. Deprec. / Amort	(4,761,822)			(4,761,822)	(19,800)	-	(4,781,622)
27 Avg. Accum. Def Tax	(679,665)			(679,665)	(6,187)	-	(685,852)
28 Avg. Accum. Def ITC	-			-	-	-	-
29 <b>Avg. Net Utility Plant</b>	4,780,331		-	4,780,331	(100,037)	-	4,680,294
30 Misc. Deferred Debits	9,294			9,294	-	-	9,294
31 Operating Materials & Fuel	78,945			78,945	-	-	78,945
32 Misc. Deferred Credits	(74,554)			(74,554)	(5,289)	-	(79,843)
33 Working Cash	62,143		1,029	63,172	(1,058)	154	58,576
34 <b>Average Rate Base</b>	4,856,160		1,029	4,857,189	(106,384)	154	4,747,266
35 <b>Rate of Return</b>	6.065%			7.312%		7.300%	7.300%
36 <b>Implied Return on Equity</b>	7.008%			9.500%		9.500%	9.500%
37 Effective Cost of Debt	5.123%		5.123%	5.123%	5.100%	5.100%	5.100%
38 Effective Cost of Preferred	0.000%		0.000%	0.000%	0.000%	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%		50.000%	50.000%	50.000%	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%		0.000%	0.000%	0.000%	0.000%	0.000%
41 Weighted Cost of Debt	2.562%		2.562%	2.562%	2.550%	2.550%	2.550%
42 Weighted Cost of Preferred	0.000%		0.000%	0.000%	0.000%	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%		50.000%	50.000%	50.000%	50.000%	50.000%
44 State Tax Rate	7.786%		7.786%	7.786%	7.580%	7.580%	7.580%
45 Federal Tax Rate	21.000%		21.000%	21.000%	21.000%	21.000%	21.000%
46 Composite Tax Rate	27.151%		27.151%	27.151%	26.988%	26.988%	26.988%
47 Bad Debt Rate	0.343%		0.343%	0.343%	0.326%	0.326%	0.326%
48 Franchise Fee Rate	2.538%		2.538%	2.538%	2.538%	2.538%	2.538%
49 Working Cash Factor	4.063%		4.063%	4.063%	3.827%	3.827%	3.827%
50 Gross-Up Factor	1.373		1.373	1.373	1.370	1.370	1.370
51 ROE Target	9.500%		9.500%	9.500%	9.500%	9.500%	9.500%
52 Grossed-Up COC	9.082%		9.082%	9.082%	9.056%	9.056%	9.056%
53 OPUC Fee Rate	0.321%		0.321%	0.321%	0.321%	0.321%	0.321%
Utility Income Taxes							
54 Book Revenues	1,824,041		85,908	1,909,949	(36,839)	4,029	1,877,140
55 Book Expenses	1,467,265		2,751	1,470,015	(23,714)	4,016	1,450,001
56 Interest Deduction	124,394		26	124,420	(2,713)	4	121,055
57 Production Deduction	-			-	-		-
58 Permanent Ms	(22,619)			(22,619)	-		(22,619)
59 Deferred Ms	63,378			63,378	-		63,378
60 Taxable Income	191,623		83,131	274,755	(10,412)	10	265,324
61 Current State Tax	14,921		6,473	21,394	(789)	1	20,112
62 State Tax Credits	-			-	(10)		(10)
63 Net State Taxes	14,921		6,473	21,394	(799)	1	20,102
64 Federal Taxable Income	176,703		76,658	253,361	(9,613)	9	245,222
65 Current Federal Tax	37,108		16,098	53,206	(2,019)	2	51,497
66 Federal Tax Credits	-			-	-		-
67 Excess ADIT Reversal (ARAM)	(7,010)		-	(7,010)	(1,105)		(8,115)
68 Deferred Taxes	17,208		0	17,208	-	-	17,105
69 Total Income Tax Expense	62,226		22,571	84,797	(3,923)	3	80,588
70 Regulated Net Income	170,156			230,716			225,495
71 Check Regulated NI				230,716			225,495