

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 394

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Request for 2022 General Rate Revision

PARTIAL STIPULATION

This Second 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 Walmart, Inc. (“Walmart”), (collectively, the "Stipulating Parties"). Calpine Solutions did not take a position on the issues resolved by this Stipulation, therefore is not a party to this Stipulation but does not oppose it.

PGE previously filed a First Partial Stipulation in this docket resolving all issues related to Cost of Capital in this general rate case. After reaching that agreement the parties continued settlement discussions on November 5, 2021. The Stipulating Parties participated in these settlement discussions, and no other parties participated in the discussion. As a result of the discussions, the Stipulating Parties have reached a compromise settlement resolving several additional issues in this docket, as set forth below.

TERMS OF SECOND PARTIAL STIPULATION

1. This Stipulation resolves only the general rate case issues described below.
2. Integrated Operations Center (IOC), S-23
 - a. Stipulating Parties agree to include \$206.7 million of capital related to the IOC in this general rate revision. This is a \$9.0 million reduction to PGE's original proposal and resolves all issues related to the IOC's costs.
3. Level III Outage Accrual, S-12
 - a. Stipulating Parties agree to remove the February 2021 ice storm costs from the calculation of the Level III Outage Accrual. Stipulating Parties acknowledge that PGE is seeking recovery of this expense through a separate deferral. Consequently, PGE will reduce its 2022 forecast of Distribution operation and maintenance expenses (O&M) by \$6,920,000.
 - b. Stipulating Parties also agree to either support or not oppose the approval of PGE's deferral filed under Docket UM 2156 for the February 2021 ice storm emergency, but do not necessarily agree to the level of costs identified in PGE's deferral, whether recovery of all costs is appropriate, the appropriate interest rate, or the timing for amortization.
 - c. Lastly, Stipulating Parties agree to the re-establishment of approximately \$8 million to the Level III Reserve, which had previously been reduced by that portion of the 2021 February ice storm expenses and not included in PGE's initial filing in Docket UM 2156.

4. Working Capital, S-18
 - a. Stipulating Parties agree to use an average of the prior three lead-lag study values from the last three general rate cases as the working capital percentage in this case, resulting in a working capital factor of 3.891 percent.
5. Miscellaneous Directors' Expenses, A-07 & C-05
 - a. Stipulating Parties agree to resolve all issues regarding PGE's Board of Directors' expenses and offsite meeting costs with a reduction to administrative and general expenses (A&G) of \$150,000.
6. Membership Costs, CAISO Membership, Meals & Entertainment, S-08, S-09, S-10
 - a. Stipulating Parties agree to resolve all issues related to PGE's membership costs, CAISO membership and meals & entertainment with a reduction to A&G of \$700,000.
7. Campground Revenue, C-04
 - a. Stipulating Parties agree to an increase of Other Revenues associated with campground revenue of \$165,000. Settlement of this item does not resolve OPUC Staff's issue S-11 regarding Other Revenues.
8. Research and Development (R&D), A-11
 - a. Stipulating Parties agree there will be no adjustment to PGE's test year expense for this issue.
9. Trojan Decommissioning Costs – Schedule 136 Surcharge, A-26
 - a. Stipulating Parties agree to no adjustment to PGE's filed case for this issue. Any issues associated with refunds and collections from the Department of Energy and 2019 customer collections not submitted to the Trojan decommissioning trust are not resolved by this Stipulation.

10. Accumulated Deferred Income Taxes (ADIT) Incentives, A-18
 - a. Stipulating Parties agree to reduce PGE's incentive-related ADIT by \$5,761,000.
11. Two Capital Projects, S-03, S-04, A-12
 - a. Stipulating Parties agree that the investments associated with the Beaver Modernization Project (P36836) and the Excitation System Project (P36444) will be removed from this rate case because both projects have in-service dates that have been delayed past April 30, 2022. This will result in a reduction to capital of \$10,522,085.
 - b. Stipulating Parties agree that this stipulation does not constitute any admission or agreement with AWEC's arguments regarding the prudence of the Beaver Modernization Project. Stipulating Parties agree that prudence of this project should be reviewed in a future proceeding when PGE seeks recovery of the investment.
12. Three Rate Base Items, S-22, A-20, A-23
 - a. Stipulating Parties agree to resolve the issues related to Fuel stock, ADIT – Boardman Removal, and Colstrip Smart Burn for a reduction to PGE's rate base of \$10,500,000
13. Directors' Deferred Compensation Plan, A-05
 - a. Stipulating Parties agree to a reduction to PGE's A&G of \$203,000 for the interest charge associated with the Directors' Deferred Compensation Plan.
14. Directors' and Officers' (D&O) Liability Insurance, A-06
 - a. Stipulating Parties agree to reduce PGE's test year expense for D&O Liability Insurance by \$100,000 as an offset to potential premium increases that may be deemed associated with PGE's 2020 trading losses.
15. Oregon Corporate Activities Tax (OCAT), S-06

Stipulating Parties agree

- a. to move OCAT to base rates in an amount of \$8,375,000, and PGE agrees to provide a detailed calculation showing how the amount was derived.
- b. that PGE's OCAT deferral (Docket UM 2037) will terminate as of the rate effective date of this general rate case.
- c. that PGE will be able to update its 2022 forecast if the calculation methodology changes as a result of a prospective change in the underlying OCAT legislation, OCAT rulemaking by the Oregon Department of Revenue (ODOR), a judicial proceeding, or an ODOR policy decision. Further, if a change described above occurs after the rate effective date for this rate case, PGE will be required to defer a surcharge or credit to reflect the difference in calculation methodology and amortize the surcharge or credit in full until the rate effective date of PGE's next rate case. Stipulating Parties will support, or not oppose, PGE's deferral and amortization filings pending their review of the calculation details.
- d. that PGE will not propose any updates to the 2022 forecast based solely on changes to input amounts of that forecast.

16. Schedule 146 Updates

- a. Stipulating Parties agree to annual updates of Schedule 146 for Colstrip beginning on January 1st of each year, the rate effective date, to reflect the subsequent year's change in the Colstrip Power Plant Units 3 and 4 revenue requirement (Parts A, B, and C).
 - i. Consistent with Montana laws and all applicable law, PGE agrees to vote 'no' on any capital investments intended to extend the life of the Colstrip plant past 2025. Notwithstanding the foregoing, Stipulating Parties agree that PGE is not obligated to so vote if in PGE's sole discretion such vote may result in any fines,

penalties, adverse orders or rulings, undesirable outcomes or other punitive measures imposed on PGE.

- ii. Stipulating Parties agree that this Stipulation will not prejudice AWEC's position in the current depreciation study docket (UM 2152) or other issues related to the Colstrip revenue requirement included in Schedule 146 discussed in AWEC's testimony.
- iii. Stipulating Parties agree to the following language change to PGE's filed Schedule 146 Tariff:

DETERMINATION OF ADJUSTMENT AMOUNTS

The Adjustment Rates will be updated annually to reflect the subsequent year's change in the Colstrip Power Plant Units 3 and 4 ~~decommissioning revenue requirement and depreciation~~ revenue requirement (Parts A ~~and~~, B, and C). ~~Any additional updates (Part C) to this schedule can only be made pursuant to 1) the removal of Colstrip from regulated service, or 2) rate change requests effectuated through a separate docketed proceeding as allowable through Oregon Revised Statutes and Oregon Administrative Rules (e.g., through a general rate case).~~

- iv. PGE agrees to make available the approved Colstrip O&M and capital budgets, as well as the associated revenue requirement calculation, for the next year for Parties' review by November 1 of each year or within seven (7) business days of the approval of the budget, consistent with the timing of PGE's Owners and Operators' agreement with the Colstrip co-owners.
 - v. Stipulating Parties agree to support or not oppose PGE's request for deferred accounting in support of decommissioning costs included in Part A and associated with the balancing account balance.
17. Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of all issues addressed in this Stipulation.

18. Stipulating Parties agree that this Stipulation is in the public interest, and will result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.
19. Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all 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 this instance or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
20. Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties seek to obtain Commission approval of this Stipulation after initial briefs were filed but 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) 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 (ii) 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. Stipulating Parties agree that in the event 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, Stipulating Parties will meet in good faith within ten days and discuss next steps. A Stipulating Party may withdraw from the

Stipulation after this meeting by providing written notice to the Commission and other Stipulating Parties.

21. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal and provide witnesses to support this Stipulation (if required by the Commission), and recommend that the Commission issue an order adopting the settlement 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.
22. 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 2nd day of December, 2021.

Louella MacIntosh

PORTLAND GENERAL ELECTRIC
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STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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OREGON CITIZENS' UTILITY BOARD

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