

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 215

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATIONS ADOPTED

**I. INTRODUCTION**

In this order, the Public Utility Commission of Oregon (Commission) adopts six uncontested stipulations resolving all issues raised by a request for a general rate revision filed by Portland General Electric Company (PGE). Adoption of these stipulations results in an increase in PGE's revenue requirement of about \$100.2 million (5.9 percent), excluding power costs. Including power costs, which were reduced by about \$35 million based on final forecasts, the overall increase in PGE's revenue requirement is approximately \$65.2 million. This equates to an overall increase in PGE's rates of approximately 3.9 percent.<sup>1</sup> This order also extends PGE's existing decoupling mechanism for a period of three years.

**II. BACKGROUND AND PROCEDURAL HISTORY**

PGE is an electric company and a public utility in Oregon as defined in ORS 757.005, and is subject to the Commission's jurisdiction over the prices and terms of electric service to its Oregon retail customers. PGE provides service to approximately 816,000 retail customers in Oregon.

PGE filed its request for a general rate revision on February 16, 2010. PGE proposed an increase in its revenue requirement of \$157.8 million (9.4 percent), excluding power costs. PGE also proposed a 10.5 percent rate of return on equity, modifications to its power cost adjustment mechanism (PCAM), an extension of its decoupling mechanism, and implementation of various accounting mechanisms.

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<sup>1</sup> PGE's revision to its annual net variable power costs was filed with its general rate request, but a different procedural schedule was adopted for that portion of the proceedings. The Commission adopted the stipulation governing annual net variable power costs in Order No. 10-410. PGE's final forecast of its net variable power costs for 2011 results in a \$35 million decrease in PGE's revenue requirement. *PGE's Final MONET Update for 2011* (Nov 15, 2010).

On March 13, 2010, the Commission suspended the proposed tariff revisions for a period of nine months under ORS 757.215. In its filing, PGE agreed to further extend the suspension period under ORS 757.215(2) to allow rates to go into effect on January 1, 2011.

The following parties intervened: the Industrial Customers of Northwest Utilities (ICNU); Fred Meyer Food Stores and Quality Food Centers, Divisions of the Kroger Company (Kroger); PacifiCorp, dba Pacific Power; the International Dark Sky Association (Dark Sky); the City of Portland, Oregon; the Community Action Partnership of Oregon; and Sempra Energy Solutions. The Citizens' Utility Board of Oregon (CUB) intervened in the proceedings as a matter of right under ORS 774.180.

Commission Staff (Staff) and intervenors filed opening testimony on June 4, 2010.<sup>2</sup> PGE filed reply testimony on July 19, 2010. The City of Portland filed rebuttal testimony addressing certain issues on August 19, 2010. During the course of the proceeding, a number of stipulations were filed that would resolve all contested issues in the docket.

### **III. STIPULATIONS**

With the exception of power costs, which were handled separately, the parties resolved all of the issues in this case in six stipulations. The First Revenue Requirement Stipulation was filed July 1, 2010. The Second Revenue Requirement Stipulation was filed July 30, 2010. The Rate Spread and Rate Design Stipulation and the Remaining Issues Stipulation were both filed August 2, 2010. The International Dark Sky Association Stipulation and the City of Portland Stipulation were filed September 3 and September 15, respectively. We discuss each stipulation in turn.

#### **A. First Revenue Requirement Stipulation**

This Stipulation was filed by PGE, Staff, CUB, Kroger, and ICNU on July 1, 2010, and is attached as Appendix A to this order.

##### ***1. Compensation***

With respect to employee compensation, the stipulation reduces PGE's filed O&M expense by \$6.48 million and its filed payroll taxes by \$0.04 million. This reduction includes \$1.91 million related to PGE's requested medical, dental, and vision benefits based on Staff's review of PGE's forecasted costs and associated Full-Time Employee (FTE) count. Other stipulated reductions to compensation relate to union benefits (\$2.19 million), post-retirement benefits (\$0.35 million), PGE's retirement savings plan (\$1.47 million), payroll taxes (\$0.04 million), and other employee benefits (\$0.53 million).

PGE originally filed a proposal for a pension adjustment mechanism associated with pension-related cash contributions but agreed to withdraw the proposal. As a result of this withdrawal, \$10.94 million was removed from average rate base. The parties

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<sup>2</sup> The stipulating parties also filed testimony related to PGE's power costs. Power cost issues are addressed in Order No. 10-410.

also agree that PGE's pension cost should equal the average of updated FAS 87 pension expense forecasts for 2011 and 2012, representing a normalization of expected fluctuation in PGE's FAS 87 pension expense. This adjustment reduces PGE's filed expense by \$0.70 million.

The parties agree that PGE's filed 2011 FTE totals are reasonable. Additional compensation issues are addressed in the Second Revenue Requirement Stipulation.

## **2. *Advanced Metering Infrastructure Savings***

In docket UE 189, the Commission approved implementation of PGE's Schedule 111 to "reflect the net costs related to the deployment of an Advanced Metering Infrastructure (AMI)."<sup>3</sup> The stipulation approved in that docket discussed potential net benefits from implementation of AMI, as well as an agreed set of AMI conditions PGE would meet going forward. While the parties in this docket disagree about whether the estimates developed in docket UE 189 are currently binding on PGE, the parties agree to a \$1.7 million reduction in PGE's filed O&M costs to ensure that AMI costs in this docket align with the net benefits identified in docket UE 189. This adjustment results in an \$18.2 million projected level of AMI net benefits for 2011, and resolves all cost and benefit issues associated with AMI in the 2011 test year forecast.

## **3. *IT, Customer Service, and Transmission and Distribution O&M***

This stipulation reduces O&M expense related to IT by \$1.47 million and IT-related rate base by \$2.92 million. According to the parties, the adjustment is based in part on removal of certain IT O&M amounts to align them with historical costs, as well as the removal of PGE's IT "cost-smoothing" mechanism, which would have smoothed the O&M costs for development of PGE's 2020 Vision Program over the life of the project.

The parties agree to reduce Customer Service and Transmission and Distribution O&M expenses by \$1.28 million. This adjustment is primarily a function of averaging historical costs and escalating for inflation.<sup>4</sup>

Staff originally proposed an O&M reduction based on adjustment factors related to materials costs. After discussion, the parties agree to a \$0.25 million reduction in PGE's Transmission O&M expense. Finally, after reviewing certain other transmission revenues, the parties agree to a \$0.30 million increase in revenue based on revisions to PGE's forecasts.

## **4. *Other O&M/A&G***

With respect to Other O&M and A&G, the stipulation reduces PGE's test year expenses by \$2.29 million and its average rate base by \$0.13 million. The reductions come from various adjustments to non-labor components of certain A&G ledgers, reductions in

<sup>3</sup> Order 08-235 at 1.

<sup>4</sup> As part of this agreement, the parties also agree to a ten-year cycle for PGE's underground Facility Inspection and Treatment to the National Electric Safety Code (FITNES) program. With this adjustment, PGE will inspect, maintain, and repair all of PGE's 280,000 poles and underground equipment on a ten-year cycle. The cycle for underground equipment was originally a four-year cycle. See PGE/800, Hawke-Nicholson/19 (Feb 16, 2010).

directors' fees, director and officer insurance premiums, and franchise fees, and adjustments to PGE's interest expense on its debt.<sup>5</sup>

### **5. *Capital Cost Adjustments***

The stipulation makes a number of adjustments to capital costs. First, the stipulation reduces depreciation expense by \$5.94 million and increases average rate base by \$2.97 million. This adjustment is based on the depreciation rates approved by the Commission in docket UM 1458.

The stipulation also reduces PGE's average rate base by \$34.59 million and reduces depreciation expense by \$1.14 million based on updated capital costs associated with the Biglow Canyon Phase 3 wind farm. As part of the stipulation, the parties also agree that certain glass insulators should be reclassified as capital costs, rather than O&M, because their useful life exceeds one year. This reclassification increases average rate base by \$0.51 million.

### **6. *Boardman Tariff***

Because PGE was originally expected to operate its Boardman coal-fired generating plant (Boardman) through the end of the plant's estimated useful life, PGE's remaining undepreciated investment in the plant is being recovered in rates through 2040. Given changing environmental regulations, PGE may cease operating the plant much earlier than 2040. To allow rates to reflect a shortened operating life, PGE proposed a Boardman Depreciation Revenue Requirement Tariff (Schedule 145) in this case. The tariff provides a mechanism to allow the Commission to authorize rate changes to reflect the incremental revenue requirement effect of a shortened operating life.

In the stipulation, PGE, Staff, and CUB recommend that the Commission approve the Boardman tariff as proposed. ICNU and Kroger did not sign onto this part of the stipulation, but did not oppose it.

### **B. *Second Revenue Requirement Stipulation***

The Second Revenue Requirement Stipulation addresses all remaining contested revenue requirement issues in the docket except power costs.<sup>6</sup> It is attached hereto as Appendix B.

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<sup>5</sup> See Stipulating Parties/200, Johnson-Jenks-Tinker/8-9 (July 30, 2010) .

<sup>6</sup> See Order No. 10-410.

**1. *Wages and Salaries***

The parties took various positions with respect to the appropriate adjustments to wages and salaries. As part of a compromise, the parties agree that PGE's wages and salaries forecast will be reduced by \$3.5 million. This reduction will be allocated 26.8 percent to capital and 73.2 percent to O&M. This agreement resolves all outstanding issues related to compensation in this docket.

**2. *Boardman Fly Ash***

Under the stipulation, PGE will remove \$2.6 million of the cost of Boardman fly ash disposal from the case, and add \$0.5 million of other revenues from the sale of fly ash.

**3. *Hydro O&M***

The parties agree that PGE's forecast for hydro O&M will be reduced by \$0.4 million if the Federal Energy Regulatory Commission (FERC) does not issue a new license for the Clackamas River Hydroelectric Relicensing Project<sup>7</sup> (Clackamas Relicensing Project) by December 27, 2010, then PGE's forecast for hydro O&M will be reduced by an additional \$0.9 million.

**4. *Miscellaneous O&M***

The adjustments under "Miscellaneous O&M" include three separate items. First, the parties agree that PGE will halve the forecasted cost for Colstrip Unit 3 maintenance in 2011 to reflect the major maintenance cycle for the plant. This reduces the forecasted cost by \$1.6 million. Second, PGE agrees to remove \$1.2 million from production O&M for the 2011 planned major maintenance on the Coyote Springs plant (Coyote). The cost of 2011 major maintenance on Coyote will be charged to PGE's existing major maintenance balancing account for Coyote. Finally, PGE will reduce its forecasted expense for environmental remediation (lead abatement costs for Oak Grove hydro plant) by \$1.0 million.

**5. *Clackamas River Hydroelectric Relicensing Project***

With respect to the Clackamas Relicensing Project, the parties agree that PGE will reduce its forecasted average rate base for hydro relicensing by \$0.125 million to remove costs for food and entertainment. In addition, if FERC does not issue a new license for the Clackamas Relicensing Project by December 27, 2010, then PGE will remove all remaining costs (\$65.5 million) for the Clackamas Relicensing Project from its forecasted average rate base for purposes of calculating PGE's revenue requirement in this rate proceeding.<sup>8</sup>

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<sup>7</sup> FERC #2195.

<sup>8</sup> The Second Revenue Requirement Stipulation notes that the exclusion of these costs in this rate proceeding would not preclude PGE from seeking to include these costs in its rate base after PGE has obtained a license for the Clackamas Relicensing Project.

**6. *IT Capital, Boardman and Coyote***

The parties agree that PGE will remove the following capital additions from the determination of its average 2011 rate base: the 2011 IT additions for Cyber Security and the 2020 Vision Projects, additions for the Coyote plant upgrade, and pollution control equipment at Boardman (collectively, the “Four Capital Projects”). These items were removed as a compromise in response to the objections of some of the stipulating parties that these capital projects will not be used and useful as of January 1, 2011. Removal of the specified IT capital reduces PGE’s average rate base by \$11 million and removes \$1.9 million from amortization expense. Removal of items related to Coyote and Boardman reduce PGE’s average rate base by \$32.3 million and remove \$1.3 million of amortization expense.

The stipulating parties also agree to support deferred accounting treatment under ORS 757.259 for the revenue requirement associated with the recovery of both the return on and return of the capital costs of the Four Capital Projects, under conditions specified in the stipulation.

**7. *Storm Damage***

Under the stipulation, the parties agree that PGE will reduce its forecast service restoration costs by \$3.6 million. They further agree that use of a rolling ten-year average, adjusted to reflect present value, is a reasonable method for forecasting Level 3 storm costs. The stipulating parties agree to support an accounting order allowing PGE to reserve any savings reflecting the amount by which the annual cost for Level 3 storms is less than \$2 million for use against future Level 3 storm costs.

**8. *Schedule 300 Revenue***

The parties agree that PGE will increase its Other Revenue by \$0.3 million to reflect the impact of changes to Miscellaneous Charge in Schedule 300.

**9. *Accounting Mechanisms***

As part of the stipulation, PGE agrees to withdraw its proposals for an environmental accounting order, a storm damage balancing account, and an accounting order establishing a regulatory asset to cover the costs of self-build studies.

**C. *Rate Spread and Rate Design Stipulation***

The Rate Spread and Rate Design Stipulation, signed by the same parties to the two previous stipulations, would resolve all issues related to rate spread and rate design, with the exception of issues related to street lighting. The stipulation is attached to this order as Appendix C. The stipulating parties agree that it is appropriate to spread costs to individual rate schedules using the marginal cost study and rate design principles contained in PGE’s filing, with a number of exceptions noted below.

## 1. *Rate Spread*

### a. *Customer Impact Offset*

PGE's rate spread proposal contained a Customer Impact Offset (CIO) used to temper the impact of the proposed rate increase on certain rate schedules. The stipulating parties agree to limit the average rate increase to no more than 2.5 times the overall average increase for several rate schedules.<sup>9</sup> The parties expect the CIO benefits to be applied only toward Schedules 38, 47, 49, and 93.<sup>10</sup> The primary contributors to the CIO are Schedules 85 and 89.<sup>11</sup> The parties also agree that Schedules 7, 32, and 83 will not contribute to paying for the CIO because they are expected to experience a base rate increase greater than the average base rate increase.<sup>12</sup>

The parties agree that in PGE's next general rate case, each party will support application of the CIO only to address rate shock issues. The parties believe that this portion of the stipulation lowers the level of CIO subsidies and better promotes movement toward cost-based rates.

### b. *Commission Fees*

The parties agree that Commission's fees, a \$5.7 million expense, will not be separately allocated, but that this revenue-sensitive cost will instead be part of the unbundled revenue requirement in this docket.

### c. *Trojan Decommissioning*

Under the stipulation, Trojan decommissioning expenses will be allocated on the basis of generation revenues at current 2010 prices, with long-term direct access customers served under the current provisions of Schedules 483 and 489 priced at cost-of-service energy prices. The parties agree that it is reasonable to allocate this historic sunk expense on the basis of generation revenues using energy rates currently in place, with long-term direct access customers priced at cost-of-service rates.

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<sup>9</sup> The limitation applies to Schedules 7 (Residential), 15 (Area Outdoor Lighting Standard Service), 32 (Small Nonresidential Standard Service), 83 (Large Nonresidential Standard Service, 31-200 kW), 85 (Large Nonresidential Standard Service, 201-1,000 kW), 89 (Large Nonresidential Standard Service, >1,000 kW), 91 (Street and Highway Lighting Standard Service), and 92 (Traffic Signals).

<sup>10</sup> Schedules 38 (Large Nonresidential Optional Time-of-Day Standard Service), 47 (Small Nonresidential Irrigation and Drainage Pumping Standard Service), 49 (Large Nonresidential Irrigation and Drainage Pumping Standard Service), and 93 (Recreational Field Lighting, Primary Voltage Standard Service).

<sup>11</sup> Large Residential Standard Service (201-1,000 kW) and Large Nonresidential Standard Service (>1,000kW), respectively.

<sup>12</sup> See Stipulating Parties/300, Compton-Jenks-Rosenberg-Higgins-Cody/3 (Aug 2, 2010).

*Summary*

With the above modifications to PGE's rate spread, the estimated cost-of-service rate impacts on various rate schedules are as follows:

<b>Rate Class</b>	<b>Rate Increase</b>
Residential	4.6%
Optional Time-of-Day Gen. Svc. > 30 kW	15.0%
General Service < 30 kW	3.1%
General Service 31-200 kW	5.5%
General Service 201-1000 kW (Secondary)	0.5%
(Primary)	1.2%
>1 MW (Secondary)	-1.0%
(Primary)	-2.9%
(Subtransmission)	-2.5%
Irrigation and Drainage Pumping < 30 kW	15.0%
Irrigation and Drainage Pumping > 30 kW	16.0%
Outdoor Area Lighting	0.4%
Street and Highway Lighting	-0.3%
Traffic Signals	-5.9%
Recreational Field Lighting	15.0%

## 2. *Rate Design*

The parties agree to two substantive changes to PGE's proposed rate design.

### a. *Residential*

Under the stipulation, Schedule 7 (Residential) will continue to have a two-block design, but the inversion point will be moved from 250 kWh to 1000 kWh per month.<sup>13</sup> The tailblock energy price will be set at 75 mills/kWh. The BPA residential exchange credit will be applied to the first 1000 kWh of consumption per month. To mitigate intra-class rate change differentials, the parties agree that the single-phase Schedule 7 basic charge be reduced from \$10 per month to \$9. The difference in revenues resulting from this decrease will be applied to the first energy block when determining rates.

### b. *Schedule 85 (Large Nonresidential Standard Service, 201-1,000 kWh)*

<sup>13</sup> Staff notes that the average residential monthly usage is 900 kWh. Usage above 1,000 kWh is likely to include central air conditioning and electric space heating, the primary sources of the residential class' contributions to the summer and winter system peaks. See Staff/1100, Compton/5-6.



For Schedule 85, the stipulating parties agree the basic charge should be \$240 per month for Secondary Voltage delivery and \$200 per month for Primary Voltage delivery.<sup>14</sup> The revenue shortfalls from the reduction in these basic charges will be allocated 66 percent to the first facility capacity block of 200 kW per month, with the remainder allocated to the second kW facility capacity block. Tariff language will be amended to state that existing Schedule 83 customers will be moved to Schedule 85 if they have exceeded 200 kW more than six times in the preceding 13-month period.

#### **D. Remaining Issues Stipulation**

A stipulation addressing the remaining contested issues was filed by PGE, Staff, CUB, Kroger, and ICNU on August 2, 2010, and is attached hereto as Appendix D.

##### **1. Capital Structure**

In its initial filing, PGE proposed a capital structure of 50 percent common equity and 50 percent long-term debt, with a 6.077 percent cost of debt and a 10.5 percent rate of return on common equity. Staff, CUB, and ICNU objected to PGE's proposal. Staff recommended a 9.2 percent rate of return on common equity. In joint testimony, CUB and ICNU recommended 9.7 percent.

PGE, Staff, CUB, Kroger, and ICNU agreed to the following capital structure:

<u>Capital Component</u>	<u>Percent of Capitalization</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-term Debt	50%	6.065%	3.033%
Common Equity	<u>50%</u>	10.0%	<u>5.000%</u>
TOTAL	100%		8.033%

The stipulating parties state that the 10 percent rate of return on common equity represents a compromise between the three positions in this case and note that it is the same as PGE's current authorized rate of return on equity. The stipulating parties also state that the stipulated cost of debt and the capital structure are reasonable and appropriate in this case. Under the terms of the stipulation, PGE's overall rate of return is 8.033 percent.

##### **2. Power Cost Adjustment Mechanism (PCAM)**

PGE proposed the following changes to its PCAM in its initial filing:

- Change the negative annual power cost deadband from 75 basis points of authorized rate of return on equity to \$10 million.
- Change the positive annual power cost deadband from 150 basis points of authorized rate of return on equity to \$10 million.
- Change the earnings test for refunds and collections so that PGE will earn no less or no more than its authorized rate of return on equity.

<sup>14</sup> PGE originally proposed \$400 per month for secondary service and \$360 per month for primary service.

Currently, it is no less than 100 basis points above authorized rate of return on equity for refunds; no higher than 100 basis points below authorized rates of return for collections.

PGE argues that its current PCAM is too complicated and does not ensure recovery of all prudently incurred power costs, which increases PGE's risk exposure. PGE claims that the proposed changes would make its PCAM more consistent with other PCAMs around the country, which would make PGE more competitive in the capital markets. Staff, CUB, and ICNU argued against the changes, asserting, among other things, that the current PCAM was not intended to ensure dollar-for-dollar recovery of PGE's power costs and correctly allocated risk between customers and PGE's shareholders.

In the stipulation, PGE, Staff, CUB, ICNU, and Kroger agree to adjust the applicable deadbands, but do not agree to change the earnings test. Under the terms of this stipulation, the negative annual power cost variance deadband would be \$15 million, and the positive annual power cost variance deadband would be \$30 million.

The stipulating parties state that the changes to the deadbands are meant to address some of PGE's concerns, while keeping the PCAM consistent with the following goals identified by the Commission in the order originally adopting PGE's PCAM (Order No. 07-015): (1) the PCAM's application should be limited to unusual events and capture power cost variances that exceed those considered normal business risk; (2) there should be no adjustments if overall earnings are reasonable; (3) the PCAM's application should result in revenue neutrality; and (4) the PCAM should operate in the long-term.<sup>15</sup>

### **3. *Decoupling Mechanism***

In Order No. 09-020, the Commission approved a decoupling mechanism designed to achieve a number of goals, including, among others, removing the relationship between sales and profits; mitigating PGE's disincentives to promote energy efficiency, and improving PGE's ability to recover its fixed costs.<sup>16</sup> The Commission approved the mechanism for a two-year period. In its initial filing in this case, PGE requested that the Commission extend the decoupling mechanism indefinitely.

The stipulating parties agree to a three-year extension of PGE's decoupling tariffs. The parties further agree that PGE will hire a consultant to evaluate the mechanism during the fifth year. The consultant's evaluation will include answering specific questions included in Exhibit A to the Remaining Issues Stipulation. PGE must pay \$50,000 of the consultant's costs; the remainder may be collected through a decoupling tariff balancing account.

### **4. *Sunway 3 Project***

Sunway 3 is a solar generating project included in PGE's Renewable Resources Automatic Adjustment Clause filing, docket UE 220. The stipulating parties state

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<sup>15</sup> The Commission notes that the PCAM mechanism was adopted after much discussion in Order No. 07-015. To the extent the Commission adopts the parties' settlement addressing the PCAM, the settlement should not be considered precedent for future dockets addressing related policy issues.

<sup>16</sup> See Order No. 09-020 at 29.

that Sunway 3 will be operational and closed to PGE's books during 2010. They agree that the project's rate base and revenue requirement (approximately \$262,000 in docket UE 220, before updating to reflect PGE's new cost of capital) should be moved from docket UE 220 and included in this general rate case.

### 5. *Pension Deferral*

As part of the stipulation, PGE agreed to withdraw its application for deferred accounting of certain pension expenses docketed as docket UM 1462. PGE moved to withdraw the application on August 2, 2010, and on August 11, 2010, docket UE 1462 was closed.<sup>17</sup>

### 6. *Other Adjustments*

The stipulating parties agree to two further rate base and revenue requirement adjustments. First, in calculating the revenue requirement resulting from this rate case, PGE will remove an amount from rate base sufficient to result in a \$100,000 decrease. This will be achieved by reducing rate base by \$717,000 and associated depreciation by \$16,000. Second, PGE will add \$966,000 to "Other Revenues," which results in a revenue requirement decrease of \$1 million.

## **E. International Dark Sky Association Stipulation**

PGE and Dark Sky filed their own stipulation on September 3, 2010. It is attached hereto as Appendix E. In its testimony, Dark Sky asked the Commission to require PGE to adopt "midnight rates for streetlights" and include rates for 50-watt high-pressure sodium lamps. PGE filed rebuttal testimony contesting Dark Sky's proposals.

PGE and Dark Sky now agree that by December 31, 2012, PGE will propose in a tariff filing with the Commission a streetlight control option or options for unmetered street and area light fixture types.<sup>18</sup> The specific options PGE will offer will be determined in consultation with PGE's largest Schedule 91<sup>19</sup> customers regarding technological and cost issues in order to achieve energy savings and reasonably minimize streetlight pricing and administrative impacts associated with the "part-night rate" option. Dark Sky agrees to withdraw its proposal regarding rates for 50-watt high-pressure sodium lamps.

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<sup>17</sup> See Order No. 10-313.

<sup>18</sup> The Dark Sky Stipulation notes that this is generally referred to as a "part-night option."

<sup>19</sup> Schedule 91 refers to PGE's Street and Highway Lighting Standard Service (Cost of Service) tariff.

**F. City of Portland Stipulation**

PGE and the City of Portland (Portland) filed a stipulation regarding Portland's issues on September 15, 2010. It is attached to this order at Appendix F. Portland and PGE agree that PGE will initiate a rate design study that includes all interested stakeholders to examine the following possible changes to PGE's rate design:

1. On-peak generation demand charges for Schedules 83, 85, and 89;<sup>20</sup>
2. Time-of-use energy charges for Schedule 83; and
3. Seasonal or monthly differentiation of generation demand and energy charges for Schedules 83, 85, and 89.

The parties' stipulation anticipates that PGE will address the results of this study in its next general rate case with a 2013 or later test year.

PGE also agrees to initiate a study regarding cost allocation of streetlight circuits that will allow all interested stakeholders to examine the question of fair allocation of circuit-related costs among affected streetlight customers. PGE agrees that specific proposals regarding the cost allocation will be shared during 2012. PGE agrees to address the results of this study in its next general rate case with a 2013 or later test year.

Finally, PGE and Portland agree that during 2011 and 2012, PGE will hold a specified number of meetings and workshops with stakeholders in the street lighting customer class to address various issues, including billing, coding, innovative demonstration projects, maintenance practices and policies, and PGE will seek to achieve consensus on modifications of such practices and policies.

**IV. CONCLUSION**

We have reviewed the stipulations discussed above and find the proposed provisions contained therein to be reasonable. Accordingly, the stipulations in this docket, set forth in Appendices A-F to this order, should be adopted.

**V. ORDER**

IT IS ORDERED that:

1. Advice No. 10-04 is permanently suspended.

The Stipulation by and among 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 Food Stores and Quality Food Centers, Divisions of the Kroger Company, filed on July 1, 2010, entitled "Stipulation" and referred to herein as the First Revenue Requirement Stipulation, is adopted (Appendix A).


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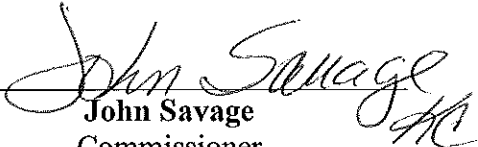
<sup>20</sup> These are all large, nonresidential tariff schedules.


2. The Second Revenue Requirement Stipulation by and among 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 Food Stores and Quality Food Centers, Divisions of the Kroger Company, filed on July 30, 2010, is adopted (Appendix B).
3. The Rate Spread and Rate Design Stipulation by and among 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 Food Stores and Quality Food Centers, Divisions of the Kroger Company, filed on August 2, 2010, is adopted (Appendix C).
4. The Stipulation Regarding Remaining Issues by and among 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 Food Stores and Quality Food Centers, Divisions of the Kroger Company, filed on August 2, 2010, is adopted (Appendix D).
5. The Stipulation Regarding International Dark-Sky Association Issues by and between Portland General Electric Company and the International Dark Sky Association, filed on September 3, 2010, is adopted (Appendix E).
6. The Stipulation Regarding City of Portland Issues by and between Portland General Electric Company and the City of Portland, filed on September 15, 2010, is adopted (Appendix F).

8. Portland General Electric Company must file new tariffs consistent with this order to be effective no earlier than January 1, 2011.

Made, entered, and effective DEC 17 2010

  
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**Ray Baum**  
Chairman

  
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**John Savage**  
Commissioner

  
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**Susan K. Ackerman**  
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

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**UE 215**

In the Matter of	)	
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PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION</b>
	)	
Request for a General Rate Revision	)	

This Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. (“Kroger”) and the Industrial Customers of Northwest Utilities (“ICNU”) (collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held. A procedural schedule was entered with separate schedules for the annual net variable power cost portion of the PGE’s request and the other issues relating to the general rate revision. On March 9, 2010, the Commission suspended the filed tariff sheets for a period not to exceed nine months from the proposed effective date of the tariffs, March 18, 2010. PGE has requested that the revised rates pursuant to this general rate case become effective January 1, 2011. PGE has responded to numerous data requests in this docket from Staff and intervenors.

On May 17 and 18, 2010, the Stipulating Parties participated in a Settlement Conference. Settlement discussions were continued by telephone conference on May 20, 2010. Those discussions resulted in a compromise settlement of the Stipulating Parties described in detail below.

**TERMS OF STIPULATION**

I. This Stipulation resolves all issues for PGE's general rate case that are identified below.

II. The Stipulating Parties acknowledge that the revenue requirement and final rate impact of the adjustments described below are not final until the treatment of other parts of PGE's general rate revision is known. Using PGE's filed cost of capital, the estimated reduction to PGE's revenue requirement is \$28 million, reflecting the following agreements and adjustments:

**A. Compensation**

The Stipulating Parties agree that PGE's proposed 2011 expenses will be reduced by \$6.484 million to reflect lower benefit costs and payroll taxes in 2011, reflected as follows:

S-1.1/S-1.2	Medical, Dental, & Vision	\$1.910 million expense reduction
S-1.3	Union Benefits	\$2.185 million expense reduction
S-1.4	Post Retirement Benefits	\$0.350 million expense reduction
S-1.5	Retirement Savings Plan	\$1.474 million expense reduction
S-1.6	Other Employee Benefits	\$0.530 million expense reduction
S-1.19	Payroll Taxes	\$0.035 million expense reduction

The Stipulating Parties agree that PGE's proposed 2011 expenses and rate base will be reduced to reflect lower Pension costs as follows:

S-1.11	Pension FAS 87 expense (Avg. 2011/2012 expense)	\$0.704 million expense reduction
	Pension Rate Base	\$10.936 million rate base reduction

The Stipulating Parties agree that:

- (1) PGE's proposed Pension Adjustment Tariff will be withdrawn;
- (2) PGE's filed 2011 FTE totals are reasonable;
- (3) The average levels of wages & salaries are unresolved issues; and
- (4) Any Commission approved changes to PGE's average level of wages and salaries

will result in recomputed benefits and payroll tax figures consistent with the method used to derive the adjustments above.



**B. AMI**

The Stipulating Parties agree that PGE's projected 2011 level of AMI benefits will be adjusted as follows to bring the benefits to \$18.2 million:

S-2	AMI Savings	\$1.700 million expense reduction
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The Stipulating Parties agree that, with the adjustment above, PGE's rate case reflects the full expected 2011 benefits of AMI. No further proposed 2011 adjustments will be made to reflect AMI benefits/cost savings.

**C. IT, Customer Service, and Transmission & Distribution O&M**

The Stipulating Parties agree that PGE's proposed 2011 expenses will be reduced by \$2.999 million, 2011 Other Revenue will be increased by \$0.300 million, and rate base reduced by \$2.920 million as follows:

S-9	IT O&M	\$1.471 million expense reduction
S-9	IT O&M deferral	\$2.920 million rate base reduction
S-10	Cust Svc / T&D O&M	\$1.278 million expense reduction
S-11	T&D O&M	\$0.250 million expense reduction
S-12	Other Revenue	\$0.250 million Trans. revenue increase
		\$0.050 million other revenue increase

The Stipulating Parties agree that:

- (1) With the modifications above, and with the exception of storm restoration expenses, PGE's IT, Customer Service and Transmission & Distribution O&M costs for 2011 are reasonable;
- (2) PGE withdraws its request for an accounting order to smooth development O&M costs associated with the 2020 Vision program;
- (3) PGE's underground FITNES cycle should be 10 years; and
- (4) All issues related to storm restoration costs and PGE's proposed Storm restoration cost balancing account are unresolved.

**D. O&M/A&G**

The Stipulating Parties agree that PGE's proposed 2011 expenses will be reduced by \$2.287 million and rate base reduced by \$0.125 million as follows:

S-1.7	DR#145 ledgers	\$0.959 million expense reduction
S-1.8	Directors Fees	\$0.276 million expense reduction
S-1.9	Uninsured Losses	No adjustment to PGE's filing
S-1.10	Insurance Premiums	\$0.484 million expense reduction
S-1.12 - 1.14	Various A&G	\$0.145 million expense reduction
S-1.16 - 1.17	Franchise Fees	\$0.326 million expense reduction
S-1.18	Property Taxes	No adjustment to PGE's filing
S-1.21	Cost of Debt Update	\$0.097 million expense reduction
S-1.20	AFDC	\$0.125 million rate base reduction

The Stipulating Parties agree that:

- (1) The revenue sensitive factor for franchise fees to be used in the case is 2.499%;
- (2) Interest expense for the rate case will be based on the interest synchronization method and will be updated to reflect the final Commission determination of PGE's cost of long-term debt;
- (3) With the modifications above, the Stipulating Parties agree that PGE's Other O&M and A&G costs for 2011 are reasonable; and
- (4) All production-related operation and maintenance issues, including PGE's request for an environmental balancing account, are unresolved.

**E. Capital and Rate Base**

The Stipulating Parties agree that PGE's proposed 2011 capital costs will be adjusted as follows:

S-14	Depreciation changes	\$5.939 million depr. expense reduction
		\$2.970 million rate base increase
S-15	Biglow 3	\$34.588 million rate base reduction
		\$1.136 million depr. expense reduction
S-15	Glass Insulators	\$0.507 million rate base increase

The Stipulating Parties agree that:

(1) With the exception of capital additions related to Clackamas Relicensing in 2010, plus 2011 additions for IT capital, Boardman pollution control equipment, and the upgrade at Coyote Springs, PGE's proposed 2011 rate base is reasonable<sup>1</sup>;

(2) An accounting order from the Commission to record \$.507 million of 2011 glass insulator costs as a regulatory asset with amortization over the normal depreciable life of transmission poles is reasonable; and

(3) The issues of the appropriate ROE, cost of debt and capital structure are unresolved.

**F. Boardman Tariff**

With the exception of ICNU and Kroger, the Stipulating Parties agree that PGE's proposed Boardman tariff is reasonable and should be adopted by the Commission.

III. The Stipulating Parties recommend and request that the Commission approve the adjustments described herein as appropriate and reasonable resolutions of the subject areas and issues it addresses.

IV. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

V. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding.

VI. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party reserves the right to withdraw from this Stipulation upon written notice to the Commission and

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<sup>1</sup> Staff's proposed adjustment to IT rate base is addressed in S-9; other adjustments to rate base are addressed by S-15.

the other Stipulating Parties within fifteen (15) calendar days of service of the final order that rejects this Stipulation or adds such material condition. 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.

VII. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).

VIII. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation, other than those specifically identified in the Stipulation. Except as provided in this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

IX. 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 30<sup>th</sup> day of June, 2010.

*D. I. White*

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PORTLAND GENERAL ELECTRIC  
COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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THE KROGER CO.

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PORTLAND GENERAL ELECTRIC  
COMPANY

*Paul A. Graham for Stephanie S. Andrews*  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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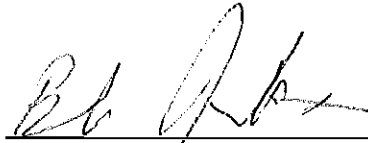
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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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THE KROGER CO.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of )  
 )  
 PORTLAND GENERAL ELECTRIC ) **SECOND REVENUE**  
 COMPANY ) **REQUIREMENT STIPULATION**  
 )  
 Request for a General Rate Revision )

This Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. (“Kroger”) and the Industrial Customers of Northwest Utilities (“ICNU”) (collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held. A procedural schedule was entered with a separate schedule for the annual net variable power cost portion of PGE’s request and for the other issues relating to the general rate revision. On March 9, 2010, the Commission suspended the filed tariff sheets for a period not to exceed nine months from the proposed effective date of the tariffs, March 18, 2010. PGE has requested that the revised rates pursuant to this general rate case become effective January 1, 2011. PGE has responded to numerous data requests in this docket from Staff and intervenors.

On May 17 and 18, 2010, the Stipulating Parties participated in a Settlement Conference. Settlement discussions were continued by telephone conference on May 20, 2010. Those discussions resulted in a revenue requirement stipulation among the Stipulating Parties (the “First Revenue Requirement Stipulation”).

On June 4, 2010, the Stipulating Parties other than PGE filed their respective direct testimony. The Stipulating Parties participated in a Settlement Conference on June 14, which resulted in a compromise settlement of the Stipulating Parties as described in detail below.

### TERMS OF STIPULATION

- I. This Stipulation resolves the issues identified below.
- II. The Stipulating Parties acknowledge that the revenue requirement and final rate impact of the adjustments described below are not final until the treatment of other parts of PGE's general rate revision are known. Using PGE's filed cost of capital, the estimated reduction to PGE's revenue requirement is approximately \$22.9 million, reflecting the following agreements and adjustments:
  - A. S-4 Wages and Salaries. PGE's wages and salaries forecast will be reduced by \$3.5 million. This adjustment will be allocated 26.8% to capital and 73.2% to O&M.
  - B. S-5 Fly Ash. PGE will remove \$2.6 million of Boardman fly ash disposal cost from the case and add \$0.5 million of other revenues from the sale of fly ash. The Stipulating Parties agree that disposal costs for Boardman fly ash have not been modeled in rates and are not foreseeable as occurring in the ordinary course of events as those phrases have been used in the Commission's deferred accounting orders.
  - C. S-6 Hydro O&M. PGE's forecast for hydro O&M will be reduced by \$0.4 million. If the Federal Energy Regulatory Commission does not issue a new license to PGE for the Clackamas River Hydroelectric Project (FERC #2195) by December 27, 2010, then PGE's forecast for hydro O&M will be reduced by an additional \$0.9 million.

D. S-8 Miscellaneous.

i. Colstrip. PGE will remove half the cost of its forecast for Colstrip maintenance in 2011 to reflect the major maintenance cycle for the plant. This adjustment will reduce the forecasted cost by \$1.6 million.

ii. Coyote. PGE will remove \$1.2 million from production O&M for the planned 2011 Coyote major maintenance. The cost of the 2011 Coyote major maintenance will be charged to PGE's existing major maintenance balancing account for Coyote.

iii. Environmental Remediation. PGE will reduce the forecasted expense for environmental remediation by \$1.0 million.

E. S-13 Clackamas Hydro Re-licensing Project.

- i. PGE will reduce its forecasted average rate base for hydro re-licensing by \$0.125 million to remove costs for food and entertainment.
- ii. If FERC does not issue a new license to PGE for the Clackamas River Hydroelectric Project (FERC #2195) by December 27, 2010, then PGE will remove all remaining costs (\$65.5 million) for the Clackamas Hydro Relicensing from its forecasted average rate base for purpose of calculating PGE's revenue requirement in this rate proceeding. The exclusion of these costs in this rate proceeding does not preclude PGE from seeking to include these costs in its rate base after PGE has obtained a license for the Clackamas River Hydroelectric Project.

F. S-9/S-15 IT Capital, Boardman, and Coyote. PGE will remove the impact of the following capital additions from the determination of average 2011 rate base: the 2011 Information Technology additions for Cyber Security and the 2020 Vision projects, additions for

the Coyote Springs upgrade, and pollution control equipment at Boardman (collectively, the “Specified Four Capital Projects”).

The Stipulating Parties agree that the following adjustments will be made to the rate case:

i. S-9 / IT Capital. Remove \$11.0 million of average rate base and \$1.9 million of amortization expense.

ii. S-15 / Coyote and Boardman. Remove \$32.3 million of average rate base and \$1.3 million of depreciation expense.

The Stipulating Parties agree to support deferred accounting treatment under ORS 757.259 for the revenue requirement associated with the recovery of the return on and return of actual capital costs of the Specified Four Capital Projects (the “Deferred Amount”), beginning from the date at which each of the Specified Four Capital Projects is in-service and through the effective date of rates pursuant to a general rate case incorporating these costs. The Stipulating Parties also agree that the Deferred Amount should include, as an O&M cost, pollution control chemicals at the Boardman facility expected to be used in conjunction with the installation of pollution control equipment at Boardman in 2011. As a result, the Stipulating Parties agree that PGE will remove any such chemical costs included in the Monet model for purposes of determining power costs in this rate case.

The Stipulating Parties further agree that in any subsequent proceeding to amortize the Deferred Amount, for purposes of conducting the earnings test required under ORS 757.259(5), the Stipulating Parties will support use of PGE’s authorized return on equity established by the Commission in this proceeding as the standard for measuring PGE’s earnings. The Stipulating Parties acknowledge that no party in the UE 215 proceeding has submitted testimony suggesting that PGE’s decisions to complete the Specified Four Capital Projects were imprudent.

Finally, the Stipulating Parties agree that PGE should maintain the modeling of the Coyote upgrade in the Monet model in PGE's original filing for purposes of forecasting power costs in this rate case.

G. \$1.15 Storm Damage. PGE will reduce its forecast service restoration costs by \$3.6 million. The Stipulating Parties agree that a rolling 10-year average (adjusted to reflect present value) is a reasonable method to forecast Level 3 storm costs. The Stipulating Parties also agree to support an accounting order allowing PGE to reserve any savings reflecting the amount by which the annual cost for Level 3 storms is less than \$2 million for use against future Level 3 storm costs.

H. Schedule 300 Revenue. PGE will increase its Other Revenue by \$0.3 million to reflect the impact of changes to Schedule 300 prices.

I. Withdrawn Requests. PGE withdraws its requests for an environmental accounting order, a storm damage balancing account, and a self-build accounting order.

III. The Stipulating Parties recommend and request that the Commission approve the adjustments described herein as appropriate and reasonable resolutions of the issues it addresses.

IV. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

V. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

VI. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095 including the right to withdraw from the stipulation and to seek reconsideration of the Commission's 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.

VII. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).

VIII. 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, other than those specifically identified in the 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.

IX. 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 <sup>20<sup>th</sup></sup> day of July, 2010.

  
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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  
NORTHWEST UTILITIES


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THE KROGER CO.



IX. 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 <sup>29<sup>th</sup></sup> day of July, 2010.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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

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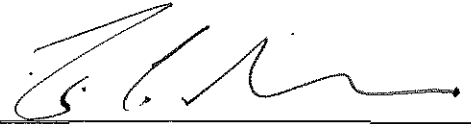
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COMPANY

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STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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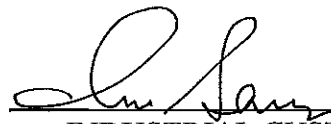
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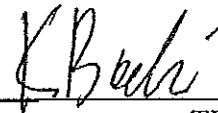
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THE KROGER CO.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>RATE SPREAD AND RATE DESIGN STIPULATION</b>
	)	
Request for a General Rate Revision	)	

This Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. ("Kroger"), and the Industrial Customers of Northwest Utilities ("ICNU") (collectively, the "Stipulating Parties").

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held. A procedural schedule was entered with separate schedules for the annual net variable power cost portion of PGE's request, and for the other issues relating to the general rate revision. The docket has proceeded pursuant to those schedules. PGE has responded to numerous data requests in this docket from Staff and intervenors. Two prior Stipulations, both regarding revenue requirement issues, have been submitted to the Commission.

On June 4, 2010, the Stipulating Parties other than PGE filed their respective direct testimony. On June 14, 15 and 23, 2010, the Stipulating Parties participated in Settlement Conferences which resulted in a compromise settlement of the Stipulating Parties regarding rate spread and rate design issues described in detail below.

**TERMS OF STIPULATION**

- I. This Stipulation is entered to settle all rate spread and rate design issues.
- II. The Stipulating Parties agree that, with the exceptions set out below, it is

appropriate to spread costs to individual rate schedules using the marginal cost study and the rate design principles contained in PGE's filing in this docket, and request that the Commission do so.

III. Customer Impact Offset. PGE's rate spread proposal contains a Customer Impact Offset ("CIO") used to temper the rate impact on certain rate schedules. The Stipulating Parties agree that the following schedules will receive an increase no more than 2.5 times the overall average increase: 7, 15, 32, 83, 85, 89, 91, and 92. It is expected that the CIO benefits will only be applied toward Schedules 38, 47, 49, and 93. Primary contributors to the CIO are Schedules 85 and 89. Consistent with those contributions, and the contributions from Schedules 15, 91, and 92, are percentage rate increases for those Schedules that are much smaller than the overall average—or possibly negative depending on the final revenue requirement order by Commission. Schedules 7, 32, and 83 will not contribute to paying for the CIO since it is expected that they will experience a percentage increase greater than the average increase. The Stipulating Parties further agree that the percentage rate increase for Schedules 38, 47, and 93 will be set at a 15% increase, and that the Schedule 49 increase will be set at a 16% increase. The Stipulating Parties also agree that in PGE's next general rate case each Stipulating Party will support application of a CIO only to address concerns regarding rate shock.

IV. OPUC Fees. The Stipulating Parties agree that Oregon Public Utility Commission fees will not be separately allocated, but instead that this revenue sensitive cost will be part of the unbundled revenue requirement in this docket.

V. Trojan Decommissioning. The Stipulating Parties agree that Trojan Decommissioning expenses will be allocated on the basis of generation revenues at current 2010 prices, with long-term direct access customers served under the current provisions of Schedules

483 and 489 priced at Cost-of-Service energy prices.

VI. Rate Design. The Stipulating Parties agree to the following changes to PGE's rate design proposal:

1. Schedule 7 Residential rates will continue to have a two-block design; however the inversion point will change to 1000 kWh per month. The tail-block (over 1000 kWh per month) energy price will be set at 75 mills/kWh. The BPA residential exchange credit will be applied to the first 1000 kWhs of consumption per month. To mitigate intra-class rate change differentials, the Stipulating Parties further agree that the single-phase Schedule 7 Residential Basic Charge be reduced from \$10.00 per month to \$9.00 per month. The difference in revenues that will result from this decrease in the Residential Basic Charge will be applied to the first energy block when determining rates.
2. The Schedule 85 Basic Charges will be set at \$240 monthly for Secondary Voltage delivery and \$200 monthly for Primary Voltage delivery service. The revenue shortfalls from these Basic Charges will be allocated 66% to the first facility capacity block of 200 kW per month, with the remainder allocated to the second kW facility capacity block. In addition, that tariff language will be amended to state that existing Schedule 83 customers will be moved to Schedule 85 if they have exceeded 200 kW more than six times in the preceding 13-month period.
3. The first part of the last sentence appearing in the MINIMUM CHARGE sections of Schedules 85, 485, and 585 shall be altered as follows: "The minimum monthly On-peak\_Demand (in kW) will be 100 kW...."

VII. Attached as Exhibit "A" to this Stipulation is a summary of the estimated cost-of-service rate impacts by schedule consistent with this Stipulation, using the power costs presented in PGE's rebuttal testimony (Exhibit 1600), and incorporating the other agreements reached among most of the parties to this docket.

VIII. The Stipulating Parties recommend and request that the Commission approve the adjustments described herein as appropriate and reasonable resolutions of the issues they address.

IX. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

X. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

XI. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095 including the right to withdraw from the Stipulation and to seek reconsideration of the Commission's 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.

XII. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation



throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).

XIII. 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, other than those specifically identified in the 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.

XIV. 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 <sup>2<sup>nd</sup></sup> day of <sup>August</sup> ~~July~~, 2010.

*D. J. C. King*  
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PORTLAND GENERAL ELECTRIC  
COMPANY

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

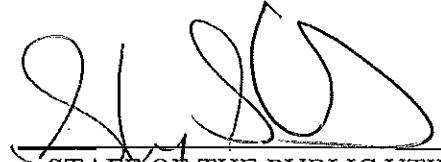
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NORTHWEST UTILITIES

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THE KROGER CO.

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PORTLAND GENERAL ELECTRIC  
COMPANY

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THE KROGER CO.

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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

  
INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

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THE KROGER CO.

## ORDER NO. 10-478

TABLE 1  
 PORTLAND GENERAL ELECTRIC  
 ESTIMATED EFFECT ON CONSUMERS' TOTAL ELECTRIC BILLS  
 2011 COS ONLY

CATEGORY	RATE SCHEDULE	Forecast S.JUN10E11 CUSTOMERS	MWH SALES	TOTAL ELECTRIC BILLS		Change	
				CURRENT w/ Sch. 111, 121, 122, 125, 145	PROPOSED w/ Sch. 111, 121, 122a, 125, 145	AMOUNT	PCT.
Residential	7	721,732	7,610,871	\$813,473,841	\$851,187,210	\$37,713,370	4.6%
Employee Discount				(\$922,974)	(\$981,607)	(\$58,633)	
Subtotal				\$812,550,867	\$850,205,604	\$37,654,737	4.6%
Outdoor Area Lighting	15	0	23,857	\$4,457,192	\$4,473,458	\$16,265	0.4%
General Service <30 kW	32	86,172	1,500,228	\$150,943,101	\$155,593,839	\$4,650,738	3.1%
Opt. Time-of-Day G.S. >30 kW	38	362	33,965	\$3,574,348	\$4,110,644	\$536,296	15.0%
Irrig. & Drain. Pump. < 30 kW	47	3,189	23,080	\$2,717,961	\$3,125,778	\$407,816	15.0%
Irrig. & Drain. Pump. > 30 kW	49	1,311	67,653	\$5,664,537	\$6,571,088	\$906,551	16.0%
General Service 31-200 kW	83-S	11,445	2,804,862	\$226,389,743	\$238,881,950	\$12,492,207	5.5%
General Service 201-1,000 kW							
Secondary	85-S	1,401	2,333,414	\$181,830,204	\$182,651,819	\$821,615	0.5%
Primary	85-P	128	269,156	\$19,765,422	\$19,996,381	\$230,959	1.2%
Schedule 89 > 1 MW							
Secondary	89-S	98	610,598	\$46,170,902	\$45,726,495	(\$444,406)	-1.0%
Primary	89-P	115	2,644,692	\$178,782,130	\$173,564,968	(\$5,217,162)	-2.9%
Subtransmission	89-T	8	485,395	\$31,035,691	\$30,274,739	(\$760,952)	-2.5%
Street & Highway Lighting	91	207	108,227	\$18,009,077	\$17,952,232	(\$56,845)	-0.3%
Traffic Signals	92	17	4,733	\$391,088	\$368,085	(\$23,002)	-5.9%
Recreational Field Lighting	93	24	576	\$95,355	\$109,656	\$14,302	15.0%
<b>TOTAL (CYCLE YEAR BASIS)</b>		826,208	18,521,306	\$1,682,377,617	\$1,733,606,735	\$51,229,118	3.0%
=====							
CONVERSION ADJUSTMENT				\$1,373,710	\$1,415,541		
=====							
<b>TOTAL (CALENDAR YEAR BASIS)</b>			18,536,430	\$1,683,751,327	\$1,735,022,276	\$51,270,948	3.0%

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION REGARDING REMAINING ISSUES</b>
	)	
Request for a General Rate Revision	)	

This Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. (“Kroger”), and the Industrial Customers of Northwest Utilities (“ICNU”)(collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held. A procedural schedule was entered with separate schedules for the annual net variable power cost portion of the PGE’s request and the other issues relating to the general rate revision. The docket has proceeded pursuant to those schedules. PGE has responded to numerous data requests in this docket from Staff and intervenors. Four prior Stipulations, three regarding revenue requirement issues and one regarding rate spread and rate design issues, have been submitted to the Commission.

On June 4, 2010, the Stipulating Parties other than PGE filed their respective direct testimony regarding revenue requirement issues. On July 19, 2010, PGE filed its rebuttal testimony regarding the issues that remained unsettled. On July 22, 2010, the Stipulating Parties participated in a Settlement Conference that resulted in a compromise settlement by the



Stipulating Parties regarding the remaining issues in this docket, as described below.

### TERMS OF STIPULATION

I. This Stipulation is entered to settle all remaining issues among the Stipulating Parties in this docket excepting only the issue of the Boardman tariff reserved by ICNU and Kroger in the Second Revenue Requirement Stipulation.

II. Decoupling. The Stipulating Parties request that the Commission extend PGE's Schedule 123 decoupling tariffs beyond the two-year period specified in Order 09-020, through December 31, 2013. The Stipulating Parties agree that within 60 days after the fourth year of operation of PGE's Sales Normalization Adjustment and Lost Revenue Recovery decoupling tariffs, that the parties will confer to identify an independent consultant, for the purpose of examining the effectiveness of the decoupling tariffs. If the Stipulating Parties cannot agree on an independent consultant to perform this analysis they will ask the Commission to select the consultant. PGE will pay the first \$50,000 of the costs of the consultant's analysis. Any expense beyond \$50,000 will be included in the decoupling tariff balancing account. The consultant should, at a minimum, address the questions contained in Exhibit "A" to this Stipulation. The timeline for the consultant study should be such that the study is completed by the end of the fifth year of decoupling tariff operation. The Parties do not agree on the appropriate fixed cost recovery methodology, but agree that the Schedule 123 fixed cost recovery rate methodology currently in effect for PGE should be continued through December 31, 2013 in order to allow the independent consultant, identified above, to review that mechanism.

III. Rate of Return. The Stipulating Parties agree that PGE's authorized return on equity will be 10.0%, the same as currently authorized. PGE's capital structure for ratemaking purposes will remain at 50% common equity and 50% long-term debt. PGE's cost of long-term debt will be 6.065% as set forth in PGE's rebuttal testimony in this docket. The preceding

values result in an overall cost of capital of 8.033%.

IV. PCAM. Effective for power costs beginning January 1, 2011, the power cost variance deadbands in PGE's Annual Power Cost Variance Mechanism tariff, Schedule 126, will be set as follows: The Negative Annual Power Cost Deadband will be \$15 million. The Positive Annual Power Cost Deadband will be \$30 million. The Stipulating Parties agree to no other changes in Schedule 126 in this docket; however, no party is precluded from proposing changes to Schedule 126 in future general rate cases.

V. Rate base and revenue requirement adjustments. In settlement of all issues, two adjustments will be made:

1. In calculating the revenue requirement resulting from this rate case only, PGE will remove an amount from rate base sufficient to result in a revenue requirement decrease of \$100,000. This will be achieved by reducing rate base \$717,000 and associated depreciation by \$16,000.
2. In calculating the revenue requirement resulting from this rate case only, PGE will add \$966,000 to "Other Revenues" to cause a decrease in revenue requirement of \$1 million.

VI. Pension Deferral. PGE will withdraw its application for deferred accounting of certain pension expenses docketed as Docket UM 1462.

VII. Sunway 3. Sunway 3 is a solar generating project included in PGE's Renewable Resources Automatic Adjustment Clause filing, Docket UE 220. Sunway 3 will be operational and closed to PGE's books during 2010. The Stipulating Parties agree that the rate base and revenue requirement of Sunway 3 (approximately \$262,000 in UE 220, which value will be updated to reflect the cost of capital provided in paragraph III above) be moved from Docket UE 220, and included in this general rate case. The Parties to Docket UE 220 have also agreed to

move Sunway 3 to this docket.

VIII. The Stipulating Parties recommend and request that the Commission approve the adjustments described above as appropriate and reasonable resolutions of the remaining issues in this docket.

IX. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

X. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

XI. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095, including the right to withdraw from the stipulation and to seek reconsideration of the Commission's 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.

XII. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and

submitting written testimony required by OAR § 860-14-0085(4).

XIII. 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, other than those specifically identified in the 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.

XIV. 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 <sup>2<sup>nd</sup></sup> day of <sup>August</sup> ~~July~~, 2010.

*DP*  

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PORTLAND GENERAL ELECTRIC  
COMPANY

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COMMISSION OF OREGON

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CITIZENS' UTILITY BOARD  
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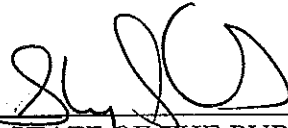
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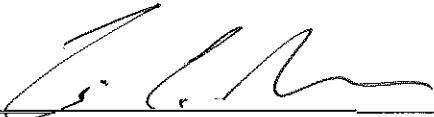
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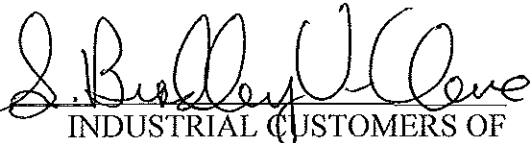
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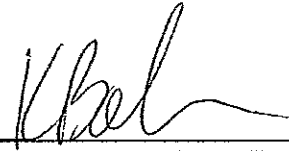
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## Decoupling Mechanism Questions:

1. Did the mechanisms effectively remove the relationship between the utility's sales and profits?
2. Did the mechanisms effectively mitigate the utility's disincentives to promote energy efficiency?
3. Did the mechanisms improve the utility's ability to recover its fixed costs?
4. Did the mechanisms reduce business and other financial risks? If yes, please describe the business and financial risks that were impacted and the level of impact and effects on operations.
5. What changes in the Company's culture or operating practices resulted from the implementation of the partial decoupling mechanism?
6. To what extent did fixed costs covered by fixed cost-recovery factors increase with customer growth beyond what was included in the test-year load forecast in UE 197 and in any subsequent general rate case?
7. PGE's mechanism is based on a volumetric fixed charge. However, the amount of revenue available for fixed cost recovery may vary depending on the variable cost of the power being sold or purchased (Revenue/kWh minus variable power cost/kWh equals revenue available for fixed costs). Should the volumetric fixed charge decoupling rates be calculated in a different manner in order to account for this. For example, as the difference between total volumetric rates for both Schedules 7 and 32 and a measurement of short-run marginal energy costs such as the Mid-Columbia index?
8. What is the effect of a change in load (as included in this mechanism) on PGE's costs? What is the effect of the change in load on revenue? Has this mechanism accurately accounted for these changes? On a going forward basis is this mechanism likely to accurately account for these changes?
9. Should the SNA mechanism be bifurcated such that the total kWh for each of Schedules 7 and 32 are fixed for and beyond the test period for purposes of recovery/refund of transmission and generation fixed revenue requirements? Calculation of the fixed revenue requirements for functions other than generation and transmission would be in the same manner as is currently done.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION REGARDING INTERNATIONAL DARK-SKY ASSOCIATION ISSUES</b>
Request for a General Rate Revision	)	

This Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), and the International Dark-Sky Association (“Dark-Sky”) (collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. Pursuant to the schedule adopted by the Commission, Leo Smith submitted testimony in this docket on behalf of Dark-Sky. That testimony proposed that PGE be required to adopt “midnight rates for streetlights” and include rates for 50 watt high pressure sodium lamps. On July 19, 2010, PGE filed rebuttal testimony that addressed the Dark-Sky proposals. PGE and Dark-Sky subsequently engaged in settlement discussions that resulted in a compromise settlement regarding the Dark-Sky proposals in this docket, as described below.

**TERMS OF STIPULATION**

- I. This Stipulation is entered to settle all issues raised by Dark-Sky in this docket.
- II. PGE will propose, by December 31, 2012, in a tariff filing to the Public Utility Commission of Oregon, a streetlight control option or options (generally referred to as a “part-night option”) for unmetered street and area light fixture types. The specific options to be offered by PGE will be determined in consultation with PGE's largest Schedule 91 customers

regarding the technology and functional requirements for controls, fixtures to control, the hours of control and costs in order to achieve energy savings and reasonably minimize streetlight pricing and administrative impacts associated with the “part-night rate” option.

III. Dark-Sky withdraws its proposal regarding rates for 50 watt high pressure sodium lamps.

IV. The Stipulating Parties recommend and request that the Commission approve this Stipulation as an appropriate and reasonable resolution of the Dark-Sky issues in this docket.

V. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

VI. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

VII. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095 including the right to withdraw from the stipulation and to seek reconsideration of the Commission’s 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.

VIII. This Stipulation will be offered into the record in this proceeding as evidence

pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting a joint brief or written testimony required by OAR § 860-14-0085(4).

IX. 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, other than those specifically identified in the 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.

X. 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 <sup>1<sup>st</sup></sup> day of <sup>September</sup> August 2010.

  
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PORTLAND GENERAL ELECTRIC  
COMPANY

\_\_\_\_\_  
INTERNATIONAL DARK-SKY  
ASSOCIATION

pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting a joint brief or written testimony required by OAR § 860-14-0085(4).

IX. 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, other than those specifically identified in the 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.

X. 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 September 2010.

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

  
\_\_\_\_\_  
BY LEO SMITH, BOARD OF DIRECTORS  
INTERNATIONAL DARK-SKY  
ASSOCIATION

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 215**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	<b>STIPULATION REGARDING CITY OF PORTLAND ISSUES</b>
	)	
Request for a General Rate Revision	)	

This Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”) and the City of Portland (“COP”) (collectively, the “Stipulating Parties”).

On February 16, 2010, PGE filed this general rate case. On March 8, 2010, a prehearing conference was held at which a procedural schedule was adopted for this proceeding. That schedule called for five rounds of testimony on issues other than net variable power costs. Pursuant to that schedule, on June 4, 2010, the City of Portland filed opening testimony. On July 19, 2010, PGE filed testimony in response to the COP testimony and the testimony of other parties in this docket. On August 19, 2010, the COP filed rebuttal testimony. The COP was the only party to file rebuttal testimony. The schedule in this docket called for PGE to file surrebuttal testimony on September 9, 2010. Because the COP and PGE had before that date agreed in principal to this settlement, PGE requested that the Commission suspend the procedural schedule.

PGE has entered into six other stipulations in this docket, with all other parties joining in at least one of the stipulations. On September 7, 2010, the Stipulating Parties participated in a Settlement Conference that resulted in a compromise settlement of the Stipulating Parties regarding the issues raised by the COP in this docket, as described below.

**TERMS OF STIPULATION**

I. This Stipulation is entered to settle all issues raised by the City of Portland in this docket.

II. Rate Design Study. The Stipulating Parties agree that PGE will initiate a rate design study that will include all interested stakeholders to examine the following possible changes to PGE's rate design:

1. On-peak generation demand charges for Schedules 83, 85, and 89.
2. Time-of-use energy charges for Schedule 83.
3. Seasonal or monthly differentiation of generation demand and energy charges for Schedules 83, 85, and 89.

It is anticipated that during 2011 this study will include the gathering and sharing of information among PGE and interested stakeholders, with periodic meetings held as needed and based on the level of stakeholder interest and demands on staff time. Specific proposals will be shared during 2012. PGE will address the results of this study in its next general rate case filing after this study period, i.e. the next general rate case with a 2013 or later test year. PGE's rate case filing will include a discussion of the study, the arguments for and against the potential rate design changes, any consensus arrived at during the study, and a recommendation regarding implementation of any rate design changes.

III. Streetlight Circuit Cost Study. PGE will initiate a study regarding cost allocation of streetlight circuits. This study process will permit all interested stakeholders to examine the question of a fair allocation of circuit-related costs among affected streetlight customers. It is anticipated that during 2011 this study will include the gathering and sharing of information among PGE and interested stakeholders, with periodic meetings held as needed and based on the level of stakeholder interest and demands on staff time. Specific proposals regarding the cost



allocation will be shared during 2012. PGE will address the results of this study in its next general rate case filing after this study period, i.e. the next rate case with a 2013 or later test year. PGE's rate case filing will include a discussion of the study, the arguments for and against potential cost allocation methodologies, any consensus arrived at during the study, and a recommendation regarding street light circuit cost allocation and related changes in rate design.

IV. Street Lighting Meetings. PGE will, during 2011 and 2012, hold meetings and workshops with stakeholders in the street lighting customer class. Such meetings will be held on an as-needed basis no less frequently than every six months beginning in January 2011. It is anticipated that the participants will generate agenda items for these meetings in advance of such meetings. The meetings will address issues the parties identify including billing, coding, innovative demonstration projects, maintenance practices and policies and will seek to achieve consensus on modifications of such practices and policies.

V. Other Issues. The Stipulating Parties agree that as a result of this Stipulation there are no changes to the rate spread or rate design proposed by PGE and modified by the previous stipulations entered in this docket. The Stipulating Parties further agree that there is no change in the revenue requirement in this docket as a result of this Stipulation.

VI. The Stipulating Parties recommend and request that the Commission approve this stipulation as containing appropriate and reasonable resolutions of the issues it addresses.

VII. The Stipulating Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just, and reasonable.

VIII. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in

settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

IX. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order which is not contemplated by this Stipulation, each Stipulating Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and OAR 860-014-0095 including the right to withdraw from the stipulation and to seek reconsideration of the Commission's 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.


X. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR § 860-14-0085. The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to sponsor this Stipulation at the hearing (if necessary), and recommend that the Commission issue an order adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and submitting written testimony required by OAR § 860-14-0085(4).


XI. 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, other than those specifically identified in the 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.

XII. 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 <sup>15<sup>th</sup></sup> day of September, 2010.

  
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PORTLAND GENERAL ELECTRIC  
COMPANY

  
\_\_\_\_\_  
9/14/2010 CITY OF PORTLAND