BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 262

In the Matter of
PORTLAND GENERAL ELECTRIC COMPANY,
Request for a General Rate Revision.

DISPOSITION: STIPULATIONS ADOPTED; APPLICATION FOR GENERAL RATE REVISION APPROVED AS REVISED

I. SUMMARY

This order addresses a rate request filed by Portland General Electric Company for prices effective January 1, 2014. PGE originally sought $104.8 million in additional revenues.
On February 15, 2013, PGE filed Advice No. 13-03, an application for general rate revision with an effective date of March 17, 2013, subject to suspension and a recommended effective date of January 1, 2014. In its application, the company requested additional revenues of $104.8 million, a 6.2 percent increase to its existing revenue requirement. PGE stated that the most significant individual drivers for its rate request are the costs of decommissioning its Boardman facility and costs associated with capital projects subject to a deferral authorized by the Commission in docket UE 215. PGE claimed that other increases are directly tied to meeting goals for customer satisfaction, service, and system reliability, responding to new regulatory requirements, pension plan funding, and health insurance costs. 2
testimony addressing each open issue and its means of resolution. Although not all parties were signatories to the three stipulations, none of the non-signatories objected to the submission of the stipulations and accompanying joint testimony to the Commission for adoption.

III. DISCUSSION

The parties were able to settle all issues in the proceeding. We outline the nature of each partial stipulation, summarize each initially disputed issue that was the subject of the negotiated settlement in that stipulation and provide our decision regarding the issues for which our approval is sought.

A. First Partial Stipulation

The partial stipulation (First Partial Stipulation) addresses general revenue requirement issues, rate spread, rate design, and load forecast issues. It was reached in principle before the first round of testimony was filed by Staff and intervening parties. Consequently, there is no record as to the positions of Staff and intervenors on the settled issues prior to the first partial settlement. The changes reflect the adjustments to the revenue requirement and also to certain design corrections and adjustments, discussed below.

1. Issue S-0 Rate of Return

In its initial filing, PGE requested 10 percent return on equity (ROE), the authorized level from its prior rate case, and to maintain its 50/50 debt/equity ratio, although it expected the level of regulated equity to exceed 50 percent. The stipulating parties agreed to an authorized ROE of 9.75 percent and a capital structure of 50 percent equity and 50 percent long-term debt for the test year 2014; however, they also agreed to update PGE’s cost of long-term debt no later than November 1, 2013, based on actual 2013 debt issuances. They further agreed that, for the purpose of establishing rates in this docket, the weighted average cost of debt to be issued in 2014 should be 4.15 percent on the projected issuances, totaling $365.0 million.

Commission Resolution. Based on the evidence presented in testimony supporting the stipulation, we adopt the stipulating parties’ joint proposal for an ROE of 9.75 percent as within the range of reasonableness for a company in PGE’s circumstances. We also adopt the parties’ proposal with respect to PGE’s capital structure and means for accurately capturing the cost of long-term debt.
2. **Additional Issues Affecting Revenue Requirement**

The stipulating parties reached settlement on miscellaneous revenue requirement issues as follows.

a. **Issue S-1 Other Revenue and S-6 Other Revenue—Transmission**

PGE forecasted $21.4 million in the Other Revenues line item. Staff proposed adjustments based on historical actuals. After reviewing the forecasted amounts, the parties agreed that PGE would increase the Other Revenues line item by $0.749 million for settlement purposes.

b. **Issue S-2 Uncollectables**

PGE projected $9.283 million (0.52 percent) in uncollectables, with the NVPC Update showing an actual uncollectables rate of 0.51 percent. The parties agreed on a 0.5 percent uncollectible rate for the 2014 test year.

c. **Issue S-3 Working Cash**

At Staff's prompting, PGE corrected the calculation of its working cash factor, reducing it from 3.98 percent as initially filed to 3.72 percent. The stipulating parties agreed to further reduce the factor to 3.70 percent, which includes the estimated test year benefit of the Fee-Free Bank Card Program.

d. **Issue S-4 Customer Service**

PGE projected 2014 operations and maintenance (O&M) expenses for customer service at $81.3 million. The stipulating parties agreed to reduce the test year expense by $0.022 million, removing 50 percent of the meals and entertainment expense.

e. **Issue S-5 Research and Development**

PGE's initial filing included $2.0 million for research and development. For settlement purposes, the parties agreed to reduce this expense by 25 percent ($0.5 million).
f. **Issue S-7 Customer Engagement Transformation (CET)**

The CET program is a multi-year effort, involving the installation and configuration of replacement systems and operational improvement projects which are projected to reduce O&M costs by $4 to $6 million per year. PGE projected $22 to 25 million in O&M expense and $70 to $80 million of incurred capital by the estimated completion year 2018. The stipulating parties agreed to treat $8.0 million of CET O&M expense as a regulatory asset and to amortize that amount over five years. As a result, CET O&M expense will decrease by $6.4 million and an associated regulatory asset of $7.2 million will be included in rate base.


g. **Issue S-8 Stock Issuance Fees**

PGE anticipates issuing $375 million of equity and estimates the fees at 3.5 percent of the issue total or $13.1 million. It proposed to treat the fees as a regulatory asset for rate making purposes and amortize them over a 10-year period beginning in 2014 and included the amortization costs in its revenue requirement. The stipulating parties agreed that the proposed 2014 expenses will be reduced by $1.282 million and rate base reduced by the $11.843 million associated with the common equity issuance fees. PGE will continue to amortize the remaining balance of prior equity issuance fees during the test year.


h. **Issue S-9 Information Technology (IT) O&M**

PGE forecasted $64.1 million in IT O&M costs for the 2014 test year, a $10.5 million increase over 2011, and asked the Commission to continue to approve its investment in the 2020 Vision Program and other capital projects. In its review, Staff identified certain IT costs as development costs and proposed treating them as a regulatory asset with a 5-year amortization. During settlement discussions, PGE demonstrated that only a subset of costs were development costs. Consequently the stipulating parties agreed to treat $8.684 million of IT development O&M expense as a regulatory asset and to amortize this amount over five years, decreasing IT O&M expense by $6.947 million and adding $7.816 million to the rate base as a regulatory asset.


i. **Issue S-10 Docket UM 1645-Related Costs**

PGE included expense and rate base associated with a request for accounting order submitted in docket UM 1645. In that case, PGE applied to defer tax liability resulting from changes to PGE’s composite tax rate, which is based on the weighted average of income taxes owed to Washington and Oregon. In Order No. 13-150, we denied the

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16 PGE/900, Stathis-Dillon/12.
17 Stipulating Parties/100 at 8.
18 Id. at 6.
19 PGE/600, Henderson-Hosseini/28.
20 Stipulating Parties/100 at 7-8.
ORDER NO. 13 459

application. To reflect that decision, the stipulating parties agreed to reduce test year expense by $0.238 million and test year rate base by $5.279 million.\(^{21}\)

\(j.\) **Issue S-11 Rate Base**

PGE projected an average rate base of $3.126 billion. Staff raised concerns regarding whether five specific projects would be used and useful by the start of the test year and called into question amounts closing prior to the test year. The 2020 Vision Infrastructure, BART Sulfur Dioxide Controls, CET, and FERC License capital additions were removed from both 2013 and 2014 projected amounts. Twenty-five percent of the 2014 LED Streetlight Capital additions were also removed. The next effect of these changes was a reduction in the test year rate base by $62.563 million.\(^{22}\)

\(k.\) **Issue S-12 Compensation-Related Issues and S-13.4 Health Benefits**

The parties agreed to a reduction to PGE’s test year O&M and A&G expenses of $3.106 million, payroll taxes by $0.182 million and rate base by $1.169 million. The adjustments were made based on changes to seven sub-issues, discussed separately in the stipulation.

\(l.\) **Issue S-13.1 Directors’ and Officers’ (D&O) Insurance, Adjustments to Administrative and General Expenses and Memberships.**

The stipulating parties agreed to decrease test year expenses as follows: 50 percent of the excess layer of D&O insurance, 50 percent of meals and entertainment expenses, and 100 percent of certain membership expenses. The adjustments decrease O&M expense by $1.010 million.\(^{23}\)

\(m.\) **Issue S-14 Fee-Free Bank Cards**

Approximately 2.5 percent of PGE’s customers use a third-party credit or debit card payment option and PGE plans to offer residential customers the opportunity to manage the cost of those fees with this new program.\(^{24}\) The stipulating parties agreed that PGE will launch its Fee-Free Bank Card Program by July 1, 2104, and will report to the Commission and the stipulating parties regarding take rates, relative use of debit and credit cards and customer characteristics, no later than November 1, 2014. The program’s test year expenses were reduced by $1.098 million.\(^{25}\)

\(^{21}\) *Id.* at 8.
\(^{22}\) *Id.* at 8-9.
\(^{23}\) *Id.* at 10.
\(^{24}\) PGE/900, Stathis-Dillin/18.
\(^{25}\) Stipulating Parties/100 at 10.
n. **Issue S-15 Environmental Services**

Staff expressed concern over the potential for double-counting of costs for hydraulic monitoring during the test year. PGE provided an update with clarifying documentation, alleviating Staff’s concerns.\(^{26}\) The stipulation makes no adjustment to PGE’s proposal as filed.

o. **Issue OI-6 Storm Accrual**

PGE will continue to accrue $2 million per year for Level III storm damage, withdrawing its request to treat it as a balancing account.

p. **Colstrip O&M**

During settlement discussions, ICNU noted the historical variances between budgeted and actual expenses for the Colstrip facility. For settlement purposes, the stipulating parties agree to a $0.900 million reduction in operation and maintenance expenses for the test year.\(^{27}\)

*Commission Resolution.* We have examined the record on each of the issues set forth above and, based on the evidence presented, we adopt the stipulating parties’ proposals for settling each of the revenue requirement issues. We find them to be sufficiently supported by the testimony presented for our consideration and adoption of this section of the first stipulation will contribute to the provision of reliable service at just and reasonable rates.

3. **Rate Spread and Rate Design**

The stipulating parties reached agreement on a variety of issues related to rate spread and rate design. Those agreements, as applied to the parties’ agreement on revenue requirement issues, results in the estimated impact on customer rates as follows:\(^{28}\)

<table>
<thead>
<tr>
<th>Class</th>
<th>Net Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$45.290 million</td>
<td>5.5</td>
</tr>
<tr>
<td>Outdoor Area Lighting</td>
<td>$00.422 million</td>
<td>11.1</td>
</tr>
<tr>
<td>General Service &lt;30kW</td>
<td>$8.583 million</td>
<td>5.4</td>
</tr>
<tr>
<td>Optional Time of Day General Service &gt;30kW</td>
<td>$00.182 million</td>
<td>5.1</td>
</tr>
<tr>
<td>Irrigation and Drainage Pumping</td>
<td>$01.595 million</td>
<td>17.0</td>
</tr>
<tr>
<td>General Service 31-200kW</td>
<td>$10.306 million</td>
<td>4.5</td>
</tr>
<tr>
<td>General Service 201-4000kW Primary</td>
<td>$01.184 million</td>
<td>2.6</td>
</tr>
<tr>
<td>General Service 201-4000kW Secondary</td>
<td>$04.187 million</td>
<td>2.3</td>
</tr>
<tr>
<td>Schedule 89(^{29}) &gt;4000kW Primary</td>
<td>($01.544 million)</td>
<td>(1.2)</td>
</tr>
</tbody>
</table>

\(^{26}\) *Id. at 11.*

\(^{27}\) *See Id.*

\(^{28}\) The increases shown here reflect the impact of the third partial stipulation and net variable power cost updates set forth in PGE’s November 19, 2013 Pricing Update described above in fn 1.
Schedule 89 >Subtransmission  $00.191 million  1.5
Street and Highway Lighting  $00.499 million  2.9
Traffic Signals  $00.325 million  (0.4)
**Cost of Service Totals**  $70.893 million  4.3
Direct Access Service 201-4000kW Primary  ($01.696 million)  n/a
Direct Access Service 201-4000kW Secondary  ($02.677 million)  n/a
Direct Access Service >4000kW Primary  ($01.841 million)  n/a
Direct Access Service >4000kW Subtransmission  ($01.427 million)  n/a
**Direct Access Totals**  ($07.584 million)
**Cost of Service and Direct Access Cycle Totals**  $63.309 million  3.8

*Commission Resolution.* We have considered the stipulating parties' proposed resolution for each of the rate spread and rate design issues set forth above and, based on the evidence presented, we adopt the parties' joint proposals for allocating costs among the various customer groups. We find that the resulting rates will be just and reasonable for each class of customers.

4. **Load Forecasting**

The parties stipulated to two issues related to load forecasting. First, PGE agreed to implement a change to the load forecast to reflect energy efficiency implementation being weighted toward the end of the year. The parties acknowledge that the change might also affect the revenue requirement under the settlement.30

Second, the stipulating parties agreed to hold workshops on inclusion of embedded DSM in the load forecast, price elasticity and use of variables within the load forecast model.31

*Commission Resolution.* We approve the parties' resolution of load forecasting methodology issues and their plans for continued discussions with respect to possible revisions in the load forecast model.

B. **Second Partial Stipulation**32

The second partial settlement addressed proposed changes to PGE's direct access program, PGE's decoupling mechanism, and street lighting. The stipulation was reached after other parties filed opening testimony.

29 PGE no longer has, and does not anticipate having, any customers for Schedule 89 >4000kw Secondary Service.
30 First Partial Stipulation at 8, fn. 1.
31 See Id.
32 The Second Partial Stipulation is between PGE, Staff, CUB, the City of Portland, Kroger, ICNU, Wal-Mart, and Noble Solutions, and is attached to this order as Appendix B.
1. **Direct Access**

In Order No. 12-057, in docket UE 236, we adopted a stipulation that extended PGE’s direct access program through the 2013 election window for service commencing in 2014 and later. Staff and the City of Portland proposed that three changes be considered to the direct access program: (1) changing the advance notification requirements for customers desiring to return to COS energy pricing from the current two years to five years; (2) changing participation limits; and (3) offering long-term direct access to streetlight and traffic signal customers who meet certain size thresholds.\(^33\)

Commencing with the 2014 election period for service beginning in 2015, the stipulating parties addressed these concerns in essentially the following manner:

a. **5-Year Cost-of-Service Opt-Out Option**

The portion of the NVPC, supplemental and power market adjustments will be calculated in advance of the enrollment window and will not be updated during the applicable five-year period.\(^34\) However, PGE will be able to apply Commission-approved updated fixed generation costs that are recovered from cost-of-service customers during the period for which transition adjustments apply. Customers enrolled prior to the 2015 service year will not be subject to the changes to the transition adjustment in the stipulation, but will continue to pay fixed transition adjustments in effect at the time of their direct access election.\(^35\)

The initial Schedule 129 transition adjustments will reflect current Commission approved fixed generation costs, and the transition adjustments will not be levelized over the five-year period.

During the five-year period the portion of Schedule 129 transition adjustments related to fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings.

Customers electing the five-year opt-out must give PGE not less than three year’s notice to return to cost-of-service.\(^36\)

b. **3-Year Cost-of-Service Opt-Out Option**

For 2014 elections for service beginning in 2015 and thereafter, the parties agreed on three changes. First, PGE will offer fixed Schedule 129 transition adjustments in accordance with OAR 860 038-0275(5) that are not subject to update. Second, PGE will calculate the transition adjustments according to an agreed methodology. Third, the

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\(^{33}\) Second Partial Stipulation at 3.  
\(^{34}\) Id. at 2.  
\(^{35}\) Id. at 4.  
\(^{36}\) Id. at 3.
transition adjustments will be levelized and differentiated by tariff schedule and delivery voltage.\textsuperscript{37}

c. \textit{Direct Access for Street Lighting and Traffic Signals}

PGE will implement new Schedules 491, 492, and 495 to provide for direct access for street lighting and traffic signal customers.

d. \textit{Other Changes}

Schedule 91, 92, and 95 customers are offered long-term direct access beginning with 2015 service year. For Schedule 491 and 495 rates, the number of lights must be greater than 30,000. For Schedule 492 rates, the number of intersections must be greater than 500. Eligibility requires that all lights for the corresponding municipal department must be included in the election. There is a 300 aMW cap on direct access participation and the overall participation limit will remain at 300 aMW. The parties agree that the program will be in effect for four service years and no party will seek or support any changes to the program during that time, unless they all agree, nor will they oppose a PGE request for a waiver of OAR 860-038-0275 as a result of the 300 aMW cap.\textsuperscript{38}

\textit{Commission Resolution:} We have reviewed the individual testimony of the parties as well as the joint testimony of the parties in support of the second stipulation and we find that the changes to the direct access program provide a reasonable and just means of balancing the interests of direct access and cost-of-service customers. We adopt this portion of the stipulation and find it to be in the public interest.

2. \textit{Decoupling}

PGE proposed to continue to use the decoupling mechanism, which requires specific extension approval, and asked that use of the mechanism be made permanent. The stipulating parties agree to extend the adjustment through 2016, with the three changes.

First, starting in 2014, PGE will file its prior year decoupling results by November 1, for prices effective January 1 of the following year (e.g., 2013 results filed November 1, 2014, effective January 1, 2015). Second, for residential customers (Schedule 7), a secondary fixed monthly charge will be applied only to customer counts that exceed test year customer counts. This charge will be 76 percent of the final Schedule 7 monthly fixed charge-per customer. Third, the base fixed and secondary fixed monthly charges will be updated in general rate cases and the secondary charge will continue to be a percentage of the base fixed charge. The percentage factor will be the average of the annualized consumption for new connecting residential customers during a two-year

\textsuperscript{37} Id. at 3-4.
\textsuperscript{38} Id. at 4-5.
period (beginning 3 years and ending one year prior to the filing date), compared to the final forecast Schedule 7 use per customer in the rate case test period. 39

Commission Resolution. The stipulation relating to the decoupling mechanism is adopted. In Order No. 09-020, docket UE 197, 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. 40 By adopting the stipulated settlement in this docket, we further extend the mechanism with changes that will more closely align the outcomes to our intended goals.

3. Street Lights

The stipulating parties propose the following resolution of four streetlight-related issues. First, the stipulated cost of capital will be applied to lighting pole and investment prices, rather than the cost of capital used in PGE’s initial filing. Second, maintenance costs of associated circuits will continue to be assigned directly to the maintenance prices for Schedule 91 Option A and B, Schedule 95 Option A and Schedule 15 prices, rather than recover costs through distribution, a change PGE had proposed in its initial filing. 41 Third, Schedule 91 Option B pole prices will be calculated using a 0.20 percent replacement rate. The Option B pole price is calculated by multiplying the Option A pole price by the 0.2 percent replacement rate. 42 Finally, PGE and the City of Portland commit to resolve issues related to demarcation points and ownership and responsibilities for streetlight-associated circuits. 43

Commission Resolution. We adopt this portion of the stipulation and find that it will result in just and reasonable rates and is in the public interest.

C. Third Partial Stipulation—Pension-Related Costs 44

The final issue resolved by the parties relates to the accounting treatment of pension-related costs and their impact on the revenue requirement. In its direct and rebuttal testimony PGE proposed continued use of Financial Accounting Statement (FAS) 87 to determine pension expense in the revenue requirement, but also requested adoption of a balancing account to track differences between forecasted and actual pension expense. The balancing account would earn a rate of return on the balance, recognizing the long-term nature of the plan and the opportunity cost of using these funds.

40 Order No. 09-020 at 29 (Jan 22, 2009).
41 Stipulating Parties/200 at 11.
42 Id.
43 Second Partial Stipulation at 6.
44 The Third Partial Stipulation is between PGE, Staff, CUB, and ICNU, and is attached to this order as Appendix C.
Other parties opposed PGE's request. CUB believed that ratemaking for PGE's pensions should be based on cash contributions and proposed the use of a three-year rolling average of actual FAS 87 expenses. ICNU recommended continued use of historical FAS 87 expense amounts for ratemaking purposes, but did not offer testimony on what the Commission's policy should be on long-term pension expense recovery. Staff recommended that the Commission approve PGE's forecasted 2014 FAS 87 test year expense for use in setting rates, and further recommended that the variance between the forecasted expense and the actual 2014 FAS 87 expense be captured in a deferral account.

In the third partial stipulation, the stipulating parties agreed to treat the issue of pension expense in the same manner as recent rate cases with the revenue requirement based on FAS 87 pension expense. The parties agreed that PGE's test year FAS 87 expense will be reduced $0.3 million to $19.5 million, and that neither a balancing account nor a deferral would be created for FAS 87 expense in this docket. The parties agreed that the deferred tax benefit referred to in PGE's testimony (PGE Exhibits 1800 and 2000) will remain in rate base in this docket. The revenue requirement value of the deferred tax benefit is approximately $3.8 million.

The parties also agreed that policy issues regarding the ratemaking treatment of the "prepaid pension asset," "prepaid pension cost," deferred tax benefits, FAS 87 expense, and pension contributions will be addressed in docket UM 1633, and the parties agree to allow all pension related data requests and responses from this case would be incorporated into that generic investigation.

Commission Resolution. We adopt the parties' proposed settlement of this issue and their conclusion that the overall level of $19.5 million in pension expense is a reasonable amount. Policy questions raised by the PGE proposal will be examined in a manner that will enable us to address the issue of accounting treatment of pension costs for all utilities in a common proceeding, while, at the same time, enabling resolution of all issues in this proceeding in a manner that will result in just and reasonable rates.

IV. CONCLUSION

We have reviewed the testimony presented by the parties, stipulating parties, and the public comments filed with the Commission by numerous customers and others with an interest in this proceeding, and conclude that our decisions in this docket will result in rates that are fair, just, and reasonable.

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45 CUB/200, Jenks-McGovern/2.
46 ICNU/200, Deen/1.
47 Staff/500, Bahr/3.
49 CUB/200, Jenks-McGovern/2 at lines 9-14.
50 Third Partial Stipulation at 2.
V. ORDER

IT IS ORDERED that:

1. The partial stipulation between Portland General Electric Company; Public Utility Commission of Oregon Staff (Staff); the Citizens' Utility Board of Oregon; the City of Portland, Fred Meyer Stores and Quality Food Centers, Divisions of Kroger Co. (Kroger); the Industrial Customers of Northwest Utilities (ICNU); and Wal-Mart Stores, Inc. attached to this order as Appendix A, is adopted.

2. The second partial stipulation between PGE, Staff, CUB, the City of Portland, Kroger, ICNU, Wal-Mart, and Noble Americas Energy Solutions LLC, attached to this order as Appendix B, is adopted.

3. The third partial stipulation between PGE, Staff, CUB, and ICNU, attached to this order as Appendix C, is adopted.

4. Advice No. 13-03, filed February 15, 2013, is permanently suspended.


DEC 09 2013

Susan K. Ackerman
Chair

John Savage
Commissioner

Stephen M. Bloom
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.
BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UE 262

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY

Request for a General Rate Revision

This Partial Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the City of Portland ("COP"), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. ("Kroger"), the Industrial Customers of Northwest Utilities ("ICNU"), and Wal-Mart Stores, Inc. (collectively, the "Stipulating Parties"). Noble Americas Energy Solutions LLC ("Noble") does not oppose this Partial Stipulation. PacifiCorp intervened to monitor this docket, did not participate in settlement negotiations, and takes no position on this stipulation.

On February 15, 2013, PGE filed this general rate case. On March 4, 2013, a prehearing conference was held. A procedural schedule was established to resolve issues relating to the general rate revision. A separate docket was established, Docket No. UE 266, for consideration of issues related to PGE's Net Variable Power Costs and Annual Power Cost Update. PGE has requested that the revised rates pursuant to this general rate case become effective January 1, 2014. PGE has responded to over 750 data requests in this docket from Staff and other parties.

Prior to the Settlement Conference scheduled for May 29, 2013, Staff provided to the other parties in this docket its settlement proposal that included numerous proposed adjustments
to PGE’s filed case. Other parties also identified issues. On May 29, 2013, the Stipulating Parties participated in a Settlement Conference regarding this docket. All parties were invited to participate. Subsequent settlement conferences were held on June 3, June 6, and June 7, 2013. As a result of those discussions the Stipulating Parties have reached a compromise settlement of all but four issues in this docket, as described in detail below.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves all revenue requirement issues in this docket except PGE’s test year pension-related costs, and all other issues except proposed changes to PGE’s direct access program, aspects of PGE’s decoupling mechanism, and three streetlight related issues raised by the COP: ownership and maintenance responsibility of associated circuits, certain luminaire charges, and pole maintenance charges.

2. The Stipulating Parties acknowledge that according to this settlement PGE’s cost of debt will be updated later this year to incorporate actual 2013 debt costs no later than November 1, 2013. Accordingly, the revenue requirement impact of this settlement may change. Using PGE’s most current estimate of the cost of long-term debt, the estimated reduction to PGE’s revenue requirement as a result of this Partial Stipulation is approximately $42.1 million. The Stipulating Parties attach Exhibit A, which provides an illustrative, agreed-upon calculation of PGE’s revenue requirement, reflecting the following agreements and adjustments stipulated to by the Parties:

REVENUE REQUIREMENT ISSUES

a. S-0 Rate of Return and S-8 Stock Issuance Fees. The Stipulating Parties agree to an authorized return on equity of 9.75% and a capital structure of 50% equity and
50% long-term debt for test year 2014. The Stipulating Parties also agree to update PGE’s cost of long-term debt no later than November 1, 2013 based on actual 2013 debt issuances, and that the weighted average cost of debt to be issued in 2014 should be 4.15% on projected issuances totaling $365 million for establishing rates in this docket. Additionally, the Stipulating Parties agree that PGE’s proposed 2014 expenses will be reduced by $1.282 million and rate base reduced by $11.843 million associated with common equity issuance fees. PGE will continue to amortize the remaining balance of prior equity issuance fees during the test year.

b. **S-1 Other Revenue and S-6 Other Revenue - Transmission.** PGE’s proposed 2014 Other Revenues will be increased by $0.749 million.

c. **S-2 Uncollectibles.** An uncollectible rate of 0.50% will be used in this case.

d. **S-3 Working Cash.** A working cash factor of 3.70% will be used in deriving revenue requirement. This includes the estimated 2014 benefit of the fee-free bankcard program discussed below in S-14.

e. **S-4 Customer Service.** Test year expense will be decreased by $0.022 million.

f. **S-5 Research and Development.** PGE’s test year research and development expenses will be decreased by 25% or $0.50 million from the amount in PGE’s initial filing.

g. **S-7 Customer Engagement Transformation (CET).** PGE will treat CET O&M expenses of $8.0 million in 2014 as a regulatory asset and agrees to amortize the amount over five years. As a result CET O&M expenses in 2014 will decrease by
$6.40 million and an associated regulatory asset of $7.200 million will be added to rate base.

h. S-9 Information Technology (IT) O&M expense. PGE will treat $8.684 million of development IT O&M expense as a regulatory asset and agrees to amortize the amount over five years. As a result, IT O&M expenses in 2014 will decrease by $6.947 million and an associated regulatory asset of $7.816 million will be created in rate base.

i. S-10 Removal of UM 1645. PGE’s initial filing in this docket included expense and rate base for the accounting order it had requested in Docket No. UM 1645. On April 23, 2013, the Commission issued Order No. 13-150, denying PGE’s application for an accounting order. PGE will remove the subject projected test year expenses in this case. This will reduce test year expense by $0.238 million and rate base by $5.279 million.

j. S-11 Rate Base Reduction. Costs incurred in 2013 and projected through 2014 associated with the following four capital projects will be removed from test year rate base: 2020 Vision Infrastructure, CET, FERC License capital additions, and BART SO2 Controls. 2014 LED Streetlight Project capital additions will also be reduced by 25%. Rate base associated with Shute-Sewell easements will also be removed. These adjustments result in a decrease in 2014 rate base of $62.563 million.

k. S-12.1 Wages and Salaries, S-12.2 FTE Adjustment, S-12.3 Incentives, S-12.4 Overtime, S-12.5 Payroll Taxes, S-12.6 Depreciation O&M, and S-13.3 and 13.4 Medical and Dental Benefits. For settlement purposes, PGE will remove officer
incentives, adjust forecasted increases in wages and salaries, and remove an additional $1.0 million of wages and salaries. Incentives, overtime, payroll taxes, depreciation O&M, and medical and dental benefits will all be reduced consistent with the wages and salaries reductions. These adjustments result in a decrease to O&M and A&G expense of $3.288 million and rate base of $1.169 million.

I. S-13.1 D&O Insurance. S-13.2 Various A&G Adjustments. and S-13.5 Memberships. Test year expenses for the excess layer of Directors and Officers Insurance will be decreased by 50%. One-half of meals and entertainment expenses, and certain membership expenses will be removed from test year expenses. These adjustments result in a decrease to O&M expense of $1.010 million.

m. S-14 Fee Free Bank Cards. The Stipulating Parties agree that PGE will launch its fee-free bank card program by July 1, 2014 and will report to the OPUC and other Stipulating Parties on adoption rate, relative use of debit cards to credit cards, and the characteristics of customers using this program. The PGE report will be circulated to the Stipulating Parties no later than November 1, 2014. Test year expenses for the bank card program will be reduced by $1.098 million.

n. S-15 Environmental Services. There will be no adjustment to PGE’s filed case.

o. OI-6 Storm Accrual. PGE will continue to accrue $2 million per year for Level III storm damage. PGE withdraws its request for this account to be treated as a balancing account.

p. Colstrip O&M. For settlement purposes, Colstrip O&M expenses will be reduced by $0.900 million.
RATE SPREAD AND RATE DESIGN ISSUES

The Stipulating Parties also agree to the rate spread and rate design with the corrections and adjustments summarized below. The resulting estimated impact on Customers’ prices, including the impact of the stipulated revenue requirement issues summarized above, are set forth in Exhibit B.

q. Customer Service marginal cost study. PGE will incorporate certain corrections identified by Staff into the marginal customer cost study. PGE will also incorporate the lower CET O&M amount stipulated to above into the customer marginal cost study.

r. Franchise Fees. Franchise fees will be included in an informational schedule within PGE’s tariff that details the franchise fee prices. In individual tariff schedules within the tariff and for billing purposes franchise fees will continue to be embedded within the system usage and distribution charges as they are currently. PGE will include Schedule 129 revenues from direct access customers for purposes of calculating the franchise fee differential between cost-of-service and direct access customers. There will not be a franchise fee line item on customer bills.

s. Generation marginal cost study. In its marginal cost study, PGE will use the results of a proxy peaker analysis that incorporates SCCT and CCCT, but does not include wind in the energy calculation. This results in a capacity/energy split of approximately 26/74 instead of the 35/65 split initially proposed.

t. Transmission allocation. Unbundled transmission revenue requirement will be allocated on the basis of a 65% capacity, 35% energy split.
u. **Large customer cost allocation.** For customers with average loads over 100 MW, a load following/integration credit of $1.13 per megawatt hour will apply to billings for the 100 MW. This credit will be allocated to other cost-of-service customers. The credit will apply regardless of whether the customers take service under Schedule 89, Schedule 489 or Schedule 589.

v. **Rate increase percentage ceiling.** Independent of the marginal cost study results, no customer schedule shall receive an average rate increase greater than 17 percent.

w. **Schedule 129 revenues.** Beginning with the direct access enrollment windows occurring in 2013, for service beginning in 2014, Schedule 129 Transition Cost Adjustments will be allocated to all rate schedules on an equal cents per kWh basis. Schedule 129 Transition Cost Adjustments for enrollment windows occurring prior to the date of this Stipulation will continue to be allocated to Schedules 85 and 89 and their direct access equivalents as provided in the currently effective Schedule 129. These adjustments will apply to the system usage and distribution charges where appropriate.

x. **Schedule 83 demand charges.** PGE clarifies that its proposal in this docket is that Schedule 83 demand charges apply during on-peak periods only. The Stipulating Parties agree that this is appropriate.

y. **Schedule 83 time of day energy differential.** The on/off peak price differential for Schedule 83 will be set at 10 mills/kWh.

z. **LED group lamp replacement credit.** Subject to the terms below, PGE will provide a credit to customers that convert from Schedule 91 Option “B”
luminaires to Option “A” or “C” LED luminaires. This credit will be given to customers that provide notice to PGE that they will be converting Option “B” luminaires to Option “A” or “Option “C” luminaires by December 31, 2016. This credit and will be 50 cents per fixture per month beginning on the date the customer provides notice to PGE and continue to the date of the conversion.

aa. LRRA Application. For customers that have chosen long-term direct access PGE’s Schedule 123 Nonresidential Lost Revenue Recovery Adjustment prices will be calculated to apply to distribution services only.

bb. Schedule 89 Basic Charge. PGE agrees to study the impact of the Schedule 89 Basic Charge on low load factor customers at the lower end of the 4 MW threshold and communicate the results of such study in its next general rate case filing.

LOAD FORECAST ISSUES

cc. DSM Shaping. PGE agrees to implement a change to the load forecast to reflect energy efficiency implementation being weighted toward the end of the year.1

dd. Workshops. The Stipulating Parties agree to hold workshops, as necessary, to address inclusion of embedded DSM in the load forecast, price elasticity, and use of certain variables within the load forecast model. PGE and Staff will work together in coordinating the schedule for these workshops.

3. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of all issues in this docket except those identified in paragraph 1 above.

1 This change in the load forecast may also affect the revenue requirement impact of this settlement.
4. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.

5. The Parties agree that this Stipulation represents a compromise in the positions of the 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.

6. The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission’s resolution of issues that this Stipulation does not resolve.
7. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no 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. 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.

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

DATED this ___ day of July, 2013.
ORDER NO. 13 459

PORTLAND GENERAL ELECTRIC COMPANY

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

CITIZENS' UTILITY BOARD OF OREGON

CITY OF PORTLAND

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.
PORTLAND GENERAL ELECTRIC COMPANY

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CITY OF PORTLAND

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.
<table>
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<tr>
<th></th>
<th>At Current Rates</th>
<th>GRC Change for RROE</th>
<th>Proposed 2014</th>
<th>NVPC Updates</th>
<th>Stipulation Results</th>
<th>Total Increase incl. Sch. 145</th>
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<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
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<td>-</td>
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<td>102,529</td>
<td>1,806,670</td>
<td>2,103</td>
<td>(4,674)</td>
<td>(41,356) 1,762,743</td>
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<td>-</td>
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<td>7 Trojan O&amp;M</td>
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<td>93,824</td>
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<td>(15)</td>
<td>(96) 5,439</td>
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<td>13 A&amp;G, Ins/Bene., &amp; Gen. Plant</td>
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<td>-</td>
<td>-</td>
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<td>854</td>
<td>1,105,255</td>
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<td>(4,538)</td>
<td>(20,194) 1,082,116</td>
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<td>242,879</td>
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<td>30,589</td>
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<td>1,840</td>
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<td>2,564</td>
<td>44,653</td>
<td>53</td>
<td>(117)</td>
<td>(768) 43,335</td>
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<td>21 Utility Income Tax</td>
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<td>39,484</td>
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<td>(6)</td>
<td>(4,892) 65,013</td>
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<td>22 Total Operating Expenses &amp; Taxes</td>
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<td>42,302</td>
<td>1,560,260</td>
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<td>(4,669)</td>
<td>(27,594) 1,532,968</td>
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<td>23 Utility Operating Income</td>
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<td>59,627</td>
<td>245,809</td>
<td>6</td>
<td>(13)</td>
<td>(13,761) 222,776</td>
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<tr>
<td>24 Average Rate Base</td>
<td></td>
<td></td>
<td>245,809</td>
<td></td>
<td></td>
<td>232,776</td>
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<tr>
<td>26 Avg. Accum. Deprec./Amort</td>
<td>(3,729,761)</td>
<td>(3,729,761)</td>
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<td>-</td>
<td>(3,729,761)</td>
<td>-</td>
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<tr>
<td>27 Avg. Accum. Def Tax</td>
<td>(506,558)</td>
<td>(506,558)</td>
<td>-</td>
<td>-</td>
<td>(506,558)</td>
<td>-</td>
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<tr>
<td>28 Avg. Accum. Def ITC</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>-</td>
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<td>4</td>
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<td>30 Misc. Deferred Debits</td>
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<td>-</td>
<td>-</td>
<td>3,173 50,105</td>
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<tr>
<td>31 Operating Materials &amp; Fuel</td>
<td>73,324</td>
<td>73,324</td>
<td>-</td>
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<td>73,324</td>
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<td>32 Misc. Deferred Credits</td>
<td>(74,255)</td>
<td>(74,255)</td>
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<td>-</td>
<td>(5,279)</td>
<td>(79,534) 56,609</td>
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<tr>
<td>33 Working Cash</td>
<td>60,415</td>
<td>1,707</td>
<td>62,122</td>
<td>78</td>
<td>(172)</td>
<td>(1,021) 62,122</td>
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<td>34 Average Rate Base</td>
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<td>3,126,153</td>
<td>78</td>
<td>(172)</td>
<td>(66,859) 3,054,802</td>
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<td>Rate of Return</td>
<td>5.959%</td>
<td>7.863%</td>
<td>7.629%</td>
<td></td>
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<td>----------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Effective Cost of Debt</td>
<td>5.726%</td>
<td>5.726%</td>
<td>5.490%</td>
<td></td>
<td></td>
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<tr>
<td>Effective Cost of Preferred</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
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<td></td>
<td></td>
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<tr>
<td>Debit Share of Cap Structure</td>
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<td>50.000%</td>
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<td>Preferred Share of Cap Structure</td>
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<td>0.000%</td>
<td>0.000%</td>
<td></td>
<td></td>
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<td>Weighted Cost of Debt</td>
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<td>2.863%</td>
<td>2.745%</td>
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<tr>
<td>Weighted Cost of Preferred</td>
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<td>0.000%</td>
<td>0.000%</td>
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<td></td>
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<td>Equity Share of Cap Structure</td>
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<td>State Tax Rate</td>
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<td>7.474%</td>
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<tr>
<td>Federal Tax Rate</td>
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<td>35.000%</td>
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</tr>
<tr>
<td>Composite Tax Rate</td>
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<td>39.858%</td>
<td>39.858%</td>
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<td></td>
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</tr>
<tr>
<td>Bad Debt Rate</td>
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<td>0.520%</td>
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<td>Franchise Fee Rate</td>
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<td>ROE Target</td>
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<td>10.000%</td>
<td>10.000%</td>
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<tr>
<td>Gross-Up Factor</td>
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<td>0.3125%</td>
<td>0.3125%</td>
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</table>

Utility Income Taxes

<table>
<thead>
<tr>
<th>Book Revenues</th>
<th>1,704,141</th>
<th>102,529</th>
<th>1,806,670</th>
<th>2,103</th>
<th>(4,674)</th>
<th>(41,356)</th>
<th>1,762,743</th>
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<tbody>
<tr>
<td>Book Expenses</td>
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<td>3,418</td>
<td>1,490,952</td>
<td>2,095</td>
<td>(4,655)</td>
<td>(23,437)</td>
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<td>89,502</td>
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<td>(5)</td>
<td>(1,835)</td>
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<tr>
<td>Production Deduction</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Permanent Ms</td>
<td>(17,560)</td>
<td>(17,560)</td>
<td>(17,560)</td>
<td>(17,560)</td>
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<tr>
<td>Deferred Ms</td>
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<td>21,363</td>
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<td>Taxable Income</td>
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<td>(14)</td>
<td>(16,083)</td>
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<table>
<thead>
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<th>Current State Tax</th>
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<td>State Tax Credits</td>
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<td>(3,017)</td>
<td>(3,017)</td>
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<td>Net State Taxes</td>
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<td>7,403</td>
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<td>(14,881)</td>
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<tr>
<td>Total Income Tax Expense</td>
<td>30,424</td>
<td>39,484</td>
<td>69,908</td>
<td>3</td>
<td>(6)</td>
<td>(6,410)</td>
<td>65,013</td>
</tr>
</tbody>
</table>
# TABLE 1
PORTLAND GENERAL ELECTRIC
ESTIMATED EFFECT ON CONSUMERS’ TOTAL ELECTRIC BILLS
2014

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RATE SCHEDULE</th>
<th>CUSTOMERS</th>
<th>MHV SALES</th>
<th>TOTAL ELECTRIC BILLS</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>w/ Sch. 122a, 125, 145</td>
<td>w/ Sch. 122a, 125, 145</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Residential</td>
<td>7</td>
<td>734,050</td>
<td>7,542,460</td>
<td>$833,458,226</td>
<td>$876,529,315</td>
</tr>
<tr>
<td>Employee Discount Subtotal</td>
<td>8</td>
<td>72,000</td>
<td>1,586,824</td>
<td>$161,910,840</td>
<td>$170,119,432</td>
</tr>
<tr>
<td>Outdoor Area Lighting</td>
<td>15</td>
<td>0</td>
<td>23,112</td>
<td>$4,185,014</td>
<td>$4,770,301</td>
</tr>
<tr>
<td>General Service &lt;30 kW</td>
<td>32</td>
<td>88,797</td>
<td>1,580,824</td>
<td>$192,158,311</td>
<td>$206,766,520</td>
</tr>
<tr>
<td>Irrig. &amp; Drain. Pump. &lt; 30 kW</td>
<td>47</td>
<td>3,203</td>
<td>21,482</td>
<td>$2,904,587</td>
<td>$3,359,824</td>
</tr>
<tr>
<td>Irrig. &amp; Drain. Pump. &gt; 30 kW</td>
<td>49</td>
<td>1,296</td>
<td>68,174</td>
<td>$9,471,640</td>
<td>$7,572,120</td>
</tr>
<tr>
<td>General Service 31-200 kW</td>
<td>83</td>
<td>11,129</td>
<td>2,796,932</td>
<td>$233,759,883</td>
<td>$244,646,364</td>
</tr>
<tr>
<td>General Service 201-4,000 kW</td>
<td>85-S</td>
<td>1,298</td>
<td>2,475,841</td>
<td>$167,571,498</td>
<td>$192,198,311</td>
</tr>
<tr>
<td>Secondary</td>
<td>85-P</td>
<td>102</td>
<td>660,547</td>
<td>$49,430,496</td>
<td>$49,430,496</td>
</tr>
<tr>
<td>Schedule 89 &gt; 4 MW</td>
<td>69-S</td>
<td>2</td>
<td>18,273</td>
<td>$1,432,739</td>
<td>$1,822,228</td>
</tr>
<tr>
<td>Secondary</td>
<td>69-P</td>
<td>23</td>
<td>2,191,333</td>
<td>$135,205,728</td>
<td>$132,923,315</td>
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<tr>
<td>Subtransmission</td>
<td>69-T</td>
<td>5</td>
<td>204,501</td>
<td>$12,568,462</td>
<td>$12,640,130</td>
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<tr>
<td>Street &amp; Highway Lighting</td>
<td>91/85</td>
<td>205</td>
<td>102,931</td>
<td>$17,468,468</td>
<td>$17,083,012</td>
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<tr>
<td>Traffic Signals</td>
<td>92</td>
<td>17</td>
<td>4,439</td>
<td>$337,738</td>
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<tr>
<td>COS TOTALS</td>
<td></td>
<td></td>
<td></td>
<td>$840,477</td>
<td>$1,649,257,862</td>
</tr>
<tr>
<td>Direct Access Service 201-4,000 kW</td>
<td>485-S</td>
<td>158</td>
<td>434,834</td>
<td>$12,480,353</td>
<td>$9,764,960</td>
</tr>
<tr>
<td>Secondary</td>
<td>485-P</td>
<td>42</td>
<td>227,590</td>
<td>$7,015,157</td>
<td>$5,541,061</td>
</tr>
<tr>
<td>Direct Access Service &gt; 4 MW</td>
<td>480-P</td>
<td>8</td>
<td>401,720</td>
<td>$8,880,647</td>
<td>$8,638,061</td>
</tr>
<tr>
<td>Primary</td>
<td>480-T</td>
<td>3</td>
<td>329,957</td>
<td>$5,246,769</td>
<td>$5,293,146</td>
</tr>
<tr>
<td>DIRECT ACCESS TOTALS</td>
<td></td>
<td>211</td>
<td>1,463,590</td>
<td>$33,632,926</td>
<td>$25,407,428</td>
</tr>
<tr>
<td>COS AND DA CYCLE TOTALS</td>
<td>840,638</td>
<td>19,233,875</td>
<td>1,681,890,788</td>
<td>1,742,057,843</td>
<td>$60,167,055</td>
</tr>
</tbody>
</table>

APPENDIX A
Page 20 of 20
BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 262

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY

SECOND PARTIAL STIPULATION

Request for a General Rate Revision

This Second Partial Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the City of Portland ("COP"), Fred Meyer Stores and Quality Food Centers, Division of Kroger Co. ("Kroger"), the Industrial Customers of Northwest Utilities ("ICNU"), Wal-Mart Stores, Inc., and Noble Americas Energy Solutions LLC ("Noble") (collectively, the "Stipulating Parties"). PacifiCorp intervened to monitor this docket and did not participate in settlement negotiations.

Many of the Stipulating Parties previously entered into and filed a Partial Stipulation in this docket that settled all issues except PGE's test year pension-related costs, proposed changes to PGE's direct access program, aspects of PGE's decoupling mechanism, and three streetlight related issues raised by the COP: ownership and maintenance responsibility of associated circuits, certain luminaire charges, and pole maintenance charges.

On July 2, 2013, the Stipulating Parties participated in a Settlement Conference regarding all remaining issues in this docket except pension expense. All parties were invited to participate. A subsequent settlement conference was held on July 9, 2013. Counsel for the Northwest and Intermountain Power Producers Coalition ("NIPPC") participated in this
Settlement Conference. As a result of those discussions the Stipulating Parties have reached a compromise settlement of all remaining issues in this docket except pension-related cost, as described in detail below.

TERMS OF PARTIAL STIPULATION

1. This Partial Stipulation resolves all remaining issues in this docket except PGE's test year pension-related costs.

LONG-TERM DIRECT ACCESS ISSUES

2. To address disputed issues of potential undue cost shifting and fairness to all customers, the Stipulating Parties agree to the following changes to PGE's long-term direct access programs. The Stipulating Parties intend for these changes to be implemented after expiration of the currently effective stipulation approved by the Commission in Order No. 12-057, which makes the current program available through the 2013 election window for service commencing in 2014 and thereafter.

3. With respect to the five-year cost of service opt-out option in PGE's tariffs, the Stipulating Parties agree that commencing with elections made in 2014 for service commencing in 2015 and thereafter:
   a. The portion of the Schedule 129 transition adjustments related to net variable costs, applicable supplemental adjustments, and the market price of power will be calculated in advance of the applicable enrollment window and will not be subject to updates during the five-year period for which the transition adjustments are applicable. This portion of the transition adjustments will be levelized over the five-year period.
b. The initial Schedule 129 transition adjustments will reflect current Commission-approved fixed generation costs, and the transition adjustments will not be levelized over the five-year period.

c. During the five-year period the portion of Schedule 129 transition adjustments related to fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings.

d. Beginning in year six from the election transition adjustments will be zero.

e. PGE will continue to differentiate Schedule 129 transition adjustments by schedule and delivery voltage for Schedules 485 and 489.

f. Consistent with the agreements below regarding streetlight issue, new tariff Schedules 491, 492, and 495 will be implemented. Schedules 491, 492 and 495 will each be subject to the same Schedule 129 transition adjustments.

g. Customers electing the five-year opt-out under Schedules 485, 489, 491, 492, and/or 495, must give PGE not less than three years notice to return to cost of service.

4. With respect to the three-year cost of service opt-out option in PGE’s tariffs, and also commencing with elections made in 2014 for service commencing in 2015 and thereafter:

a. PGE will offer fixed Schedule 129 transition adjustments in accordance with OAR 860-038-0275(5) that are not subject to update.

b. PGE will calculate these transition adjustments by including the projected monthly revenue-requirements of existing and new resources, if any, that are expected to begin providing service to customers during the three-year period.
the new resources are expected to commence service to customers on a date other than January 1, the revenue requirements for the resource will be appropriately prorated for the year.

c. The Schedule 129 transition adjustments will be levelized and differentiated by tariff schedule and delivery voltage.

5. Customers that enrolled in a five-year opt-out prior to the 2015 service year will not be subject to the changes to the calculation of the transition adjustment implemented by the Stipulation, and instead will continue to be responsible for the fixed transition adjustments contained in the rate schedules in effect at the time of the direct access election.

6. PGE will offer long-term direct access for customers on tariff Schedules 91, 92, and 95 commencing with the 2015 service year. These new long-term direct access tariffs will be Schedules 491, 492, and 495. To be eligible for Schedules 491 and 495, the minimum number of lights will be 30,000. To be eligible for Schedule 492, the minimum number of intersections will be 500. To be eligible for participation in any of these schedules, all lights corresponding to an individual municipal department (e.g. transportation, water, or parks departments within a municipality) must be included in the long-term direct access election. Participation in the new Schedules 491, 492, and 495 will be subject to the 300 aMW direct access participation cap.

7. The overall long-term direct access participation limit will remain at 300 aMW.

8. PGE agrees to consider in good faith the possibility of providing an option that would allow direct access customers to remain in the direct access program after relocating to
another location within PGE's service territory, and the Stipulation Parties agree that implementing such a change to the direct access program will not violate this Stipulation.

9. It is the intent of the Stipulating Parties that the terms of this Stipulation regarding long-term direct access issues will be in effect for the four service years 2015 through 2018. The Stipulating Parties agree that they will not propose or support changes to PGE's long-term direct access program during this period, unless agreed to by all Stipulating Parties. The Stipulating Parties further agree that if PGE seeks a waiver of OAR 860-038-0275 as a result of the 300 aMW limit, the Stipulating Parties will not oppose PGE's request.

DECOUPLING ISSUES

10. PGE's Schedule 123 Decoupling Adjustment will be extended through 2016 with the following changes:

a. Commencing in 2014 PGE will file its decoupling results for the previous year by November 1, for prices effective January 1. For example, PGE will file its 2013 decoupling results by November 1, 2014, for prices effective January 1, 2015.

b. For Schedule 7, a secondary fixed monthly charge will be applied only to customer counts that exceed the test period customer counts. This secondary fixed charge will be calculated by taking 76 percent of the final Schedule 7 Monthly Fixed Charge per customer in order to develop the secondary fixed monthly charge.

c. The fixed monthly charge and the secondary fixed monthly charge will be updated in general rate cases. The secondary fixed monthly charge will be a percentage factor multiplied by the fixed monthly charge. The percentage factor
will be the average of the annualized consumption for new (connecting) residential customers during a two-year period, compared to the final forecast Schedule 7 use per customer in the rate case test period. The two-year period shall begin three years prior to the initial filing date and end one year prior to the filing date.

STREETLIGHT ISSUES
11. The previously stipulated overall rate of return will be applied to lighting pole and investment prices.
12. The costs of maintenance of associated circuits will be reassigned from distribution to the maintenance prices for Schedule 91 Option A and B, Schedule 95 Option A, and Schedule 15 prices.
13. Schedule 91 Option B pole prices will be calculated using a 0.20% replacement rate.
14. PGE and the City of Portland commit to resolve concerns regarding the Option C demarcation points and the points of delivery for streetlight associated circuits in the City of Portland. PGE and the City of Portland commit to resolving concerns regarding ownership and responsibilities regarding these associated circuits, including but not limited to code compliance, accessibility and safety, outside of this proceeding.

GENERAL PROVISIONS
15. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of all remaining issues in this docket except PGE's test-year pension related costs.
16. The Parties agree that this Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.
17. The Parties agree that this Stipulation represents a compromise in the positions of the 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.

18. The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission’s resolution of issues that this Stipulation does not resolve.

19. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal, provide witnesses to support this Stipulation (if
specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no 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. 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.

20. 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 27 day of July, 2013.

________________________
PORTLAND GENERAL ELECTRIC COMPANY

________________________
STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

________________________
CITIZENS' UTILITY BOARD OF OREGON

________________________
CITY OF PORTLAND
specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. 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. 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.

20. 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 22 day of July, 2013.

______________________________
PORTLAND GENERAL ELECTRIC
COMPANY

______________________________
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

______________________________
CITIZENS’ UTILITY BOARD
OF OREGON

______________________________
CITY OF PORTLAND
specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. 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. 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.

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

DATED this day of July, 2013.

__________________________
PORTLAND GENERAL ELECTRIC
COMPANY

__________________________
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

__________________________
CITIZENS’ UTILITY BOARD
OF OREGON

__________________________
CITY OF PORTLAND
specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. 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. 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.

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

DATED this day of July, 2013.

PORTLAND GENERAL ELECTRIC COMPANY

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

CITIZENS' UTILITY BOARD OF OREGON

Benjamin Walters, City of Portland

7/2/13 CITY OF PORTLAND
ORDER NO. 13 459

S. Bradley Clea
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.

NOBLE AMERICAS ENERGY
SOLUTIONS LLC
INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.

NOBLE AMERICAS ENERGY SOLUTIONS LLC
INDUSTRIAL CUSTOMERS OF NORTHEAST UTILITIES

THE KROGER CO.

WAL-MART STORES, INC.

Noble Americas Energy Solutions LLC
BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 262

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY

THIRD PARTIAL STIPULATION

Request for a General Rate Revision

This Third Partial Stipulation ("Stipulation") is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and the Industrial Customers of Northwest Utilities ("ICNU") (collectively, the "Stipulating Parties").

Two previous stipulations have been filed in this docket. Those stipulations together settled all issues in the docket except PGE's test year pension-related costs.

On August 16, 2013, the Stipulating Parties participated in Settlement Conferences regarding the remaining issue of pension expense. All parties were invited to participate. Settlement discussions continued on September 5, 2013. As a result of those discussions the Stipulating Parties have reached a compromise settlement of test year pension-related cost, as described in detail below. The Stipulating Parties are not aware of any party that opposes this Third Partial Stipulation. No party, other than the Stipulating Parties, submitted testimony on pension-related costs.

TERMS OF THIRD PARTIAL STIPULATION

1. This Third Partial Stipulation resolves the one remaining issue in this docket: PGE’s test year pension-related costs.
2. PGE's test year FAS 87 expense will be reduced $0.3 million to $19.5 million.

3. The Stipulating Parties agree that neither a balancing account nor a deferral should be created for FAS 87 expense in this docket. PGE withdraws its request for such a balancing account in this docket.

4. The deferred tax benefit referred to in PGE's Testimony (PGE Exhibits 1800 and 2000) will remain in rate base in this docket. The revenue requirement value of the deferred tax benefit is approximately $3.8 million.

5. The Stipulating Parties anticipate that policies regarding the ratemaking treatment of the "prepaid pension asset"¹/"prepaid pension cost"², deferred tax benefits, FAS 87 expense and pension contributions will be addressed in Docket UM 1633, the pending multi-utility docket regarding pension costs. The Stipulating Parties agree to allow all pension related data requests and responses from Docket UE 262 to be incorporated into Docket UM 1633.

6. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as an appropriate and reasonable resolution of the one remaining issue in this UE 262 docket.

7. The Parties agree that this Third Partial Stipulation is in the public interest and will result in rates that are fair, just and reasonable and will meet the standard in ORS 756.040.

8. The Parties agree that this Third Partial Stipulation represents a compromise in the positions of the 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

¹ UE 262 PGE 1800 and PGE 2000
² UE 262 CUB/200 Jenks-McGovern/2 at lines 9-14.
instant or any subsequent proceeding, unless independently discoverable or offered for
other purposes allowed under ORS 40.190.

9. The Stipulating Parties have negotiated this Third Partial Stipulation as an integrated
document. If the Commission rejects all or any material part of this Third Partial
Stipulation, or adds any material condition to any final order that is not consistent with
this Third Partial Stipulation, each Party reserves its right: (i) to withdraw from the Third
Partial Stipulation, upon written notice to the Commission and the other Parties within
five (5) business days of service of the final order that rejects this Third Partial
Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to
ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to
ORS 756.610 to appeal the Commission order. Nothing in this paragraph
provides any Party the right to withdraw from this Third Partial Stipulation as a result of
the Commission's resolution of issues that this Third Partial Stipulation does not resolve.

10. This Third Partial Stipulation will be offered into the record in this proceeding as
evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Third
Partial Stipulation throughout this proceeding and in any appeal, provide witnesses to
support this Third Partial Stipulation (if specifically required by the Commission), and
recommend that the Commission issue an order adopting the settlements contained
herein. By entering into this Third Partial 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 Third Partial Stipulation. Except as provided in this Third Partial Stipulation, no Party shall be deemed to have agreed that any provision of this Third Partial Stipulation is appropriate for resolving issues in any other proceeding.

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

DATED this 23rd day of September, 2013.

[Signature]

PORTLAND GENERAL ELECTRIC COMPANY

[Signature]

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

[Signature]

CITIZENS' UTILITY BOARD OF OREGON

[Signature]

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Third Partial Stipulation. Except as provided in this Third Partial Stipulation, no Party shall be deemed to have agreed that any provision of this Third Partial Stipulation is appropriate for resolving issues in any other proceeding.

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

DATED this 23rd day of September, 2013.

__________________________
PORTLAND GENERAL ELECTRIC COMPANY

__________________________
STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

__________________________
CITIZENS' UTILITY BOARD OF OREGON

__________________________
INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
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any other Party in arriving at the terms of this Third Partial Stipulation. Except as
provided in this Third Partial Stipulation, no Party shall be deemed to have agreed that
any provision of this Third Partial Stipulation is appropriate for resolving issues in any
other proceeding.

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

DATED this day of September, 2013.

________________________________________
PORTLAND GENERAL ELECTRIC
COMPANY

________________________________________
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

________________________________________
CITIZENS' UTILITY BOARD
OF OREGON

________________________________________
INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES
approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Third Partial Stipulation. Except as provided in this Third Partial Stipulation, no Party shall be deemed to have agreed that any provision of this Third Partial Stipulation is appropriate for resolving issues in any other proceeding.

11. This Third Partial 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 25th day of September, 2013.

PORTLAND GENERAL ELECTRIC COMPANY

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

CITIZENS’ UTILITY BOARD OF OREGON

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

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