



**Portland General Electric Company**  
*Legal Department*  
121 SW Salmon Street • Portland, Oregon 97204  
503-464-8926 • Facsimile 503- 464-2200

**Douglas C. Tingey**  
*Associate General Counsel*

September 6, 2018

***Via Electronic Filing***

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

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

Dear Filing Center:

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

The Stipulating Parties' Joint Testimony, together with the witness affidavit of Stefan Brown in support of the testimony will be filed soon.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "DCTINGEY", is written over the printed name of Douglas C. Tingey.

**DOUGLAS C. TINGEY**  
Associate General Counsel

DCT:bop

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 335**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Request for a General Rate Revision.

**THIRD PARTIAL STIPULATION**

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

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

**TERMS OF THIRD PARTIAL STIPULATION**

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

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

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

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

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

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

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

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

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

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

---

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

12. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of the identified issues in this docket.
13. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
14. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
15. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation prior to evidentiary hearings. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this

Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

16. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal, and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.
17. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

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

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

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

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

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

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

\_\_\_\_\_  
WALMART

DATED this 6th day of September, 2018.

---

PORTLAND GENERAL ELECTRIC  
COMPANY



---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART

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

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON



---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART

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

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON



---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

WALMART

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

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS



---

THE KROGER CO.

---

WALMART

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

---

PORTLAND GENERAL ELECTRIC  
COMPANY

---

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

---

CITIZENS' UTILITY BOARD  
OF OREGON

---

ALLIANCE OF WESTERN  
ENERGY CONSUMERS

---

THE KROGER CO.

---

  
*Its attorney* WARMART