

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 416**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Request for 2024 General Rate Revision; and  
2024 Annual Power Cost Update.

**SECOND PARTIAL  
STIPULATION**

This Second Partial Stipulation (“Stipulation”) is between Portland General Electric Company ("PGE"), Staff of the Public Utility Commission of Oregon (“Staff”), the Oregon Citizens' Utility Board ("CUB"), the Alliance of Western Energy Consumers (“AWEC”), and Walmart, Inc. (“Walmart”), (collectively, the “Stipulating Parties”). Because Calpine Solutions, CAPO, Kroger, and NRDC did not take a position on the issues resolved by this Stipulation, they are not parties to this Stipulation but each have individually indicated they do not oppose it.

Select parties have achieved two other partial settlements in this docket on June 14, 2023, and July 11, 2023, resolving certain issues related to net variable power costs (NVPC) in this general rate case. The parties also engaged in settlement discussions on June 28, 2023, August 1, 2023, August 7, 2023, and August 8, 2023, regarding non-NVPC items in this general rate case. The Stipulating Parties participated in the settlement discussions related to this non-NVPC settlement, and, beyond those described above, no other parties participated in the discussion. As a result of the discussions, the Stipulating Parties have reached a compromise settlement resolving several additional issues in this docket, as set forth below.

## TERMS OF SECOND PARTIAL STIPULATION

1. This Stipulation resolves only the general rate case issues described below.
2. Black box settlement for rate base
  - a. Stipulating Parties agree that PGE will reduce its rate base in this general rate case by \$27.5 million and PGE will reduce its revenue requirement by another \$4.25 million each year, beginning January 1, 2024, and continuing through December 31, 2039 (16 calendar years) for the following items raised by the Parties:
    - i. Accumulated Deferred Income Taxes on deferrals (A-04), Carty Air Intake Fire (C-02 and A-09), Faraday Resiliency and Repowering (S-13 and A-15), Fleet Charging (S-16), New Fleet Electrification (S-17), Line Extension Allowances reductions from UE 394 (S-18), New Line Extension Allowances (S-19), Transportation Electrification (TE) Investments (S-20), TE Electric Island Investments (S-21), TE Database Investment (S-22), TE Stranded Charging Assets (S-24), Transmission & Distribution (T&D) Overhead FITNES (S-26), T&D non-FITNES Investments (S-27), Cloud Based License and Hosting Fees Deferred Debit (S-28).
  - b. The \$27.5 million rate base reduction will be reflected in all PGE Results of Operation Reports filed beginning with calendar year 2024 and prior to the effective date of rates adopted in PGE's next General Rate Case, and the \$4.25 million of revenue requirement reduction will be reflected in all PGE Results of Operations Reports filed for calendar years 2024 through 2039, inclusive.

- c. In addition, PGE will include the associated elements of rate base as presented in testimony by AWEC for only the proposed capital-related revenue requirement reductions related to the Carty Intake Fire.
  - d. Parties agree that this resolves all issues concerning the recovery of costs included in this 2024 general rate revision for the Faraday Resiliency and Repowering Project.
3. Black Box Settlement for O&M
- a. Stipulating Parties agree that PGE will reduce its O&M in this general rate case by \$11 million for the following items raised by the Staff:
    - i. Health and Wellness Benefits (S-06), Grid Modernization Positions (S-09), Wages & Salaries and Incentives O&M (S-10), Generation Expenses (S-11), Customer Service (S-12), Other Revenue (S-14), Transportation Electrification Operating Expense (S-23).
4. Production Tax Credits (A-03)
- a. Parties agree to fully resolve AWEC's recommendations regarding PTCs given the following:
    - i. Parties recognize that 2022 PTCs cannot be sold at this time.
    - ii. The 2023 PTC value has already been forecast into PGE's 2023 annual power cost update, which was finalized through Commission Order No. 22-427.
    - iii. The \$32.1 million of 2023 PTCs currently included in PGE's rate base as a deferred tax asset (DTA) will be removed.
    - iv. Parties agree to support or not oppose a property sales application filed by PGE to sell the 2023 PTCs for no less than 90% of the PTC value.

- The difference between the full value and the discounted value will be recoverable from customers within PGE’s property sales balancing account.
  - If PGE cannot obtain 90% or more of the value, PGE will not proceed with the sale and the PTC value will be returned to the DTA in PGE’s test year rate base.
- v. Any additional expenses incurred to run a request for proposal process to sell the PTCs will not be recoverable and will be considered a normal ongoing business expense.

5. Capital Structure

- a. Stipulating Parties agree that for regulatory purposes, PGE’s capital structure will be 50% equity and 50% debt.

6. Load Forecast

- a. Stipulating Parties agree to resolve the method used to develop the load forecast for this GRC recognizing there will be an update in September 2023, and PGE will work with Staff to include Staff’s proposed ARIMA changes in this GRC. PGE will hold at least one workshop prior to the 2025 AUT to discuss the other Staff-proposed changes to the load forecast method proposed in this case, at which stakeholders may also participate and propose changes to the load forecasting method.

7. Major Maintenance Accrual (MMA) (S-30)

- a. Parties agree that PGE will update its MMA proposal in this GRC to reflect the changes identified by Staff. This results in a decrease to O&M of \$1,014,969 and an increase to capital of \$95,441.

8. Amortization of excess Boardman Decommissioning collections and Deferred Open Access Transmission Tariff (OATT) Revenue (A-11, A-12, S-03)
  - a. Parties agree that PGE will begin to refund any excess Schedule 145, Boardman Decommissioning amounts and OATT Revenues deferred under Docket No. UM 2217, beginning January 1, 2024, over a period of two years.
9. Amazon Pay (C-03)
  - a. Parties agree PGE may continue to offer this program to customers but will not include the cost of the program in the revenue requirement in this rate case, but PGE may propose recovery in future proceedings. This will result in a reduction of \$7,745. In its next GRC, PGE will include information showing the transaction costs for the Amazon Pay payment option.
10. Cost of Debt (S-02)
  - a. Parties agree to a weighted cost of debt of 4.485%, consistent with the Stipulating Parties' Confidential Exhibit 202.
11. Fleet Fuel (A-15)
  - a. Parties agree that PGE will reduce its O&M forecast for fleet fuel by \$180,000, and remove from rate base an amount equal to \$120,000.
12. Apprentice training in utility operations (S-04)
  - a. Parties agree that PGE will reduce its O&M budget by \$25,000.
13. Memberships (S-07)
  - a. Parties agree that PGE will reduce its O&M budget by \$27,262.

14. Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of all issues addressed in this Stipulation.
15. Stipulating Parties agree that this Stipulation is in the public interest, and will result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.
16. Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, is confidential and not admissible in this instance or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
17. Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties seek to obtain Commission approval of this Stipulation after initial briefs were filed but prior to evidentiary hearings. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (ii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. Stipulating Parties agree that in the event the Commission rejects all or any material part of this Stipulation or adds any material condition to any final

order that is not consistent with this Stipulation, Stipulating Parties will meet in good faith within ten days and discuss next steps. A Stipulating Party may withdraw from the Stipulation after this meeting by providing written notice to the Commission and other Stipulating Parties.

18. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). Stipulating Parties agree to support this Stipulation throughout this proceeding and in any appeal and provide witnesses to support this Stipulation (if required by the Commission), and recommend that the Commission issue an order adopting the settlement contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.
19. 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 21st day of August, 2023.

/s/ Brett Sims  
PORTLAND GENERAL ELECTRIC  
COMPANY

/s/ Stephanie S. Andrus  
STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

/s/ Michael P. Goetz  
OREGON CITIZENS' UTILITY BOARD

/s/ Tyler C. Pepple  
ALLIANCE OF WESTERN  
ENERGY CONSUMERS

/s/ Justina Caviglia  
WALMART