

1 to review the prudence of costs that exceed what PGE recovers annually in rates before PGE is
2 allowed to recover them. However, a deferral and balancing account mechanism with no
3 performance metrics or sharing would not incent PGE to mitigate costs and spend efficiently and
4 prudently. Further, a deferral and balancing account with no sharing of costs between customers
5 and PGE would not result in an appropriate balance of risk and benefits between PGE and
6 customers.

7 In sum, Staff views a balancing account as just a tool to pair with deferrals and notes that
8 the features tied to the balancing account matter, such as the performance metrics proposed in
9 this case. While our proposed mechanism doesn't contain a balancing account, Staff is open to
10 working with parties outside of this proceeding to create a mechanism that may contain a
11 balancing account should the Commission decide that neither party's proposal is sufficient.

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