

ORDER NO. 22-333

ENTERED Sep 08 2022

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2249

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Deferral of Costs and  
Revenues Associated with ORS 469A.425 and  
the Establishment of the Community Benefits  
and Impacts Advisory Group.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 6, 2022, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



A handwritten signature in blue ink, appearing to read "Nolan Moser".

**Nolan Moser**

Chief Administrative Law Judge

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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: September 6, 2022**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** July 7, 2022

**DATE:** August 23, 2022

**TO:** Public Utility Commission

**FROM:** Curtis Dlouhy

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2249)  
PGE Deferral of Costs and Revenues Associated with Section 6 of  
HB 2021 and the establishment of a Utility Community Benefits and  
Impacts Advisory Group.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) application to defer costs and revenues associated with Section 6 of House Bill (HB) 2021 and the establishment of a utility Community Benefit and Impacts Advisory Group (CBIAG).

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's application to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of a utility CBIAG.

Applicable Rule

PGE makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and HB 2021. ORS 757.259 authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes, or to match appropriately the costs borne by and benefits received by customers. OAR 860-027-0300 sets forth several requirements for application to defer.

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HB 2021(6) requires an electric company that files a clean energy plan under Section 4 of HB 2021 to convene a CBIAG and to develop a biennial report in consultation with the CBIAG. This was codified in ORS 469A.425(3), which states:

The commission shall establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs of associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group.

### Analysis

#### *Background*

In July 2021, HB 2021 was approved by Governor Brown with an effective date of September 25, 2021. Section 4 of this law requires electric companies to file a clean energy plan (CEP) to the Commission and the Oregon Department of Environmental Quality. Any electric company that files a clean energy plan under section 4 of this law is also required to convene a utility CBIAG with input from stakeholders that represents the interests of customers or affected entities within the electric company's service territory.

PGE intends to establish its utility CBIAG in two phases between August and December 2022.<sup>1</sup> The CBIAG will be an enduring body, facilitated by a third party, that will authorize PGE on matters authorized in ORS 469A.425(2)(b). The participation and scope of the CBIAG will be refined with an advisory committee of 5-10 organizations.

#### *Reason for Deferral*

ORS 469A.425(3) calls for the contemporaneous recovery of costs associated with the CBIAG and the biennial report. Granting this deferral under ORS 757.259(2)(e) will support the use of an automatic adjustment clause (AAC) and balancing account that enable contemporaneous recovery. In turn, this will minimize the frequency of rate changes and match appropriately the costs borne, and benefits received by customers.

#### *Proposed Accounting*

In its application, PGE proposes the following treatment:

- The balancing account will be recorded in FERC Account 242 (Current Regulatory Liability).

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<sup>1</sup> See Docket No. UM 2225 Investigation into Clean Energy Plans, Updated PGE CEP Engagement Strategy, August 4, 2022, p, 9, <https://edocs.puc.state.or.us/efdocs/HAH/um2225hah165755.pdf>.

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- CBIAG-related costs will be debited to Account 242 and credited to FERC Account 407.4 (Regulatory Credit).
- Revenues collected from PGE customers through amortization to support the CBIAG will be credited to FERC Account 242 and debited to FERC Account 407.4.
- Interest will accrue at the MBT rate due to the low-risk nature of the AAC, as requested by PGE in its initial filing.

#### *Estimate of Amounts*

PGE is currently developing a plan for the work involving this deferral with an advisory body, including a budget of expected costs. As such, the Company is unable to provide a precise estimate at this time. However, PGE does note that expected costs could include contractor costs, compensation of advisory group participants, and *incremental* internal costs. Costs that are incurred by PGE but not incremental to those already accounted for in rates are not eligible for deferral.

#### *Information Related to Future Amortization*

- Earnings review – PGE intends to create an AAC to recover the deferred costs. If PGE does so, no earnings review would be required for the prospective rate portion of the AAC. The Commission may use an earnings review on the deferral piece; however, no earnings review is proposed by Staff given the basis of these expenditures.
- Prudence Review – A prudence review will be performed when updating the amounts for amortization as part of the AAC.
- Sharing – Staff does not intend to recommend a sharing mechanism for the deferred costs.
- Rate Spread/Design – Costs should be spread using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis, with direct access customers priced at cost of service.
- Three Percent Test (ORS 757.259(6)) – The amortization of the CBIAG deferred costs will be subject to the three percent test in accordance with ORS 757.259(6).

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Conclusion

The Commission should approve PGE's application to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of a utility CBIAG.

**PROPOSED COMMISSION MOTION:**

Approve PGE's application to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of a utility CBIAG.

PGE UM 2249 Deferral of HB 2021 Utility CBIAG Costs and Revenues