

ORDER NO. 23-500

ENTERED Dec 29 2023

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2249(1)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Reauthorization to Defer  
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 December 28, 2023, 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:



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**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.

ITEM NO. CA36

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 28, 2023**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  August 16, 2023

**DATE:** December 15, 2023

**TO:** Public Utility Commission

**FROM:** Luz Mondragon

**THROUGH:** Bryan Conway and Marc Hellman **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2249(1))  
PGE Deferral of Costs and Revenues Associated with ORS 469A.425 and the establishment of a Utility Community Benefits and Impacts Advisory Group.

**STAFF RECOMMENDATION:**

Staff recommends the Commission 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) for the twelve-month period beginning August 16, 2023.

**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 469A.425, 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

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received by customers. OAR 860-027-0300 sets forth several requirements for application to defer.

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.

Order No. 23-088, the Commission approved Schedule 153, an automatic adjustment mechanism for CBIAG costs making it effective on March 10, 2023. Under Schedule 153, the Company assesses a volumetric charge on customer bills where annual collections are synchronized with forecasted CBIAG costs for the same year. The Company is also allowed to recover or required to refund the variance between forecasted CBIAG costs by deferring and amortizing the variance under Schedule 153.

In the application at issue in this memorandum, PGE seeks to defer the variance between actual and forecasted CBIAG costs in 2024.

#### *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.

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### *Proposed Accounting*

In its application, PGE proposes the following treatment:

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

The Company forecasted 2023 expenses of approximately \$400,000 and is currently developing a budget for 2024. PGE cannot estimate what the variance between actual and forecasted costs will be in 2024. However, PGE states that it has incurred \$50,365 of CBIAG costs and collected from rate payers \$172,372 for a net balance of -\$125,639, which includes interest.

PGE states that expected costs could include contractor costs, compensation of advisory group participants, and *incremental* internal costs.<sup>1</sup> 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 – An AAC was created to recover the deferred costs. As such, 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.<sup>2</sup>

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<sup>1</sup> PGE UM 2249 7/7/22 Initial Application, Page 4,  
<https://edocs.puc.state.or.us/efdocs/HAA/haa161532.pdf>.

<sup>2</sup> Order No. 23-088 Appendix A, Page 3.

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- Sharing – No sharing mechanism has been proposed by Staff for the CBIAG deferral.
- 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).

### 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.

The Company has reviewed this memo and agrees with its content.

### **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 for the twelve-month period beginning August 16, 2023.

PGE UM 2249 (1) Deferral of HB 2021 Utility CBIAG Costs and Revenues