

ORDER NO. 24-333

ENTERED Oct 01 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2046(4)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Reauthorization to Defer  
Costs Associated with an Increase in the  
Annual Regulatory Fee.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on October 1, 2024, 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:



**Alison Lackey**

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. CA7

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 1, 2024**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** September 23, 2024

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2046(4))  
Request for authorization to use deferred accounting related to a change in annual regulatory fees.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Portland General Electric's (PGE or Company) request to defer costs associated with an incremental difference in the Public Utility Commission (PUC) annual regulatory fee, and the costs currently being collected in rates, for the 12-month period beginning January 1, 2024.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's request for reauthorization to defer costs associated with a variance in the annual regulatory fee and the amount collected in rates.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a

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proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral.

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities and requires the utility to provide certain information in an application to defer, such as the reason for the deferral and the estimated amount of the deferral.

### Analysis

#### *Background*

On May 24, 2019, Oregon Governor Kate Brown signed Senate Bill (SB) 68, which revised ORS 756.310 to allow the annual regulatory fee that is imposed on public utilities and telecommunications providers, for purpose of defraying costs of the Oregon Public Utilities Commission (OPUC), to increase from 0.3 percent to 0.45 percent of gross operating revenue.

On February 26, 2020, and February 25, 2021, the Commission issued Order Nos. 20-054 and 21-066 increasing the OPUC annual regulatory fee to 0.35 percent and 0.375 percent, respectively, of gross revenue of the preceding year.

The 0.375 percent fee was included within PGE's 2022 test year general rate case<sup>1</sup> with an effective date of May 9, 2022. Following the inclusion of the 0.375 percent rate within UE 394, the Commission issued Order No. 22-062 increasing the OPUC annual regulatory fee to 0.43 percent of gross operating revenue.

Commission Order No. 23-057 maintained the 0.43 percent, and this fee was included within PGE's 2024 test year general rate case<sup>2</sup> that had rates go into effect January 1, 2024.

PGE submitted this deferral application on December 29, 2023. On February 22, 2024, the Commission issued Order No. 24-054, setting the annual fee rate for 2024 at 0.45 percent of 2023 gross operating revenues. The deferral thus will reflect the difference in the 0.43 percent for which rates were set for the general rate case and the 0.45 percent fee rate adopted by the Commission in Order No. 24-054.

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<sup>1</sup> See Docket No. UE 394.

<sup>2</sup> See Docket No. UE 416.

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*Reason for Deferral*

Pursuant to ORS 757.259(2)(e), all regulatory fee increases since the Company's base prices were most recently established by Commission Order No. 23-031 will be subject to this deferral until PGE is able to fully include them in a general rate case.

Furthermore, the Company continues to annually submit this deferral to match the costs borne and benefits received by customers.

*Proposed Accounting*

The Company proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC Account 407.4 (Regulatory Credits) will be credited.

*Description of Expense*

ORS 756.310 allows for the annual regulatory fee that is imposed on public utilities and telecommunications providers, for purpose of defraying costs of the OPUC.

*Estimate of Amounts*

PGE estimates, given the fee rate of 0.45 percent adopted by the Commission that the deferral would be approximately \$0.5 million.

*Information Related to Future Amortization*

- Earnings Review – Recovery of the incremental regulatory fee will not be subject to an earnings review in accordance with Commission Order No. 20-411.
- Prudence Review – A prudence review should be performed as part of the amortization filing.
- Sharing – All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.
- Rate Spread/Rate Design – The rate spread/rate design will be consistent with the prevailing rate spread/rate design at the time of the amortization.
- Three percent test (ORS 757.259(6)) – The amortization of the deferred costs will be subject to the three percent test in accordance with the ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a 12- month period to no more than three percent of the utility's gross revenues for the preceding year.

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Conclusion

Staff concludes that the Company's application to authorize deferral of any incremental increase in the annual regulatory fee is consistent with ORS 757.259.

The Company has reviewed a draft of this memo and voiced no concerns.

**PROPOSED COMMISSION MOTION:**

Approve PGE's request to defer costs associated with the change in the PUC annual regulatory fee and the costs currently being collected in rates for the 12-month period beginning January 1, 2024.

PGE UM 2046(4) OPUC Fee Deferral