

ORDER NO. 24-439

ENTERED Dec 10 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2218(2)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Reauthorization to Defer  
Costs and Revenues Associated with the  
Transportation Electrification Charge.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on December 10, 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:

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**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.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 10, 2024**

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

**DATE:** November 20, 2024

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2218(2))  
Application for Deferred Accounting for Costs and Revenues Associated with the Transportation Electrification Charge.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric’s (PGE or Company) application to defer costs and revenues associated with the Monthly Meter Charge (MMC) required by House Bill (HB) 2165 for the twelve-month period beginning January 1, 2024.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE’s application to defer costs and revenues associated with the MMC required by HB 2165.

Applicable Rule or Law

PGE makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and HB 2165. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer identifiable utility expenses or revenues for later recovery in rates to minimize the frequency of rate changes or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-027-0300(3) sets forth the requirements for application to defer, which include:

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- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

HB 2165(2)(2)<sup>1</sup> states:

An electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state shall collect, through monthly meter charges, an amount from each retail electricity consumer served through the distribution system owned and operated by the electric company. The total amounts collected under this section must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

HB 2165(2)(3)<sup>2</sup> states:

Funds collected under subsection (2) of this section must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Public Utility Commission for use of funds collected under this section. Expenditures made by an electric company pursuant to this subsection must be made on elements contained within the electric company's transportation plan accepted by the commission pursuant to ORS 757.357.

ORS 757.357(3)(a) requires utilities to develop a plan that integrates the Company's transportation electrification actions and submit such plan to the Commission for acceptance.

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<sup>1</sup> Oregon Laws 2021, chapter 95, section 2, *compiled as a note after ORS 757.357 (2021)*.

<sup>2</sup> Oregon Laws 2021, chapter 95, section 3, *compiled as a note after ORS 757.357 (2021)*.

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## Analysis

### *Background*

On May 26, 2021, the Governor of Oregon signed into law HB 2165 requiring electric companies with more than 25,000 electricity consumers to collect an amount to support transportation electrification. The law went into effect on January 1, 2022. The total amounts collected under this law must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

Funds collected must be expended by the electric company to support and integrate transportation electrification, consistent with a budget approved by the Commission. PGE applied for the deferral of incremental costs and revenues associated with the MMC for the period of January 1, 2022, through December 31, 2022, which was approved by the Commission in Order 22-200. PGE applied for a reauthorization on December 30, 2022, and was approved by the Commission in Order No. 23-287, issued August 9, 2023.

PGE is not including any forecast or estimate of the MMC in customer prices through a general rate case or any other proceeding to clearly show the collection and use of the funds collected under the MMC. In July 2022 in Docket No. UM 2033, PGE submitted a Budget of the 2022 MMC funds, which was approved by the Commission in Order No. 22-381.

This budget for MMC funds was updated in April 2023, as approved by Commission Order No. 23-147.

The most up-to-date MMC budget was submitted as a part of PGE's Transportation Electrification Plan, which was approved by Commission Order No. 23-380.

To continue to meet HB 2165 requirements, PGE requests reauthorization to continue to defer incremental costs and revenues associated with the MMC.

**Note:** The reauthorization will continue to support use of an automatic adjustment clause rate schedule with an associated balancing account mechanism to track the ongoing MMC revenues collected and associated costs incurred, with recovery through Schedule 150. PGE requests that this deferral be effective as of January 1, 2024, through December 31, 2024. In support of this Application PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to regulation by the Commission.

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2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items.

*Reason for Deferral*

Pursuant to ORS 757.259(2)(e) and for the reasons discussed above, PGE seeks to reauthorize deferred accounting treatment for costs and revenues associated with the MMC.

The approval of this application will support the use of an automatic adjustment clause and associated balancing account so that the referenced transportation electrification costs and revenues can be kept distinct and separate from PGE's other costs and revenues.

In addition, the approval of this application will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

*Proposed Accounting*

PGE proposes the following MMC accounting treatment: the balancing account will be recorded in FERC Account 254 (Current Regulatory Liability). MMC payments (i.e., payments to support and integrate transportation electrification) will be debited to FERC Account 254.

MMC amortization will be credited to FERC Account 254 and debited to FERC Account 908. Interest will accrue on the balance at the approved modified blended treasury rate.

*Estimate of Amounts to Be Recorded for the Next 12 Months*

PGE forecasts a collection of approximately \$7.9 million of MMC revenues in 2023. As of this filing, PGE forecasts to incur O&M costs of approximately \$7,307,000 in 2024.

Actual expenditures in 2024 may exceed this amount in alignment with the budget stated in OPUC Docket UM 2033. Full year actuals for 2023 are not available at the time of this filing. However, Staff sent information requests to obtain the information and explanation of any substantive variances from the budget forecasts for 2023. In reviewing the PGE response to the information request, Staff noted that there were no expenditures in 2023 for Affordable Housing EV Ready Funding category. PGE states that there were no applications from affordable housing developers in 2023. Staff will look further into this issue to see if PGE reached out to these developers so that they know funds are available.

*Information Related to Future Amortization*

- Earnings Review – While an earnings review is required, Staff does not

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recommend an earnings test be applied given the purposes of these expenditures.

- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of this deferral’s annual reauthorization filings or applications to update Schedule 150.
- Sharing – No sharing mechanism applies to the MMC costs or revenues.
- Rate Spread/Rate Design – Applicable costs will be allocated to each schedule 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 – The amortization of the MMC deferred costs will be subject to the three percent test in accordance with 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.

### Conclusion

Approval of this deferral is consistent with HB 2165 and past Commission activities regarding transportation electrification. Staff recommends that the Commission approve PGE’s application to defer costs and revenues associated with the MMC required by HB 2165.

The Company has reviewed a draft of this memo and agrees with Staff’s recommendation to approve the application.

### **PROPOSED COMMISSION MOTION:**

Approve PGE’s application to defer costs and revenues associated with the Monthly Meter Charge required by HB 2165 for the twelve-month period beginning January 1, 2024.

UM 2218 Deferral of HB 2165 TE Charge Costs and Revenues