

ORDER NO. 25-016

ENTERED Jan 21 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2306, UM 2306(1)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Deferral of Costs  
Associated with Clearwater Wind Project  
(UM 2306), and

Application for Reauthorization to Defer  
Costs Associated with Clearwater Wind  
Project (UM 2306(1)).

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on January 21, 2025, 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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 21, 2025**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  March 1, 2025

DATE: January 13, 2025

TO: Public Utility Commission

FROM: Curtis Dlouhy

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2306 and UM 2306(1))  
PGE Application to Authorize Deferred Accounting Treatment of Certain Expenses Associated with Clearwater Wind Project.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) application to defer certain expenses associated with Clearwater Wind Project (Clearwater). Reapprove PGE's application to reauthorize the deferral of certain expenses and benefits associated with Clearwater.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's applications to defer expenses and benefits for Clearwater between the time Clearwater was placed into service and the date PGE begins recovering the revenue requirement for Clearwater in rates.

Applicable Rule

PGE makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and ORS 469A.120. 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.

Docket No. UM 2306  
January 13, 2025  
Page 2

Under subsection (2) of this rule, any deferral authorization expires 12 months from the date that the deferral is authorized to begin or the date of reauthorization. ORS 469A.120(2)(a) states that the Commission shall establish an automatic adjustment clause or another method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources.

### Analysis

#### *Background*

On October 30, 2023, PGE filed its initial application and direct testimony into UE 427, which is PGE's Renewable Resource Automatic Adjustment Clause (RAC) filing to incorporate Clearwater into rates under ORS 469A.120. Clearwater was subsequently put into service on January 5, 2024. Under the initial procedural schedule, the target rate effective date to incorporate Clearwater into rates through Schedule 122 – PGE's tariff for the RAC – was June 1, 2024. Following the Commission's decision to reject parties' settlement in UE 427, the target rate effective date was delayed into August 2024,<sup>1</sup> and then subsequently delayed to March 1, 2025, to allow adequate time for outstanding matters to be resolved.<sup>2</sup>

The Commission has implemented the requirements of ORS 469A.120(2)(a) by pairing an automatic adjustment clause (AAC) that goes into effect after the project is put into service and a deferral that captures costs and benefits incurred in the period between the project in-service date and the rate effective date. With the series of delays to the case, UE 427 has taken more than a year to reach a resolution. In effect, this means that under OAR 860-027-0300(2) the deferral associated with Clearwater in UM 2306 would need to be authorized for the first 12-month period beginning on January 5, 2024, and then reauthorized for the period between January 6, 2025, and the actual rate effective date.

#### *Reason for Deferral*

As described above, the reason for the deferral is to account for certain costs and benefits associated with Clearwater that occurred between the in-service date and the forthcoming rate effective date.

#### *Proposed Accounting*

In its application, PGE proposes to record all deferred transaction in FERC Account 254.0, Other Regulatory Liabilities, with a net debit to FERC Account 449.1, Provisions for Rate Refunds.

---

<sup>1</sup> Order No. 24-091, Page 6.

<sup>2</sup> Order No. 24-308, Page 1.

Docket No. UM 2306  
January 13, 2025  
Page 3

### *Estimate of Amounts*

According to the Company's application to reauthorize its deferral in UM 2306, PGE currently expects that the deferral will result in a net credit to customers of \$39 million during the 2024 calendar year, with an additional \$1.4 million of net credits accruing in 2025 due to interest.

Following an email exchange with Staff, PGE clarified that the 2025 expected credit to customers may be larger than \$1.4 million due to an expected continuation of the operational benefits that led to the \$39 million credit during 2024. Initially, the Company accounted for this benefit in its 2024 rate case beginning in, but this benefit was removed following the Commission's decision to remove Clearwater costs and benefits from the rate case until the conclusion of UE 427.<sup>3</sup>

### *Information Related to Future Amortization*

- Earnings review – As per Commission Order No. 07-572, parties agreed that deferral associated with a RAC filing should not be subject to an earnings review.
- Prudence Review – A prudence review will be performed when the costs or credits captured by this deferral are considered for amortization.
- Sharing – Sharing mechanisms are not applicable to deferrals associated with RAC filings.
- Rate Spread/Rate Design – PGE proposes that costs recovered through this deferral be allocated to each schedule on an equal percentage of generation revenue applied on a cents per kWh basis. Staff will consider optimal rate spread and rate design of this deferral when considering amortization.
- Three Percent Test (ORS 757.259(6)) – The amortization of the costs will not be subject to the three percent test.

### Conclusion

The Commission should approve PGE's applications for authorization and reauthorization to defer certain expenses and benefits associated with Clearwater incurred after Clearwater was placed into service and prior to the time the Company commences rate recovery for Clearwater. Allowing the deferral does not guarantee rate

---

<sup>3</sup> Order No. 24-454, Page 7.

Docket No. UM 2306  
January 13, 2025  
Page 4

recovery. The appropriate ratemaking treatment of the deferred costs is at issue in Docket No. UE 427.

**PROPOSED COMMISSION MOTION:**

Approve PGE's applications to defer certain expenses and credits associated with Clearwater and to reauthorize the deferral of certain expenses and credits associated with Clearwater.

PGE UM 2306 PGE Deferral of Clearwater Wind Project Costs