

ORDER NO. 25-142
ENTERED Apr 16 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1977(6)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Start-up Costs Associated with the
Community Solar Program
Implementation.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on April 15, 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. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 15, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: March 18, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1977(6))
Requests reauthorization of deferred accounting for costs associated with the Community Solar Program Implementation.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's applications to reauthorize deferred accounting of expenses related to the Oregon Community Solar Program (CSP or Program) for the 12-month period beginning November 8, 2024.

DISCUSSION:

Issue

Whether the Commission should approve Portland General Electric's application to defer for later rate-making treatment of costs related to the development of the CSP.

Applicable Law

Portland General Electric (PGE) submits this deferral application in accordance with ORS 757.259 and OAR 860-027-0300, seeking an order from the Oregon Public Utility Commission (Commission or OPUC) that authorizes the company to defer start-up costs related to the CSP in such a way that will support an automatic adjustment clause rate schedule with an associated balancing account mechanism to track the ongoing costs and recovery amounts for the O&M start-up costs of the Program.

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ORS 757.259 authorizes the Commission to allow a utility to defer expenses or revenues for later recovery in rates in order to minimize the frequency of rate changes or to appropriately match the costs and benefits to customers. OAR 860-027-0300 sets requirements for deferral applications for energy and large telecommunications utilities.

ORS 757.386 and OAR 860-088-0160 permit utilities to recover all start-up costs prudently incurred during the development or modification of the CSP in electric company rates. Further, the rules specify that these costs include both:

- Start-up Program Administrator (PA) and Low-Income Facilitator (LIF) costs; and
- Utilities' prudently incurred start-up costs.

Analysis

Background

On November 8, 2024, PGE filed a request for reauthorization to continue to defer incremental operation and maintenance (O&M) start-up costs associated with the development of the Community Solar Program (CSP), implemented in compliance with Senate Bill (SB) 1547. The Commission issued Order No. 24-431 on November 27, 2024, approving jointly the fourth and fifth PGE request for reauthorization.

Pursuant to Section 22 of SB 1547, the Commission initiated Docket No. AR 603, during which multiple facilitated workshops, discussions, and rounds of comments from stakeholders on draft rules occurred to establish a program for procuring electricity from community solar projects. Commission Order No. 17-232 adopted rules to establish a framework for the CSP that the Commission acknowledged would be supplemented and further developed in future proceedings, including the development of a program implementation manual (PIM).¹

In accordance with SB 1547, Section 22(7)(c), and OAR 860-088-0160 regarding CSP funding, electric utilities will recover start-up costs incurred during the development or modification of the CSP, the start-up phase, through electric utility prices.

PGE's sixth deferral reauthorization application continues to support the use of the automatic adjustment clause Rate Schedule through PGE tariff Schedule 136, which will provide for changes in prices reflecting incremental O&M CSP start-up costs and incremental CSP costs associated with bill credit payments to participants.

¹ See, The Commission adopted the program implementation manual through Commission Order No. 19-438.

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Reason for Deferral

Pursuant to ORS 757.259(2)(e), PGE seeks reauthorization of the deferred accounting treatment of the incremental O&M start-up costs associated with the Program Administrator, Low-Income Facilitator, and the implementation of the CSP, as well as incremental energy costs associated with bill credit payments to participants. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Description for expenses

This deferral application includes the following CSP-related costs:

1. Incremental start-up costs associated with the Program Administrator selected by the Department of Administrative Services (DAS) and OPUC;²
2. Incremental O&M costs related to the Low-Income Facilitator;³
3. Incremental costs related to modifications to PGE's IT/billing systems, legal and other professional fees, costs related to regulatory compliance, any other O&M start-up costs associated with the implementation of the CSP that PGE may incur; and
4. Incremental Energy costs associated with bill credit payments to participants.

CSP on-going costs related to program administrator fees, CSP subscription fees, and utility administrative fees are collected from CSP participants and are not part of this application for deferred accounting.

Proposed Accounting

PGE 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.

² See, According to OAR 860-088-0010, Program Administrator means a third-party directed by the Commission to administer the Community Solar Program.

³ See, Low-Income Facilitator's responsibilities are provided in OAR 860-088-0030.

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Estimate of Amounts

As of September 30, 2024, PGE has a debit balance in its deferral account of approximately \$0.2 million. Because the program is still in the start-up phase, PGE expects to incur additional start-up costs in the deferral period that are not included in the prior general rate case revenue requirement forecasts in Docket Nos. UE 416 and UE 435 respectively.

Additionally, while PGE also expects to incur costs associated with payments to be made to the Program Administrator during the deferral period, PGE cannot accurately estimate what amount of these payments would be deemed as start-up costs by the Commission.

Information Related to Future Amortization

- Earnings Review – Staff proposes that the cost recovery associated with the CSP will not be subject to an earnings review given its purpose.⁴
- Prudence Review – PGE will submit a report supporting CSP incurred start-up costs to the OPUC Staff (Staff) for review prior to the filing to adjust tariff prices. In addition, PGE will look to Staff for direction on start-up costs of the Program Administrator and Low-Income Facilitator, as these are third-party providers and the Program Administrator in particular, is a contractor to the Commission.
- Sharing Percentages – All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.
- Rate Spread / Rate Design – Applicable costs will be allocated to Cost of Service and Direct Access customers as approved by the Commission on October 20, 2020, in Docket No. ADV 1170 (PGE Advice No. 20-22). PGE will use the applicable schedule's forecasted energy on the basis of an equal percent base revenue applied on a cents per kWh basis. Direct Access Customers will be priced at the equivalent cost of service rate.
- Three Percent Test – The amortization of the deferred CSP costs will be subject to the three percent test in accordance with the ORS 757.259(7), 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.

⁴ Staff recommendations may change at the amortization phase since the current Staff recommendation is preliminary.

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Conclusion

Staff concludes PGE's request to continue deferring costs associated with the CSP meets the requirements of ORS 757.259 and OAR 860-027-0300 and should be approved by the Commission.

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's applications to reauthorize deferred accounting of expenses related to the Oregon Community Solar Program for the 12-month period beginning November 8, 2024.