ORDER NO. 25-294

ENTERED Aug. 6, 2025

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2219(3)

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Reauthorization to Defer Costs and Revenues Associated with the Energy Affordability Act.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 5, 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. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 5, 2025

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** __________N/A__________

DATE: July 28, 2025

TO: Public Utility Commission

FROM: Kate Ayres

THROUGH: Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2219(3))
Request for Reauthorization of Deferred Accounting of Costs and Revenues Associated with the Energy Affordability Act.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Portland General Electric Company's (PGE or Company) request for reauthorization to defer costs and revenues associated with the Energy Affordability Act, for the 12-month period beginning January 1, 2025 through December 31, 2025.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for reauthorization for deferred accounting of costs and revenues associated with the Energy Affordability Act, House Bill 2475, for the 12-month periods beginning January 1, 2025, and ending December 31, 2025.

Applicable Rule or 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. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

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 January 1, 2022, HB 2475 became effective. The bill expanded ORS 757.230 to include additional factors the Commission may consider when establishing rate classifications, such as the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers." In response to HB 2475, the Commission has initiated a broad implementation effort that includes both interim actions to provide customers near-term relief under the new authority and a longer-term investigation to fully explore and establish the Commission's policies for differential rate design and administration.[1]

The Commission approved the initial deferral application on March 24, 2022, in Order No. 22-101. On June 27, 2024, the Commission approved the reauthorization from January 1, 2024 to December 31, 2024, in Order No. 24-204.

Reasons for Deferral
Pursuant to ORS 757.259(2)(e), PGE seeks to continue deferred accounting treatment for the costs and revenues associated with the HB 2475, Energy Affordability Act. Thus, approval of the application for deferral will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

Further, following Commission Order No. 24-426 on November 27, 2024, the Company has included in this deferral request the recovery of costs associated with the one-time arrears forgiveness for households earning at or below 0-5 percent State Median Income (SMI), which PGE estimated at the time of filing to be $1.5 million.

Description of Expense
The Company states that the deferred expenses relate to the continuation of Income Qualified Bill Discount (IQBD) Program, which saw an increase in the discount structure following PGE's 2024 general rate case, UE 416.[2] The Company states that amounts will be deferred pursuant to the terms of Schedule 118.

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[2] In the Matter of Portland General Electric Company, Request for a General Rate Revision, UE 416, Order No. 23-386.

Proposed Accounting
The Company proposes to record deferred amounts to Federal Energy Regulatory Commission (FERC) Account 182.3, Other Regulatory Assets. Income-qualified payments (i.e., payments to support income-qualified energy discounts) will be debited to FERC Account 182.3 and credited to FERC Account 903 (Customer Records & Collection Expense). Energy Affordability Act amortization (i.e., revenues collected from PGE customers) will be credited to FERC Account 182.3 and debited to FERC Account 903. Interest will accrue on the balance at the approved blended treasury rate.

Estimated Deferral in Authorization Period
PGE estimates the income-qualified energy discount amount to defer during 2025 to be approximately $51 million based on estimates that assume net enrollment of 102,000 Income-Qualified Bill Discount (IQBD) participants by the end of 2025 and does not account for a potential increase to discount levels. The Company also estimates an additional $1,600,000 in incremental administrative costs, which includes the $1.5 million one-time arrears forgiveness.

Staff notes that since the time of filing the authorization for deferred accounting the Commission approved PGE's proposed changes to the IQBD structure which increases the discount tiers, shown in Table 1 below. Additionally, Staff provides an update from the Company from email correspondence that the arrearage forgiveness became $3.3 million in actuals following rule interpretation conversations with Staff in AR 667.

Table 1. Updated Income-Qualified Bill Discount Structure

Income Tier (State Median Income)	Previous Discount Level	New Discount Level
0-5% SMI	60%	80%
6-15% SMI	40%	50%
16-30% SMI	25%	25%
31-45% SMI	20%	20%
46-60% SMI	15%	15%

While this update in discount tiers is not reflected in the current deferral reauthorization request, Staff will continue to evaluate costs moving forward as the increase in discount tiers will lead to increased program costs. As stated by the Company in the proposal for increased discount tiers, the increase in discounts shown above will result in an increase in costs for 2025 by roughly $4 million.[3]

3 Docket No. ADV 1724, PGE Advice No. 25-14, Schedule 18, Income Qualified Bill Discount.

Information Related to Future Amortization

- Earnings Review – ORS 757.259(5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259(2)(e).
- Prudence Review – Prudence review is required prior to deferral amortization and should include the verification of the accounting methodology used to determine the final amortization balance. The prudence review will be held after PacifiCorp files for amortization.
- Sharing – This deferral is not subject to a sharing mechanism.
- Three Percent Test (OAR 757.259(6)) – The amortization of the deferral costs will be subject to the three percent test in accordance with ORS 757.259(6) 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.

<u>Conclusion</u>

Based on Staff's review of PGE's application, the associated workpapers, and after discussions with the Company, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259. Further, the Company's request for authorization for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends the Commission approve PGE's application.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's request for reauthorization to defer costs and revenues associated with the Energy Affordability Act for the 12-month period beginning January 1, 2025 through December 31, 2025.

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