

ORDER NO. 25-325

ENTERED Aug 20 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 434

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Sale of Utility Property.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on August 19, 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. CA5

**PUBLIC UTILITY COMMISSION OF OREGON  
REDACTED STAFF REPORT  
PUBLIC MEETING DATE: August 19, 2025**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE**   August 20, 2025  

**DATE:** August 1, 2025

**TO:** Public Utility Commission

**FROM:** Dustin Ball

**THROUGH:** Scott Gibbens and Matt Muldoon **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UP 434)  
Application Regarding the Sale of Investment Tax Credits.

**STAFF RECOMMENDATION:**

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) proposal to sell Investment Tax Credits (ITC) generated in 2025, subject to the following conditions:

1. PGE shall provide the Commission with access to all books of account, as well as all documents, data, and records pertaining to this transaction.
2. The Commission reserves the right to review for reasonableness all financial aspects of this transaction in any rate proceeding or earnings review under an alternative form of regulation.
3. PGE shall notify the Commission in advance of any substantive changes to the transfer of properties, including any material changes in price. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein, shall be submitted for approval in an application for a supplemental order (or other appropriate form) in this docket.
4. PGE will record the gain on the sale to be credited to ratepayers in accordance with the outcome of UE 455 or in a future rate proceeding.
5. PGE will provide notice, and journal entries with final figures to be recorded in PGE's 2025 Q3 tax closing, to the commission within 10 days of the closing of the sale.

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## **DISCUSSION:**

### Issue

Whether the Commission should approve PGE's application, seeking approval to sell ITCs.

### Applicable Rule or Law

ORS 757.480 requires public utilities doing business in Oregon to seek prior approval from the Commission before selling or disposing utility property whose value exceeds \$1 million.

OAR 860-027-0025 sets forth the information required to support an application seeking approval for the sale, or disposal of utility property.

OAR 860-027-0025(1)(I) requires that the applicant show that the proposed transaction is consistent with the public interest.

### Analysis

The Inflation Reduction Act (IRA) of 2022 added standalone energy storage facilities linked to renewable energy to the list of renewable energy facilities that are eligible for investment tax credits. Investment tax credits are generated upon the completion of a qualifying project and serve to reduce the federal income tax obligations of the holder. PGE forecasts to generate approximately \$130 million in 2025 stemming from the completion of the Seaside battery energy storage system project. Furthermore, the IRA introduced Internal Revenue Code Section 6418, which grants ITC holders the option to transfer tax credits accrued after the year 2022.

Due to the limitation that holders of ITCs can offset only 75 percent of their federal tax liabilities using tax credits, any tax credits that surpass this threshold are carried forward and recorded on a company's balance sheet as Deferred Tax Assets (DTAs). This would apply to PGE's 2025 Investment Tax Credits (ITCs) if they were not otherwise utilized and would remain in rate base until they can be utilized or removed from the balance sheet.

The sales of ITCs prevent them from adding to PGE's rate base and instead provides the value of the ITCs to customers. Proceeds from the sale will be credited to the

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property sale balancing account for subsequent refund to customers with accrued interest calculated from the date of sale.

In November 2024, PGE initiated a request for proposal to sell the 2025 ITCs, soliciting competitive bids from more than 20 outside parties. This process involved negotiations and a request for updated bids resulting in a near final Property Sale Agreement contingent upon Commission approval on or before September 15, 2025. Under the terms of the agreement, the prospective buyer, [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. Net proceeds from the sale are estimated at roughly [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], however the final amount will be determined in the first quarter of 2026. PGE will net the costs (not to exceed 10 percent) of the sale against the sale proceeds and credit proceeds to the Seaside revenue required used for setting customer prices.<sup>1</sup>

### Conclusion

As a sale of property, the standard of review is to ensure the property sale meets a no-harm test. The proposed sale of investment tax credits is consistent with public interest, and meets the no-harm standard, as it saves customers money by escalating tax credit use rather than deferring them to accumulate in a tax deferred asset account while customers pay a return on the Company's higher rate base.

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

### **PROPOSED COMMISSION MOTION:**

Approve PGE's request to sell 2025 Investment Tax Credits, subject to the recommended conditions listed in Staff's recommendation.

CA5 - PGE UP 434 ITC Sale

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<sup>1</sup> Proceeds may be credited to ratepayers in accordance with the outcome of UE 455 or in a future rate proceeding.