

ORDER NO. 25-351

ENTERED Sept. 4, 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2364

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Authorize Deferral of Costs Associated
with Routine Vegetation Management
Practices.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 2, 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
STAFF REPORT
PUBLIC MEETING DATE: September 2, 2025**

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

DATE: July 28, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2364)
Authorize Deferral of Costs Associated with Routine Vegetation
Management Practices.

STAFF RECOMMENDATION:

Staff recommend that the Commission approve Portland General Electric's (PGE or Company) request to defer costs associated with routine Vegetation Management Practices, for the 12-month period beginning January 1, 2025.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to defer regulatory fees associated with routine vegetation management practices.

Applicable 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.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral.

Docket No. UM 2364
July 28, 2025
Page 2

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.

In Order No. 23-386 the Commission adopted the Sixth Partial Stipulation, among others, in PGE's general rate case, UE 416. Parties supported using a balancing account for regular vegetation control costs. The expense baseline for these costs is set at the amount of routine vegetation management expenses included in base rates. Any actual overspending or underspending would be tracked through the balancing account. Parties also agreed for the mechanism to sunset after December 31, 2026.

In Order No. 24-454, in Docket No. UE 435—a PGE general rate case, the Commission kept the baseline expenses for routine management expenses constant.

Analysis

Background

The Company states that for an electric system to be secure, dependable, and resilient, PGE's vegetation management techniques are essential. To keep trees, branches, and brush away from our power lines, PGE states that it regularly trims trees and manages vegetation throughout the year as part of its routine vegetation management program (RVM).

Deferral amounts will be the over- or under-spend of RVM-related, non-capital Operating and Maintenance (O&M) expenses, relative to the amount approved in the General Rate Case.

Description of expenses

The program has three primary functions: line clearance compliance, construction support, and outage/storm response.

The Company targets trimming trees across one-third of its system each year. Also, PGE states that its vegetation control services help support construction, maintained or repair projects including pole replacements, reconstructors, and new line construction.

Proposed Accounting

The Company proposes to record the balancing account will be recorded in FERC Account 593 – Distribution. Interest will accrue on the balance at the approved modified blended treasury rate.

Docket No. UM 2364
July 28, 2025
Page 3

Reasons for Deferral

This deferral is consistent with the Stipulation adopted by the Commission in UE 435 regarding creating a balancing account for costs associated with RVM practices.

Also, this Application will allow for transparency and accountability around annual RVM spending.

Estimate of Amounts

In the UE 416 and 435 General Rate Cases baseline RVM costs were set at \$51.9 million. The deferral will reflect a regulatory asset reflecting the over- or under-spend for RVM expenses.

Information Related to Future Amortization

- Earnings Review – Only the under- or over-collection amounts in the RVM balancing account would be subject to earnings review under ORS 757.259.
- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PGE's general rate case filings.
- Sharing – There is no sharing mechanism envisioned by Staff at this time.
- Rate Spread/Rate Design – The ultimate rate treatment of any resulting regulatory liability or asset from the deferral would be addressed as part of a future PGE general rate case filing.
- Three percent test (ORS 757.259(6)) – The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(6), which absent certain exceptions limits aggregated deferral amortizations during a year to no more than three percent of the utility's gross revenues for the preceding calendar year.

Conclusion

Staff conclude that the Company's application is consistent with the Stipulations adopted by the Commission and is therefore supported by Staff.

The Company has had the opportunity to review and voiced no concerns.

Docket No. UM 2364
July 28, 2025
Page 4

PROPOSED COMMISSION MOTION:

Approve PGE's request to defer costs associated with the Routine Vegetation Management Practices being collected in rates for the 12-month period beginning January 1, 2025.