

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1915(6)(7)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Major Maintenance Expenses.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 30, 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. CA8

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 30, 2025**

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

DATE: September 22, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1915(6) and UM 1915(7))
Requests reauthorization to defer Major Maintenance Expenses Accruals.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's (PGE) Applications to defer costs associated with its Major Maintenance Accruals (MMAs) for the 12-month periods beginning January 1, 2024, for UM 1915(6); and, January 1, 2025, for UM 1915(7), respectively.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for authorization to defer certain costs associated with MMAs for five thermal generating plants, as well as the Kelso-Beaver (KB) gas pipeline, for 12-month periods.

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

Identifiable utility expenses or revenues, the recovery or refund of which the

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commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by, and benefits received by ratepayers. ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting.

Notice of the application must be provided pursuant to OAR 860-027-0300(6).

In Order No. 17-511, the Commission required the Company to file, on an annual basis, deferred accounting applications associated with Major Maintenance Accruals.

Analysis

Background

A Major Maintenance Accrual (MMA) is a combination of an accrual and a balancing account wherein the Company develops a forecast of expected expenses related to a generating plant's maintenance contracts and other major maintenance or inspections over a five-year rolling period and establishes an accrual amount that levelizes those costs. Expenses, when incurred, are then booked to the MMA balancing account, offsetting the amounts collected under the annual accrual. This process ultimately results in an expected account balance of zero by the end of the five-year rolling period. In the next forecast of expected expenses, the current balance of the MMA balancing account is rolled forward into the calculation of the proposed accrual.

The Company was authorized to use MMAs for five thermal generating plants in Order No. 17-511 in Docket No. UE 319. In that docket, PGE stipulated it would file deferred accounting applications associated with MMAs every year beginning on January 1, 2018. The Commission approved PGE's initial deferral application via Order No. 18-157 on May 8, 2018.

In PGE's 2022 general rate case in Docket No. UE 394, PGE created an additional MMA to allow for the levelized recovery of costs associated with regulatory driven major maintenance that occurs once every ten years on the Kelso-Beaver (KB) gas pipeline. No party opposed PGE's proposal and the Commission issued Order No. 22-129, adopting the stipulations between parties, and resolving all contested issues.

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Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and maintenance expenses and revenues to continue using the approved MMA mechanisms with which the Company also levelizes the cyclical costs associated with the major maintenance activities.

Also, the continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Description of the Expenses

Major maintenance events generally occur based upon maintenance intervals established under PGE's plant maintenance contracts. Generally, the timing is dependent upon a facility's capacity factor (hours run / hours in period).

For instance:

- Major Turbine and Generator Inspections to perform advanced assessments along with related work that may include combustion turbine alignment; exhaust frame modifications; and repairs to thrust bearings, the generator stator and the generator field.
- Hot Gas Path Inspection including the disassembly of combustion and turbine sections of the combustion turbine so that parts may be inspected and repaired or replaced as necessary. The combustion section is where the natural gas is combined with compressed air and burned. The turbine section is where mechanical energy is extracted from the high-speed flow of hot combustion gases exiting the combustion chambers.
- Selective Catalytic Reduction Catalyst Replacements.
- Auxiliary Boiler Maintenance.

Note: The total maintenance costs over the five-year period are averaged to derive the annual major maintenance accrual amount for four of the thermal plants. The Colstrip MMA is calculated using a three-year moving average while the KB Pipeline costs associated with regulatory driven major maintenance are simply spread over a five-year period.

Estimate of Amounts

PGE does not have an estimate of the amounts to be deferred because they occur infrequently and can vary from plant to plant depending on:

- 1) The level of major maintenance expenses when incurred; and,
- 2) The accuracy of the projections for determining the annual accrual.

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As stated above, PGE will not seek amortization of this MMA deferral as costs for maintenance are already collected in rates.

The KB Pipeline major maintenance estimate of \$720,000 for the five-year period between 2022 and 2026, an annual MMA of approximately \$143,000 included in PGE's 2022 GRC Revenue Requirement.¹

Proposed Accounting

PGE proposes to defer MMA-related expenses by crediting expense Account 553 (Maintenance of Generating and Electric Equipment – Port Westward I, Port Westward II, Carty, Coyote Springs, KB Pipeline, and Maintenance of Electric Plant – Colstrip) and debiting FERC Account 182.3 (Other Regulatory Assets). Levelized MMA-related revenues will be deferred by debiting FERC Account 456 (Other Electric Revenues), and crediting FERC Account 254 (Other Regulatory Liabilities).

Information Related to Future Amortization

- Earnings review – No earnings review is applicable because the costs associated with the major maintenance accruals are already included in base rates.
- 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 associated with the deferrals.
- Rate Spread/Design – MMA-related costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – The three percent test would not apply because PGE will not seek amortization of the deferred amounts in a future proceeding.

Conclusion

These deferral applications are filed in compliance with Commission Order No. 17-511, and the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300.

In addition, approving this application will not authorize a change in rates, but will permit PGE to continue using MMA accounting treatment as previously approved in prior

¹ See, Order 23-491.

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Commission orders. For these reasons, Staff recommends PGE's application be approved.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's Applications to defer costs associated with its Major Maintenance Accruals for the 12-month periods beginning January 1, 2024, for UM 1915(6); and, January 1, 2025, for UM 1915(7), respectively.