

ORDER NO. 25-430

ENTERED Oct. 29, 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1482(15)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Deferral of Expenses  
Associated with a Photovoltaic Volumetric  
Incentive Rate Pilot.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on October 28, 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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON**  
**STAFF REPORT**  
**PUBLIC MEETING DATE: October 28, 2025**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_ **N/A**

**DATE:** October 13, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 1482(15))  
Defer Expenses Associated with a Photovoltaic Volumetric Incentive Rate Pilot.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) request for reauthorization to defer costs associated with the Photovoltaic Volumetric Incentive Rate Pilot (PV VIR) for the 12-month period beginning May 27, 2025, subject to Staff's conditions.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's application for reauthorization to defer expenses associated with a Photovoltaic Volumetric Incentive Rate Pilot for the 12-month period beginning May 27, 2025 through May 26, 2026.

Applicable Law

Pursuant to ORS 757.365(10), all prudently incurred costs associated with compliance with ORS 757.365 (pilot program for small solar energy systems) are recoverable in the utility's rates.

Under ORS 469A.120(1) and (3), all prudently incurred costs associated with the renewable portfolio standards are recovered through an automatic adjustment clause.

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ORS 757.259 and OAR 860-027-0300 are the laws that concern deferrals and the automatic adjustment mechanism.

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 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).

### Analysis

#### *Background*

ORS 757.365 (2009), as amended by House Bill 3690 (2010), mandated the development of pilot programs for each electric company to demonstrate the use and effectiveness of volumetric incentive rates (VIRs) and payments for electricity delivered by solar photovoltaic energy (SPV) systems. The Commission adopted rules to implement the pilot programs in Docket No. AR 538. This deferral allows the Company to recover costs associated with the Pilot through an automatic adjustment clause AAC under PGE Schedule 137 – Customer Owned Solar Payment Option Cost Recovery Mechanism.

The Commission has authorized PGE to defer the costs of the Pilot Program every year since 2011, with the last authorization in Order No. 24-467. The Company seeks to continue an AAC deferral with this application for reauthorization.

#### *Description of Expenses*

The incremental utility expenses consist of volumetric incentive payments and/or retail bill offsets to participants, administrative costs associated with the PV VIR Pilot operations, data collection, development costs for billing and website, customer surveys, and regulatory reporting requirements.

#### *Proposed Accounting*

The Company proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets with a credit to FERC Account 407.4, Regulatory Credits.

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*Reasons for Deferral*

According to the company, with this reauthorization request will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

*Estimate of Amounts*

The amounts to be deferred consist of incremental costs of the Pilot for:

- 1) VIR payments to participants including any retail electricity service bill offset amounts; and
- 2) Program costs incurred to implement and administer the requirements for the Pilot.

For both cost categories, the amounts deferred depend upon actual participation levels and PV system sizes of participants in the Pilot.

PGE estimates incremental costs may range from \$7.0 million to \$8.0 million for the deferral period, consisting largely of VIR payments to participants

*Information Related to Future Amortization*

- Earnings Review - PGE Schedule 137 recovers costs associated with the Solar Payment Option Pilot not otherwise included in rates. Because this schedule is an AAC as provided under ORS 469A.120 and defined in the Renewable Portfolio Standards, ORS 757.210, an earnings review is not required for this deferral. See also PGE Schedules 215, 216, and 217.
- Prudence Review - Staff may review deferred costs as appropriate.
- Sharing (Percent) - All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.
- Spread/Rate Design - In Docket No. UE 237, Commission Staff and parties agreed that PGE Schedule 137 costs should be allocated to each schedule (all customer classes) based on an equal percent of generation revenue applied on a cents per kilowatt-hour basis.
- Three Percent Test - The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(7) and (8), 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.

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### Conclusion

Staff supports this deferral request given its purpose. However, like other deferrals, Staff's position is that the deferral only includes those costs incremental to what otherwise is included in rates. Staff has taken a similar position in wildfire-related deferrals.

This ensures that customers do not pay twice for the same cost activity or Company activity and personnel.

Staff recommends approval 12-month period beginning May 27, 2025, subject to the following Staff recommended conditions:

1. PGE will continue to maintain a balancing account for actual costs based upon the allowable costs identified in OAR 860-084-0280 through 0360; and,
2. PGE be required to demonstrate how such costs are incremental to any costs currently included in rates.

### **PROPOSED COMMISSION MOTION:**

Approve Portland General Electric Company's request for reauthorization to defer costs associated with the Photovoltaic Volumetric Incentive Rate Pilot for the 12-month period beginning May 27, 2025, subject to Staffs recommended conditions.

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