

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1986(7)

In the Matter of

PORLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Costs to Support the Use of Balancing
Accounts Associated with MCBIT
Recovery.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 20, 2026, 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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 20, 2026**

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

DATE: December 22, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:

(Docket No. UM 1986(7))

Request for reauthorization to use Deferred Accounting to support PGE's use of balancing accounts for the Multnomah County Business Income Tax Recovery.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) request to reauthorize the deferral associated with the variance between revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning December 11, 2025.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to use deferred accounting to support PGE's use of a balancing account for the for the 12-month periods beginning December 11, 2025.

Applicable Law

PGE filed its application in accordance with ORS 757.259 and OAR 860-027-0300. 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.

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ORS 757.259(4); OAR 860-027-0300(9). ORS 757.269(1) states that “the Public Utility Commission shall act to balance the interests of the customers of the utility and the utility’s investors by setting fair, just and reasonable rates that include amounts for income taxes” and “amounts for income taxes included in rates are fair, just and reasonable if the rates include current and deferred income taxes and other related tax items that are based on estimated revenues derived from the regulated operations of the utility.”

ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later ratemaking treatment, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers.

Analysis

Background

This application is filed to support a balancing account that is used to record the activity of a Commission-approved mechanism, in conjunction with PGE Schedule 106 and the MCBIT balancing account are in place.

The Company will not seek amortization of the deferred amounts in future proceedings as the deferred amounts will automatically reverse due to the standard operation of the approved MCBIT mechanism.

In accordance with prior Commission Orders, amounts in the MCBIT balancing account will continue to be rolled forward and can be either positive or negative.

Description of Expenses

According to the Company the balancing account associated with the MCBIT Recovery is maintained to accrue the difference between PGE’s actual local income tax liability and the amount collected from customers under Schedule 106.

Reasons for Deferral

Pursuant to ORS 757.259(2)(e) the Company seeks to continue deferred accounting treatment for costs and revenues associated with the MCBIT Recovery to support the use of a related balancing account.

Proposed Accounting

The Company will continue MCBIT recovery accounting treatment, the balancing account is recorded in FERC Account 242 (Current Regulatory Liability). MCBIT Payments are debited to FERC Account 242 and credited to FERC Account 407.4

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(Regulatory Credit). MCBIT amortization is credited to FERC Account 242 and debited to FERC Account 407.3. Interest is accrued on the balance at the approved blended treasury rate.

Estimate of Amounts

The Company is unable to estimate the amounts to be deferred because they can vary depending on the level of costs and revenues.

However, the current account balance as of October 2025 is (\$612,125), and the Company forecasts that the MCBIT balance at the end of the next 12-month period will be approximately (\$27,992).

Information Related to Future Amortization

- Earnings Review – Staff does not recommend an earnings review be applied in this case because Schedule 106 is an automatic adjustment clause, and an earnings review is not required under ORS 757.259(5).
- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PGE's annual UM 1986 reauthorization filings.
- Sharing Percentages – All prudently incurred costs are recoverable by PGE with no sharing mechanism.
- Rate Spread/Rate Design – Rate Spread/Rate Design is applied in accordance with PGE Schedule 106. PGE will not seek amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing account
- Three percent test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(8) and (10)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. The three percent test does not apply because PGE will not seek amortization of the deferred amounts in a future proceeding

Conclusion

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve PGE's application.

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The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve PGE's request for reauthorization to use deferred accounting to support PGE's use of a balancing account for the MCBIT for the 12-month period beginning December 11, 2025