

ORDER NO. 26-042

ENTERED Feb 17 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2376

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Authorization to Defer
Certain Expenses Associated with an
Independent Evaluator and Third-party
Consultant for a Request for Proposal.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 17, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 17, 2026**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: February 9, 2026

TO: Public Utility Commission

FROM: Bret Farrell

THROUGH: Scott Gibbens and Curtis Dlouhy **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2376)
Deferred Accounting of Certain Expenses Associated with an Independent Evaluator and Third-Party Consultants for a Request for Proposal.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric’s (PGE or Company) application to defer costs associated with an independent evaluator and third-party consultants in its 2025 Non-Emitting All-Source Request for Proposals (RFP).

DISCUSSION:

Issue

Whether the Commission should approve PGE’s request to defer costs associated with an independent evaluator (IE) and third-party consultants in its 2025 RFP.

Applicable Law

Under ORS 757.259(2), the Commission may authorize a deferral of the following amounts for later incorporation into rates:

- a) Amounts incurred by a utility resulting from changes in the wholesale price of natural gas or electricity approved by the Federal Energy Regulatory Commission,

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- b) Balances resulting from the administration of Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980,
- c) Direct or indirect costs arising from any purchase made by a public utility from the Bonneville Power Administration pursuant to ORS 757.663, provided that such costs shall be recovered only from residential and small-farm retail electricity consumers,
- d) Amounts accruing under a plan for the protection of short-term earnings under ORS 757.262 (2), or
- e) 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.

OAR 860-027- 0300(3) requires that applications for deferred accounting include:

- (a) A description of the utility expense or revenue for which deferred accounting is requested,
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized,
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting,
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application, and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

Amounts deferred are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review. A review of the utility's earnings is required, unless subject to an automatic adjustment clause. ORS 757.259(5), OAR 860-027-0300. With some exceptions, a company's amortization of amounts deferred cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

Analysis

Background

In accordance with Order No. 25-279, PGE has commenced the process for its 2025 Non-Emitting All-Source RFP, docketed as UM 2371. In Order No. 25-089, the Commission approved the selection of PA Consulting to serve as the Independent Evaluator (IE) for PGE's 2025 All-Source RFP. PA Consulting will oversee the 2025

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Non-Emitting All-Source RFP process and perform all functions identified within the Division 089 rules.

The rules for engaging an IE within a competitive resource procurement process are prescribed within OAR 860-089- 0200, which states in part. "[t]he electric company may request recovery of fees and expenses associated with engaging an IE in customer rates." OAR 860-089- 0200(3).

Additionally, pursuant to OAR 860-089-0400(5)(a), PGE is required to:

use a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources.

Some examples of the IE's functions, as specified in OAR 860-089-0450, include the IE being available and responsive to the Commission throughout the process, PGE consulting with the IE in preparing the RFP, the IE submitting its assessment of the final draft RFP, and the IE preparing a closing report for the Commission after the final short-list of bids are selected, among other tasks.

Additionally, consistent with PGE's 2023 and 2021 All-Source RFP, independent third-party experts that will be involved in the 2025 All-Source RFP process include:

- A Variable Energy Resource (VER) assessment expert to review and assess the short-listed proposals received for wind and solar bids. This includes the review and assessment of the VER estimate, resource study, and other resource data describing the estimated energy produced from each project proposal.
- A third-party Owner's Engineer (OE) to conduct technical compliance review of short-listed proposals received for renewable energy bids. This includes analysis of the technical exception log submitted with each utility-owned proposal, identification of any additional technical scope gaps, and cost estimation for any identified technical exceptions.

PGE requests authorization for deferred accounting to track the costs of the IE, and independent third-party experts including the VER assessment expert and the third-party OE who will support the evaluation of the RFP bids for later prudence review and inclusion in rates.

Reason for Deferral

According to the Company, the reason for the deferral is that OAR 860-089-0200(1) requires the engagement of an IE prior to issuing an RFP to oversee the competitive

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bidding process. In addition, OAR 089-0400(5)(a) specifies the use of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist before modeling the effects of such resources.

The Company expects to incur incremental costs to pay for the IE and independent third-party experts that were not included in the costs used to set rates in PGE's most recent general rate case (Docket No. UE 435), and therefore requests deferred accounting to track these costs for later prudence review and potential inclusion in rates.

Proposed Accounting

In its application, PGE 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. In the absence of a deferred accounting order from the Commission, PGE would record the costs associated with the IE and third-party experts to FERC account 923, Outside Services Employed.

Estimate of Amounts

PGE currently estimates the amount subject to the deferral will total approximately \$450,000 for the IE and third-party experts required for PGE's 2025 Non-Emitting All-Source RFP. However, the exact amount will depend on a number of factors including the independent third-party experts selected, the number of bids received, and the amount of work performed by the IE and independent third-party experts.

Information related to future amortization

- Earnings review – ORS 757.259(5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259(2)(e). Staff does not propose an earnings test be applied for this deferral due to OAR 860-089- 0200(1), which requires utilities to engage the services of an IE to oversee the competitive bidding process and OAR 860-089-0400(5)(a) which requires utilities to engage the services of a qualified and independent third-party expert to review site-specific critical performance factors for wind and solar resources on the initial shortlist.
- Prudence Review – A prudence review will be performed by Staff when the costs associated with this deferral are considered for amortization.
- Sharing – There should be no sharing between PGE and its customers for this deferral. PGE is incurring the IE and independent third-party evaluator costs in this deferral application pursuant to the provisions included within

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OARs 860-089-0200(1) and 860-089-0400(5)(a).

- Rate Spread/Rate Design – Staff proposes that costs recovered through this deferral 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 to each applicable rate schedule.
- Three Percent Test (ORS 757.259(6)) – The amortization of the deferred IE costs will be subject to the three percent test in accordance with ORS 757.259(6), 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

Conclusion

As the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral reauthorization is valid, Staff recommends the Commission approve PGE’s request for authorization for deferred accounting of certain expenses associated with an Independent Evaluator and Third-Party Consultants in its 2023 All Source RFP.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric’s request for authorization for deferred accounting of certain expenses associated with an Independent Evaluator and Third-Party Consultants in its 2023 All Source RFP.