

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2376(1)

In the Matters of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization 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 May 12, 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: May 12, 2026**

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

DATE: April 21, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2376(1))
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 (IE) and third-party consultants in its 2025 Non-Emitting All-Source Request for Proposals (RFP) for the 12-month period beginning March 4, 2026.

DISCUSSION:

Issue

Whether the Commission should re-authorize PGE to defer costs associated with an IE and third-party consultants in its 2025 RFP.

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 commission finds should be deferred in order to minimize the frequency of

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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).

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. 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. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Amounts deferred under ORS 757.259(5) and OAR 860-027-0300 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. 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 Docket No. UM 2371, PGE is conducting its 2025 Non-Emitting All-Source RFP. PA Consulting has been approved to serve as the IE by the Commission under Order No. 25-089. The Commission first authorized a deferral in this docket, UM 2376 for the 12-month period beginning March 4, 2025 in Order No. 26-042.

The Company 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."¹

Throughout the UM 2371 proceeding, the IE has been overseeing the 2025 Non-Emitting All-Source RFP process and performing functions identified within the Chapter 860, Division 089 rules.

Examples of the IE's functions, as specified in OAR 860-089-0450 and OAR 860-089-0475, include the IE being available and responsive to the Commission throughout the process, PGE consulting with the IE, preparing necessary reports to the Commission, and monitoring contract negotiations.

¹ OAR 860-089-0200(3).

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Also, in addition to the services of the IE, independent third-party experts have been involved in the 2025 Non-Emitting All-Source RFP process, including:

- 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.

Description of Expenses

The Company requests deferred accounting to continue tracking the costs of the IE, and any additional costs associated with 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.

Reasons for Deferral

The Company seeks deferred accounting treatment of the expenses associated with an IE and independent third-party experts pursuant to ORS 757.259(2)(e). Deferring the costs will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

If the deferral is re-authorized, the Company will continue 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.

Estimate of Amounts

The Company 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, depending on a number of factors, including the timeline of commercial negotiations.

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-

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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 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 2025 All Source RFP.

The Company has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's request for re-authorization for deferred accounting of certain expenses associated with an Independent Evaluator and Third-Party Consultants in its 2025 All Source RFP, for the 12-month period beginning March 4, 2026.