

ORDER NO. 26-179

ENTERED May 27 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1294(19)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Annual Net Variable Power Cost Variance.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 26, 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 26, 2026**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: April 29, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1294(19))
Reauthorization to Defer Annual Net Variable Power Cost Variance.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric Company's (PGE or Company) application for reauthorization to defer annual Net Variable Power Cost Variance for the 12-month period beginning January 1, 2026, and deny PGE's request to separately track and defer Reliability Contingency Event costs.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to defer certain annual net variable power cost variances. Thus, the amounts are subject to recovery or refund under PGE's Power Cost Adjustment Mechanism.

Applicable Law

ORS 757.259 authorizes the Commission to allow utilities to defer utility revenues and expenses for later inclusion in rates.

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities.

Analysis

Docket No. UM 1294(19)
April 29, 2026
Page 2

Background

In Commission Order No. 07-015, the Oregon Public Utility Commission (OPUC) approved the implementation of an Annual Update Tariff (AUT) for PGE. This mechanism allows PGE to adjust its rates annually on January 1 each year, based on updated estimates of net variable power costs for the forthcoming year, as outlined in PGE's Schedule 125.

In addition, Commission Order No. 07-015 approved implementation of a Power Cost Adjustment Mechanism (PCAM) under which PGE tracks and defers the annual variances between actual and estimated variable power costs. These annual net variable power cost variances (PCV) are subject to recovery or refund following the application of a sharing mechanism and earnings test as outlined in PGE's Schedule 126.

PGE is requesting reauthorization to defer the PCV for the period from January 1, 2026 to December 31, 2026. The Commission initially granted the PCV Deferral in Order No. 07-050, and it has been reauthorized annually, with the most recent reauthorization occurring under Order No. 25-056, which established a 12-month deferral effective January 1, 2025.

PGE also requests authority to separately track and defer Reliability Contingency Event (RCE) costs for recovery under the RCE recovery mechanism adopted by the Commission in Order No. 23-386. Under that order, PGE was allowed to track and recover actual costs for RCEs separately from other variable power costs deferred under Schedule 126. However, the RCE mechanism expired December 31, 2025.

In 2025, prior to the expiration of the RCE mechanism, PGE asked the Commission to extend the mechanism by one year.¹ PGE's request for extension was pending at the time PGE filed its request for deferral at issue in this docket and therefore PGE included the specific request to allow it to separately track and defer RCE costs.² Since PGE filed this request for authority to defer NVPC and RCE costs, the Commission has issued an order denying PGE's request to extend the RCE mechanism.³

¹ See *In the Matter of Portland General Electric Company, 2024 Power Cost Adjustment Mechanism*, UE 457, Order No. 26-083 at 13 (March 18, 2026).

² PGE Application for Deferral Authorization (UM 1294) at 2.

³ *Id.*, at 14-15.

Docket No. UM 1294(19)
April 29, 2026
Page 3

Description of Amounts

The amount to be deferred is calculated in accordance with PGE's Schedule 126, which is based on the rate differences between the actual net variable power costs and the net variable power costs forecast pursuant to PGE's Schedule 125.

Reason for Deferral

The Company seeks to continue the deferral that will minimize the frequency of rate changes or the fluctuation of rate levels, and match appropriately the costs borne, and benefits received by customers. This is consistent with the grounds for authorizing a deferral under ORS 757.259(2)(e).

Proposed Accounting

The Company will continue to use FERC Account 182.3 (Regulatory Assets) to record the Deferred Amount; crediting FERC Account 555 (Purchased Power) if there is an amount to collect from customers. PGE would record the Deferred Amount in FERC Account 229 (Accumulated Provision for Rate Refunds), debiting FERC Account 449.1 (Provision for Rate Refunds) if there is a refund to customers.

Estimate of Amounts

The Company cannot provide an estimate of the amount at this time because it is dependent on actual 2026 information that is currently unknown.

Information Related to Future Amortization

- Earnings review – The Earnings Review is subject to the terms of PGE's Schedule 126.
- Prudence Review – A prudence review should:
 - 1) Be performed at the time of deferral amortization and,
 - 2) Include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – Sharing is subject to the terms of PGE's Schedule 126.
- Rate Spread/Design – The PCV amortization amount will be spread on an equal cents per kWh basis, as specified in PGE's Schedule 126.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) 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 limit of the deferrals if any

Docket No. UM 1294(19)
April 29, 2026
Page 4

will be determined at the time of amortization. ORS 757.259(8) allows the Commission to consider up to a six percent limit because PGE is an electric utility. PGE's Schedule 126 specifies the six percent limit.

Conclusion

PGE's request to defer the variance between power costs established in the AUT and actual costs is consistent with the PCAM approved by the Commission and necessary for the actual operation of the PCAM. Accordingly, Staff supports deferral of NVPC for 2026. Because the Commission has denied PGE's request to extend the RCE mechanism, Staff opposes PGE's request to separately track and defer RCE costs.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's application for reauthorization to defer annual Net Variable Power Cost Variance for the 12-month period beginning January 1, 2026, and deny PGE's request to separately track and defer Reliability Contingency Event costs.