

ORDER NO. 26-185

ENTERED May 27 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2308(2)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization of Deferral
of Washington Climate Commitment Act
Carbon Compliance Costs.

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 21, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2308(2))
Deferral of Costs Associated with Washington CCA Compliance.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) request to authorize the deferral regarding costs associated with the Washington Climate Change Act (CCA) Carbon Compliance for later rate-making treatment for the 12-month period beginning January 1, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for authorization to defer costs associated with the Washington Climate Change Act Carbon Compliance.

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 rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

Docket No. UM 2308(2)
April 21, 2026
Page 2

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, as stated in OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

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 prudence of the deferred amounts and the utility's earnings at the time of application to amortize the deferral. If amortization is through an automatic adjustment clause, the earnings review is discretionary.

Analysis

Background

The state of Washington passed the Climate Commitment Act, which established a comprehensive, market-based cap-and-invest program aimed at reducing pollution and achieving the greenhouse gas (GHG) limits set in the state law. The Washington Department of Ecology finalized the cap-and-invest program (Washington Cap-and-Invest) regulations in October 2022 and the program was launched on January 1, 2023. Thus, entities that are covered under the program started incurring emission compliance obligations January 1, 2023.

In Docket No. UE 416, PGE and other parties including Staff stipulated that PGE should remove forecasted costs of compliance with the CCA from forecasted NVPC for PGE's 2024 AUT and that Stipulating Parties would not oppose PGE's request to defer costs of compliance, although they reserved the right to oppose amortization. The Commission approved the parties' stipulation.¹

The parties' stipulation in Docket No. UE 416 concerned PGE's AUT for 2024. However, PGE also obtained authority to defer CCA costs in 2025² and did not include the costs in forecasted NVPC in its 2025 AUT. PGE's request to defer these costs in 2025 was not opposed.

¹ *In the Matter of Portland General Electric Company, Request for a General Rate Revision*, UE 416, Order No. 23-386 (October 10, 2023).

² *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Reauthorization of Washington Climate Commitment Act Carbon Compliance Costs*, UM 2308, Order No. 25-229 (June 25, 2025).

Docket No. UM 2308(2)
April 21, 2026
Page 3

PGE once again seeks deferral of CCA compliance costs rather than including them in forecasted NVPC. PGE's NVPC rates for 2026 were established in 2025.³ PGE states its 2026 NVPC does not include CCA compliance costs.⁴

Because 2026 is underway and PGE has not included forecasted compliance costs in NVPC for 2026, Staff does not oppose PGE's request to defer 2026 CCA compliance costs. Staff notes that it will be investigating in PGE's pending AUT proceeding for 2027 whether it is appropriate to include CCA compliance costs in forecasted NVPC rather than separately deferring the costs and that this 2026 deferral may be the last one that Staff does not oppose.

Description of Expenses

Costs of compliance associated with the Washington CCA for the period of January 1, 2026 through December 31, 2026.

Reasons for Deferral

PGE seeks deferred accounting treatment for carbon compliance costs associated with the Washington CCA. Granting this Application will match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

For collection amounts, PGE proposes to record the deferred amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 232 (Accounts Payable).

Estimate of Amounts

PGE does not have an estimate of amounts because Washington CCA carbon compliance costs can be impacted by numerous variables such as transaction volumes.

Information Related to Future Amortization

- Earnings Review - This deferral will be amortized through Schedule 125. Whether there will be an earnings test should be addressed at the time of amortization.
- Prudence Review - A prudence review should be performed at the time of deferral amortization.

³ *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, 2026 Annual Power Cost Update Tariff*, UE 452, Order No. 25-439 (November 5, 2025).

⁴ UM 2308 Application for Deferred Accounting at 3 (December 19, 2025).

Docket No. UM 2308(2)
April 21, 2026
Page 4

- Sharing Percentages - Whether there should be sharing should be addressed at the time of amortization.
- Rate Spread / Rate Design - The deferred amounts will be spread based on an equal percentage of generation revenue applied on a cents per kWh basis, as specified in Schedule 125.
- Three Percent Test - These costs are subject to the three limitations as provided in ORS 757.259(6).

Conclusion

Staff conclude that Portland General Electric's authorization request meets the requirements of ORS 757.259 and OAR 860-027-0300.

The Company has reviewed a draft of this memo and agrees with Staff's recommendation to approve the application.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's request to authorize the deferral regarding costs associated with the Washington Climate Change Act Carbon Compliance for later rate-making treatment for 12-month period beginning January 1, 2026.