ORDER NO. 26-322

ENTERED Sep 03 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2281(3)

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Reauthorization to Defer Certain Expenses Associated with an Independent Evaluator and Third-party Consultants for a Request for Proposal.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 3, 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. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 3, 2026

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** ______N/A______

DATE: August 24, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2281(3))
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 Company's (PGE or Company) application for reauthorization to defer costs associated with an Independent Evaluator (IE) in its 2023 All Source Request for Proposals (RFP) for the 12-month period April 21, 2026 through April 20, 2027.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to defer costs associated with an IE in its 2023 All Source RFP.

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "[i]dentifiable 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 fluctuations of rate levels or to match appropriately the costs borne by and benefits received by ratepayers."
ORS 757.259(2)(e).

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). ORS 757.259(5) provides that amounts deferred under ORS 757.259(2) 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 typically required. 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).

The rules for engaging an IE to oversee 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). OAR 860-089-0450(10) states that an "*IE must participate in the final short list acknowledgment proceeding initiated by the electric company, and must continue to participate if, at the time of acknowledgment of the electric company's final shortlist, the Commission chooses to require IE involvement through final resource selection*."

<u>Analysis</u>

Background
In accordance with the competitive bidding rules adopted by the Commission, PGE conducted a 2023 All-Source RFP for carbon-free energy resources, which resulted in a Commission acknowledged final short list.[1] With negotiations complete, remaining IE work includes completion of the final IE report in response to Commission Staff requests associated with PGE's UM 2431 waiver request.

As contract negotiations are ongoing prior to final resource selection, PGE will continue to retain the IE and requests the reauthorization of deferred accounting to track the costs of the IE for later prudency review and inclusion in rates.

Additionally, pursuant to OAR 860-089-0450(10) the IE was required by the Commission to continue its involvement in the RFP through final resource selection.

Finally, Commission Staff has engaged the IE on a limited basis within PGE's UM 2423 and UM 2431 waiver requests. As part of PGE's notice of the commencement of the

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1 See *In the Matter of Portland General Electric Company, Request for Partial Waiver of Competitive Bidding Rules,* UM 2274, Order No. 24-425 (November 25, 2024).

process for a 2023 All-Source Request for Proposals (RFP), docketed as UM 2274, PGE also sought a partial waiver of OAR 860-089-0200, to allow Bates White, the IE used for PGE's 2021 RFP, to continue and serve as the IE for UM 2274.

Note: As stated in Staff's report in AR 677 on May 19, 2026, and supported by the Commission's Phase 1 comments in AR 676 at the July 7, 2026 Special Public Meeting, Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible.

The incorporation of existing deferrals into base rates would reduce year-to-year filings, improve transparency, and support the multi-year rate plan (MRP) goal of incorporating a broader set of costs within the multi-year framework.

Staff encourages the Company and stakeholders to continue to evaluate the reasonableness of moving this and other deferrals into base rates in preparation for the move to multi-year ratemaking. However, Staff believes that approval of this deferral is reasonable until such a time that the Commission determines to consolidate the costs at issue into base rates in a general or multi-year rate proceeding.

Description of Utility Expense
Costs of 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. Additionally, pursuant to conditions in the 2023 RFP, the IE will continue to be retained following the selection of final short-list bids to oversee contract negotiations and through final resource selection.

Reasons for Deferral
PGE continues to incur incremental costs to pay for the IE 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 reauthorization of deferred accounting to track these costs for later prudence review and inclusion in rates.

PGE continues to progress on its commercial negotiations associated with the RFP. PGE explains that pursuant to conditions in the RFP, the IE will continue to be retained following the selection of final short-list bids to oversee contract negotiations and through final resource selection.

Proposed Accounting
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.

Estimate of Amounts
When PGE initially filed for this deferral in April 2023, it currently estimated the amount subject to the deferral will total approximately $400,000 for the IE and third-party experts required for PGE's 2023 All-Source RFP, and PGE's April 2024 application continues to estimate the cost as $400,000.

PGE currently estimates the amount subject to the reauthorization period will total less than $30,000. However, the exact amount will depend on the final closing work in UM 2274 and the totality of ad hoc work in UM 2423 and UM 2431.

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 - Should be performed by the OPUC Staff after PGE files for amortization but should be limited to verification of the accounting methodology used to determine the final amortization balance.

- Sharing Percent - There should be no sharing between PGE and its customers for this deferral. PGE is incurring the IE in this deferral application pursuant to the provisions included within OARs 860-089-0200(1).

- Rate Spread/Rate Design - 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 - 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

Staff finds 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; therefore Staff recommends the Commission approve PGE's application.

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

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's request for reauthorization for deferred accounting of certain expenses associated with an Independent Evaluator and third-party Owner's Engineer for its 2023 All Source RFP, for the 12-month period beginning April 21, 2026 through April 20, 2027.