

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2385

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application of Corporate Reorganization to
Create a Holding Company.

ORDER

DISPOSITION: APPLICATION FOR CORPORATE REORGANIZATION
GRANTED SUBJECT TO CONDITIONS; STIPULATION
REJECTED

I. SUMMARY

As addressed in this order, we condition our approval of Portland General Electric Company's (PGE) application for corporate reorganization to ensure that it will provide net benefits to customers and meet the requirements of ORS 757.511. Specifically, we find PGE's application would provide net benefits sufficient to meet the statutory requirements only if subject to the Staff of the Public Utility Commission of Oregon's conditions, as further modified by this order, including a rate credit of \$78 million, an equity floor of 45 percent, and a seven-year hold harmless period. We adopt these conditions to ensure net benefits for customers based on our finding that PGE on its own did not demonstrate net benefits on the record. We similarly find the record did not demonstrate that the stipulation filed by PGE and Staff was sufficient to meet the requirements of ORS 757.511. We grant PGE's application for corporate reorganization subject to the conditions in Appendix A.

II. PROCEDURAL HISTORY

On July 25, 2025, PGE filed its application for a corporate reorganization and creation of a holding company that would wholly own PGE as a subsidiary, the transfer of transmission assets to a transmission-only company, and the updates to PGE's Master Services Agreement (MSA) and associated Cost Allocation Manual (CAM).

Staff, the Oregon Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC), Renewable Northwest (Renewable NW), and the Northwest & Intermountain Power Producers Coalition (NIPPC) all participated as parties to this proceeding. During the course of the proceeding, parties filed testimony and exhibits.

On February 23, 2026, PGE filed a motion to modify the procedural schedule, including an agreement to extend the statutory deadline to resolve the company's application from June 25, 2026, to August 25, 2026.¹ The Commission agreed to the extension in an order entered on February 25, 2026.²

On May 27, 2026, the parties waived cross-examination and filed position statements. On June 26, 2026, PGE, Staff, CUB, and AWEC each filed an opening brief and NIPPC filed a letter stating it would not file an opening brief. PGE, Staff, and CUB each filed a reply brief on July 17, 2026, and AWEC, NIPPC, and Renewable NW each filed a letter stating they would not file a reply brief. The Commission held oral argument on July 23, 2026.

On August 12, 2026, PGE and Staff filed a stipulation resolving all remaining issues. AWEC, NIPPC, and Renewable NW did not join the stipulation but did not object. On August 13, 2026, Administrative Law Judge (ALJ) Sarah Spruce issued a ruling establishing deadlines, including a deadline for PGE to request an extension to the statutory deadline to facilitate consideration of the stipulation. On August 17, 2026, PGE filed a confirmation of agreement for extension of the statutory deadline to September 25, 2026. On August 18, 2026, the Commission entered an order extending the deadline to September 25, 2026.³

On August 25, 2026, CUB filed an objection to the stipulation. On September 2, 2026, PGE and Staff filed a response to CUB's objection. Below, we first summarize each party's position on the issues raised in their briefs, followed by their positions regarding the stipulation.

III. COMPANY FILING

PGE proposes to restructure the company so that PGE and its current affiliates would become wholly owned subsidiaries of the newly formed Portland General Holdings (HoldCo). In its initial application, PGE proposed to transfer PGE's transmission assets from PGE to a newly created Portland General Transmission (PGT), which would also be a wholly owned subsidiary of Holdco and an affiliate of PGE. As a result, PGE would

¹ See ORS 757.511(4)(a).

² Order No. 26-055 (Feb. 25, 2026).

³ Order No. 26-291 (Aug. 18, 2026).

become a distribution-only utility company, and PGT would be a transmission-only utility company.

On March 31, 2026, PGE filed surrebuttal testimony withdrawing its request for a transmission-only utility company at this time. As part of that filing, PGE states it has entered into an agreement with PacifiCorp, dba Pacific Power, to purchase PacifiCorp's Washington service territory and other related assets. PGE states the Washington service entity would be held under the holding company alongside PGE. PGE states upon the formation of the holding company, current shareholders of PGE would become shareholders of the holding company with the same number of shares that they hold in PGE.

Additionally, PGE seeks to modify its MSA and CAM to address transactions between PGE and HoldCo. PGE's application, as modified throughout testimony, includes a number of commitments, as well as a proposed \$10 million rate credit to be provided to customers over three years.

IV. STANDARD OF REVIEW

A. ORS 757.511

PGE's application is subject to our approval under ORS 757.511 governing applications to acquire the power to exercise substantial influence over the policies and actions of a public utility. Under the statute, the applicant bears the burden of showing the proposed transaction will "serve the public utility's customers and is in the public interest** *." ⁴ We have determined that "to serve the public utility's customers" imposes a higher standard than "no harm," and have articulated a two-step analysis for approval of transactions: (1) a determination that the transaction will provide a net benefit to the utility's customers; and (2) a finding that the transaction will not cause harm to Oregon citizens as a whole. ⁵ To determine whether there is a net benefit to the acquired utility's customers and no harm to Oregon citizens, we examine the risks and benefits of the proposed transaction, considering the total set of concerns in each individual case. ⁶

Under ORS 757.511(4)(b), we must also consider the effect of the transaction on the amount of income taxes paid by the utility or its affiliated group and make any necessary adjustments to the utility's rates to ensure the transaction serves the utility's customers

⁴ ORS 757.511(4)(a).

⁵ *In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order No. 01-778 at 11 (Sept. 4, 2001).

⁶ *In the Matter of MidAmerican Energy Holdings Company Application for Authorization to Acquire Pacific Power & Light, dba PacifiCorp*, Docket No. UM 1209, Order No. 06-082 at 3 (Feb. 24, 2006).

and is in the public interest. To that end, we may require the company to establish a balancing account to track income tax expenses.

B. Stipulations

Under OAR 860-001-0350, the Commission may adopt, reject, or propose to modify a stipulation. We review settlements on a holistic basis to determine whether they serve the public interest and are in accordance with the law. If the Commission proposes to modify a stipulation, the Commission must explain the decision and provide the parties sufficient opportunity on the record to present evidence and argument to support the stipulation.

A party may challenge a settlement by presenting evidence that the overall settlement results in something that is not compatible with a just and reasonable outcome. Where a party opposes a settlement, we will review the issues pursued by that party and consider whether the information and argument submitted by the party (which may be technical, legal, or policy information and argument) suggests the settlement is not in the public interest, or otherwise is not in accordance with the law. To support the adoption of a settlement, the stipulating parties must present evidence that the stipulation is in accord with the public interest.

C. Affiliate Interest

Pursuant to ORS 757.015(3), a corporation or person has an affiliated interest relationship with a public utility when it owns or holds, directly or indirectly, or is in any chain of successive ownership, of at least five percent of the voting securities of that public utility. Pursuant to ORS 757.015(3), every corporation that is owned by any corporation or person owning at least five percent of the voting securities of a public utility also has an affiliated interest relationship with the public utility. Pursuant to ORS 757.015(5), every corporation that has two or more officers or two or more directors in common with a public utility has an affiliated interest with the public utility.

ORS 757.495(1) and OAR 860-036-2210(2) require that when a public utility enters into a contract with an affiliated interest, it must seek Commission approval of the contract within 90 days of execution of the contract. ORS 757.495(6) requires the Commission to enter an order within 90 days after the matter has been submitted to the Commission for consideration.

Pursuant to ORS 757.495(3), the Commission will approve affiliated interest agreements if the terms are fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all financial aspects of the

agreement for ratemaking purposes and may reserve that issue for subsequent proceedings.⁷

V. BRIEFS – POSITIONS OF THE PARTIES

A. PGE

PGE asserts it has met the standards of ORS 757.511. PGE notes the Commission has historically applied a two-step analysis: first determining whether the reorganization will provide a net benefit to the company's customers; and second determining whether the reorganization will harm Oregon citizens as a whole.

Regarding the net benefits analysis, PGE argues the Commission has not established a requirement to include the applicant's commitments in the analysis or conditions and states that the Commission may impose conditions to mitigate customer exposure to risks. PGE maintains there is no requirement that all risks be eliminated as suggested by Staff and CUB. PGE contends this argument is inconsistent with those parties' arguments in joint testimony in docket UM 1804. PGE notes in Order No. 17-526 regarding another company's proposed restructure, the Commission acknowledged that the conditions did not entirely eliminate the risk and "has been explicit in its acknowledgement that the statute does not require total elimination of all risk" for ratepayers.⁸

PGE contends contrary to the assertions of CUB and AWEC, the Commission has previously recognized that conditions, such as ring-fencing, provided customer benefits.⁹ PGE maintains that the benefits associated with these conditions are part of the company's application and must be considered in the analysis. PGE asserts that the key question is whether the proposed structure, with appropriate conditions, provides customer benefits over the status quo.

PGE maintains CUB is pulling arguments from orders on both acquisition and reorganization and the company's application does not involve acquisition by an entity "not engaged in utility business."¹⁰ PGE reiterates the Commission should apply the statutory language in ORS 757.511 and asserts ORS 757.506 is not applicable. PGE argues the Commission previously found that specific language in ORS 757.511 controls

⁷ *In the Matter of Avista Corporation, dba Avista Utilities, Application to Enter into a Multi-Tenant Lease Agreement with Steam Plant Square, LLC, an Affiliated Interest*, Docket No. UI 306, Order No. 11-071 at 2 (Mar. 2, 2011).

⁸ PGE Opening Brief at 8 (June 26, 2026).

⁹ *Id.* at 9 (citing *In the Matter of Northwest Natural Gas Company, dba NW Natural, Application for Approval of Corporate Reorganization to Create Holding Company*, Docket No. UM 1804, Order No. 17-526 at 13-15 (Dec. 28, 2017)).

¹⁰ PGE Reply Brief at 2 (July 17, 2026).

over general language in ORS 757.506.¹¹ PGE asserts that in analyzing the net benefit standard, the Commission considers economic factors and “the total set of concerns presented by each merger application.”¹² PGE maintains its proposed reorganization is substantially similar to what the Commission approved for Northwest Natural Gas Company, dba NW Natural, in docket UM 1804 and many of the same factors and commitments present in that proceeding are present in the company’s proposal. PGE contends that in docket UM 1804, the Commission determined that the purpose behind forming a holding company was irrelevant to the analysis of net benefits and public interest and noted the holding company’s plans may change in the future.¹³ PGE asserts the Commission should focus on the benefits of the reorganization instead of the business plans.

Regarding the no-harm standard, PGE asserts the standard does not require that all or most of the benefits of a holding company flow to customers. PGE contends “a rate credit to customers as evidence of a net benefit is not required where other benefits of the transaction flow to both customers and Oregonians collectively.”¹⁴

PGE asserts its proposed restructure meets both prongs of the Commission’s test. PGE maintains the holding company structure that it proposes is common in the industry, as well as Oregon. PGE asserts the structure allows for flexibility and lowers the cost of capital. PGE maintains it proposes the holding company structure “to strategically reposition its operations and modernize” the company’s structure.¹⁵ PGE contends this restructure will increase its access to capital, lower the costs of investments, and manage future business in a way that will protect customers.

PGE contends the holding company provides significant benefits to its customers, including improving the company’s access to capital and financing in light of an anticipated capital need of \$6.4 billion through 2029 to meet state policy targets, address wildfire risk and other objectives. It also argues the restructure will increase transparency and accountability, provide flexibility to address future opportunities, limit the risk associated with the status quo structure, and preserve the company’s current operations. PGE asserts it has committed to several conditions that appropriately mitigate the risks identified by parties and has committed to a \$10 million rate credit for customers.

Regarding alternate rate credit amounts proposed by the parties, PGE asserts these proposed amounts are egregiously large and should be rejected. In particular, PGE

¹¹ *Id.* at 3.

¹² *Id.*

¹³ *Id.* at 28-29 (citing Docket No. UM 1804, Order No. 17-526 at 13).

¹⁴ PGE Opening Brief at 11.

¹⁵ *Id.* at 13.

contends that Staff's rate credit calculation method has not been used in the past and some of the assumptions used are unrealistic. Additionally, PGE contends it is unclear why Staff calculated the rate credit based on the replacement of debt.

Regarding the minimum level of common equity, PGE proposes a minimum of 44 percent. PGE asserts that 44 percent is consistent with the stipulation the Commission approved in docket UM 1804 and there is no support for Staff's higher 47 percent proposal. PGE also maintains that the credit rating constraints provide sufficient protection, as well.

PGE maintains the restructure will not negatively affect its operations, services, or service quality. PGE asserts there will be no tax implications associated with the restructure, nor will there be adverse tax consequences for customers. PGE argues the restructure will "provide a more explicit separation" between PGE and the Washington service territory, if acquired.¹⁶ PGE maintains the holding company structure will reduce the risks, provide legal protections for both PGE and the Washington company, make business evaluation more efficient, and provide access to financing options not currently available to PGE. PGE asserts the restructure mitigates risks associated with the status quo structure, including ability to meet capital needs and increasing pressure on PGE's balance sheet, particularly in light of anticipated capital expenditures to address grid resilience, increasing load, and decarbonization goals.

Regarding the pending Washington transaction, PGE states HoldCo would provide for explicit separation between PGE and the Washington company and would help shield ratepayers from risks. PGE maintains that "[t]o the extent the Washington transaction has any impact on the Corporate Structure Update at all, it will only be to provide an added benefit to customers."¹⁷

PGE asserts concerns raised about conflict of interest are generic and "should be disregarded because they contravene the Commission's directive to 'analyze the facts and total set of concerns of each case.'"¹⁸ PGE also asserts the issue of double leverage raised by the parties exists for all holding companies, including those already approved by the Commission and that this financing strategy is used to keep costs low. PGE argues restricting HoldCo from issuing debt would remove one of the main benefits of the restructure. PGE maintains its commitments are sufficient to protect customers. PGE contends its proposed \$10 million dollar rate credit and \$4 million credits for workforce and environmental initiatives were intended to address the uncertainty associated with

¹⁶ *Id.* at 19.

¹⁷ PGE Reply Brief at 29.

¹⁸ PGE Opening Brief at 28 (quoting PGE/1300, Pagedar/20).

“the speculative nature of what debt and equity issuances will be necessary” and market conditions.¹⁹ PGE argues double leverage is not unique to its proposal and the Commission has previously addressed and mitigated potential risks from double leverage. PGE maintains CUB’s arguments that PGE’s proposal is fundamentally different from the proposal in docket UM 1804 as it pertains to double leverage are not relevant and argues the question before the Commission is whether PGE’s commitments are sufficient to protect customers.

PGE maintains its proposal for a seven-year hold harmless period provides significant customer protections, noting it matches the time period approved for NW Natural in docket UM 1804. PGE maintains the ten-year period proposed by Staff is too long. PGE argues the longer the period extends, the harder it will be to determine whether a change in rates can be attributed to the restructure.

PGE asserts the Commission has previously found that holding company structures provide benefits and that risks may be mitigated with ring-fencing and other commitments. PGE maintains the same factors the Commission has previously considered to provide net benefits are present in its own application.

PGE requests the Commission approves modifications to its MSA and CAM to address its holding company structure. PGE contends it has met the standard to demonstrate the affiliate interest update is fair and reasonable and is not contrary to the public interest. PGE asserts its modifications, combined with the holding company structure, will provide customer protection from risks of affiliate interest transactions and increased transparency.

PGE maintains it made additional changes to the MSA to address Staff concerns. PGE states it added a provision requiring it to submit any waiver of an MSA provision to the Commission. PGE also states it added provisions to address transparency concerns. PGE agrees to adopt Staff’s language regarding submitting waivers of MSA terms in its annual affiliate interest update. PGE maintains it will update and re-file for approval of the MSA and affiliate interest reporting to reflect the HoldCo organizational detail and the outcome of this application following approval.

¹⁹ PGE Reply Brief at 30 (quoting PGE/1300, Pagedar/18).

B. Staff

Staff asserts PGE's proposed restructure does not meet the net benefits standard. Staff maintains the proposal presents a risk of harm to ratepayers that is not outweighed by the benefits or sufficiently mitigated by PGE's conditions. Staff argues that under PGE's proposal, the company's only source of equity financing would be its retained earnings and HoldCo's equity investments. Staff asserts the proposed structure poses risks to ratepayers including the potential for conflicts of interest, double leverage, lack of transparency, financial reporting complexity, and the benefits from cost-of-capital savings not flowing to PGE customers.

Staff contends PGE's proposal could satisfy the statutory standards if the Commission imposes Staff's proposed conditions limiting how HoldCo may use PGE's assets and earnings and mitigating the risk to ratepayers. Staff's conditions include a rate credit of either \$115 million over five years or \$25 million over five years depending on if HoldCo may issue debt, a hold harmless period of ten years, and a 47 percent equity floor, as well as a number of other conditions addressing the transaction, operations, access to information, affiliated interests, and notice of certain events or conditions triggered.

Staff maintains PGE has incorrectly characterized its arguments regarding risk mitigation and asserts that the statutory standard does not require elimination of all risk. Staff argues many of PGE's proposed commitments are promises that may not be actionable by the Commission. Staff contends it is appropriate to set more authoritative commitments given the circumstances of the application, including PGE's plans for HoldCo, the Washington transaction, and the earlier withdrawn proposal for a transmission-only entity.

Regarding the risk of conflict of interest, Staff states this risk is not unique to PGE's proposal but maintains it is unique that PGE intends to "pursue significant investments in non-regulated interests at the same time as it pursues an almost unprecedented amount of investment for its regulated operations."²⁰ Staff argues the Commission needs sufficient guardrails to ensure PGE makes the necessary investments in regulated service in Oregon and maintains appropriate liquidity and credit ratings if in the future HoldCo attempts to use PGE to support its other ventures.

Staff asserts that based its proposal for a \$115 million rate credit on the same potential benefits that PGE relied on in support of its claim of lower capital costs and PGE cannot reasonably argue these claimed benefits were inappropriate for Staff to use in its calculation. Staff argues its proposed rate credit is reasonable and approximately half of what shareholders could expect to receive if PGE's estimated benefits are realized. Staff

²⁰ Staff Reply Brief at 3 (July 17, 2026).

maintains prior rate credits were determined by stipulation and that, contrary to PGE's assertions, there is no precedent supporting any particular calculation for rate credits.

Staff maintains that the 47 percent equity floor in Staff conditions 21 and 27 is necessary to address the associated risks and is not inconsistent with Commission precedent. Staff notes the Commission required a minimum equity level of 48 percent for the Enron purchase of PGE in 1987, which had similar risks to PGE's proposal.

Staff asserts a ten-year hold harmless provision is necessary to ensure that the period and associated protections extend into PGE's second multi-year rate plan. Staff contends PGE's proposed seven-year period would likely expire during PGE's first multi-year rate plan. Staff maintains the ten-year period would cover a period of time when affordability and HB 2021 compliance will be heavily scrutinized.

Staff proposes additional conditions related to PGE's affiliate interests and the MSA and CAM. Specifically, Staff proposes to require PGE to submit any waiver of terms in its MSA in its annual affiliate interest report.²¹ Staff also proposes to require PGE to disclose in its annual affiliated interest report any transactions that involve a related third party of an affiliate or a third party who shares an investor with common equity in both PGE and the third party.²² Staff asserts its proposed requirements are not onerous and would help ensure that ratepayers are adequately protected.

C. CUB

CUB asserts that under ORS 757.511 the Commission reviews applications on a case-by-case basis. CUB contends PGE is incorrect that the Commission's decision in docket UM 1804 provides a "pre-approved set of conditions" that can address any proposed restructure.²³ CUB maintains the Commission already rejected this argument in docket UM 1011 when PGE proposed the Commission adopt a list of conditions that would typically address the most common restructure risks.²⁴ CUB also maintains docket UM 1804 was resolved by stipulation, which is non-precedential. CUB asserts the proposed application underlying docket UM 1804 is distinguishable from PGE's application, noting that NW Natural was facing carbon regulation with risks for its unregulated subsidiaries. CUB maintains that by contrast PGE has not provided the same detail regarding the intent behind creating the company. CUB asserts PGE's proposal would strip the company of its equity and introduce additional risks from a new affiliate in Washington.

²¹ Staff Opening Brief at 50 (Staff Commitment 52(f)) (June 26, 2026).

²² *Id.* at 48 (Staff Commitment 49).

²³ CUB Opening Brief at 10 (June 26, 2026).

²⁴ CUB Opening Brief at 10 (citing Order No. 01-778 at 4).

CUB asserts there is little evidence in the record to support PGE's assertion it needs \$6.4 billion in capital expenditures and notes that figure is a board-approved budget rather than capital project costs found prudent and necessary. CUB maintains capital expenditures are needed for investments but contends that PGE has not articulated the other financing options it has explored. CUB also asserts PGE is not a financially or operationally distressed company based on PGE's own testimony.

CUB asserts PGE has not demonstrated that its proposal meets the net benefits requirement. CUB argues there are several potential harms from the restructure, including PGE providing its equity to HoldCo and double leverage. CUB also argues the Washington acquisition presents risks associated with financing the acquisition and HoldCo potentially incurring billions in debt that will not provide benefits to PGE customers.

CUB contends PGE has not provided sufficient information to support the benefits it has identified. CUB maintains PGE has not provided expected savings for customers or expected gains for shareholders as other applicants have. CUB also maintains PGE's testimony contradicts the company's claim that the restructure is necessary to provide increased financing options, noting PGE states it has an A3 rating and the funds necessary for the Washington acquisition.

Regarding specific benefits, CUB contends PGE's proposed \$10 million rate credit is the only tangible benefit but that PGE has failed to identify a basis for the credit that can be "readily linked" to the proposed restructure, as the Commission has previously required.²⁵ CUB argues the funding for the credit will come from the retained earnings HoldCo receives, meaning that PGE's customers are paying equity returns to HoldCo to receive a partial refund over three years. CUB supports Staff's alternative rate credit and the third alternative rate credit option proposed by CUB and AWEC of \$57.5 million over five years in the event that the Commission allows HoldCo to issue debt but not use it to contribute equity to PGE.²⁶ CUB argues these alternative options have a causal link to the cost savings PGE alleges. CUB asserts PGE has a misplaced focus on the stipulated outcome in docket UM 1804 and notes the rate credit in that docket was also accompanied by a commitment to pass on efficiencies. Similarly, CUB argues the commitments to provide an additional \$5 million in state benefits are negligible and limited to specific groups.

²⁵ CUB Opening Brief at 23 (citing *In re Oregon Electric Utility Company, LLC et al., Application for Authorization to Acquire Portland General Electric Company*, Docket No. UM 1121, Order No. 05-114 at 30 (Mar. 10, 2005)).

²⁶ CUB Reply Brief at 13 (July 17, 2026); CUB-AWEC/300, Jenks-Safford/24 (Apr. 30, 2026).

CUB asserts the HoldCo structure provides a negligible benefit and is not necessary for the Washington acquisition. CUB argues the stated benefit restates the basic obligations of utility and the risks cited are because of PGE's intent to acquire the Washington service territory. CUB maintains there are ways to protect against the risks of affiliates without HoldCo.

CUB argues if the Commission finds that there is a net benefit, the Commission should require additional conditions, including those proposed in Exhibit CUB-AWEC/310. CUB does, however, note it provides these options cautiously and maintains that there is a question of whether the Commission should provide such a counter offer to the application rather than accepting or denying the application as presented by PGE.²⁷

CUB asserts PGE has mischaracterized its arguments as stating that all risks must be eliminated. CUB maintains the issue is instead "that PGE has not fully acknowledged the risks and harms the parties have raised" and the company's proposed conditions are insufficient to mitigate certain risks.²⁸

D. AWEC

AWEC contends PGE has failed to demonstrate that its proposed restructure will result in net benefits to its ratepayers. AWEC argues the benefits of the restructure are speculative with the exception of the \$10 million rate credit. AWEC maintains that without sufficient evidence of net benefits, the Commission should deny the application. AWEC argues PGE did not provide a quantitative analysis supporting its claimed benefits and maintains that the application, including PGE's commitments, does not result in a net benefit. AWEC contends the application presents risks including double leverage, phantom taxes, the potential for conflicts of interests and cross-subsidization, and credit rating downgrades. Additionally, AWEC contends the proposed benefits to financing options cited by PGE may never materialize.

Addressing arguments from PGE, AWEC asserts there is no disagreement between the parties on the standard of review that governs the application but maintains the disagreement is regarding the circumstances that the Commission should consider at the time of the application. AWEC argues PGE relies on docket UM 1804, which was resolved by stipulation and non-precedential. AWEC contends the Commission is required to make a decision based on the record in this docket and notes that the facts underlying the application in docket UM 1804 are distinct from those presented here.

²⁷ CUB Opening Brief at 26 (citing Order No. 05-114 at 19-20).

²⁸ CUB Reply Brief at 4.

AWEC states while it recommends the Commission deny the application, it recognizes that the Commission has the authority to adopt conditions that mitigate the risk and ensure the application meets the statutory standards. AWEC states it supports Staff's proposed commitments as modified by CUB and AWEC, as well as the additional conditions proposed by CUB and AWEC in Exhibit CUB-AWEC/310. AWEC asserts that, if the Commission approves the application, it should include several conditions including structural separation, a first priority requirement, limitations on HoldCo debt issuance, additional notice requirements, and restoring the power cost adjustment mechanism deadband to 150/75 basis points. Additionally, AWEC supports a condition requiring a rate credit consistent with the options proposed by Staff, or the \$57.5 million credit over five years option proposed by CUB and AWEC.

AWEC argues the rate credit proposed by Staff and the \$57.5 million alternative, provide a "reasonable, principled basis for quantifying the potential risks to customers from double-leverage."²⁹ AWEC asserts PGE's proposed credit is supported by an "after-the-fact analysis" and relies on docket UM 1804 rather than a methodology for quantifying the benefits.³⁰ AWEC contends PGE's reliance on docket UM 1804 is misplaced and notes that the Commission has previously applied different rate credits tailored to the specific proposed transaction.

VI. STIPULATION

A. Stipulation

PGE and Staff agreed to a number of commitments that PGE and/or the proposed HoldCo would be bound to if the Commission adopts the stipulation. PGE and Staff agreed to numerous commitments related to the reorganization, grouped into 17 categories:

1. Governance
2. Future transactions and commitments external to the Commission
3. Safety and service quality
4. Capital structure and financial integrity
5. Financial commitments related to dividends
6. Bankruptcy ring-fencing and protections
7. Access to information
8. Accounting
9. Affiliated interests, cost allocations, and cross-subsidization
10. Labor

²⁹ AWEC Opening Brief at 18 (June 26, 2026).

³⁰ *Id.* at 20.

11. Reporting and enforcement
12. Miscellaneous
13. Customer experience
14. Holding company support for Oregon environment, nature, and clean energy transition
15. PGE commitments supplemented in PGE/1301
16. Master Services Agreement
17. General terms & conditions

These commitments largely follow Staff's commitment numbering and include several placeholder numbers for commitments withdrawn. We summarize key commitments below.

Regarding the disputed customer rate credit amount, Commitment 10 under the stipulation provides:

Portland General Holdings and Portland General Electric commit to providing a monetary commitment in the amount of \$45 million, inclusive of the values set forth in Commitments 69 and 70. \$40 million will be structured as a rate credit and will be applied to customers' bills over a three-year period, at prices established by the [Commission].³¹

PGE and Staff note that Staff initially proposed a much higher rate credit but assert both parties are satisfied the stipulated \$40 million amount, considered along with the other financial benefits, ensures that there is a net benefit to customers. Staff and PGE note the amount exceeds that agreed to by NW Natural in its reorganization docket.

Regarding the disputed common equity floor, under the stipulation, Commitment 21 states:

Portland General Holdings and Portland General Electric agree that Portland General Electric's common equity must be maintained at a level no less than 45 percent of total Portland General Electric capital structure determined on a preceding or projected thirteen-month average. Should Portland General Electric's equity component of its capital structure fall below 45 percent in violation of this commitment:

- a. Portland General Electric shall, within 5 business days of its determination its common equity has fallen below 45 percent,

³¹ Stipulation at 8 (Aug. 12, 2026).

notify the OPUC and provide an explanation for why Portland General Electric common equity fell below 45 percent;

- b. Portland General Electric shall suspend announcing and issuing quarterly dividends and special dividends until there is a Commission approved compliance plan, including provisions related to Portland General Electric's ability to issue any dividends to restore the percentage of common equity in Portland General Electric to 45 percent, which plan must be ruled upon by the Commission within 60 days of its filing with the Commission;
- c. If Portland General Electric's common equity has not increased to 45 percent or above within one year of the notice provided pursuant to subsection a., Portland General Holdings will infuse sufficient capital into Portland General Electric to restore Portland General Electric's common equity to 45 percent or above within the following twelve months.³²

PGE and Staff state PGE initially proposed a 40 percent equity floor, and Staff proposed a 47 percent equity floor. PGE and Staff maintain the 45 percent equity floor agreed to in the stipulation strikes a balance that is sufficient to protect ratepayers.

Regarding the disputed period over which customers would be held harmless, Commitment 23 under the stipulation states:

For seven years following the Corporate Structure Update or the end of Portland General Electric's first multi-year rate plan, whichever is later, Portland General Holdings and Portland General Electric guarantee that Customers of Portland General Electric will be held harmless from any adverse rate impacts caused by Portland General Electric's retail rate of return, common equity, and long-term debt becoming more costly after the Corporate Structure Update than they would have had Portland General Electric not reorganized. For seven years following the Corporate Structure Update or the end of Portland General Electric's first multi-year rate plan, whichever is later, Portland General Holdings, and Portland General Electric bears the burden of showing that any increase in any of Portland General Electric's cost of long-term debt or cost of common equity for which rate recovery is sought did not result from factors associated with either the Corporate Structure Update or any subsequent

³² *Id.* at 10.

Portland General Holdings' mergers & acquisitions, for formation and funding or financial performance of holdings outside Portland General Holdings.³³

Similarly, stipulated Commitment 24 provides:

For seven years following Corporate Structure Update or until the end of Portland General Electric's first multi-year rate plan, whichever is later, Portland General Holdings and Portland General Electric guarantee that Portland General Electric customers shall be held harmless if the Corporate Structure Update causes a higher revenue requirement for Portland General Electric than if the Corporate Structure Update had not occurred.³⁴

PGE and Staff note the original terms proposed by each party were the same except for the length of time that these commitments would apply. PGE proposed seven years and Staff proposed ten years. PGE and Staff maintain the stipulated version of Commitments 24 and 25 account for the expected transition to multi-year rate plans.

B. CUB Objection

CUB contends the stipulation does not meet the statutory requirements. CUB asserts the statutory requirements of ORS 757.511 apply to this stipulation and the burden of proof remains with PGE to demonstrate that the transaction meets those requirements.³⁵ CUB argues the Commission must rely only on facts in the record to justify its decision on the stipulation. CUB maintains the joint brief contains the same claims from PGE's testimony and the commitments are intended to protect ratepayers rather than providing a benefit to customers. CUB also maintains the commitments in the stipulation do not sufficiently mitigate the harms identified by the parties. CUB contends the stipulation does not meet the bare minimum recommendations made by Staff.

CUB asserts that if the Commission adopts the stipulation, it should modify the stipulation to require that PGE make an annual filing demonstrating how HoldCo's access to flexible financing options and lower cost of capital is benefiting customers. CUB notes the stipulation in docket UM 1804 for NW Natural's reorganization assumed benefits for customers and contends that those benefits have not been realized.

³³ *Id.*

³⁴ *Id.*

³⁵ CUB Objection to Stipulation at 2 (Aug. 25, 2026) (citing *In the Matter of Long Butte Water System, Inc.*, Docket No. UW 110, Order No. 06-027 at 9 (Jan. 23, 2006)).

CUB argues the stipulation does not resolve all issues in the proceeding. CUB maintains that arguments raised by itself and AWEC, particularly regarding PGE's financial health and provision of safe and adequate service, have not been resolved by this stipulation. CUB asserts parties should not be foreclosed from advocating in future proceedings for solutions such as lower ROE and a true up of the rate credit to address a potential windfall for shareholders from double leverage.

C. PGE & Staff Response

PGE and Staff assert CUB's objection does not provide a merit-based justification for rejection or modifying the stipulation. PGE and Staff argue the conditions in the stipulation are intended to provide the protections intended by Staff while addressing PGE's concerns, including the modifications in the stipulated hold harmless, rate credit, and acquisition of subsidiaries commitments. PGE and Staff maintain the stipulation includes three financial commitments that benefit ratepayers and Oregonians. PGE and Staff contend the stipulated commitments "represent a reasonable middle ground between Staff and the [c]ompany's position* * *."³⁶ PGE and Staff assert the stipulation provides significant protections regarding access to information, accounting, affiliated interest, cost allocation, and cross subsidization. PGE and Staff maintain CUB has not demonstrated that the \$40 million dollar rate credit and the \$5 million in additional investment in the clean energy transition and public resources for Oregonians does not satisfy the net benefit standard.

PGE and Staff argue CUB mischaracterizes Staff's testimony and overlooks Staff's evolving positions on the issues raised. PGE and Staff maintain the stipulation addresses many of CUB's concerns outlined in Exhibit CUB/310, including commitments related to the "most favored nations clause," structural separation, first priority, rate credit, dividends, and taxes.³⁷ PGE and Staff argue that CUB overlooks the risk of denial outline in PGE's testimony.

³⁶ Joint Response to Oregon Citizens' Utility Board's OAR 860-001-0350(8) Objection to Stipulation at 6 (Sept. 2, 2026).

³⁷ *Id.* at 9-10.

VII. RESOLUTION

A. Introduction

Under the two-step analysis, we must determine whether the transaction will provide a net benefit to PGE's customers and whether the transaction will not cause harm to Oregon citizens. Over the course of these proceedings, parties have argued the company has not met that standard. Additionally, parties have raised concerns regarding PGE's commitments and have proposed their own conditions. They have also questioned whether any additional commitments or conditions proposed by the company, Staff, or intervenors could support a finding of net benefits and no harm to the public if PGE's application did not satisfy the standard. After the conclusion of the procedural schedule for this docket, PGE and Staff filed a stipulation, including a set of conditions that they agree would meet the standard. CUB objects to the stipulation, arguing the stipulated commitments do not provide net benefits beyond the status quo and are insufficient to mitigate the harms identified by the parties throughout these proceedings. The remaining parties did not oppose the stipulation.

B. Reorganization

Based on the record before us, we conclude neither PGE's proposed commitments, nor the commitments under the stipulation satisfy the ORS 757.511 standard for providing a net benefit to customers. We find, however, that PGE's proposed restructure, would meet the two-prong standard subject to adoption of Staff's proposed conditions, with the modifications addressed below. Thus we condition our approval of PGE's application on the implementation of Staff's conditions, as modified by this order. These conditions are set forth in Appendix A to this order.

As the applicant in this case, PGE has the burden of proof. The phrase "burden of proof" has two meanings: one to refer to a party's burden of producing evidence; the other to a party's obligation to establish a given proposition in order to succeed.³⁸ Thus, PGE must submit evidence showing the proposed restructure provides net benefits to customers and no harm to Oregonians. If the company fails to meet that burden, either because an opposing party presented persuasive evidence in opposition to the proposal, or because the company failed to present adequate information in the first place or in response to opposition, then the company does not prevail because it has not carried its burden of proof.

³⁸ *In the Matter of Portland General Electric Company's Proposal to Restructure and Reprice Its Services in Accordance with the Provisions of SB 1149*, Docket No. UE 115, Order No. 01-777 at 4 (Aug. 31, 2001) (citing *Hansen v. Oregon-Wash. R. & Nav. Co.*, 97 Or 190 (1920)).

PGE retains the burden of proof even as a party to a proposed settlement.³⁹ In evaluating a stipulation, we consider the information provided by a party opposing a settlement to determine whether the settlement is not in the public interest, or otherwise is not in accordance with the law.⁴⁰ PGE, and Staff as a fellow proponent of the stipulation here, bear the burden to demonstrate that the stipulation meets the statutory requirements and adoption is in the public interest.

PGE relies extensively on NW Natural's request for reorganization, docket UM 1804, in support of its proposal. In that docket, we noted the risks and benefits of a corporate reorganization, as opposed to a purchase or transaction to obtain influence, are more difficult to discern.⁴¹ There we compared the risks and benefits of the reorganization to those of the status quo to determine whether there were net benefits. PGE similarly urges comparison to the status quo as evidence of the net benefits to customers.⁴² In docket UM 1804, the Commission found the status quo was not a viable option based on NW Natural's testimony that in the absence of reorganization the company would seek to expand its business through non-utility subsidiaries to address changing circumstances, increasing the risk to the company from a subsidiary with financial distress.⁴³ The Commission found that given these circumstances, the conditions agreed to in the stipulation provided more benefits than the status quo. Here, however, we find PGE has failed to substantiate the claimed risks of the status quo on the record.⁴⁴

PGE asserts the status quo itself presents a risk, namely the company's ability to meet capital needs and increasing pressures on its balance sheet and thus implicating

³⁹ ORS 757.511(4)(a); *see also*, *In the Matter of Long Butte Water System, Inc., Application for Authorization to Increase the Company's Total Annual Revenues by \$97,354.00, or 78 Percent*, Docket No. UW 110, Order No. 06-027 at 9 (Jan. 23, 2006) (stating that the applicant water utility never relinquished its burden of proof).

⁴⁰ *See, e.g., In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision*, Docket No. UG 435, Order No. 22-388 at 6 (Oct. 24, 2022) (stating that where a party opposes a stipulation, we will consider those issues and information submitted by the opposing party and consider information and arguments raised by an opposing party).

⁴¹ *In the Matter of Northwest Natural Gas Company, dba NW Natural, Application for Approval of Corporate Reorganization to Create Holding Company*, Docket No. UM 1804, Order No. 17-526 at 13 (Dec. 28, 2017).

⁴² PGE Opening Brief at 10; PGE/1300, Pagedar/11.

⁴³ Docket No. UM 1804, Order No. 17-526 at 14.

⁴⁴ PGE/700, Liddle/8-9 (stating that there are risks to the status quo related to credit ratings from increased debt); PGE/1300, Pagedar/23-25 (stating that there are risks associated from the status quo, such as PGE creating new businesses that would be held as subsidiaries, increasing risk to PGE from a financially distressed subsidiary, and the acquisition of WashCo); PGE Reply to Parties' Responses to Bench Requests at 5-6, 9 (July 8, 2026) (stating that CUB and AWEC overlook risks of status quo, including the \$6.4 million in capital expenditures the company anticipates making); *see also*, PGE/1300, Pagedar/5-6 (quoting Order No. 17-256 regarding status quo and arguing denial would leave customers with the status quo without the additional protections of the commitments); PGE/1400, Liddle/4 (maintaining that there are risks from the status quo Staff overlooked).

affordability for customers.⁴⁵ Specifically, while PGE asserts it must make an investment of \$6.4 billion by 2029 and it is unable to accomplish this without the HoldCo structure, there is no clear support for these claims in the record. PGE provided a management budget as demonstration that it must invest \$6.4 billion by 2029 but did not respond to questions raised by other parties in testimony about the need for this scale of investment with any specificity.⁴⁶ While it is likely PGE must raise significant funding to meet its obligations to serve customers safely and satisfy Oregon’s policy objectives, PGE did not adequately develop the record to support the claimed scale and pace of investment. Additionally, while PGE asserts the HoldCo structure is needed to support its investment needs without impacting its credit rating, PGE also submitted testimony that indicates the company is not in immediate danger of financial distress with an A3 grade rating from Moody’s and the ability to issue long-term debt without dropping below a Baa rating.⁴⁷ We find PGE did not demonstrate why the claimed level of investment is necessary or could not be secured under its current structure.⁴⁸

The other parties maintain that there are significant risks associated with the proposed structure, namely the risk of double leverage from the HoldCo issuing debt as equity contributions to PGE, as well as the potential for “phantom taxes,” and the risk of conflicts of interest between PGE and HoldCo or other affiliate subsidiaries.⁴⁹ We agree with PGE that it is typical for holding companies to issue debt as an equity contribution, but we also agree with the parties that this structure carries significant risk. We are limited to deciding this case on the record before us. PGE has failed to address key questions in its testimony, in briefing and again at the oral argument related to these risks.⁵⁰ Whether another utility in Oregon has a similar structure or this structure is common in the industry does not address the associated risks of this proposed restructure on the record here.

Across testimony and exhibits, PGE has identified several anticipated benefits, most of which are benefits to PGE and its shareholders but did not demonstrate resulting benefits to customers, particularly after considering the risks of the reorganization. The primary benefit PGE identifies is that the HoldCo would have a greater access to a variety of financing options, which PGE states is necessary for the anticipated \$6.4 billion in

⁴⁵ PGE Opening Brief at 20-21.

⁴⁶ CUB/105, Jenks/13; PGE/700, Liddle/9; PGE/1400, Liddle/4-5.

⁴⁷ PGE/1500, Villadsen/5.

⁴⁸ CUB/105, Jenks/13; PGE/1500, Villadsen/5 (testifying that the company has an A3 rating from Moody’s and has room to issue long-term debt without risking its credit rating).

⁴⁹ Staff Opening Brief at 4, 5, 24; Staff Reply Brief at 13, 16; CUB Opening Brief at 15-18; CUB Reply Brief at 8-9; AWEK Opening Brief at 11-13.

⁵⁰ See, e.g., PGE/800, Villadsen/11-12; PGE/900, Pagedar/13-14; PGE/1100, Liddle/7-11; PGE/1200, Villadsen/4-6; PGE/1300, Pagedar/18-19; PGE/1400, Liddle/9-10; PGE/1500, Villadsen/11-13; Oral Argument Transcript at 20-22, 72-74 (July 23, 2026).

investments required by 2029.⁵¹ As some of the parties in this proceeding have argued, it is not clear on this record how the benefits of most of the savings on capital investments would flow from the HoldCo back to PGE customers.⁵² While in response to bench requests, PGE claims the cost of debt will likely be lower for the HoldCo and that this lower cost of debt will be captured in the revenue requirement for PGE, they do not answer the question intervenors raise repeatedly—where do the capital cost savings of double leverage accrue?⁵³ While there is extensive expert testimony about the financing options the HoldCo creates, even when asked directly how these would trickle down to the PGE revenue requirement, PGE offered little clarity.⁵⁴ PGE also does not articulate in the record how double leverage would be the lower cost approach to raising the necessary capital for customers as compared to the status quo. If HoldCo raises debt and invests it as equity in PGE, would PGE continue to request an imputed 50/50 debt to equity ratio in general rate cases while HoldCo pays the lower cost of debt for the same capital or would PGE seek to directly incorporate at least some of this lower cost of debt in the revenue requirement for the benefit of customers?⁵⁵ This is a question that remains unaddressed in the record. Ultimately, PGE did not respond to the concerns raised by other parties that these savings represent only a clear benefit to shareholders.

To reiterate, PGE asks us to accept their claim that they must deploy \$6.4 billion by 2029 and to trust that savings will be created by options such as double leverage and will trickle down to the PGE revenue requirement in unspecified ways. When invited repeatedly to provide facts specific to their circumstances or plain language descriptions of how these proposed benefits would accrue to customers or how the status quo would specifically harm customers, PGE instead pointed to docket UM 1804 or how common a holding company structure is nationally.⁵⁶ Because of this approach, PGE has not carried its burden of proof.

⁵¹ PGE/700, Liddle/9; PGE/1400, Liddle/4; CUB/105, Jenks/13.

⁵² CUB Opening Brief at 20; AWEC Opening Brief at 22; Staff Opening Brief at 5-6; *see also* Staff/900, Pileggi/3-5.

⁵³ PGE Response to Bench Request 1-1 (June 30, 2026); *see also* Oral Argument Transcript at 20-22, 72-74.

⁵⁴ *See, e.g.*, PGE Response to Bench Request 1-1; PGE/100, Pagedar/24, 26; 29-30; PGE/400, Pagedar/10, 22-23; PGE/700, Liddle/10; PGE/702, Liddle/7-9; PGE/703, Liddle; PGE/800, Villadsen/3, 8-13; PGE/900, Pagedar/8-10; Oral Argument Transcript at 70-72.

⁵⁵ PGE/700, Liddle/16-17 (stating that it intends to manage PGE at a 50/50 capital structure regardless of the regulatory body overseeing it).

⁵⁶ *See, e.g.*, Oral Argument Transcript at 18-20 (PGE response to question on tying the rate credit to risks in this particular docket settlement failing to identify specific risks it was tailored to and instead relying on docket UM 1804)); Oral Argument Transcript at 20-22 (PGE response to question on how PGE earning ROE on debt benefits customers by broadly restating testimony and not addressing the specific question)); PGE Response to Bench Request 1-1 at 1-2 (PGE providing general response when asked for detailed explanation of how debt raised by HoldCo would result in interest rate savings for customers)); Staff/102, Chipanera/9 (PGE response to Staff data request for supporting calculations for the lower cost of financing after the formation of TransCo that restates testimony on access to financial instruments and provides an

Regarding the \$10 million rate credit and \$5 million natural resources fund proposed by PGE, while these are tangible benefits, we find that these funds are de minimis when balanced against the risks of the proposal. PGE asserts the \$10 million rate credit is offered “as a gesture of goodwill * * * above and beyond the other benefits provided by the transaction itself.”⁵⁷ In response to discovery, PGE provided an example that showed \$4.5 million in “implied economic savings” based on \$100 million financed with a HoldCo debt issuance rate of six percent as compared to a hypothetical ROE of 10.5 percent.⁵⁸ PGE maintains its proposed \$10 million credit is effectively a double benefit to customers given the inherent savings created by the HoldCo and constitutes approximately 70 percent of the company’s potential earnings as established in docket UG 435.⁵⁹ It is unclear how to square this with the company’s claim that it anticipates needing \$6.4 billion in investments by 2029.⁶⁰ Based on the level of investment need that the company claims justifies creation of a HoldCo, and the lack of evidence or clear explanation for how the asserted benefits of lower cost financing under the HoldCo reach customers, PGE has not demonstrated that a \$10 million rate credit over three years is sufficient to result in net benefits to customers. If the record demonstrated other customer benefits resulting from the transaction, PGE’s proposed rate credit might be enough to support a determination of net benefits. As discussed above, that is not the case here.

Further, in support of its proposed rate credit, PGE relies heavily on docket UM 1804 in which the Commission approved an all-party stipulation that provided for \$1.5 million in rate credits over three years.⁶¹ As CUB argues, the stipulation in docket UM 1804 included both a rate credit and a commitment from NWN to pass efficiencies of the reorganization through to customers.⁶² The same is not true here. Additionally, stipulations are not considered precedential, and the stipulation in question specifically

illustrative example of savings with little explanation); CUB/123, Jenks/1 (PGE response to CUB data request regarding research and examples behind claimed benefits broadly restating testimony regarding better access to financial instruments); PGE/506, Podlesnik/1 (PGE response to Staff data request to provide studies or analysis showing quantified benefits PGE customers will receive from the reorganization generally restating testimony regarding improved access to financial instruments); PGE/800, Villadsen/4-6, 9-13 (broadly explaining the prevalence of holding companies and generally responding to Staff and CUB concerns regarding double leverage); PGE/1301, Pagedar (chart comparing PGE’s commitments to the NW Natural commitments in the stipulation adopted in docket UM 1804); PGE/1401, Liddle (Tabs “Alternative Credit Method” and “Rate Impacts” comparing PGE’s and NW Natural’s proposed rate credits).

⁵⁷ CUB-AWEC/311, Jenks-Stafford/2.

⁵⁸ Staff/503, Chipanera/2; CUB-AWEC/405, Jenks-Safford/1.

⁵⁹ PGE Opening Brief at 24; PGE/1000, Tinker/6-7; PGE/1100, Liddle 12-13; CUB-AWEC/311, Jenks-Stafford/2.

⁶⁰ PGE/1400, Liddle/4; PGE/700, Liddle/9; CUB/105, Jenks/13.

⁶¹ Docket UM 1804, Order No. 17-526, Appendix A at 21.

⁶² CUB Reply Brief at 14 & n.41 (citing Order No. 17-526 at 12 (“Staff cites the modest rate credit as a customer benefit of the reorganization, but places greater emphasis on the provision that allows customers to capture potential costs savings from future mergers and acquisitions by HoldCo.”)).

states the parties were not endorsing any particular methodology, facts, or theories and that the terms would not be used to resolve issues in other proceedings.⁶³

We agree with Staff, CUB, and AWEC that the transaction presents several potential risks for customers, including the potential for conflicts of interest, the limited opportunity for customer savings on the cost of capital associated with double leverage, and a potential reduction in regulatory oversight by the Commission. We find PGE has not demonstrated that its proposed commitments sufficiently mitigate these risks or result in a net benefit. Taken as a whole, we are unable to determine that PGE's proposed reorganization with the company's final offered commitments as presented in the record in this docket, would result in net benefits to customers.

For similar reasons we decline to adopt the stipulation filed by PGE and Staff. Though the stipulation modifies many of the commitments that PGE proposed, the stipulation and supporting brief largely restate much of the testimony provided by PGE earlier in the docket and provide little explanation for how the modified commitments addressed the issues litigated by the parties who did not join the stipulation.⁶⁴ For the same reasons as addressed above, whether the commitments under the stipulation mitigate the risks of the restructure to ensure net benefits to customers is unclear based on the record. While the stipulation provides for a larger rate credit than proposed by PGE, the lack of evidence of benefits to customers in the record and the long-term nature of the risks associated with the HoldCo lead us to find that it would not tip the balance to support a finding of a net benefit to customers.⁶⁵

Further, we have previously recognized the benefits of a stipulation as including "conserving litigation resources, avoiding litigated outcomes and associated risks, and prioritization of efforts."⁶⁶ A stipulation resolving disputed issues that is a compromise between multiple parties representing diverse and competing interests is likely to be a balanced result that is in the broader public interest. While a disputed stipulation can still accomplish this balance, the disputing party inherently questions whether the balance has been struck. As an objected-to stipulation, submitted after extensive testimony, briefing,

⁶³ Order No. 17-526, Appendix A at 4.

⁶⁴ See, e.g., Initial Brief in Support of Stipulation at 7-8 (discussing the risks associated with the status quo regarding investments), 10-11 (stating that the parties are satisfied the stipulated rate credit provides benefits and exceeds the NW Natural credit).

⁶⁵ Joint Response to Oregon Citizens' Utility Board's OAR 860-001-0350(8) Objection to Stipulation at 6 (stating "With respect to the rate credit, the \$40 million value is a rough approximation of Staff's rate credit proposal, as adjusted to account for (i) a true average of annual borrowing over the 2010 to 2024 time-period; (ii) the Commission-authorized return on equity and cost of debt for PGE; and (iii) the corporate discount rate. And, by accepting Commitments 69 and 70, the Company's combined total of \$45 million in financial commitments provide meaningful benefits to customers and Oregonians.")

⁶⁶ *In the Matter of Portland General Electric Company, Detailed Depreciation Study of Electric Utility Properties*, Docket No. UM 2152, Order No. 21-463 at 7 (Dec. 1, 2021).

and oral argument and just before the statutory deadline for the Commission to enter an order, this stipulation has not produced benefits in the form of conserving resources or avoiding a litigated outcome. We find the record does not support a finding that the restructure subject to the commitments of the stipulation would meet the net benefit standard, and we are unconvinced adoption of the stipulation is in the public interest. We decline to adopt the stipulation.

While poorly articulated in this record, we agree there are likely risks to customers associated with the status quo. We are concerned that PGE is able to continue to cost-efficiently address the growing risk of wildfire and other climate change impacts to preserve safety and reliability for Oregon communities. We agree Oregon policy objectives require capital investment in the coming years that will exceed historical capital outlays. We see potential advantages to structural separation between the Oregon and Washington service territories, should the Washington transaction be approved. In light of these concerns, we find that approval of PGE's proposed restructure, subject to Staff's conditions as further modified in this order, as set forth in Appendix A, would result in net benefits to customers. In particular, we are persuaded that a rate credit calculated based on ensuring a portion of the claimed benefits of the transaction accrue more explicitly to customers, a seven-year hold harmless provision, and a minimum level of common equity of 45 percent, taken together, will mitigate the risks sufficiently and provide net benefits to PGE customers and avoid harms to Oregonians more generally. With these conditions we approve PGE's proposal to allow HoldCo to issue debt (condition 11). We address our determinations below.

We find that Staff's proposed rate credit would provide a significant, tangible benefit for customers, when coupled with the risk mitigation commitments addressed in this order. Staff's methodology is designed to value future cash flows similar to calculations used in finance practice.⁶⁷ Staff's calculations uses a number of assumptions directly aimed at estimating the expected annual cash flows and then allocates 50 percent of the present value to customers.⁶⁸ In particular, the calculation considers the company's recent pattern of borrowing as a proxy for capital needs, estimated savings on \$100 million of borrowing scaled to Staff's proxy for capital needs, and the discounted present value of that savings as PGE expends capital under the double leverage model over 30 years.⁶⁹ Estimates and long range assumptions will always have some level of uncertainty, but Staff's methodology is a reasonable approach to estimating the value of the future savings related to the proposed HoldCo's ability to utilize double leverage. PGE's proposed restructure is full of uncertainty and is vague on the potential benefits to

⁶⁷ Staff/800, Chipanera/17.

⁶⁸ *Id.* at 15.

⁶⁹ PGE/1401, Tab Staff-503 Method Adjustments.

customers. Staff's proposed method for determining a rate credit accounts for those uncertainties and provides a clear rationale for the methodology utilized.

While there may be any number of other methods that could be used to arrive at a reasonable rate credit based on the specific facts of the proposal, we find Staff's proposed methodology arrives at a rate credit that is based on PGE's claimed benefits of the proposed reorganization with the exception of the proposed 10.5 percent ROE.⁷⁰ The 10.5 percent ROE figure originated with PGE hypotheticals provided in response to discovery in support of its rate credit.⁷¹ This Commission has not adopted an authorized ROE of 10.5 percent for any electric utility, and there is no evidence in this record that it is a likely authorized ROE going forward. We find the appropriate input in Staff's calculation is PGE's current authorized ROE.

We find the remainder of Staff's assumptions reasonable based on the record. While the pace of actual capital needs over thirty years is difficult to forecast and certainly will ebb and flow, Staff's effort to roughly estimate the scale with a weighted average of the last several years of borrowing is reasonable in light of PGE's representation that they expect to expend \$6.4 billion in capital by 2029.

Taken together, this results in a rate credit of \$78 million.⁷² We find that the \$78 million rate credit should be provided to customers over seven years, coinciding with the hold harmless period, which we discuss in further detail below. The rate credit will be applied to customer bills each April 1.

Regarding the minimum level of common equity, we find that 45 percent equity is necessary to mitigate the risks of this transaction while preserving the benefits. In the context of double leverage, HoldCo has significant latitude in how it achieves maintaining a 45 percent equity floor for PGE; however, the stability of the operating company is our primary concern. As extensive capital moves through PGE in the coming years and the company manages its cash flow and multi-year ratemaking, the equity share of the company may flux within a reasonable range without harming customers. We have had a longstanding ratemaking expectation that a 50/50 equity to debt capital structure likely best balances customer and shareholder needs. Double leverage impacts this expectation going forward but we anticipate parties will litigate these questions in rate cases. This opportunity for flexibility in setting the revenue requirement similarly means we do not need to set the equity floor as high as 47 percent.

⁷⁰ PGE/1401, Tab Staff-503 Method Adjustments; *In the Matter of Portland General Electric Company, Request for a General Rate Revision*, Docket No. UE 435, Order No. 24-454 at 12 (Dec. 20, 2024).

⁷¹ Staff/503, Chipanera/2-5; PGE/1400, Liddle/11; Staff/800, Chipanera/18.

⁷² PGE/1401, Tab Staff-503 Method Adjustments (calculated by incorporating implied saving on \$100 million borrowed of \$3,050,000 into Column B, resulting in a total of \$78,097,225).

Additionally, Staff conditions 11, 19, 20, 21, 27, and 28⁷³ requiring maintenance of healthy credit ratings and limiting the issuance of dividends under a range of circumstances gives us confidence that a lower capital floor can be effectively managed to customer benefit. However, a floor of 45 percent and these Staff conditions together are essential to ensuring that sufficient resources are held at the operating company level to protect Oregon customers and any potential concerns regarding debt and equity levels at the company are brought to the Commission's attention with enough time to effectively address it. This is particularly true where PGE would become a smaller operating company within a larger organization, with a singular board with potentially conflicting fiduciary duties.

We find that a seven-year hold harmless clause is sufficient to mitigate the risks and ensure net benefits to customers. We appreciate Staff's concerns that a seven-year hold harmless period may end before the conclusion of PGE's first multiyear rate plan, but we find the ten-year proposed period extends too far into the future and thus may be difficult to parse the effects of a reorganization towards the end of the period.

Further, Staff's condition 38 states "PGE commits to maintain separate books and records."⁷⁴ We understand Staff's condition 38 to implicitly include a requirement for HoldCo to keep separate books. In adopting Staff's condition 38,⁷⁵ we clarify that we expect PGE and HoldCo to maintain separate books and have modified the condition accordingly.

Appendix A to this order sets forth Staff's conditions modified as addressed above, as well as several minor revisions to clarify language, provide more specificity regarding timing of certain reporting or notice requirements, direct where certain reports will be filed, and limit the approvals required under condition 8 to those required by ORS 757.480.

For the reasons discussed above, we find neither PGE's proposal nor the stipulation would provide net benefits to its customers as required by ORS 757.511. We find the reorganization with the commitments proposed by Staff, as modified by this order, both provides net benefits to customers and results in no harm to Oregon customers as a whole. We therefore approve PGE's proposed reorganization subject to Staff's conditions as modified in this Order.

⁷³ These correspond to conditions 11, 17, 18, 19, 25, and 26 in Appendix A.

⁷⁴ PGE/801, Chipanera/7-8.

⁷⁵ This corresponds to condition 36 in Appendix A.

C. Affiliate Interests

As part of its application for reorganization, PGE seeks approval of amendments to its MSA and CAM. Staff recommends the Commission adopt PGE's proposed MSA and CAM subject to certain conditions.⁷⁶ PGE has agreed to Staff's conditions 25 and 52 regarding the MSA and affiliate interests.⁷⁷ Under ORS 757.495(1), a public utility must seek Commission approval of any contract to make payment directly or indirectly to any person or corporation with which it has an affiliated interest within 90 days of execution of the contract. ORS 757.495(3) provides that the Commission shall investigate the contract and determine whether it is "fair and reasonable and not contrary to the public interest * * *."

PGE has committed to re-filing the MSA for approval based on the results of this proceeding.⁷⁸ We will review the updated MSA and CAM at that time.

VIII. ORDER

IT IS ORDERED that:

1. The application of Portland General Electric Company for reorganization to create a holding company is granted subject to the additional conditions set forth in this Order;
2. Portland General Electric Company shall file within 60 days of this Order notification of whether the terms of this Order are accepted under ORS 756.575 and OAR 860-001-0710;
3. Portland General Electric Company shall file a revised Master Services Agreement and Cost Allocation Manual consistent with the requirements of this Order;
4. Portland General Electric Company shall file with the Public Utility Commission of Oregon a complete copy of the minutes of the board of directors' meeting at which the formation of Portland General Holdings Company was approved, within 90 days of the applicable board of directors meeting;

⁷⁶ Staff Opening Brief at 52.

⁷⁷ PGE Reply Brief at 19-20 (stating that the company agreed to abide by Staff's restrictions and believed the company's commitment and Staff's proposed condition were "significantly similar and the issue resolved."); PGE Opening Brief, Exhibit A-1 at 9-10 (commitment 55).

⁷⁸ PGE Opening Brief at 44 (citing to PGE commitment 55.e).

5. Portland General Electric Company shall file the agreement outlined in condition 16 as set forth in Appendix A within 90 days of the transaction's closing;
6. Portland General Electric Company will provide a non-consolidation opinion to the Commission within 60 days of this order, which concludes the ring-fencing provisions (final conditions adopted by the Commission) are sufficient such that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of Portland General Electric Company (including direct subsidiaries) with those of Portland General Holdings Company, its affiliates or subsidiaries (excluding Portland General Electric Company's direct subsidiaries); and
7. Portland General Electric Company shall provide the Commission with journal entries and supporting detail showing the nature and cost of all organizational, start-up, and other costs for Portland General Holdings Company (including but not limited to management time, board of director time, in-house and outside counsel time, any consultants engaged, etc.) since January 1, 2025, as well as the accounts charged, within 120 days of this order.

Made, entered, and effective Sep 25 2026.



Letha Tawney
Chair



Les Perkins
Commissioner



Karin Power
Commissioner



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 Court of Appeals in compliance with ORS 183.480 through 183.484.

	Conditions Adopted in Order No. 26-354
1	Within 90 days of the applicable board of directors meeting, Portland General Electric Company (“Portland General Electric”) shall file with the Oregon Public Utility Commission (“OPUC”) a complete copy of the minutes of the board of directors’ meeting at which the formation of Portland General Holdings Company (“Portland General Holdings”) was approved.
2	Notwithstanding other conditions regarding prior approval of formation of a subsidiary or change in effective control, Portland General Electric will notify the OPUC in writing subsequent to Portland General Holdings’ board approval and as soon as practicable following the public announcement of: a. any acquisition of any business or subsidiary and of conditions imposed in jurisdictions other than the OPUC; or b. change in effective control or acquisition of any material part of Portland General Holdings or Portland General Electric, as required by ORS 757.511.
3	Portland General Holdings and Portland General Electric commit that their corporate headquarters will remain in Oregon.
4	Portland General Electric will refrain from seeking recovery through Portland General Electric rates, any acquisition premiums, goodwill, transaction costs, or incremental executive bonuses associated with the Application or any subsequent M&As by Portland General Holdings or any affiliates other than Portland General Electric.
5	For five years after an order approving the Application for Portland General Holdings has been issued by the OPUC, neither Portland General Holdings nor Portland General Electric will acquire or create a new subsidiary without OPUC approval.
6	Within 90 days after Portland General Holdings acquires or creates a new subsidiary entity including special purpose entities, Portland General Electric shall file with the OPUC a statement that provides the name of the subsidiary, the total value of its assets, the subsidiary’s business and whether it will do business with Portland General Electric.
7	Any diversified holdings and investments (i.e., non-Portland General Electric businesses or foreign utilities) of Portland General Holdings will not be held by Portland General Electric or a subsidiary of Portland General Electric, with the exception of Portland General Electric sponsored employee benefit plans or employee compensation plans. This commitment will not prohibit Portland General Holdings or its affiliates other than Portland General Electric from holding diversified businesses. This provision will also not prohibit Portland General Electric from continuing to hold the assets it holds within Portland General Electric immediately prior to the Corporate Structure Update.
8	Portland General Electric will not transfer the ownership of any assets it currently owns to Portland General Holdings or any Portland General Holdings or Portland General Electric subsidiary or any third-party entity that is an affiliate of Portland General Holdings at any point before the reorganization or after the reorganization without Commission approval, consistent with the requirements of ORS 757.480.
9	PGE will only charge things in Oregon that customers use. Retail customers are only paying for the service they use.

10	The Company will provide a rate credit in the amount of \$78 million, paid out over seven years as a credit to customer bills equally each April 1.
11	Portland General Holdings or any future subsidiary of Portland General Holdings external to Portland General Electric will issue debt in their own capacity and maintain their own credit ratings and credit facilities. However, each and every impairment of Portland General Electric credit ratings, where the credit rating drops one (1) notch or for any drop for any reason which Standard and Poor's or Moody's attributes to activity by Portland General Holdings or its subsidiaries or special purpose entities outside Portland General Electric will trigger an immediate cash payment to Portland General Electric that covers the incremental borrowing costs to First Mortgage Bonds attributable to the downgrade.
12	Portland General Electric commits to reporting all new affiliates for the OPUC's review, and new affiliates may be restricted to "core" areas of operations.
13	The Boards of Directors of the Portland General Holdings and Portland General Electric through their Board members, will be well-qualified, and to the extent possible, will have relevant experience with utility operations and transmission development in the Pacific Northwest.
14	Portland General Electric commits to maintain reliability and service quality and its longstanding support of the community it serves. Portland General Holdings and Portland General Electric agree that Portland General Electric will maintain and comply with all Oregon and federal safety standards and policies and will achieve metrics there of equal or better than Portland General Electric's currently maintained standards and policies. Neither Portland General Holdings' formation nor future acquisitions may diminish delivery of safe and reliable Portland General Electric retail service in Oregon. Portland General Electric will continue to fully comply with CFR Title 49 Parts 190 to 199.
15	First Priority Condition: The capital requirements of Portland General Electric, as determined to be necessary and prudent to meet its obligations to serve, to operate the utility in a prudent and efficient manner, and meet Portland General Electric's legal requirements, shall be given first priority by the Board of Directors of Portland General Holdings and Portland General Electric. "Capital" as used in the first priority condition includes money, property, any assets, or working capital if committed for a planned use. If another regulated utility adopts a similar provision, Portland General Holdings will not place that affiliate in a superior position to Portland General Electric. Portland General Holdings has a legal obligation to prioritize its regulated utilities.
16	Portland General Holdings, Portland General Electric, as well as all companies and entities therebetween agree to enter into an agreement that incorporates the ring-fencing provisions set forth herein. This agreement will be binding on Portland General Electric, Portland General Holdings and any companies formed therebetween in the Portland General Holdings Corporate Structure including any company directly owning Portland General Electric. This agreement will be filed with the OPUC within 90 days of the transaction's closing. Portland General Electric and Portland General Holdings commit that they will comply with OPUC-approved ring-fencing conditions and will make no amendments, revisions, or modifications to this agreement without prior OPUC approval. All companies and entities to be formed between Portland General Holdings and Portland General Electric

	will include within their articles of incorporation, bylaws and like organizational documents to be bound by said provisions herein.
17	Portland General Electric and Portland General Holdings will maintain separate corporate credit ratings, books, records, and financial statements and reporting filed with the U.S. Securities and Exchange (SEC). Portland General Holdings and separately Portland General Electric will file credit ratings and SEC filings at least annually with the OPUC to a reporting docket to be established for this purpose and will make credit ratings and financial statements of all other subsidiaries and entities under Portland General Holdings available to the OPUC upon request.
18	Portland General Holdings, Portland General Electric and all companies and entities formed therebetween, are individually, severally, and jointly responsible that Portland General Electric will: - Maintain adequate interest coverage to issue First Mortgage Bonds (FMB) at all times, even it must suspend dividends to do so; - Maintain adequate pool of qualified assets to maintain the ability to issue FMB; and - Provide notice of and credit reports of S&P or Moody's for any change of credit ratings for any reason. If any Portland General Electric credit rating drops below BBB+ for Standard and Poor's or Baa1 for Moody's, Portland General Electric will file a plan with the OPUC detailing a range of options to restore Portland General Electric's pertinent credit rating within time certain. Portland General Electric will present this plan to the OPUC, within 60 days, with appropriate provisions in place to protect confidential information.
19	Portland General Holdings, Portland General Electric, and all companies and entities formed thereunder agree that Portland General Electric's common equity must be maintained at a level no less than 45 percent of total Portland General Electric capital structure determined on a preceding or projected thirteen-month average. Should Portland General Electric's equity component of its capital structure fall below 45 percent in violation of this commitment, Portland General Electric shall: - Suspend quarterly and special dividends from Portland General Electric until the percentage of common equity in Portland General Electric is restored to 45 percent; and - Infuse capital within one year to Portland General Electric to restore Portland General Electric capital structure to 45 percent common equity if dividend suspension alone has not achieved the same outcome earlier. All parties understand that this may mean issuing common stock at Portland General Holdings and selling assets held outside of Portland General Electric to restore equity support within Portland General Electric within one year.
20	Portland General Holdings, Portland General Electric, and all companies and entities formed thereunder will make their officers, owners, agents, and subject matter experts available to appear before the OPUC at the OPUC's convenience.

21	For seven years following the Corporate Structure Update, Portland General Holdings and Portland General Electric guarantee that Customers of Portland General Electric will be held harmless from any adverse rate impacts caused by Portland General Electric's retail rate of return, common equity, and long-term debt becoming more costly after the Corporate Structure Update than they would have had Portland General Electric not reorganized. For seven years following the Corporate Structure Update, Portland General Holdings, and Portland General Electric bear the burden of showing that any increase in any of Portland General Electric's cost of long-term debt or cost of common equity for which rate recovery is sought did not result from factors associated with either the Corporate Structure Update or any subsequent Portland General Holdings' mergers & acquisitions, for formation and funding or financial performance of holdings outside Portland General Holdings.
22	For seven years following Corporate Structure Update, Portland General Holdings and Portland General Electric guarantee that Portland General Electric customers shall be held harmless if the Corporate Structure Update causes a higher revenue requirement for Portland General Electric than if the Corporate Structure Update had not occurred.
23	Consistent with ORS 757.480(1), Portland General Holdings and Portland General Electric commit that neither will, without OPUC approval: a. Have Portland General Electric make loans or transfer funds (other than dividends and payments pursuant to the master service agreement ("MSA")) to Portland General Holdings or subsidiaries or affiliates of either Portland General Holdings or Portland General Electric; b. Have Portland General Electric assume any obligation or liability as guarantor, endorser, surety, or otherwise for Portland General Holdings or subsidiaries or affiliates of either Portland General Holdings or Portland General Electric; c. Transfer any of Portland General Electric assets or property currently subject to property transfer regulations to Portland General Holdings, or subsidiaries, or affiliates of either Portland General Holdings or Portland General Electric; d. Seek to pledge Portland General Electric assets or securities backing for any hedging, indebtedness, or securities of Portland General Holdings or subsidiaries or affiliates of either Portland General Holdings or Portland General Electric; e. Enter into cross-default provisions with other entities; and f. Participate in a money pool with Portland General Holdings or subsidiaries or affiliates of either Portland General Holdings or Portland General Electric.
24	Portland General Holdings will report Portland General Electric financials separately in quarterly and fully audited annual Report in FERC Form 1.
25	No dividends or like payments or distribution (special, one-time, or otherwise) may be drawn from Portland General Electric without OPUC approval if any of the following conditions are present: a. Portland General Electric common equity would fall below 45 percent of Portland General Electric capital structure determined on a preceding or projected thirteen-month average; or b. Any Portland General Electric rating by Moody's or Standard and Poor's drops one

	(1) notch or long-term secured credit ratings drop below BBB- for S&P or Baa3 for Moody's.
26	Portland General Holdings and Portland General Electric must first obtain approval from the OPUC before Portland General Electric dividends or otherwise transfers five (5) percent or more of its retained earnings. In no case will the amount or rate of increase of Dividends exceed the 10-year trends prior to reorganization without specific filing and approval before and by the OPUC. Under no circumstances are "Special" or one-time dividends authorized without specific OPUC prior approval.
27	Portland General Holdings must notify the OPUC as soon as practicable and no later than within 30 days if any ring-fencing or bankruptcy protections of an affiliate or subsidiary are triggered.
28	OPUC approval of Portland General Electric's proposed Corporate Structure Update is conditioned on the following: Within 60 days of the OPUC's order approving Portland General Electric's application in this matter ("Application"), Portland General Electric will provide a non-consolidation opinion to the OPUC which concludes that the ring-fencing provisions (final conditions adopted by the OPUC) are sufficient such that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of Portland General Electric (including direct subsidiaries) with those of Portland General Holdings, its affiliates or subsidiaries (excluding Portland General Electric's direct subsidiaries). If the conditions listed herein are insufficient to obtain a non-consolidation opinion, Portland General Electric will undertake the following actions: - Promptly notify the OPUC of its inability to obtain a non-consolidation opinion; - Propose and implement, upon consultation with the parties and subject to OPUC approval, such actions or additional ring-fencing provisions that are sufficient to obtain such a non-consolidation opinion, reopening this proceeding for reinforcement and modification of all ring-fencing conditions and conditions of approval in this docket; and - Obtain such a non-consolidation opinion and provide it to the OPUC. If after these actions, Portland General Electric is unable to obtain the non-consolidation Opinion, Portland General Electric will notify the OPUC and the OPUC will indicate that Portland General Electric's application has been denied given that OPUC approval of Portland General Holdings is contingent upon Portland General Electric obtaining and providing the non-consolidation opinion to the OPUC.
29	A voluntary petition for bankruptcy by Portland General Electric would require: - The unanimous vote of the Portland General Electric board of directors, inclusive of the vote of at least one independent director; and - The vote of the holder of a "Golden Share," which is defined as the sole (\$1 Par) share of Preferred Stock of Portland General Electric authorized by the OPUC.

	This share of Preferred Stock must be in custody of an independent third party. In matters of bankruptcy, this share will override all other outstanding shares of all types or classes of stock Portland General Electric and any affiliate.
30	Portland General Electric's subsidiaries will not hold Portland General Holdings investments, with the exception of Portland General Electric sponsored employee benefit plans or employee compensation plans, without prior OPUC approval.
31	Portland General Holdings and all companies and entities held there under including Portland General Electric shall provide the OPUC access to all books of accounts, budgets, documents, data, records, accounting and financial information as well as engineering and other assessments and reporting without restriction. Portland General Holdings and Portland General Electric shall recognize as relevant and provide parties to any ratemaking proceeding access to all information necessary to adjust Portland General Electric's estimated income taxes – see ORS 757.269(3).
32	Portland General Holdings and all companies and entities held thereunder, including Portland General Electric, shall provide the OPUC access to all information provided by and to common stock, bond, or credit rating analysts, without restriction. Such information includes, but is not limited to, opinions, reports and presentations made to or provided by common stock analysts and bond rating analysts, without restriction.
33	Portland General Holdings, and all companies and entities held there under and affiliates thereto including Portland General Electric will make their employees, officers, directors and agents available to testify before the OPUC at the OPUC's convenience.
34	Portland General Holdings and Portland General Electric agree that in the event that a dispute arises concerning access to records and information in commitments regarding access to information, an administrative law judge (ALJ) at the OPUC shall determine what records and information are discoverable.
35	Portland General Electric assets, cash flows, and financial accounts may not be comingled with existing affiliates, or with any new affiliates or operations resulting after the creation of Portland General Holdings.
36	Portland General Electric and Portland General Holdings commit to maintaining separate books and records.
37	Organizational, start-up, or other costs associated with the creation of Portland General Holdings will be separately tracked and will not be allocated to Portland General Electric customers post-creation of Portland General Holdings. Any remaining formation costs or other Portland General Holdings-related costs will not appear on Portland General Electric books, or the books of Portland General Electric's subsidiaries. Portland General Electric shall furnish the OPUC with journal entries and supporting detail showing the nature and cost of all organizational, start-up, and other costs for Portland General Holdings (including but not limited to management time, board of director time, in-house and outside counsel time, any consultants engaged, etc.) since January 1, 2025, as well as the accounts charged, within 120 days of a OPUC order in this docket.
38	Portland General Electric will exclude from Portland General Electric general rate cases, or any other method of cost recovery, all costs related to Corporate Structure Update and all of

	Portland General Holdings' costs related to future business endeavors and mergers & acquisitions including but not limited to all legal work from in-house counsel and outside counsel; Portland General Electric board of director time; costs related to mergers & acquisitions consulting and advice; preparation of and materials for Portland General Holdings-related presentations; and other Corporate Structure Update and expansion costs.
39	Portland General Holdings and Portland General Electric agree that any adverse tax consequences for Portland General Electric or its utility customers arising from the Corporate Structure Update including tax schemes made possible by Corporate Structure Update, will be borne by shareholders and not passed on to ratepayers.
40	Portland General Electric will file on an annual basis an affiliate interest report including an organizational chart, narrative description of each affiliate, revenue for each affiliate, and transactions with each affiliate.
41	Pursuant to OAR 860-027-0175(2), Portland General Electric and Portland General Holdings agree to report all beneficial ownership as of the last calendar day of each year to the OPUC to be received by March 31 of each year.
42	For the first five calendar years after the Application is approved, as part of its affiliated interest filings, Portland General Holdings and Portland General Electric will report on how the company complied with each of the commitments listed herein no later than June 15 of each year. This report will include an officer attestation of compliance with the commitments. If any of the commitments are not being met, the report shall include proposed corrective measures relative to the specific commitment, subject to OPUC revision and appropriate remedy as determined by the OPUC.
43	Portland General Holdings and Portland General Electric will comply with all OPUC statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports with the OPUC.
44	Annual affiliated interest reports will contain a complete parental-view corporate organizational chart and a second listing of contact telephone numbers, email, and titles for Portland General Holdings, and Portland General Electric corporate officers as well as all companies and entities under Portland General Holdings.
45	Annual affiliated interest reports must itemize all Portland General Holdings mergers and acquisition and divestiture activity including identification of all assets transferred between Portland General Electric and affiliates below the threshold requiring OPUC approval. Portland General Holdings or Portland General Electric will also notify the OPUC within 30 days whenever Portland General Holdings forms a company or special purpose entity, completes a merger, acquisition, or divestiture – each regardless of capitalization size or specific requirements to do so otherwise.
46	Portland General Holdings commits that any transactions involving a related third party of an affiliate or a third party who shares an investor with common equity in both a Portland General Holdings or Portland General Electric affiliate and the third party must be disclosed in the annual affiliated interest report submitted to the Commission.
47	Portland General Electric will not cross-subsidize between Portland General Electric and any other businesses (with the exception of Portland General Electric and its direct

	subsidiaries as approved by the OPUC), and shall comply with the OPUC's applicable orders and rules with respect to such matters.
48	Subject to any cost allocation methodology subsequently approved by the OPUC or other regulatory authority, any allocation of costs, corporate and affiliate investments, expenses, or overheads between Portland General Electric and Portland General Holdings or an affiliate will comply with OAR 860-027-0048 and the following principles: a. Cost allocations to Portland General Electric will be directly charged whenever possible, and shared or indirect costs will be allocated based upon primary, demonstrable, and cost-driving factors. b. Portland General Holdings and all subsidiaries and affiliates will maintain accounting systems adequate to support the allocation and assignment of costs of executives and other relevant personnel to or from Portland General Electric. c. All costs subject to allocation will be auditable and their origin among the companies must be demonstrable, so as to be specifically identified, tracked, and trended. Failure to adequately support any allocated cost may result in denial of its recovery in rates. d. Any corporate cost allocation methodology used for jurisdictional rate setting, and subsequent changes thereto, will be submitted to the OPUC for approval, annually. e. The MSA is submitted as part of the Application for approval. Thereafter, the MSA will be appended to the annual June affiliated interest report filed with the OPUC. This annual filing will capture, highlight and explain all changes from the prior year. The entirety of the MSA and its jurisdictional components are subject to review by OPUC staff in subsequent proceedings before the OPUC to confirm that cost drivers, accounting methods, assumptions, and practices result in fair, just and reasonable Portland General Electric rates. Portland General Electric will update, and re-file for approval, as a compliance filing, the MSA and AI Reporting reflecting Portland General Holdings organizational detail and the outcome of the Application. f. Any waiver of a material term in the MSA will be documented and submitted to the OPUC no later than the annual June affiliated interest report. g. Costs which would have been denied recovery in retail rates had they been incurred by Portland General Electric will likewise be denied recovery whether they are allocated directly or indirectly through subsidiaries of Portland General Holdings. h. Portland General Electric will continue to file timely applications and reports in compliance with ORS 757.015 through 757.495 and OAR 860-027-0040 through 860-027-0042.
49	The OPUC may request an audit of the accounting records of Portland General Holdings and affiliates to the extent that they are the basis for jurisdictional charges to Portland General Electric, to verify the costs and the allocation factors used by the Portland General Holdings or its subdivisions to assign costs to Portland General Electric and amounts subject to allocation or direct charges. Portland General Holdings and affiliates will cooperate fully with such OPUC audits.

50	Portland General Holdings and Portland General Electric will maintain robust systems to track employees, officer, director, agent, and attorney time (including loading percentages), identifying to within an hour, time not spent for Portland General Electric purposes that shall not be allocated to Portland General Electric, subject to the agreed upon cost-allocation principles.
51	Portland General Electric bears the burden of showing that a particular expense from Portland General Holdings or an affiliate of Portland General Holdings may be allocated to and recovered from Portland General Electric ratepayers.
52	Portland General Holdings and Portland General Electric will honor existing collective bargaining agreements.
53	Portland General Electric agrees that the Commission may modify these commitments to adopt conditions imposed in other jurisdictions as a result of regulatory decisions or settlements regarding Portland General Electric's proposed Corporate Structure Update and that Portland General Electric will not object. Portland General Electric will notify the OPUC within 30 days of the imposition of such conditions in other jurisdictions. In the event that the OPUC adopts commitments from other jurisdictions, the OPUC will amend the final order issued in this docket to adopt the conditions imposed in another jurisdiction.
54	Nothing in these commitments will be interpreted as a waiver of rights to request confidential treatment for information that is the subject of any of these commitments.
55	If the OPUC, Staff, or any party believes that Portland General Electric or Portland General Holdings have violated any of the commitments listed herein, or any conditions included in the OPUC's final order approving the application, the OPUC shall give Portland General Holdings and Portland General Electric written notice of the alleged violation. If Portland General Holdings or Portland General Electric is found to have committed a violation after OPUC investigation (or a hearing if requested), the OPUC will issue an order stating the remedy it shall seek.
56	Portland General Electric shall maintain its current pension funding approach, until informed by an OPUC Order regarding revised best practices. Thereafter, Portland General Electric will look to OPUC orders for further guidance.
57	Portland General Holdings will report separate identifiable Portland General Electric financials in SEC filings, following all SEC rules.
58	Portland General Electric and Portland General Holdings as well as intervening companies agree to: - Set vegetation management targets like 0.3-0.4 violations per audit hour; - Set SAIDI and SAIFI at top of first quartile IEEE for "major events excluded," but require median performance level for total SAIDI and SAIFI; - Commit to improving safety audit performance; - Provide annual reporting of key metrics beyond SAIDI and SAIFI, including reporting on outstanding inspection and correction findings. Budget and spend for both inspect/correct and vegetation management.

59	Portland General Holdings (at Portland General Holding's expense, not Portland General Electric's expense) agrees to advance clean energy transition by providing funding and technical assistance to community-based renewable energy projects, arrearage management programs, and workforce development for clean energy trades, in the amount of \$2 million over 3 years.
60	Portland General Holdings (at Portland General Holding's expense, not Portland General Electric's expense) agrees to support refurbishing, accessibility, maintenance, railing potable water, and safety features of public trail and pathways to waterfalls and natural features in Oregon, in the amount of at least \$1 million per year for 3 years, inclusive of amounts paid to Portland General Electric for coordination of heavy equipment, engineering support, coordination with State and Federal entities, other contributing businesses and organizations, and volunteer programs to provide labor for implementation, with a preference given to natural features and trails thereto near Portland General Electric's Oregon facilities and resources.
61	For the first five calendar years after the reorganization, Portland General Electric will provide a copy of its annual budget(s) to the Commission for the succeeding year on or before December 31 of each year.
62	For each calendar year 2027 to 2031 inclusive, Portland General Holdings and Portland General Electric commit to sustaining Portland General Electric's current funding levels regarding charitable contribution, subject to a \$100,000 limit increase or decrease from the prior year's contributions budget.
63	Portland General Electric will not oppose maintaining current or greater support levels for energy efficiency for two years after the Commission issues a final order in this docket.
64	Cost savings, inclusive of loadings, allocable to Portland General Electric that are achieved as a result of Portland General Electric's future Mergers and Acquisitions (M&A), if greater than \$50,000, will be deferred and later credited to Oregon customers until Portland General Electric's second general rate case following the Commission's order in this docket. Savings will be deferred and credited to the extent that the saved costs, inclusive of loadings, are not otherwise already included in Portland General Electric's customers' rates, and from the time when the savings were realized. This condition does not preclude any party from seeking deferral of any cost savings resulting from any merger or acquisition involving Portland General Holdings that results in over \$100,000 of annual cost savings.
65	Approval of Portland General Holdings formation does not relieve holders of Portland General Electric stock, or contractual rights to own such stock (such as stock options or convertible preferred stock), from requirements of ORS 757.511.