Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

December 10, 2025

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: AR 676 & AR 677 – CUB Response to Scoping Survey Questions

Dear Filing Center:

It has come to the Oregon Citizens' Utility Board's attention that any survey responses directly emailed to the Oregon Public Utility Commission (PUC) Staff will not be posted in this docket. Accordingly, CUB requests that our response, as copied below, be posted to the Commission docket AR 676 & AR 677.

Respectfully,

/s/ Jennifer Hill-Hart
Policy & Program Director
Oregon Citizens' Utility Board

CUB Response to AR 677 Scoping Survey Questions

CUB appreciates the opportunity to provide responses to the AR 677 Scoping Questions issued by the Oregon Public Utility Commission (PUC) Staff on November 13, 2025. Thank you for your consideration of our initial thoughts.

General Rate Case Schedule

Please list the top factors your organization thinks should be considered in determining such a schedule (i.e., utility size, customers served, forecast accuracy). (Please list in priority order)

1. **History of rate increases:** Over the last 5-10 years, some utilities have filed and received general rate increases and single-issue rate increases more often than others. The PUC should consider investor-owned utilities' (IOUs) recent cumulative rate increase history over at least the past 5 years in determining a cadence, which includes attention to cumulative rate impacts for customers.

2. **Specifically identify the timing of IOU MYP GRC filing years:** When the multi-year general rate case (MYP) schedule provision was discussed in HB 3179 negotiations, the PUC and parties discussed the importance of not having any of the three largest IOUs (PGE, PacifiCorp, and NW Natural) come in the same year for a general rate case increase request. Likewise, the three remaining "smaller" IOUs would ale limited to one in a year. As a result, there could be no more than two MYP general rate cases filed each year. While this does not mean that any IOU must come in for a rate increase when it is "its turn," the purpose of developing the multi-year general rate case schedule was to lessen the frequency and number of rate increase requests by all IOUs**.**

   The rules should clearly indicate which utilities can come in for rate increases for at least the first three years of the MYP implementation. *The intent of HB 3179 is to avoid utilities coming in for rate increase requests every year, but also to prevent multiple IOUs from coming in for general rate increase requests at the same time.* There must be some kind of cadence so that NW Natural, PGE, and Pacific Power do not have a general rate case filing under review at the same time. One option is to set the MYP cadence as a 3-year default and if the IOU is not interested in coming in for another MYP general rate case within 3 years, it will request a waiver from the Commission for no more than a total of 7 years as directed by HB 3179. *Further, we want customers to be able to better know when to expect increases/changes from their utilities so they can better plan their own finances too and be less surprised with rate increases.*

3. **Try to avoid more than one MYP GRC per service territory per year:** The Commission should set it up to avoid having gas and electric utilities that serve the same or overlapping service territories from having general rate increases at the same time–these should be

staggered to mitigate the impact on customers. However, if it cannot be avoided, number 2 above should take priority.

4. As was anticipated in FAIR negotiations, **the PUC may establish a one-time single-issue ratemaking mechanism for those utilities having to wait one to two years to file its MYP general rate increase request, subject to stakeholder engagement and Commission approval.** This mechanism shall not be subject to an automatic adjustment clause and will be required to have an earnings test. Single-issue ratemaking mechanisms shall be incorporated into the MYP GRC process and future single-issue ratemaking mechanisms shall be permissible as explicitly stated in statute (i.e., public purpose charge, low-income energy assistance), with the opportunity for single-issue ratemaking mechanisms outside the MYP process permitted only under extraordinary circumstances. It may be appropriate for any of these single-issue ratemaking mechanisms to come with a stipulated Memorandum of Understanding (MOU) clearly outlining what is authorized for recovery under that mechanism, including but not limited to PUC Staff, the utility, CUB and AWEC.
5. **The Commission may want to consider performance-based incentives to encourage IOUs to manage their costs so as to avoid needing to come in for a rate case every three years.**
6. Finally, it may be worthwhile to consider how the many utility planning dockets may impact timing or may need to be considered as part of developing the MYP filing timing.

Exception Process

What factors must be present for a utility to come in prior to their scheduled GRC year to conduct a general rate case?

- The Commission should encourage the IOUs to be as precise as possible in their proposed MYPs. In the event of extraordinary circumstances, like force majeure events, the utility may request recovery of a specific unforeseen cost. The Commission should open up a contested case docket. The burden shall be on the IOU to show the request is a one-time ask due to extraordinary, unforeseen circumstances. This is not an opportunity for a utility to recover costs due to under-projecting costs. Further, MOUs should be encouraged to ensure more clarity and boundaries. They could also help regain certainty about forthcoming MYP schedules given this extraordinary circumstance. This will help with planning for all parties.
- The Commission could consider that a utility making this request may benefit from showing it has implemented processes or programs that have meaningfully reduced customer energy burden, customer disconnections for non-payment, and any opportunity for cost savings for residential households resulting from utility decision making. For example, any customer facing Performance Incentive Mechanisms (PIMs) which are established per the

implementation of HB 3179 and SB 688. Any measurable, ahead-of-schedule progress, or lack of timely progress, on these metrics could weigh in the utilities' ability to come in sooner than scheduled.

What factors must be present for a utility to bring forward alternative cost recovery and ratemaking mechanisms, including deferrals and trackers, during or outside of the General Rate Case schedule?

- The Commission should consider eliminating any future trackers as rate recovery mechanisms. The Ohio legislature recently passed a MYP bill and in doing so is phasing out all trackers. Cost trackers are likely the most detrimental mechanism for customers. Capital cost trackers should be rejected or only considered if they are designed in a way that does not push costs onto customers at no risk to the utilities. Otherwise, it is possible that the customers do not see the benefits of these costs.
- Any Alternative Rate Mechanisms (ARMs) should be specifically tailored to a particular purpose, with the support of an MOU. Price cap index ARMs can be tailored in a way that specifically adds more protection to residential customers, or even low-to-moderate income customers, by separating them from large load customers. Parties should consider an MOU when these unique cost recovery mechanisms occur as a means to protect customers and their advocates from any surprises.
- Any alternative cost recovery mechanism should have an earnings test and should not be permitted to have an automatic adjustment clause.
- Upon request of a stakeholder or PUC Staff, the Commission may conduct an audit of an approved alternative ratemaking mechanism and make any adjustments in the event of over-forecasting that results in imprudent investment costs being passed into rates.

Multi-Year Rate Plans (MYP/MRP) and Performance Based Regulation (PBR)

Please list the top three (3) outcomes from the energy system that a Multi-Year Rate Plan framework should provide.

1. General rate cases decision-making will be more balanced by adding more scrutiny to the impacts of rate increases on residential customers.
2. Predictable rate increases that may be phased in over time to reduce rate shock.
3. A pre-established cadence for IOU general rate cases. PGE, Pacific Power, and NW Natural will not come in the same year for a general rate (MYP) rate increase request–in order to try to prevent a gas and electric rate increase for customers in the same year.

Please list the top three (3) utility actions and priorities that multi-year ratemaking framework should encourage.

1. Discipline in spending - less risk placed on customers and little to no opportunity for overearning;
2. Little to no single-issue ratemaking mechanisms;
3. Performance-based ratemaking mechanisms must not be used to incentivize utilities to meet its existing obligations and requirements, like those regarding maximizing energy efficiency investments and meeting clean energy requirements. Instead, in instances of compliance with Oregon law, incentives should be provided for going above and beyond, such as meeting goals sooner, not meeting what is currently expected and required. Other incentives should support affordability and energy burden reductions. The Commission should also consider penalties or some kind of stick when utilities are not following the law.

Please list the top three (3) ways you would like to see the ratemaking process change through the implementation of multi-year rate cases and the improvement you expect from those changes.

1. **Incentivize equity and fairness in the ratemaking and regulatory process** - Utilities have been encouraged to build infrastructure to expand service, making regulatory focus on capital spending, and not enough on affordability. This is problematic because:
    a. Utilities have an incentive to spend money;
    b. Utilities can request dozens of rate increases a year, year over year;
    c. Current process is designed so regulator looks at individual utility projects, not total rates;
    d. Costs can be updated even after they are approved by regulators; and
    e. Utilities aren't transparent with rate increase information, though some of this will change with HB 3179 requirements.

    Utilities must present proposals that fairly distribute costs among customer classes. For example, residential customers should not be paying for the costs of the investments data centers need to connect to the grid.
2. **Eliminate single-issue ratemaking mechanisms** – As much as possible, eliminate *non-statutory* single-issue ratemaking mechanisms, and require that those authorized by statute be explicitly included in a utility's residential customer economic impact analysis (per HB 3179) in an IOU's general rate case request. It is incredibly difficult for even CUB to predict rate increases for some IOUs because of all the single-issue ratemaking mechanisms. This makes it difficult for all but the IOU to understand the impact on rates for customers,

hampering non-utility stakeholders from truly understanding if rates are just and reasonable, affordable, and in the public interest.

3. **Greater capacity for reviewing IOU rate increase requests** - By establishing a cadence for IOU general rate increases, we can avoid the freneticism of years past where the PUC has had multiple general rate cases before it. The PUC and stakeholders will be able to consider the general rate increase request alongside any single-issue ratemaking mechanisms, as well as consider planned or potential rate increases expected from the other utility in the requesting utility's service territory. Accordingly, the PUC may determine a staggered rate increase or delay is appropriate to address any rate shock or economic impact on customers.

Thank you for the opportunity to provide responses to these scoping questions. CUB looks forward to collaborating with stakeholders and PUC Staff as we implement this important customer-centered law.

Respectfully,

/s/ Jennifer Hill-Hart
Jennifer Hill-Hart
Policy & Program Director

/s/ Sarah Wochele
Sarah Wochele
Equity Analyst & Advocate