KHANH PHAM
STATE SENATOR
DISTRICT 23

January 26, 2026

Chair and Commissioners
Oregon Public Utility Commission
201 High St. SE, Suite 100
Salem, Oregon 97301

RE: AR 676 and AR 677 – Performance Based Ratemaking

Dear Chair and Commissioners,

I am writing to share my expectations regarding the Oregon Public Utility Commission's implementation of Performance-Based Regulation (PBR) under Senate Bill 688, and to underscore key concerns raised by recent discussions about the structure and scope of performance metrics.

As reflected in my testimony on SB 688, the Legislature adopted PBR to modernize utility regulation and ensure that utility compensation is meaningfully aligned with outcomes that matter to Oregonians: affordability, resilience, safety, efficiency, clean electricity, and reliability. These priorities are inseparable from Oregon's responsibility to confront the accelerating impacts of climate change—impacts that are already being felt by communities across our state and will shape the lives of future generations. SB 688 represents a critical tool to ensure that our energy system is not only reliable today, but capable of meeting the climate challenge ahead in a way that protects both current and future Oregonians

In light of these key policy considerations that led to SB 688, I want to be clear about legislative intent behind using performance metrics to achieve these goals. **PBR cannot succeed if the Commission arbitrarily limits the number or scope of performance metrics.** Climate change is a multifaceted and systemic challenge, and addressing it through utility regulation requires a comprehensive set of measures that reflect the full range of outcomes utilities are expected to deliver. Artificially constraining the number of metrics risks narrowing the Commission's focus at precisely the moment when a broader, more integrated approach is needed to drive emissions reductions, improve system resilience, and ensure an equitable transition to clean energy.

Equally important is how those metrics are structured. The Legislature did not envision performance metrics that function solely as aspirational benchmarks or upside-only opportunities. For example, utilities are not on the path to compliance of the 100% Clean Electricity Standard (HB 2021) and PBR is an important tool to get the utilities back on track. **For PBR to be credible and effective, metrics must include both meaningful incentives and real consequences.** Utilities must be rewarded for measurable progress toward clean energy, emissions reductions, and climate resilience. **And they must also face penalties when they fail to meet established expectations.** Without this balance, PBR risks becoming disconnected from the urgency of the climate crisis and from the real-world impacts borne by Oregonians when

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progress falls short.

As I noted in my testimony, investor-owned utilities and their shareholders are doing well under the current regulatory framework. PBR is intended to ensure that customers and communities also see tangible benefits like lower costs, improved reliability, increased resilience to climate-driven disruptions, and steady progress toward Oregon's clean energy goals. Delivering those benefits, particularly in the face of a changing climate, depends on a regulatory framework that is rigorous, forward-looking, and grounded in accountability rather than one weakened by unnecessary limitations or one-sided incentives

I appreciate the Commission's engagement and expertise as you undertake this important work. I urge you to implement SB 688 in a manner that reflects its full intent: a performance-based system with sufficiently comprehensive metrics and a balanced structure that both rewards success and addresses underperformance. The decisions made in this implementation will shape Oregon's energy system for decades, and it is essential that they rise to the scale of the climate challenge before us and the responsibility we hold to future generations.

Thank you for your attention and for your continued public service.

Sincerely,

Khanh Pham

Senator Khanh Pham
Oregon State Senate, District 23