February 9, 2026
Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

Re: AR 676 - Energy Advocate comments in response to 12/17 and 1/27 Performance-based Ratemaking (PBR) and Multi-Year Rate Plans (MRP) Workshops

On behalf of NW Energy Coalition, Verde, Community Energy Project, Green Energy Institute at Lewis & Clark Law School, Oregon Just Transition Alliance, Climate Solutions, Multnomah County Office of Sustainability, and Oregon Citizens' Utility Board, (collectively, the "Energy Advocates") thank you for hosting the first two workshops and for the thoughtful way you have framed the process so far. Both workshops were helpful for our organizations as we build a shared understanding of Multi-Year Rate Plans (MRP) and Performance-based Ratemaking/Regulation (PBR) options for Oregon. We especially welcomed the presentations from third-party experts, including RMI, Current Energy Group, Great Plains Institute, and Regulatory Assistance Project. Having independent experts walk through and related PBR mechanisms, as well as lessons learned from other jurisdictions, has made this process importantly educational at the outset.

We have received the notice for a written comment opportunity (posted 2/6/26), and we plan to submit comments in response to those questions. In the meantime, we wanted to share the following comments, which focus on our responses to questions that we heard raised at the prior two workshops, as well as some other thoughts and concerns. We hope this will help prepare staff for the February 27th workshop. We also appreciate the opportunity to express our thoughts and feedback in real time, even as we are still digesting technical details and formulating our specific feedback.

We also wanted to address one framing issue that we heard some utilities comment on: that PBR doesn't guarantee decreased rates. We think it's important to acknowledge at the outset that traditional cost of service ratemaking (COSR) is also not decreasing rates – in fact, we've seen rates skyrocket across the board in recent years. Advocates are clear-eyed that PBR will not necessarily reduce rates, but it is an important opportunity to achieve more affordable rates than what we would see if we maintained our business-as-usual COSR structure. We see potential cost-containment value in PBR as it opens the door to begin moving away from an incentive structure that rewards utilities for capital expenses, particularly when they are capital-intensive. PBR's additional – and critical – unique value is that it aligns utility operations with generally beneficial outcomes beyond financial outcomes. When designed right, PBR can help ensure that customers are getting the best "bang for their buck."

I. Responding to some of the questions raised in the January Workshop:

- **What outcomes may be missing from those that Staff have compiled so far?** (understanding that this is meant to be a large list to start with):[1]
    - Meaningful community engagement
    - Not limiting all equity considerations to "energy burden"
    - Wildfire related outcomes - such as those related to wildfire mitigation, restoration, and resiliency
    - Removing barriers to electrification, particularly for low-income households
    - Grid Enhancing Technologies (GETs)
    - Arrears reductions
    - To the extent not otherwise captured in staff outcomes, virtual power plants
    - Utilities prioritize community-benefitting clean energy investments

II. Based on our understanding of what the third-party consultants have presented during the December and January stakeholder workshops, we're very supportive of these general elements of Multi-year rate plans (MRP) and Performance-based Ratemaking (PBR) design:

- Equity metrics should serve as core performance indicators.
- Affordability as a north-star outcome of this MRP/PBR process, with a framework that puts downward pressure on long-term system costs (e.g., unnecessary capex costs) and rate growth, especially for households with the highest energy burdens.
- A multi-year rate plan that functions as a multi-year budget, with truly meaningful cost containment. It seems that an index-based revenue cap MRP (rather than a plan that depends heavily on utility forecasts), with a long-enough "stay out" period to avoid constant re-litigation of these projections (ideally 5 years - at least in the case of electric utilities), is the best way to do this. We are thinking through whether or not there is a benefit to bringing in gas utilities more often, closer to 3 years, and look forward to more discussion on this and other potential differences between gas and electric utilities.
- A strong starting point for any MRP and any associated adjustments. Ideally including a third-party audit or review before an MRP begins to identify cost-reduction opportunities and help ensure the baseline and any attrition relief mechanism are not set too high.
- Strong limits on automatic adjustments, trackers/riders, deferrals, or other "true-ups" and single-issue ratemaking during the stay-out period, so that the MRP remains a meaningful constraint on overspending. When risk to utilities *is* reduced via any of these mechanisms, we think it is appropriate to consider a commensurate reduction in ROE.
- A clear commitment that cost-containment does not exempt utilities from meeting their other obligations, including safe and reliable service, as well as clean energy and related targets. Cost-containment should drive utilities to pursue all their obligations in the most cost effective way possible. This could likely be addressed through backstop (in most cases, punitive) PIMs.
- Practical ways for non-utility stakeholders to access the data needed to track and understand performance, provide informed input, and propose improvements over time, including from community members.

[1] See Docket No. AR 676, *Informal Phase: Staff's Workshop Agenda and Pre-Read for January 27, 2026:* https://edocs.puc.state.or.us/efdocs/HNA/ar676hna343169037.pdf at 3.

- Targeted performance incentive mechanisms (PIMs) that help improve public interest outcomes (e.g., eliminating customer disconnections and debt, accelerated emissions reductions, deployment of local clean energy solutions, increasing low-income weatherization and energy efficiency) beyond what is already statutorily required of utilities.

III. We want to highlight that we have some remaining questions, which we're hoping to learn more about during the February meeting (or before, if preferred):

- Whether Staff envision a third-party audit or independent review ahead of an MRP, and what questions that review should answer (for example, identifying cost-saving opportunities, assessing spending trends, and evaluating the reasonableness of the starting revenue requirement).
- Further explanation on which "PBR-like" elements are already present in Oregon? (slide 11 of January 17 Workshop presentation) How do you think those elements are working, or not? How will these, and other existing ratemaking elements, interact with PBR mechanisms from this process? Relatedly, how will this feed into or overlap with Community Benefit Indicators related to IRPs?
- Is it likely that we'll see all PIMs developed at once, or will there be a phased approach (e.g., the "crawl, walk, run" approach suggested by advocates during the January meeting)? Is there any evidence that a certain number of PIMs is the most effective to consider deploying at any given time?

IV. We also have some process and procedural equity concerns:

- The balance of utility and other stakeholder perspectives is currently disproportionate – we heard a lot from utility representatives during both the December and January calls, which often served to move the process from educational to utility feedback on future determinations. This made it difficult for advocates to make the best use of the space.
- This process requires a lot of time and effort from Staff and stakeholders, especially energy advocates. This is appropriate, as it is complicated and all stakeholders are operating at various levels of understanding, and we need to get it right. To us, that means **that MRP and PIM design, as well as other PBR elements, must be significant or "weighty" enough to truly drive change in the current system.** We understand that this change causes uncertainty among utilities, but we cannot let this posture from utilities lead to a watered-down PBR process and design and, ultimately, more business-as-usual utility decision-making.

We look forward to providing more substantive feedback via comments as this process continues, but hope that this is helpful to receive in the meantime, for both understanding our perspectives for the record and for planning the February workshop and future engagements.

Respectfully submitted this 9th day of February 2026.

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