February 20, 2026
Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

RE: AR 676 - Energy Advocate Joint Comments on Performance-based Ratemaking (PBR) & Multi-Year Rate Plans (MRP) Workshops

On behalf of Oregon Citizens' Utility Board, Climate Solutions, NW Energy Coalition, Community Energy Project, Oregon Just Transition Alliance, and Green Energy Institute at Lewis & Clark Law School (collectively, the "Energy Advocates"), we submit these comments in response to Staff's questions[1] following the December and January workshops.

We previously submitted unsolicited feedback on February 9, 2026, and several of the themes we raised in that feedback overlap with our responses to Staff questions here.[2] As a result, some points below repeat our earlier comments. We ask that Staff consider both sets of comments together as we continue developing an MRP/PBR framework for Oregon. Given the tight timeline and technical complexity, these comments reflect our analysis as of today, and we may want to supplement as the record develops. What is clear from the process so far is that it will be iterative, and there will be more to learn from other states, and from each other as we move forward.

1. Please identify goals that best align with your vision for Oregon's regulated utility energy system. For each goal, please identify 1-3 outcomes that you think are most important to prioritize in an updated ratemaking framework. Staff notes that this is a prioritization exercise and not an indication that any particular goal or outcome will be excluded.

Goal 1: Utility cost containment

- Reduce total system costs by avoiding or deferring unnecessary capital spending, prioritizing the least-cost solutions (e.g., efficiency, non-wires/non-pipes solutions) before new infrastructure.
- Create real utility incentives to manage costs including by identifying and adopting co-benefit strategies and investments across planning dockets, and by limiting automatic cost pass-through and ensuring utilities have meaningful responsibility for overspending during the MRP period.
- Reduce the pace and unpredictability of rate increases

Goal 2: Achieve affordability and energy security

- Reduce disconnections and reduce the number of customers in arrears

[1] Docket No. AR 676, *Staff announcement of Comment Period*, Feb 6, 2026: https://edocs.puc.state.or.us/efdocs/HAH/ar676hah343650028.pdf
[2] Docket No. AR 676, *Energy Advocates comments,* Feb 9, 2026: https://edocs.puc.state.or.us/efdocs/HAC/ar676hac343673037.pdf

- Improve bill affordability and address energy insecurity, particularly for the most vulnerable customers

Goal 3: Support a just clean energy transition and emissions reductions

- Meet or exceed state decarbonization and clean energy requirements (e.g., HB 2021, Climate Protection Program), with meaningful and enforced compliance.
- Support strategic electrification of customer end uses by reducing barriers to fuel switching, ceasing subsidization of fossil fuel appliances, and providing targeted support to ensure equitable, affordable electrification for low-income and vulnerable customers.
- Reduce barriers to clean energy deployment, including transmission constraints, siting and permitting challenges, and interconnection delays, while accelerating deployment of clean energy enabling solutions like grid-enhancing technologies (GETs).

Goal 4: Deploy demand-side resources and DERs

- Increase distributed energy resources (DER) adoption and demand-side management (DSM), including through virtual power plants (VPP) and non-wires solutions/non-pipe alternatives.
- Reduce interconnection timelines.
- Reduce impacts of power outages.

Goal 5: Improve reliability, resilience, and safety

- Improve reliability through demand-side resources (e.g., DSM, VPP, DER, community-based renewables), with a focus on equitable deployment to benefit communities that need it most, including communities in or near high-fire risk zones.
- Improve resilience, including for community-serving and critical facilities, where applicable.
- Ensure large load customers like data centers can ramp down, shift, or use onsite storage during peak hours and emergencies, to reduce strain on the grid when it matters most.
- Improved reliability, including through SAIDI and SAIFI metrics, and improved equity in reliability (e.g. scorecards, backstop PIMs, or non-upside PIMs).

Goal 6: Ensure transparency and accountability

- Improve data collection and access generally, including public-facing tracking of performance measures.
- Strengthen utility accountability and customer-centered performance metrics.
- Meaningful partnership and accountability measures with communities and tribes in developing and implementing IOU plans.

2. What trade-offs and/or risks should be considered in developing an MRP and/or PBR framework for Oregon?

At a **high level**, we are considering the following risks and trade-offs. We also highlighted many of these in our responses to the Staff scoping survey in AR 677 in December 2025:[3][4]

1. **Cost-control**
    - **Cost recovery vs. cost control:** Utilities seek full and timely cost recovery, but broad cost pass-through reduces incentives to control costs. Managing this tension with a strong initial MRP structure is fundamental to any PBR approach.
    - **Overuse of reconciliation mechanisms:** Exceptions, trackers, deferrals, and other "true-ups" can undermine the discipline and customer affordability benefits that MRPs are meant to provide. This also highlights the need to ensure a strong initial MRP structure – with costs accurately reflected in the base rate as much as possible – to avoid reopeners.

2. **Customer risk, equity, and affordability**
    - A poorly designed system can continue to place **disproportionate risk on customers**, especially low-income and energy-insecure families.
    - Without clear affordability outcomes and **meaningful enforcement of agreed-upon requirements for utilities**, a PBR framework can fail to materially reduce long-term system costs and rate growth.

3. **Appropriate incentive mechanisms to influence utility behavior**
    - **PIMs that do not produce meaningful customer benefits:** Performance metrics must be designed to deliver positive outcomes for customers and the public interest, not merely add incentives/rewards for utility behavior that is already expected under law.
    - **Balancing carrots and sticks:** For performance goals, there will be tough decisions about where to create "backstop," or punitive, PIMs, vs. metrics vs. rewards or incentives. Having only carrots – as many states have implemented so far – is likely far less effective than ensuring a mix of mechanisms that are tailored to the outcomes we want to see.
    - **Accountability:** The framework must include clear consequences and processes for utilities *that do not* perform as expected, including actual penalties when warranted.

4. **Administrative efficiency and stakeholder burden**
    - With too short a stay-out period, or too many reconciliation mechanisms (i.e., if complexity is added without reducing the number of filings or improving data

[3] Docket No. AR 677 Energy Justice Advocate comments: https://edocs.puc.state.or.us/efdocs/HAC/ar677hac341967115.pdf; *see also* CUB's comments: https://edocs.puc.state.or.us/efdocs/HAC/ar677hac341967115.pdf

[4] Note that "Coalition" and "Joint Advocates" comments including organizations Climate Solutions, Green Energy Institute of Lewis & Clark Law School, Oregon Environmental Council and many other organizations were emailed to Staff for consideration in AR 677. It appears those comments were not filed in the docket. We have resubmitted them for filing for completion of the record.

accessibility), we risk creating a system that still fails to enhance administrative efficiency for the regulator and other stakeholders.

5. **System change and alignment with planning**
    - **Adaptive design:** The MRP/PBR design should be responsive to our modernizing utility system, given worsening severe weather, which is out of step with traditional COSR. The design should reflect the changing role/value of customers (including as producers) and the growing importance of distribution system investments and fair cost allocation.
    - **Misaligned planning:** It will be critical to ensure strong alignment and integration with other utility planning processes, including IRPs/CEPs, DSPs and WMPs.
    - **Gas utility risk:** There is a significant risk that gas utilities will continue to make major capital investments – ultimately saddling ratepayers with the risk of stranded assets – during an MRP stay-out period, if the MRP design at the outset isn't tailored to the unique reality and public policy goals that gas utilities face. We'd like to see an MRP structure that creates downward pressure on gas utilities' revenue requirement over time, as we expect that is in the best interest of ratepayers and is necessary to meet the state's climate goals.
    - **Misalignment of a utility's investment cycle** (or asset retirement) that risks disincentivizing necessary investments (or retirements)
    - **Risk that utilities will find ways to use this new system that replicate the same challenges of traditional regulation.** We need to address this through clear guardrails, goals, and opportunities for Staff and advocates to highlight challenges and proactively intervene as needed.

6. **Overall MRP and PBR design process**
    - **Proactive vs. reactive:** The process should allow non-utility stakeholders to be proactive in the creation of PBR design – not reactive to utility proposals.
    - **Evidence-informed:** It's important to learn from other states' experiences – including mistakes – while also being forward-thinking about Oregon's specific needs.

3. Which MRP and other PBR mechanisms do you think could be valuable tools for helping achieve the outcomes that are important to you?

We see the following tools as potentially valuable, provided they are designed to reinforce cost control, accountability, and public interest outcomes. Some of these we also covered in our recent letter to OPUC Staff.[5] Please note this is not an exhaustive list:

1. **Cost containment, earnings-sharing, and risk-sharing in an MRP:**

[5] Docket No. AR 676, *Energy Advocates comments,* Feb 9, 2026: https://edocs.puc.state.or.us/efdocs/HAC/ar676hac343673037.pdf

- A strong MRP design – ideally an index-based, revenue cap formula with a meaningful stay-out period (ideally 5+ years for electric utilities, but perhaps a shorter period for gas utilities (see below for more)).
- Impactful earnings-sharing mechanisms and deadbands to ensure the risk of under-earnings is not unfairly placed on ratepayers and over-earnings benefits are shared across ratepayers and investors.
- Limited off-ramps and reconciliations – perhaps none – to ensure meaningful cost-containment during a utility's stay-out period.
- Phasing in or smoothing of bill changes over time, including moving tariff changes out of winter.
- Rate caps that are designed to limit bill volatility and increases.

2. **Utility earnings and incentive design**
    - Where MRP design elements reduce risk to utilities, the Commission should consider a lower starting ROE to reflect that reduced risk. Any changes to ROE above this baseline should be rooted in meeting clearly-defined, measurable performance metrics tied to public interest outcomes.
    - Incentive design should include clear guardrails, including no rewards for meeting existing legal requirements, meaningful downside accountability, capped incentives that protect customer value, transparent measurement and public reporting, and protections against double recovery.

3. **Equity and protecting customers**
    - Ensure continued, stable funding for energy assistance, weatherization, bill discounts, and language access.
    - Establish explicit metrics for reduced disconnections, reduced arrearages, reasonable payment plans, and service quality for low-income, underserved communities, as well as those in the "energy assistance gap".[6]
    - Consider Percentage of Income Payment Plans (PIPPs) or other mechanisms that directly address energy burden in a more stable way for customers.

4. **Driving clean energy and community benefits in alignment with the state's energy strategy, HB 2021, and Climate Protection Program**
    - Rapid deployment of energy efficiency, electrification, and grid solutions for buildings, industry, and transportation sectors
    - Rapid development of clean electric resources to create affordability, flexibility, and reliability benefits–with particular attention to much-needed low-income whole-home repairs, weatherization, and energy efficiency upgrades.
    - Resilience across all levels of the energy system to enhance adaptation and mitigate risk.
    - Impose penalties, or other "sticks," for failure to meet HB 2021 and the Climate Protection Program (CPP) obligations

[6] Customers at 61-100% of State Median Income (SMI).

5. **Transparency**
    - Performance metrics and publicly available scorecards (e.g., Hawaiian Electric Performance Scorecards and Metrics)

4. Based on what you've learned about MRP/PBR and your desired outcomes from the ratemaking process and energy system, what specific aspects of Oregon's ratemaking frameworks are working well? Further, what specific areas do you see as high impact opportunities to improve? Please feel free to be as specific about process and ratemaking practices as you want.

What's working well

- **Commission recognition that reduced risk can justify reduced ROE:** The Commission has recognized that back-to-back ratemaking can reduce utility risk (for example in UE 435). This is a useful precedent to carry forward into MRPs, which can similarly reduce risk for utilities and investors and should be reflected in allowed returns
- **Earnings tests in more contexts:** Earnings tests are being used more often beyond classic deferrals or power cost filings (for example, UE 455 and UE 458).
- **Procedural improvements:** PUC has made progress and continues to prioritize procedural equity across PUC processes. It is not perfect, but there are consistent efforts to learn and improve.
- **PUC Staff are accessible and provide support** to stakeholders re: answering questions, guidance on processes, informational workshops, office hours, etc.
- **Growing recognition of varied customer impacts:** Commission understands that rate increases affect different customers differently, at the very least depending on incomes and heating systems.
- **Environmental justice funding** for PUC participation and engagement.
- **Administrative efficiency, in some cases:** PUC staff manage a host of smaller approvals through the consent agenda.

Areas for improvement

- **Reduce reliance on single-issue filings and unclear cost recovery standards:** Oregon continues to experience volatile and unpredictable rate increases driven by too many single-issue requests, including an increasing reliance on Alternative Rate Mechanisms (ARMs). These pathways limit meaningful public participation and will not require economic impact analyses for residential customers as described in HB 3179 (2025). Clear, enforceable standards are needed for when such requests are appropriate and when they should be denied.
- **Shift from utility-driven process to Commission-led frameworks:** Utilities continue to drive processes and proposals (from rate cases, to IRPs, to rulemakings), leaving other stakeholders in a reactive position. The FAIR Energy Act is intended to change this dynamic, and the MRP/PBR framework should reinforce Commission leadership and proactive design with public interest stakeholder experts in mind.

- **Guardrails for timing and scope of utility requests**: There are too many opportunities for mid-cycle cost recovery, with less potential for scrutiny from stakeholders. Clear standards are needed on when utilities can request changes and what showing is required. This includes basic safeguards, such as ensuring utilities remove from the rate base any assets that are no longer used or useful, without requiring stakeholders to chase down these issues docket-by-docket. An MRP – with a third party audit to create the starting point – is a good opportunity to level-set on this.
- **Balance scrutiny between O&M and capital spending (OpEx/CapEx Optimization):** CapEx funding should be heavily scrutinized given its significant long-term rate impacts.
- **Improve data access and quality:** In some cases, we cannot obtain all the data needed to properly evaluate spending. For example, in distribution system planning. Identifying and closing data gaps will be critical for a credible MRP/PBR framework.
- **Move from reactive to proactive affordability protections:** Disconnections, arrearages, and low-income customer challenges are often addressed after reaching crisis levels. The framework should promote earlier intervention and clear accountability.
- **Provide clearer direction on the appropriate time or venue to discuss key issues** to prevent advocates being redirected between dockets without resolution (e.g. issues continually shifted to UM 2211).
- **Strengthen accountability for clean energy performance:** Utilities continue to invest in fossil resources while attributing rate increases to clean energy mandates. The framework should ensure utilities are accountable for both prudence and alignment with state clean energy obligations, and that incentives do not reward or allow for non-compliance or delay.

5. What additional considerations do you think are important as Oregon works to develop its MRP framework?

Please see our comments submitted on February 9, 2026, for additional considerations.[7] We appreciate the opportunity to provide comments. Thank you.

Respectfully submitted this 20th day of February 2026.

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[7] Docket No. AR 676, *Energy Advocates comments,* Feb 9, 2026: https://edocs.puc.state.or.us/efdocs/HAC/ar676hac343673037.pdf

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