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May 6, 2026

Via Electronic Filing

Public Utility Commission of Oregon
201 High St SE, Suite 100
Salem, Oregon 97301-3398
puc.filingcenter@puc.oregon.gov

Re: Docket No. AR 676 – CUB's Supplemental Decision Points Worksheet

Dear Filing Center:

The Oregon Citizens' Utility Board ("CUB") has co-signed the Comments and attached worksheet submitted by the Energy Advocates on this day. In addition, CUB seeks to submit the enclosed worksheet reflecting further comments and recommendations. CUB's additions are noted in peach.

Please let me know if you have any questions or concerns.

Respectfully submitted,

/s/ Lizzie Lesch-Abhaya

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Encl.: CUB Worksheet with Additional Comments

For Stakeholders to Complete: Ratemaking Framework Decision Points

The following table lists MRP and PBR elements that Staff has identified could be subject to decisions in AR 676. Some are expected to be a focus of the Phase 1 Straw Proposal, because identifying these threshold design decisions will clarify the parameters of a Phase 1 interim Commission decision and provide greater focus in Phase 2. Other decision points are included that may receive some attention in a Phase 1 decision, then get fuller attention in subsequent phases of AR 676 or future rate cases. For these, a Phase 1 decision might suggest inclusion or exclusion of certain components, while adoption and design details could take place in a later phase. **Bolded ratemaking components** in the table indicate those that are anticipated to addressed in the Straw Proposal in either of these manners.

Stakeholders are invited to provide perspectives on proposed outcomes and decision points at the April 15, 2026 workshop and through written comments following the workshop. The workshop will focus on a subset of decisions or ratemaking components, while written comments are invited on other areas as well.

Where applicable, the column that lists each MRP and PBR design component includes a reference to the relevant page number in the "Multi-Year Rate Plans: Purpose and Design Considerations" report (MRP Report) from December 2025.

A description of each phase can be located in the Staff Implementation Letter filed in AR 676 in October 2025 and each phase is summarized below:

- Phase 1: Foundations and Concept Development
- Phase 2: Framework Design
- Phase 3: Formal Rulemaking
- Phase 4: Implementation

Ratemaking Component	Options or Considerations	Recommended Approach
Principles, Goals, and Outcomes	See April 8 pre-read filed in AR 676	Principles: 1) **Cost Containment.** Elevate cost containment explicitly, framing the MRP as budget discipline that creates incentives to reduce costs, not merely pass them through more smoothly 2) **Stability over growth**. Financial stability is fine to include but should be qualified to be clear it does not guarantee unwarranted revenue requirement growth.

Ratemaking Component	Options or Considerations	Recommended Approach
		3) **Burden on utilities**. Where financial stability and cost containment conflict, utilities must demonstrate that cost increases are unavoidable and prudent, not simply that they support earnings. 4) **Commission Authority**. In the spirit of the FAIR Energy Act the Commission, not utilities, must be driving design parameters of this framework. Goals: 1) **Affordable High Value Service**. We generally support this goal. 2) **High Performing Utility.** We generally support this goal. 3) **Achieving Societal Goals**. We generally support this goal. Outcomes: 1) Affordable High Value Service a. More explicit affordability outcomes 2) High Performing Utility. a. **Electric Asset utilization** is important as an affordability and cost containment solution. b. Concerned about **gas asset utilization** as an outcome (see full comments) c. **Capex-opex equalization**. We are very supportive of this outcome and want to see it integrated early in MRP design. 3) Achieving Societal Goals a. **Clean Energy Development**. We agree with this outcome, but it can be strengthened with clear consequences for failure to meet requirements.

Ratemaking Component	Options or Considerations	Recommended Approach
		b. **Distributional Equity.** We are generally supportive, but have a lot of ideas and considerations for how this should be developed and implemented (see comments). c. **Resilience.** We are supportive of this outcome. 4) **Gas utility specific outcome.** We recommend adding an explicit outcome for gas utilities related to responsible system planning in the context of declining demand.
Type of MRP (MRP Report, p. 7)	• Index-based cap (revenue or price cap) • Forecasted MRP	Index Based revenue cap
Revenue decoupling (MRP Report, p. 40) or other revenue true-up mechanism	How does the existence of decoupling, or not, relate to MRP type?	We are generally supportive of maintaining decoupling for gas utilities.
Plan duration (stay-out period; MRP Report, p. 14)	3-7 years	5 years for electrics 3 years for gas
Scope of an MRP (inc. trackers and deferrals; MRP Report, p. 11)	Which costs and revenues are consolidated within the MRP base rates and thus subject to associated cost controls?	Generally, we believe that the MRP should be as broad to maximize cost containment and transparency. The Commission should approach each proposed exclusion from MRP scope with a strong presumption against it, with the burden on the utility to justify exclusions. See comments for discussion of PCAM and PGA as customer-protective cost adjustment mechanisms.
Going-in rates (MRP Report, p. 17)	• What information determines the revenue requirement? • Should a historical or forecasted test year be used?	[Determined in a rate case] We recommend a 3rd party audit as part of setting the going-in rates.

Ratemaking Component		Options or Considerations	Recommended Approach
ROE (MRP Report, p. 19)		• Do new risks, or mitigants, from the MRP change the ROE? • What influence does authorized ROE have on MRP incentives?	[Determined in a rate case] An MRP with a meaningful stay-out period further reduces risk, so ROE should be lowered to reflect that reduced risk. We support asymmetric earnings sharing, with customers sharing in excess earnings and utilities bearing the risk of under earning.
Index-based Adjustments (if applicable)	**Inflation measure (MRP Report, p. 24)**	• GDPPI • Other inflation measures or composite structures (e.g., regional indices, CPI, etc.)	CPI or all urban CPI is the better approach as it reflects what consumers paying – not producers as would the GDPPI. CUB is open to using both but it depends on how they would be used.
	X factor (MRP Report, p. 25)	• How to set (e.g., total factor productivity study)? • Who conducts the study?	We should look to an external/third-party source for expected productivity increases which will happen over next few years. We expect that the TFP should be based upon a review of historical trends for peer electric and peer gas utilities. This may be a better indicator of the TFP rather than utility-specific TFPs. Given AI can potentially reduce costs in the way we saw computing/internet do a generation ago – it could be that utilities are becoming more efficient in their operations. One consideration for the study should consider expected productivity coming from AI—we need some measure of this.
	Z factor (MRP Report, p. 29)	• What are the criteria to trigger a Z-factor adjustment?	CUB agrees with energy advocates that a Z-factor should be clearly defined and subject to after the fact review. Because "significant events" can vary among utilities based upon size, the trigger criteria should be based on basis points ROE (for example, 200 or 250 basis pts ROE). This metric essentially measures the size of the event. It will automatically adjust to differently-sized utilities and is also reflective of the financial risk a utility can absorb.

Ratemaking Component		Options or Considerations	Recommended Approach
			OR has a history of using ROE. However, the trigger could be based upon a percentage of revenue requirement, similar to what Hawaii has done. However, if there is a lot of flow through costs like power costs with no return, the basis points ROE metric gets to amount of investment and profits the utility is making, which gets to what amount of risk a utility can absorb. As the utility puts in more rate base over time, the dollar amount of capital investments will grow and the 200 basis pts of return will be larger number, meaning the utility can take on more risk.
	Stretch factor (consumer dividend; MRP Report, p. 27)	• Is a stretch factor warranted? • What is the adjustment value based on?	Like the Energy Advocates, CUB supports efforts to push IOUs to pursue efficiency and innovation, including through mechanisms like a stretch factor. If there are incentives to reduce costs, a stretch factor could be cost-sharing – but IOUs also will want sharing of any increases in costs. We are still thinking about how an s-factor is different from or necessary with a productivity factor. Does productivity factor act as a stretch? We could support a well-designed stretch factor, but if a larger X-factor can serve same purpose, then a stretch factor could be unnecessary. We are looking forward to gaining more understanding of these tools.
Capital funding mechanism(s) (MRP Report, p. 31)		• What projects could be subject to a separate funding mechanism? • What mechanism design is applicable?	CUB opposes K-bars. Capital projects should be adjusted in general rate cases and CUB generally opposes capital funding adjustments. The annual inflation adjustment already applies to capital projects' RR and O&M.

Ratemaking Component	Options or Considerations	Recommended Approach
		Where large policy-driven investments genuinely cannot fit within an index-based cap, targeted trackers for specific pre-approved projects may be appropriate, but only after a showing that non-capital alternatives were fully considered.
Earnings sharing mechanism (MRP Report, p. 20)	• Is it symmetric or asymmetric? • Are there tiers and deadbands, and of what size?	We support asymmetric earnings sharing, with customers sharing in excess earnings and utilities bearing the risk of under earning. We support deadbands that are customer protective like the PCAM. An asymmetric earnings sharing may be appropriate because the risk is also asymmetric. Prices can go up much higher than they can go down, so it may make sense regarding deadbands (depending on how earnings sharing is related to risk). For example, deadbands are appropriate in PCAM or could be brought into the inflation adjustment (i.e., an alternate way to do a productivity factor). only place it mentions deadband is in sharing w customers but not costs for utilities
Off-ramp (MRP Report, p. 39)	• What thresholds or criteria could trigger an off-ramp? • How to make these unlikely, but available when necessary?	CUB agrees with Energy Advocates' response that costs would have to be truly unforeseen, outside of the IOU's control, and significant. It should be rarer than an adjustment for unusual events—a high threshold, for example 500 basis points (i.e., if ROE is 9.5% an event that causes drop to 4.5%). Off-rames should be limited to events like a big earthquake or extremely large wildfire. For example, Western Oregon electric experienced massive floods in a short time which resulted in very high rates. Any off-ramp request must require Commission investigation and determination.

Ratemaking Component	Options or Considerations	Recommended Approach
Reopener (MRP Report, p. 39)	• What thresholds or criteria could trigger a reopener? • How to make these unlikely, but available when necessary?	There should be a high threshold to obtain a reopener, as well as protections in place to ensure reopeners do not become standard practice. It may make more sense to use an off-ramp if something isn't working, not a re-opener, given an off-ramp may be more efficient at addressing the problem. We appreciate the summaries of examples in other states to inform our recommendations. We think this issue of off-ramps and reopeners may benefit from further review of these examples.
Rebasing (MRP Report, p. 36)	• When does rebasing occur? Based on what information? • How to avoid perverse incentives to inflate costs?	Similar to setting going-in rates, we support a 3rd party audit prior to the next multi-year rate case (similar to CT and UK).
Efficiency carryover mechanism (MRP Report, p. 38)	• Should an ECM be incorporated? • What structure?	Need more time to respond.
Capex/opex equalization (MRP Report, p. 36)	• What approach is applicable (e.g., targeted PIMs, capitalization of opex, totex accounting) • What is relationship or connections to capital funding?	It will be helpful to look more closely at other states and revisit these questions. Capitalization of OPEX is potentially very risky to customers and CUB has very serious concerns about utilizing this concept. It could get out of hand quickly. We recall a docket that was open for six yrs regarding getting rid of billed vs buy bias in resourced procurement.
Metrics and scorecards (MRP Report, p. 40)	• Which outcomes are subject to metric reporting or a scorecard?	Appropriate where we have not been collecting/reporting data in COSR but could serve to delay real action where we have already been collecting data and are ready to move to PIMs. Shadow Reporting should be short time-bound and followed by financial consequences on a pre-defined schedule.

Ratemaking Component	Options or Considerations	Recommended Approach
Performance Incentives (MRP Report, p. 40-41)	• Which outcomes should be targeted for new or updated performance incentives? • What performance incentive design is most applicable to each outcome (PIMs, SSM, etc.)? • How much revenue should be subject to performance incentives?	We should prioritize backstop PIMs for failure to meet legal obligations under HB 2021 and CCP, and where the utility fails to meet basic reliability standards. Additional PIMs may be appropriate where we have a history of data collection and tracking under COSR. See comments for more detail.
The relationship between planning processes (DSP, IRP, etc.) and MRPs (MRP Report, p. 44-45)	• How do planning processes inform MRP design and revenue requirements? What timing needs to be taken into account? • How to manage imperfect information or studies subject to later completion?	Need more time to respond.