



NW Energy Coalition

June 18, 2026

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

RE: AR 676 Informal Phase - NW Energy Coalition Comments in Response to Staff's V2 Memo for Phase 1

Chair Tawney, Commissioner Perkins, and Commissioner Power,

NW Energy Coalition (NWECC) respectfully submits these comments in response to Staff's June 18th Phase 1 Memo for its V2 proposal for AR 676.

We support Staff's Phase 1 proposal as it is a strong framework for multiyear rate plans. We look forward to working with all parties in Phase 2 to develop the detailed elements of the framework.

In their June 3, 2026 comments, the utilities emphasized their hope that implementation of performance-based ratemaking (PBR) and multiyear rate plans (MRPs) be *as flexible as possible, using a case-by-case method* to determine structural elements of PBR such as the plan duration, the use of an index-based revenue cap, and adjustments.

NWECC has participated in the PBR and MRP processes in both Oregon and Washington. We offer our perspective on the utilities' request for a case-by-case approach to PBR and MRPs based on experience with and analysis of how implementation of PBR is faring in Washington State.

SB 5295 was passed by the Washington Legislature in 2021.¹ This law had three primary components, requiring that: 1) electric and gas investor-owned utilities (IOUs)

¹ <https://app.leg.wa.gov/billssummary?billnumber=5295&year=2021>

file MRPs, 2) the Utilities and Transportation Commission (UTC) begin rulemaking to establish PBR, and 3) the IOUs direct funds towards intervenor funding.

Today, the UTC is still in the middle of its rulemaking to establish PBR guidance, having produced three policy statements related to PBR goals and outcomes, performance metrics, and principles for performance incentive mechanisms (PIMs).² Meanwhile, the IOUs have each filed at least one MRP since SB 5295 was passed.

The Oregon IOUs are asking OPUC for much of the same flexibility that Washington IOUs are currently allotted by the UTC in Washington's developing PBR framework, a framework that Washington energy advocates view as nascent, and needing improvement and more structure in order for IOU customers to reap the benefits of PBR that they were promised in SB 5295.

The UTC has not offered specific guidance on MRP plan durations, thus leaving the IOUs to propose and litigate the MRP duration in each general rate case (GRC). This has resulted in an uneven distribution of the number and depth of rate cases each year since SB 5295 was passed, as shown in Table 1 below.

Table 1

Year	Washington IOU General Rate Cases and MRP Duration
2021	Cascade Natural Gas (3-yr)
2022	Puget Sound Energy (2-yr), Avista (2-yr)
2023	PacifiCorp (2-yr)
2024	Puget Sound Energy (2-yr), Avista (2-yr), Cascade Natural Gas (2-yr)
2025	Northwest Natural Gas (3-yr)
2026	Puget Sound Energy (3-yr), Avista (4-yr), Cascade Natural Gas (2-yr)

This unplanned cadence of GRCs has left UTC Staff and advocates overwhelmed with the workload due to the frequency of cases (e.g., 3 GRCs in both 2024 and 2026), the

² See UTC docket U-210590. <https://www.utc.wa.gov/casedocket/2021/210590/docsets>

overlap between the largest IOUs (e.g., PSE and Avista), and the unpredictability of rate cases. **Whereas one of the most well-known benefits of PBR is administrative efficiency, UTC Staff and advocates have not been experiencing this relief since MRPs were implemented.**

Because the IOU has been the one to propose the MRP duration in its GRC filing, it can and does become a litigated issue which can materially change a utility's proposal more broadly. A 3-year plan is not just a longer 2-year plan — it changes forecasting, rate increases, risk allocation, and, ultimately, customer impacts.

Having the MRP duration be open to litigation on a case-by-case basis in each MRP has been taking up time and resources that wouldn't be necessary if there was an agreement of the plan's duration prior to the filing.

This lack of administrative efficiency might be more tolerable if there was clear evidence that customers were receiving offsetting benefits from Washington's flexible approach to MRPs. However, **Washington customers continue to experience significant rate increases across the state's IOUs since MRPs were implemented**, as shown in Table 2 below.³

Table 2: Average Residential Customer Bills 2022 vs 2025

Company	Type	Average Residential Usage	Average Bill in January 2022	Average Bill in September 2025	% Increase
PSE	Electric	800 kWh	\$88.90	\$135.87	53%
PSE	Gas	68 therms	\$79.70	\$113.76	43%
Avista	Electric	945 kWh	\$73.66	\$115.98	57%
PacifiCorp	Electric	1200 kWh	\$103.12	\$176.11	71%
NW Natural	Gas	56 therms	\$66.88	\$73.75	10%

³ This analysis was conducted by the Public Counsel Unit (PCU) of the Washington State Office of the Attorney General. The supporting data and sources are referenced in PCU's testimony in UTC docket UE-250224, <https://www.utc.wa.gov/casedocket/2025/250224>.

While multiple factors contribute to rising rates, the current MRP framework has not yet demonstrated that it is producing one of the core promised outcomes of PBR: moderating cost growth through stronger utility incentives for efficiency and innovation. From an advocate perspective, the combination of rising rates, increasing affordability concerns, and continued regulatory workload raises important **questions about whether the current level of utility flexibility is achieving the intended customer benefits.**

Separately, Washington is falling into one of the pitfalls of flawed MRP designs as recently identified by RMI: incremental capital funding mechanisms that dilute cost-control incentives. In other words, **using too many trackers.** RMI notes that “cost trackers dilute cost-control incentives because cost recovery is more assured. In addition, trackers spread the utility’s costs into separate accounts with independent recovery mechanisms, thereby diminishing any interest or opportunity to seek lower-cost alternatives to meet system needs.”⁴ Relatedly, the UTC has not yet offered specific guidance on what should and should not be included in base rates, and when certain trackers may be moved into base rates.

The UTC is currently conducting a “regulatory assessment” evaluating all existing mechanisms (e.g., PCAMs, PGAs, trackers, balancing accounts, riders, decoupling, etc.), how the mechanisms are interacting with MRPs and each other, and the impacts to utility risk and customer benefits. Results of this assessment are expected to be released by the end of the year at the earliest. At that point, we may have a clearer picture of how the more flexible framework that the UTC is experimenting with is faring.

The UTC has chosen a different initial MRP implementation approach from the OPUC, an approach that offers a lot of flexibility to the utilities and places initial decision-making in utilities’ hands. Without the regulatory assessment results, it is too early to conclude that this method that the utilities are advocating in Oregon is working well in Washington. It’s our understanding that the Washington IOUs have appreciated and benefitted from this flexibility. **However, this “flexible”, “case-by-case” approach has not yet notably improved administrative efficiency nor is it clear that this approach has meaningfully benefitted the utilities’ customers.**

We urge the OPUC to strongly consider what lessons can be learned from our Washington neighbors and to openly communicate with the UTC about its early and ongoing implementation of SB 5295.

⁴ “Fixing Multiyear Rate Plans: Building a firm foundation for cost control”, page 19. November 2025. <https://rmi.org/resources/fixing-multiyear-rate-plans/?submitted=1#thank-you>

Thank you for the opportunity to comment.

Respectfully,

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