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June 22 2026

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street S.E., Suite 100
P.O. Box 1088
Salem, OR 97308-1088

RE: AR 676 –Portland General Electric Company Comments on Public Meeting Memo Phase 1 Recommendations

Dear Filing Center:

Portland General Electric Company (PGE or Company) respectfully submits these comments addressing the OPUC Staff Public Meeting Memo with Phase 1 Recommendations issued on June 16, 2026. While Staff's report acknowledges some stakeholder concerns from the initial May 20, 2026 Straw Proposal, the underlying framework remains almost entirely the same as originally proposed. These comments generally echo our concerns from earlier in the month in the hopes of continuing to surface concerns that the Commissioners may choose to address at the two upcoming public meetings covering the conclusion of AR 676.

Procedural Concerns

Phase 1 will result in irrevocable MRP design decisions, with Phase 2 focused on more narrow implementation questions. AR 676's two-phased approach to the informal portion of the rulemaking essentially forecloses future policy directions without the benefit of rules to comment upon. As it stands, with high level policy but no rules, the process creates risks from the limited analysis that can be done with only partial information.

To the extent that parties may be precluded from revisiting foundational MRP design components—such as plan duration—in Phase 2, it raises a procedural concern that substantive policy determinations are effectively being made in Phase 1. Under the OPUC's Internal Operating Guidelines (IOG), stakeholders would generally expect to review draft rules concurrent with any effort to finalize or "lock in" such elements at the conclusion of the informal phase. Absent such transparency, there is a risk that the informal components of this rulemaking process may not fully achieve their intended purpose of facilitating informed stakeholder input and collaborative development of the framework.

The supporting record does not reflect Oregon-specific technical analysis that allow statements about how well-suited it is to the State's unique regulatory environment. The proposal appears to rely primarily on research drawn from other jurisdictions, without adequately addressing key structural differences that distinguish Oregon, such as being a vertically integrated utility operating in a dynamic region and policy environment driving accelerated levels of investment and programmatic activities. Yet, these same referenced jurisdictions took more time and conducted

more analysis to establish MRP frameworks specific to their state. The appropriateness of Staff's recommendations as applied to Oregon's utilities is unclear.

Financial Risk

Under longstanding regulatory principles, PGE must have a reasonable opportunity to earn a fair rate of return. PGE would appreciate Phase 2 including some analysis by Staff as part of the rulemaking. Staff's emphasis on cost control appropriately reflects the intent of HB 3179. But it can and should be balanced with a clear assessment of how the proposal aligns with the regulatory compact.

To maintain low-cost access to capital in service to customers, PGE must represent that it can propose rates on a forward-looking basis that provide a reasonable opportunity to earn a return comparable to that of similarly situated utilities. The Phase 1 recommendations do introduce some uncertainty regarding as to how well that standard can be met. While HB 3179 signals a shift away from traditional cost-of-service ratemaking, all parties would benefit from a more robust and deliberative evidentiary record in AR 676 around the ability to recover prudently incurred costs under Oregon's MRP.

By way of example, Staff's proposed index-based revenue cap, when combined with mandatory annual load forecast updates, may introduce some volatility turning the MRP into a rolling annual rate adjustment process. This raises questions as to whether the proposal would meaningfully reduce administrative burden, as intended. Moreover, an annual formula-based adjustment that also includes recent load fluctuations may undermine the revenue stability and predictability that multiyear rate plans are intended to provide.

Further, the recommendation to advance a Total Expenditure ("TOTEX") framework for potential consideration in Phase 2 introduces significant practical and financial concerns, while adding complexity to a compressed Phase 2 timeline. TOTEX accounting lacks operational precedent among U.S. investor-owned utilities and does not appear compatible with GAAP-based financial and accounting practices. Advancing a concept of this magnitude without a well-developed analytical and evidentiary foundation risks complicating Phase 2 and may detract from the Commission's ability to balance the interests of utilities and customers within a clearly defined and practicable regulatory structure.

MRP Design Elements

In terms of MRP design elements PGE reiterates the following concerns:

- **Plan Duration:** The recommendation for a **5-year stay-out period** for all Oregon utilities is not supported by any Oregon specific analysis, given Oregon's unique energy market. Further, this prescriptive mandate is inconsistent with the regulatory flexibility granted under ORS 757.217

- **PIM Development:** The proposed approach to Performance Incentive Mechanisms (PIMs) raises concerns. PGE is not necessarily opposed to Staff's "backstop" PIMs and looks forward to discussing them in Phase 2. However, there has been limited opportunity for stakeholders to evaluate why these specific upside PIMs chosen, what policy objectives they are intended to achieve, how they would function in practice, or whether they represent the most appropriate mechanisms given Oregon's regulatory and policy context. What was

presented as examples of upside PIMs in Staff's May 20 straw proposal are now being recommended as PIMs for refinement in Phase 2. In our comments, PGE advocated for a different approach to "upside" PIMs, not for or against Staff's "examples" as we believed they were just that. This sequencing reinforces concerns between the use of the informal process and the docket's resulting rules.

For example, there has been limited discussion regarding the potential role of asset utilization as an upside PIM. It was listed alongside the outcomes of "cost containment" and investment efficiency" under the goal of "high performing utility." Renewable Northwest made a positive comment about the concept as a PIM.[1] Similarly, a community-based renewable energy (CBRE) PIM raises alignment questions Small Scale Renewable (SSR) rules, which are anticipated to result in substantial ratepayer investment. PGE's 2023 IRP identified approximately $806 million in compliance costs.[2] The relationship between these policy directions and the proposed PIM framework has not been clearly articulated.

In sum, stakeholders are now being asked in Phase 2 to develop implementation metrics for PIMs that have not yet been fully vetted in terms of purpose, design, or policy alignment during Phase 1. It is unclear how Staff's straw proposal examples transformed into the set of "upside" PIMs to be included in Phase 2. Staff did state that Phase 2 would "further explore and refine" the concepts of utility incentive structures, "to go above and beyond in high impact policy and customer service areas."[3] Other jurisdictions have typically undertaken multi-year, multi-party processes to develop performance baselines, track data, and evaluate outcomes before assigning financial consequences to PIMs, recognizing the importance of appropriately incentivizing large, capital-intensive utilities. A more transparent and analytically grounded approach to PIM selection would better support the development of a durable and effective performance framework.

- **Capital Costs:** PGE faces significant costs over the next fifteen years to implement all aspects of HB 2021, while meeting standards for safety and reliability in a rapidly evolving market. While PGE appreciates the inclusion of the Supplemental Capital Funding Mechanism it is unclear what the pathway is to work with Staff to determine what it covers and the process for seeking inclusion of costs under it.

Timeline Analysis

When peer jurisdictions transitioned to Multi-Year Rate Plans or Performance-Based Regulation, they prioritized administrative fairness by allowing years of data collection and technical working groups to establish a reliable baseline of facts before codifying formal financial rules.

[1] AR 676, RNW response to Staff's Straw Proposal, June 3, 2026, page 2.
[2] LC 83, IRP Update, Updated via Errata August 15, 2025, Section 6.6.4, page 170.
[3] AR 676, Staff Straw Proposal, May 20, 2026, page 10.

Jurisdiction	Process & Preparatory Runway	Record Substantiation Methodology
Hawaii (HPUC)	Multi-phase, collaborative investigation spanning several years.	Dedicated an entire initial phase solely to defining programmatic goals, outcomes, and collecting baseline data before introducing any mechanical formulas.
Washington (WUTC)	Multi-year collaborative tracking via multi-party dockets.	Spent years rigorously tracking, collecting data on, and refining performance metrics before allowing them to carry financial penalties or rewards.
Alberta (AUC)	Gradual, multi-decade sequential evolution.	Utilizes mature, steady-state frameworks that adapt index adjustments sequentially based on decades of utility-specific tracking.

Conclusion

To protect the financial health of Oregon's utilities and successfully deliver on the goals of HB 3179 and HB 2021, the Commission should ask Staff to better explore its June 16 recommendations with stakeholders. Further, if key decisions are going to be made in Phase 1 that eliminate any discussion of alternatives in Phase 2, for fairness, the procedural record should be more robust and draft rules should be circulated for comment.

To the extent the OPUC decides that it must continue to move at this rapid pace, we encourage the Commission to adopt rules that start by being flexible and allow all stakeholders to learn as MRPs mature in Oregon. To this end it has been a normal practice in other states for the specific application of indices, plan durations, and accounting structures to be determined within utility-specific rate filings. This approach balances moving quickly as it will allow these vital structural elements to be properly litigated and substantiated within a formal contested case, supported by a clear, utility-specific record of fact.

Please direct questions to JP Batmale at jp.batmale@pgn.com and all formal correspondence and requests to pge.opuc.filings@pgn.com.

Sincerely,

\s\ Jason Salmi Klotz

Jason Salmi Klotz,
Senior Manager, Regulatory Strategy