— Pepple Moser PC —

July 6, 2026

Via Electronic Filing
Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Investigation into Marginal Cost Study Treatment of Costs for Large Customers and Further Modifications to PGE's Rule C and Rule I.
Docket No. UM 2377

Dear Filing Center:

Please find enclosed the Motion for Clarification and Application for Reconsideration of Verrus, LLC in the above-referenced docket.

Thank you for your assistance. Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Anna V. Congdon
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Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2377

In the Matter of

PUBLIC UTILITY COMMISSION OF OREGON,

Investigation into Marginal Cost Study Treatment of Costs for Large Customers and Further Modifications to Portland General Electric Company's Rule C and Rule I.

MOTION FOR CLARIFICATION AND APPLICATION FOR RECONSIDERATION

ON BEHALF OF

VERRUS, LLC

July 6, 2026

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I. INTRODUCTION

Pursuant to ORS 756.561, OAR 860-001-0720 and OAR 860-001-0420, Verrus, LLC ("Verrus") files this Motion for Clarification and Application for Reconsideration of Order 26-154 ("Application") with the Oregon Public Utility Commission ("Commission").

Verrus requests that the Commission clarify or reconsider its determinations regarding exit fees in Order 26-154 ("Order"), for data center customers of Portland General Electric Company ("PGE" or "Company") in the unlikely circumstance where such customers cease operations. Verrus' purpose for participating in this proceeding has been to ensure that there is transparency regarding the costs and benefits that data centers, including asset-backed flexible data centers like Verrus, produce on the utility's system. The assessment of costs and benefits must be transparent, should be accounted for consistent with long-standing principles of cost-causation, and result in equitable treatment for similarly situated customers - while acknowledging that not all customers are similarly situated.[1] The record in this case demonstrates that data center customers and their representatives, including Verrus, fully understand concerns about unwarranted costs and risks being shifted to other cost-of-service customers and have submitted testimony in this proceeding demonstrating their willingness to "foot the bill" for the costs that they impose on PGE's system.[2] To be clear, Verrus does not oppose an exit fee that is tailored to recover reasonable stranded costs from an exiting customer. Upon review of the Order's discussion of the exit fee in particular, it is clear that this aspect of

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1 Verrus/100, Bladen/3:1-2.

2 *See e.g.* Verrus Opening Brief at 6-7; Data Center Coalition Opening Brief at 2; Amazon Data Services, Inc. Opening Brief at 1.

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the Commission's decision is missing a critical safeguard to ensure cost-causation accuracy and equitable treatment both within the data center class and among other cost-of-service customers. Because the exit fee adopted in the Order could result in amounts as great as ten times the actual stranded costs incurred by the Company and recovered from an exiting data center, clarification and reconsideration are necessary.

First, clarification of the Order is necessary to understand the "costs of service" that the Commission finds should appropriately be recovered from a customer in the event that it no longer takes service from PGE prior to the end of its contract term (i.e. costs includable in the exit fee). As described below, the Commission's order is vague in its intent on this matter, and it is a material issue to the Commission's decision that must be clarified for all parties. Verrus also seeks reconsideration of the Commission's decision to adopt a modified version of the Coalition's[3] exit fee. As drafted, the Order suggests adoption of an exit fee that is designed to largely recover the "value" of contract revenue anticipated to be collected over the life of the contract, without ensuring that exit fee amounts are capped or otherwise limited to reasonable stranded costs *actually incurred* by PGE to serve the customer. To the extent that the adopted exit fee does not include a safeguard against collecting amounts far in excess of a reasonable calculation of actual stranded costs – meaning that no unwarranted costs or cost shifts are imposed on remaining cost of service customers – the exit fee is inconsistent with the Commission's authority under both the POWER Act and ORS 756.040. Further, the

[3] The Coalition is comprised of Climate Solutions, Columbia Riverkeeper, Community Energy Project, Green Energy Institute, and Oregon Environmental Council.

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Commission's decision on the exit fee appears to be based on material errors of fact, also supporting reconsideration. Finally, even if the Commission concludes that its Order does not warrant reconsideration based on an error of law or fact, good cause to reconsider the exit fee exists in light of the risk that amounts far exceeding reasonable stranded costs would be assessed to an exiting customer in contravention of long-standing principles of cost-causation and cost-of-service ratemaking.

II. LEGAL STANDARD

Oregon Revised Statute 756.561(1) permits a party to a proceeding to seek rehearing or reconsideration from a Commission order within 60 days of the date of service from the order. The Commission may grant reconsideration "if sufficient reason therefor is made to appear."[4] In OAR 860-001-0720(3), the Commission set forth the sufficient reasons it will consider for rehearing or reconsideration: (a) new evidence that is essential to the decision and that was unavailable and not reasonably discoverable before issuance of the order; (b) a change in law or policy since the date the order was issued relating to an issue essential to the decision; (c) an error of law or fact in the order that is essential to the decision; or (d) good cause for further examination of an issue essential to the decision. If the application is granted, the Commission may affirm, modify, or rescind its prior order or take other appropriate action.[5]

Though not a creature of statute or administrative rule, the Commission has granted requests for clarification of its orders in several past proceedings and stated that support for a

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4 ORS 756.561(1).

5 OAR 860-001-0720(6).

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request for clarification must include "cit[ations] to provisions of the order that are fatally vague or ambiguous and propose changes that correct those deficiencies."[6]

III. ARGUMENT

A. The Commission should clarify which costs are reasonably recovered via an exit fee from departing Schedule 96 customers pursuant to the POWER Act.

In accordance with OAR 860-001-0420, Verrus respectfully requests that the Commission clarify its Order in relation to the exit fee to be assessed upon Schedule 96 customers (or "data centers") that cease to take service from PGE prior to the end of their mandated contract term. Specifically, clarification is necessary on the Commission's intended calculation of the exit fee applicable to Schedule 96 customers above 20 MW to address with specificity the types of "costs" that are appropriately recovered pursuant to the exit fee.

The Order adopts "PGE's approach to the exit fee for customers below 20 MW"[7] but orders that "the Coalition's proposed exit fee for transmission and generation costs should be added for loads 20 MW and greater."[8] Though not stated explicitly in the Order, Verrus understands the Commission's order to require the following components for an exit fee for Category 2B and 3 customers:

- **Distribution-related costs**: (i) the net book value of the Cost of Work[9]; plus (ii) any additional costs reasonably incurred or owing by the Company in connection

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6 *In re PacifiCorp, dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 374, Order No. 21-090 at 2 (Mar. 29, 2021).

7 Order 26-156 at 50 (Issue 6, Commission resolution at paragraph b.).

8 *Id*.

9 "Cost of Work" is defined in Rule I of PGE's tariff as "[t]he Company's actual direct and indirect costs to install new, additional, or upgraded Distribution Facilities to serve the Applicant's planned Electricity needs and assigned to the Applicant in the Customer Service Contract, including but not limited to

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with winding up the construction work, including any costs of decommissioning and removal of the Distribution Facilities, net of salvage value as determined by the Company in its reasonable discretion, and costs incurred in connection with the cancellation of third-party contracts.

- **Minimum Transmission and Minimum Generation Demand**: the greater of the remaining Minimum Transmission and Minimum Generation Demand charges for the remainder of the contract term, or an amount equal to three years of Minimum Transmission and Minimum Generation Demand charges at the highest allocated system capacity. If a CIAC is paid by Customer, the net book value of the Cost of Work shall be reduced accordingly for the purpose of calculating the Exit Fee.

In justifying its adopted exit fee, the Commission states:

> [The adopted Exit Fee] gives effect to the POWER Act's requirement that *costs not be shifted unreasonably to other customers* and ensures just and reasonable rates by *avoiding stranded assets* that might otherwise result if large customers (whether data centers or otherwise) exit before the end of their contracts.[10]

The next sentence of the Order affirms the following testimony from the Coalition:

> [A]n exit fee worth the *value* of the expected transmission, generation, and distribution charges for the length of the contract

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administrative and engineering design costs. The cost of Exclusive Use Facilities for an Applicant will be allocated 100% to Applicant and Applicant shall be assigned proportional costs of any new, additional, or upgraded Distribution Facilities to serve Applicant that are not Exclusive Use Facilities."

10 Order 26-156 at 50 (Issue 6, Commission resolution at paragraph b.) (emphasis added).

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> fairly ensures that a data center does not leave other customers footing the bill when it decides to leave PGE's territory.[11]

Based on the language in these two provisions, as well as the remainder of the Commission's resolution regarding exit fee design,[12] the Order is ambiguous with respect to definition of "costs," including which "costs" must not be shifted unreasonably to other customers.

The first quoted sentence above refers to unreasonable cost shifts and the avoidance of stranded asset risk for remaining customers. The second quoted sentence also refers to "not leav[ing] other customers footing the bill…" Both of these statements seem to imply that the Commission's focus in designing an exit fee is to avoid stranded costs of the type that PGE, in theory, *could seek to recover from other customers* through typical ratemaking. In other words, this could include the actual costs incurred by PGE to serve the data center, including those related to "transmission distribution, energy, capacity, or ancillary electric services, and any related costs or risks with serving" a data center or the data center class.[13] However, the quoted testimony from the Coalition refers to the "value" of the exit fee over the length of a contract. The "value" of minimum demand charges over the length of a contract is an entirely distinct calculation from stranded asset costs, which - if implemented broadly - could include the unrecovered costs and expenses PGE incurs to serve a Schedule 96 customer over the duration of the Schedule 96 customer's Minimum Load Agreement ("MLA") (for Category 2B customers) or Large Load Customer Agreement ("LLCA") (for Category 3 customers). It is possible for the

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11 *Id.*, quoting Coalition/100, Souder/26.

12 Order 26-154 at 50.

13 ORS 757.292(1)(a).

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overall "value" of an MLA or LLCA to far exceed stranded costs for which other customers could plausibly "foot the bill," thereby including lost revenues from the departing customer that do not tie back to costs actually incurred by PGE. If this were the operative definition of "value," then the foregone revenues might be inaccurately construed as being "shifted" to other customers - despite the lack of connection between those long-term revenues and any cost that PGE incurred and would need to recover. This circumstance begs the question of whether it is the Commission's intent to allow an exit fee to recover amounts above the stranded costs actually associated with an exiting customer.

Accordingly, clarification is necessary to understand how the Commission precisely defines a "cost to serve" that could become a basis for potential recovery in an exit fee, and whether the exit fee should include amounts in excess of actual stranded costs. Verrus recommends that the Commission clarify its Order to ensure amounts greater than definable stranded costs, of the sort that PGE might later seek recovery from other customers associated with serving the exiting customer, are excluded from the exit fee. As explained further below, this clarification is consistent with the Commission's legal authority, the evidence on the record in this proceeding (including Verrus' testimony), and sound policy. Verrus notes that this issue is significant given the magnitude of difference between anticipated stranded asset risk for transmission and generation assets and the amounts potentially collected in an exit fee. As the Commission notes, "PGE argues that three years is appropriate [for transmission and generation-related costs] because it is a reasonable amount of time necessary for PGE to find a replacement

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customer that can fill the revenue demand created by the exiting customers."[14] For a data center above 220 MW, under the Coalition's exit fee, payment of minimum transmission and generation demand revenues could become 30 years. This would be ten times the stranded cost risk (in terms of minimum demand, a distinct category from physical assets) testified to by PGE in this proceeding.

B. The Commission should reconsider its conclusion that its adopted exit fee is consistent with the POWER Act's requirements and ensures just and reasonable rates.

As evident from its calculation method, the exit fee is designed to recover a defined amount of revenue from an exiting customer, dependent on customer size and minimum contract length. As discussed above, the Order's stated purpose for the exit fee is to ensure that remaining customers do not "foot the bill" for costs that PGE incurs in order to serve the exiting customer. However, critical evidentiary support is missing in both the Order and the record in this case that might link the problem (a Schedule 96 customer causing PGE to potentially make additional investments in its transmission, generation and distribution system that may go unrecovered (i.e. stranded costs)) to the remedy (an exit fee that, if implemented broadly, might require an exiting customer to pay 30 years' worth of MTD, MGD, and MDD in addition to other costs, regardless of actual stranded costs that may equal as little as $1/10^{th}$ that amount according to PGE's testimony).

If the Commission clarifies that its intent in the Order was to allow amounts in excess of stranded costs (i.e. lost revenues) to be recovered from an exiting customer, Verrus respectfully

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[14] Order 26-154 at 49.

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requests reconsideration of the Commission's decision on this issue. An exit fee that, by design, fails to ensure that amounts in excess of stranded costs are not assessed to an exiting customer is contrary to the POWER Act and the Commission's obligation to set fair, just, and reasonable rates. Further, the Commission's conclusion that its adopted exit fee will not result in unjust and unreasonable rates for Schedule 96 customers is unsupported by substantial evidence in the record if that exit fee could in fact encompass lost revenues up to ten times in excess of quantifiable stranded costs. For these reasons, and for good cause shown, reconsideration of the calculation method for an exit fee would be necessary and appropriate, if this reading were the Commission's intent.

1. The Commission's decision on calculating the exit fee for Schedule 96 customers is inconsistent with its authority under ORS 757.292, ORS 757.295, ORS 757.210 and ORS 756.040.

The POWER Act, codified as ORS 757.292 and ORS 757.295, requires that costs be allocated to data centers "in a manner that is equal or proportional to the costs of serving the class"[15] and directly assigned where possible.[16] "Costs of serving" is a defined as "includ[ing], as applicable, the costs incurred by an electric company in providing transmission, distribution, energy, capacity or ancillary electricity services, and any related costs or associated risks with serving a class of retail electric consumers or a retail electricity consumers."[17] The Commission is tasked with mitigating the risk of other customers paying "unwarranted costs" and "shifting the costs, in an unwarranted manner of serving a [data center] to other classes of retail

15 ORS 757.292(2)(a)(A).
16 ORS 757.292(2)(a)(B).
17 ORS 757.292(1)(a).

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customers…"[18] ORS 757.295 applies this criteria to contracts between a data center and its utility. ORS 756.040(1) requires the Commission to "represent the customers of any public utility…and the public generally in all controversies respecting rates, valuations, service and all matters of which the commission has jurisdiction." In exercising these powers, the Commission must protect customers and the public generally from "unjust and unreasonable exactions and practices and…obtain for them adequate service at fair and reasonable rates."[19] ORS 757.210(1)(a) prohibits the Commission from authorizing a rate or schedule of rates that is not fair, just and reasonable.

a. The plain language of the POWER Act precludes the Commission from adopting an exit fee that charges an exiting customer more than the actual stranded costs of serving that customer.

Under the plain language of ORS 757.292 and ORS 757.295, the Commission is authorized to consider costs of serving a data center or customer class comprised of data centers, as defined by statute, which must be allocated in a manner equal or proportional to serving the data center or data center class while mitigating the risks of imposing unwarranted costs and unwarranted cost shifts to other customers. In achieving these objectives, the Commission has discretion on the rates, terms and conditions applicable to data centers and the data center class, subject to the limitations in its legal authority, including those within the POWER Act. The POWER Act allows the Commission to adopt an exit fee and does not prescribe a specific method of calculation in doing so, meaning that the Commission could rely on other aspects of

18 ORS 757.292(2)(c).
19 ORS 756.040(1).

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its decision – including minimum contract terms, minimum demand charges, etc. – as a basis for adopting an exit fee, so long as doing so is consistent with statutory requirements.

As discussed above, the POWER Act requires the Commission to allocate costs in proportion to the costs of serving the class and defines "costs of serving" to be allocated to Schedule 96 customers, most notably, with the qualifier "costs *incurred by* an electric company" such as PGE. The exit fee adopted by the Commission does not clearly limit the recovery of costs from an exiting customer to the costs incurred, or even a reasonable approximation of the costs incurred, by PGE in serving that customer. Rather, the exit fee (if implemented broadly) would recover a minimum amount of "lost revenue" from the exiting customer without consideration of whether those lost revenues exceed stranded costs. An exit fee that exceeds the PGE's unrecovered costs incurred that are reasonably allocable to an exiting customer – in other words, an exit fee that is potentially greater than reasonable stranded costs – would be without an independent basis in the POWER Act. Because the method used to calculate exit fees utilized by the Commission does not clearly cap the exit fee at reasonably determined stranded costs, it is inconsistent with the POWER Act and warrants reconsideration.

b. The Commission's decision on the exit fee exceeds its authority under ORS 756.040 and ORS 757.210.

Even if one were to argue that the language of the POWER Act enables the Commission to consider an exit fee that saddles exiting customers with exit fee amounts above stranded costs because the language in the POWER Act does not explicitly require consideration of

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unwarranted cost shifts *to* a data center,[20] the POWER Act does not relieve the Commission of its long-standing, core obligation under ORS 756.040 and ORS 757.210 to approve only those rates that are fair, just, and reasonable while balancing the interests of customers and shareholders. An exit fee that would allow amounts in excess of stranded costs (potentially extreme excess as the case may be here) to be recovered from an exiting customer would result in rates that are unfair, unjust, and unreasonable. In adopting rates, the Commission has long utilized cost-based ratemaking.[21] The POWER Act does not provide operative language permitting the Commission to depart from its obligation to approve cost-of-service based rates - and, indeed, the Legislature's use of "costs *incurred* by an electric company" suggests that cost-of-service principles are intended to be essential to the Commission's implementation of that statute.

Because the Order's adopted exit fee could result in a departure from cost-based ratemaking without an independent basis in statute for doing so, its decision on the exit fee is contrary to its authority to approve fair, just and reasonable rates, and must be reconsidered.

c. The evidentiary record in this proceeding provides the Commission with the appropriate components to craft an exit fee consistent with its statutory obligations.

To ensure its decision is consistent with the Commission's legal authority, the Commission should amend its Order regarding the calculation of the exit fee. The plain language and policy intent of the POWER Act, as well as the Commission's general ratemaking

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20 *See* ORS 757.292(2)(c).

21 *See* ORS 757.603(1).

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authority, require the Commission to adopt an exit fee that by design does not allow for the recovery of amounts that are unconnected to a cost incurred by PGE and in excess of reasonable stranded costs.

The Commission could, consistent with its legal authority, adopt an exit fee that includes elements of that proposed by the Coalition - based on minimum demand charges and costs such as stranded distribution assets and third-party contracts, for example. However, this approach would require additional safeguards to ensure that the amounts recovered in an exit fee do not exceed calculable actual stranded costs incurred by PGE. In other words, this structure could be utilized on a "not to exceed" basis,[22] but must be subject to a limit of reasonable stranded costs, if stranded costs are less than the "not to exceed" amount.

The record in this proceeding is sufficient to allow the Commission to amend its order consistent with these requirements and also provides the Commission the opportunity to require additional transparency of costs incurred by PGE. As Verrus testified, a straightforward way to provide clarity on stranded asset costs and risks would be for PGE to calculate and track stranded costs associated with serving a customer by including an estimated exit fee amount in the customer's contract with PGE.[23] Consistent with Verrus' testimony, this would be accomplished

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22 Verrus notes that both the Coalition offered testimony that if there are costs associated with generation and transmission in excess of those recovered pursuant to their proposed exit fees, those costs are associated with assets providing a "system benefit" and are appropriately reallocated to remaining customers. *See e.g.* Coalition/100, Souder/26. *See also* Staff/300, Stevens/14:6-11 ("Staff is open to exploring options for reallocating 'permanently' allocated costs in the future is appropriate. For instance, if in 10 years, data center customer leave the system at the end of their first contracts, and residential electrification is accelerating, it may be appropriate to shift the allocation of generation costs away from data centers and toward the residential class.").

23 *See* Verrus/200, Bladen/21-22.

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by the Commission requiring PGE to track the actual, incremental investments or portions thereof used to serve a data center customer and to include an amortization schedule for those assets as part of the customer's contract with PGE which would facilitate tracking assets and related depreciation for purposes of calculating an exit fee.[24] If the contractual exit fee amounts calculated by PGE itself at the time of contracting are insufficient to recover remaining stranded costs and PGE seeks cost recovery for said costs, the Commission retains the authority to determine if such costs are prudent and thus recoverable from remaining customers.[25] An exit fee calculated in this way ensures the greatest degree of transparency to the Commission and the general public regarding costs incurred to serve Schedule 96 customers and that other customers will not absorb unmitigated risk of unwarranted costs and cost shifts. It would also ensure that a data center is responsible for reasonably estimated stranded costs up to "not to exceed amounts" to appropriately mitigate risk. Finally, it would remove the error in the Order allowing for an exit fee that could be imposed without limitations to actual stranded costs consistent with the Commission's statutory authority.

2. The Order's determination on the exit fee is based on a misunderstanding of material fact.

In accordance with ORS 756.558, the Commission is "required to 'prepare and enter findings of fact and conclusions of law based upon the evidence received in the matter and shall make and enter the order of the commission thereon.'"[26] As an administrative agency, the

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24 Verrus Opening Brief at 14, citing to Verrus/200, Bladen/21:24-22:16.

25 ORS 756.040 and ORS 757.210.

26 *Calpine Energy Sols. LLC v. PUC of Or.*, 298 Or App 143, 158 (Jun. 19, 2019) (internal citations omitted).

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Commission is subject to judicial review pursuant to the standards in ORS 183.484(5), which includes an order not supported by substantial evidence in the record. "Substantial evidence supports the [Commission's] findings 'when the record, viewed as a whole, would permit a reasonable person to make that finding.'"[27]

In adopting its calculation of the exit fee for customers sized 20 MW or greater, the Commission finds that "an exit fee like the Coalition's is necessary to protect PGE's other customers from the risk of large scale stranded assets in the event a data center leaves PGE's system before it has paid for the transmission and generation assets PGE invests in order to serve the data center."[28] In reaching this conclusion, the Commission cites to the Coalition's opening testimony. In review of the cited testimony, there are no assertions of fact that the Coalition's proposed calculation of the exit fee will result in the recovery of only "the risk of large scale stranded assets" costs nor that it is consistent with the Commission's obligation to adopt cost-based rates.[29] In fact, the Coalition's testimony is explicitly *not* tailored to limit recovery to reasonably stranded costs – rather, as the Coalition testifies, "[d]ata centers that sign a contract to receive service in PGE's territory and cause PGE to spend millions of dollars to serve that data center should be held to the terms of *that contract*"[30] – not limited to cover the stranded costs that they may place on the system. These are very different concepts. As such, the Order appears to be based on a material error of fact because the cited evidence demonstrates that the

27 *Id.* at 159.
28 Order 26-154 at 50.
29 *Id.*, citing to Coalition/100, Souder/26.
30 Coalition/100, Souder/26.

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Coalition's exit fee is not designed to isolate stranded costs from contract revenues more generally. The Order does not otherwise identify the evidence relied upon to support its conclusion that the exit fee will actually recover only the allocated costs to serve a data center customer, consistent with the POWER Act, or that it will result in fair, just, and reasonable rates; its failure to do so is in contravention of ORS 756.558(2)'s requirement to prepare and enter findings of fact.

In looking to other testimony in the record, the evidence offered by the Coalition, Oregon Citizens' Utility Board ("CUB"), and Staff (who generally support the exit fee structure adopted the Commission) similarly lack facts that would support the conclusion that the broadest implementation of the exit fee is reasonably tailored to recover stranded costs, as opposed to long-term contract value. Aside from being devoid of actual stranded cost calculations based on Schedule 96 rates, which Verrus acknowledges were not available at the time testimony was filed,[31] Staff, the Coalition, and CUB generally argue that their intent in designing an exit fee is to insulate remaining customers from stranded cost risk.[32] Despite this, they offer no evidence that *the method* proposed to eliminate stranded cost risk is designed to equal stranded cost risk at the point of a potential exit. Concerningly, these parties appear to conflate the entirety of lost revenues from the departing customer with actual stranded costs,[33] effectively converting lost

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31 Verrus also notes that there may be legal infirmities with proposed tariff rates being filed in compliance to a Commission investigation, but does not address those concerns as part of its Petition in this matter.

32 CUB Opening Brief at 22; Coalition Opening Brief at 22-24; *see* Staff Opening Brief at 25 (referring to the basis of an exit fee calculated to include unrecovered minimum demand charges as a way to address stranded asset risk).

33 *See e.g.* Staff/300, Stevens/13:18-20 ("[Exit Fee] funds are intended to ensure that other customers are not responsible for the lost revenues from the departing customer."); Coalition/100, Souder/26.

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revenues (likely far in excess of stranded costs) to a "cost" appropriately assessed to an exiting customer. A "value"-based exit fee is also inconsistent with other aspects of party testimony, including Staff's, which supported allocations and rates consistent with principles of cost causation.[34] These parties also offer no evidence or rationale that the Commission could reasonably rely upon as to why the collection of amounts above stranded costs would be consistent with the POWER Act's requirements to consider costs incurred by PGE or the Commission's general ratemaking authority.

Additionally, the evidence on the record suggests that generation and transmission investments made on behalf of a data center would not actually be "stranded" for the duration of the customer's contract – again, up to 30 years. As the Commission acknowledged and as noted above, PGE testified that three years of minimum transmission demand and minimum generation demand revenue "is a reasonable amount of time necessary for PGE to find a replacement customer that can fill the revenue demand created by an exiting customer."[35] As Staff testified, generation and transmission investments are used flexibly to support the system,[36] and acknowledged that reallocation of generation and transmission costs may be appropriate in the future, explaining as an example that "it may be appropriate to shift the allocation of generation

34 *See e.g.* Staff/100, Stevens/14:18-19 (Staff referring to the fairness of allocation methods that "strongly deviate[s] from cost causation principles.").

35 Order 26-154 at 49.

36 *See e.g.* Staff/300, Stevens/15:14-15.

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costs away from data centers" in the wake of an exiting customer and "towards the residential class" if that customer class is growing.[37] Indeed, the Coalition shares Staff's perspective.[38]

In sum, the Commission's findings of fact articulated in the Order are insufficient to support its ordered outcome on the exit fee, as is the evidentiary record in this proceeding and therefore, the Commission's decision is based on a demonstrably incorrect understanding of material fact warranting reconsideration. In granting reconsideration, as discussed in the preceding section, the Commission should ensure that an exit fee, regardless of the method used for its calculation, is capped at quantifiable stranded costs by the Company, associated with prior service to an exiting customer, and does not include amounts above stranded costs such as lost revenues (beyond the record evidence of the time necessary for PGE to find replacement customers). As discussed in section B.1.iii. of this Application, Verrus' testimony provides the Commission with an evidentiary basis for a solution that preserves the Coalition's proposed exit fee as a "not to exceed" amount but adds requirements that estimated exit fee amounts be calculated and amortized in the customer contract. This approach would ensure that if stranded costs are less than the not to exceed amount, an exiting customer would not be required to pay amounts far in excess of stranded costs while also ensuring that all *actual* stranded costs would be borne by the data center and not other customers.

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37 Staff/300, Stevens/14:7-11.

38 Coalition/100, Souder/26 ("Notably, [the exit fee] proposal does not seek the remaining book value minus salvage for generation and transmission resources, which recognizes the nature of those resources as benefiting the system and other customers. After the end of the contract period, those resources should continue to provide those benefits to other customers, and long-term load growth from building electrification in the 2030s and 2040s should provide sufficient need for marginal generation and transmission to warrant those other types of customers paying for what remains of the undepreciated portion of those assets.").

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3. Good cause exists for reconsideration of the Exit Fee calculation method applicable to Schedule 96 customers.

Even if the Commission concludes that its Order does not contain an error of law or fact related to the exit fee, the Commission should nevertheless reconsider the calculation of the exit fee for good cause shown. Good cause exists for reconsideration because the method adopted for calculating the exit fee likely recovers costs far above stranded costs (both capital and expense) to be recovered from a departing Schedule 96 customer, regardless of actual stranded cost risk. Again, the record in this case is clear that prospective Schedule 96 customers are willing to cover the costs of serving their load; however, once stranded cost risk has been mitigated by recovery of an exit fee, there is no additional cost risk to remaining Schedule 96 customers, and no basis in sound policy to recover these additional amounts – particularly given the magnitude of exit fee liability an exiting customer would be facing.

Without consideration of the exit fee in relation to stranded costs, the exit fee could exceed by orders of magnitude amounts for which remaining customers might conceivably "foot the bill." In that circumstance, amounts collected from a departing customer in excess of stranded costs simply serve only to enrich remaining Schedule 96 customers and/or PGE shareholders with no stated or apparent policy basis in the Order or legal basis in the POWER Act for doing so.[39] In fact, Staff's testimony in this case criticized intra-class cross-subsidization.[40] In order to avoid the potential for the exit fee to unjustly enrich remaining customers, the Commission should reconsider its calculation method. As demonstrated above,

39 Order 26-154 at 52 (resolution to Issue 8).

40 *See e.g.* Staff/100, Stevens/45:4-10.

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the Commission has the authority to adopt an exit fee consistent with its obligations under the POWER Act, ORS 756.040, and ORS 757.210 and an evidentiary record upon which it can determine a method for calculating exit fees that is consistent with the POWER Act's objectives, as discussed herein.

IV. CONCLUSION

For the reasons set forth herein, Verrus respectfully requests that the Commission clarify the intent of its decision regarding the economic impacts and liabilities for Schedule 96 customers given the scale of likely costs. Verrus also respectfully requests that the Commission reconsider its decision on calculating the Exit Fee applicable to Schedule 96 customers because it is based on legal error, lacks support from substantial evidence in the record, and is otherwise supported by good cause shown.

Dated this 6th day of July, 2026.

Respectfully submitted,

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