December 12, 2025

AR 676 Rulemaking General Rate Revisions HB 3179

In the Matter of Rulemaking to Establish Multi-Year Rate Plan Framework (HB 3179 & SB 688 Implementation); and

AR 677 Rulemaking General Rate Revisions HB 3179

In the Matter of Rulemaking to Establish General Rate Revisions Filing Schedule and Exception Process (HB 3179 Implementation).

In response to new legislative directives from the 2025 session, Staff conducted a scoping survey to assess the landscape of stakeholder perspectives on the development and implementation of multi-year rate plans (MYRPs).

Staff has reviewed the twelve responses submitted, representing a total of thirty organizations, including six utilities and fourteen intervenors. Staff summarizes the results of the survey, which posed questions regarding

1. A General Rate Case schedule
2. The Exception Process in HB 3179 Section 7(c)(C)
3. Multi Year Plan outcomes, actions, and evolution

1. General Rate Case (GRC) Schedule

Question: The Docket Launch and Schedule Announcement in AR 677 notes the Commission's intention to establish a utility rate case schedule for regulated electric and gas utilities, as required by House Bill 3179 (2025). To develop this schedule, Staff must consider the order (i.e. sequencing) and priority of rate cases among the utilities and the number of years between rate cases, among other factors.

- Please list the top factors your organization thinks should be considered in determining such a schedule (i.e., utility size, customers served).

Summary of Answers:

- **Divergent Views on Necessity**: While some participants shared that a formal GRC schedule is premature, other stakeholders advocate for a structured and predictable cadence to improve transparency and planning.
- **Equity and Fairness:** Participants shared that, regardless of the schedule, they view the ability to earn a fair return as an important factor of equitable treatment across utility sectors.
- **Affordability and Community Impact**: Other participants shared that rate impact, total affordability, rate predictability, previous and recent rate increases and forecast accuracy are factors that should be considered when determining a schedule.
- **Consideration for workload:** Multiple participants shared that considerations of workload should be made. Suggestions include, 1 big (PGE, PacifiCorp, NW Natural) and 1 small (Idaho Power, Cascade, Avista) utility per year.

- **Avoiding Overlap:** Several respondents recommended staggering GRC filings to prevent rate increases within overlapping service territories in the same period. (Gas and electric in overlapping territories).
- **Alignment with cycles:** Multiple participants shared that a GRC schedule should align rate case filings with, and consider the impact of, capital investment plans, depreciation studies and interjurisdictional allocations.

2. Exception Process

Question: The Docket Launch and Schedule Announcement in AR 677 notes the Commission's intention to establish an exceptions process to the General Rate Case schedule. An exception process is typically used to address significant deviations from the assumption or forecasts used to set base rates.

- *What factors must be present for a utility to come in prior to their scheduled GRC year to conduct a general rate case?*

Summary of Answers:

- **Extraordinary Circumstances:** Broad consensus exists that GRC exceptions should be reserved for
    - Significant deviations from the assumptions used to set MYP rates.
    - Substantial under or over earning.
    - Customer rates are no longer just and reasonable.
    - An alternative rate making mechanism cannot adequately address the issue.
    - Consistent with the public interest and subject to rigorous review to ensure accountability.

- *What factors must be present for a utility to bring forward alternative cost recovery and ratemaking mechanisms, including deferrals and trackers, during or outside of the General Rate Case schedule?*

Summary of Answers:

- **Broad consensus** for limiting the use of alternative ratemaking mechanisms outside of the MYP cycle. Responses suggest the use of earnings tests to balance the risks between shareholders and customers.
- **Clear, objective criteria:** When alternative ratemaking mechanisms must be used, stakeholders support establishing clear, objective criteria:
    - Adherence to ORS 757.259(2): Statutes for the authorization of deferrals for later incorporation in rates.
    - Event is unforeseen, extraordinary, outside of the company's control, and the financial impact is substantial.
    - Costs that are volatile and/or difficult to project.
    - Can be used to incentivize behaviors.

3. Multi-Year Plans (MYPs)

Question: The Staff Implementation Letter in AR 676 notes the Commission's intention to adopt a Multi-Year Rate Plan framework, consistent with House Bill 3179 (2025), as well as the intention to explore performance-based regulation, consistent with Senate Bill 688 (2025), within the development of a Multi-Year Rate Plan framework.

- *Please list the top three (3) outcomes from the energy system that a Multi-Year Rate Plan framework should provide.*

Summary of Answers:

- **Shared outcomes:** The majority of the respondents shared the desire for the following outcomes
    - Predictable and smooth rates/Revenue stability
    - Transparency
    - Cost containment through improved efficiency
    - Workload mitigation
    - Alignment with Oregon energy policies and customer objectives
    - Enhanced services for low-income customers

- Please list the top three (3) utility actions and priorities that multi-year ratemaking framework should encourage.

Summary of Answers:

- **Additional encouraged actions:** Participants responses to the encouraged actions question were similar to the responses for desired outcomes (above), listed here are responses in addition to those shared in desired outcomes.
    - Performance based regulation
    - Proactive least cost long term investments
    - Fewer deviations from capital spend
    - Grid enhancing Technologies
    - Increased customer value/Community benefits
    - Better integrated planning using existing systems

- Please list the top three (3) ways you would like to see the ratemaking process change through the implementation of multi-year rate cases and the improvement you expect from those changes.

Summary of Answers:

- **Additional ratemaking changes**: Again, responses to this question mirrored responses provided in desired outcomes and encouraged actions (above), listed here are responses in addition to those shared in the previous two questions
    - Greater certainty in cost recovery/Timely, efficient and inclusive
    - Less frequent rate cases/reduction in alternative rate mechanisms

- Shift utility incentives away from capital bias and toward customer and policy outcomes such as accelerating clean energy investment, increasing investment in community-driven resources, improving affordability etc.
- Use of plain language; translated summaries
- Targeted increases to community benefits
- Mechanisms that support capital investment requirements
- Capital investments that comply with Oregon Energy Strategy and Climate Protection Program.

The survey was intended to gather early stage information and will inform our next steps in designing a regulatory framework that balances utility needs, customer protections, and policy objectives. Opportunities to further and openly discuss the themes in the survey will be provided at the later stages of the MYP framework process.

Staff Contact

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