July 24, 2026

AR 676 Rulemaking General Rate Revisions HB 3179
Staff Phase 2 DRAFT Workplan Proposal

This announcement describes Staff's Phase 2 draft workplan proposal for Docket No. AR 676, the rulemaking to establish a multi-year rate plan (MRP) framework. It includes:

- Phase 2 concepts
- Multi-Track approach
- Proposed schedule

Additionally, Attachment 1 provides a draft issues list where Staff has identified several key topics and questions for exploration in Phase 2 workshops and throughout concept development. Attachment 2 provides a detailed schedule proposed for Phase 2 events and target filing dates.

Staff plans to discuss this draft proposal with participants at the July 29, 2026 Phase 2 Launch Workshop.

Background

In response to House Bill (HB) 3179 and Senate Bill (SB) 688, the Commission opened Docket No. AR 676 to develop Oregon's MRP framework through a multi-phased implementation. Phase 1 focused on establishing the foundational policy framework resolving key structural questions that would help to narrow and orient more detailed implementation decision points in Phase 2. The Phase 1 framework includes:

- A five-year plan duration;
- An index-based revenue cap, including:
  - Adjustment factors (I–X–S+G+Z index formula and supplemental capital funding mechanism)
  - Revenue decoupling,
  - Earnings sharing mechanism (ESM), and
  - Targeted performance incentive mechanisms (PIMs);
- A comprehensive inclusion of costs in the MRP (excluding power costs, non-routine wildfire mitigation, and Energy Trust of Oregon funding for the time being)

With the Phase 1 policy structure in place, Phase 2 turns to the detailed implementation work needed to translate the framework into practical concepts, and ultimately draft rules. That work will lead to a formal rulemaking in which the Commission will adopt Oregon's MRP framework. Utilities will then prepare and file their initial MRPs under the filing schedule set in AR 677.

Phase 2 Work Plan

Staff proposes to focus on developing rule concepts between August 2026 and February 2027. Staff will bring substantive concepts to the Commission in February for decision. Following that, Staff will circulate draft rules that effectuate the concepts and offer one round of feedback before proposing to move to formal in April 2027.

Figure 1 illustrates Staff's proposed Phase 2 Workplan. A detailed chronological schedule of target dates and events is available in Attachment 2.

Staff proposes to develop concepts for the Phase 2 MRP framework decision points using three tracks:

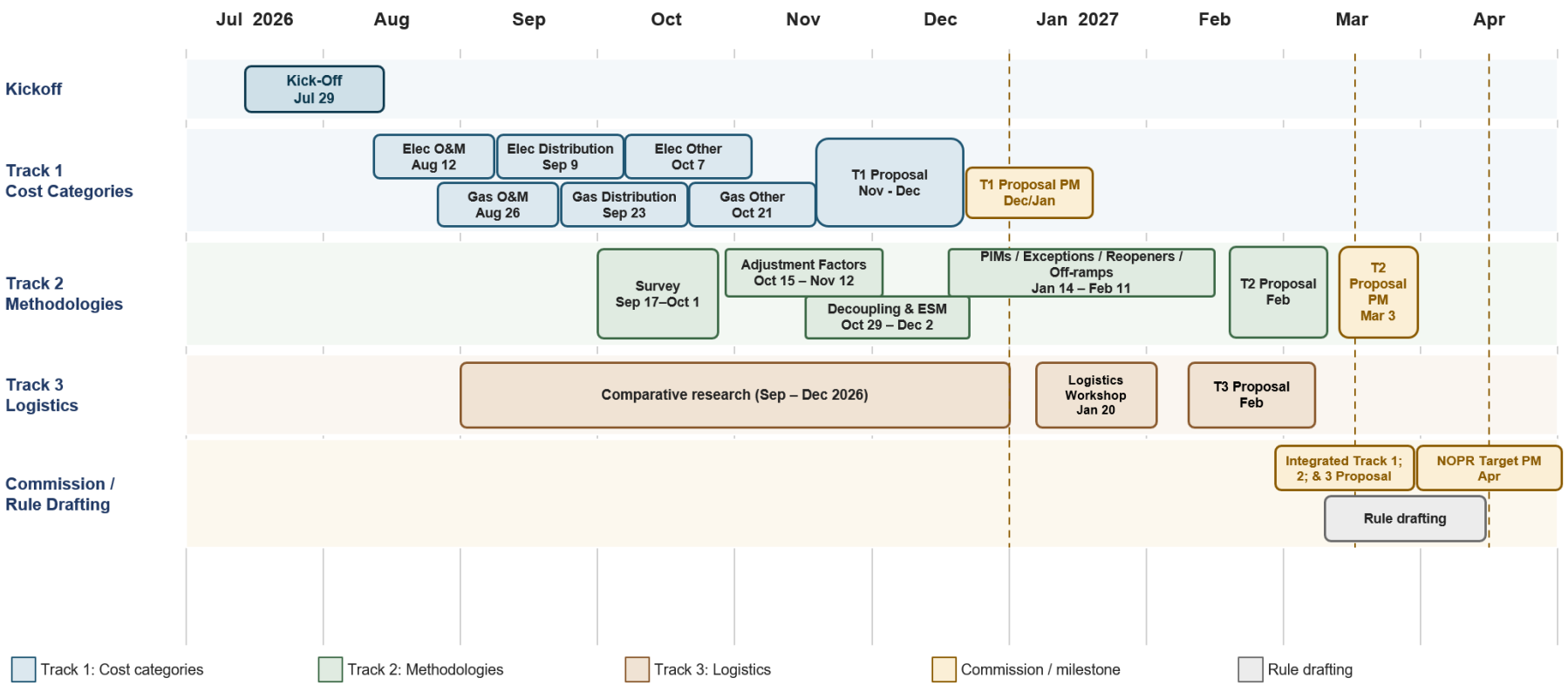
- **Track 1. Treatment of Cost Categories:** This track will focus on how different types of costs are addressed within the MRP framework.
- **Track 2. MRP Methodologies and Approaches:** This track will define expectations for how specific MRP design elements should be implemented.
- **Track 3. MRP Logistics:** This track will discuss the MRP filing process and ongoing adjustment process.

Across all three tracks, Staff plans to engage with stakeholders to discuss issues, explore implementation through state-; utility-; and industry- specific perspectives; document takeaways; provide opportunity for comment; and publish a concept proposal for each focus area.

Staff has staggered the tracks and will bring concept proposals for each track to the Commission for feedback before moving to rule drafting.

Staff will convert the concepts to administrative rule language and conduct one round comment before bringing the proposed rules to the Commission to move to the formal rulemaking stage in May 2027.

Figure 1. AR 676 Phase 2 Summary Workplan



**Track 1 workshops are every other Wednesday, 9–11am PT.*
***Track 2 concept papers: draft → 2-week comment → near final.*
****All dates are targets, subject to change.*

Track 1. Treatment of Cost Categories
Track 1 will concentrate on examining how different cost categories should be incorporated into a multi-year rate plan. It will focus on how going in rates will be set, how adjustment factors and other potential mechanisms will apply within the plan period, and how rebasing will work. The work stream will also consider the application of off ramps or exceptions. The workstream may also identify adjustments to the timing or scope of other related proceedings (e.g., planning dockets, depreciation schedules). This track will likely surface questions and inform the scope of Tracks 2 and 3.

Staff will hold three workshops for each industry (electric and gas). **A workshop will be held every other Wednesday from 9:00 to 11:00am Pacific, beginning August 12, 2026.** After every workshop, Staff will document takeaways and circulate for optional comment.

Topic	Workshop	Staff synthesis	Dedicated Office Hours
Electric O&M	August 12, 2026	August 21, 2026	Aug 10 – Sep 21
Gas O&M	August 26, 2026	September 4, 2026	
Electric Distribution	September 9, 2026	September 18, 2026	Sep 28 – Oct 19
Gas Distribution	September 23, 2026	October 2, 2026	
Electric Other Capital	October 7, 2026	October 16, 2026	Oct 26 – Nov 23
Gas Other Capital	October 21, 2026	October 30, 2026	

Following these engagements, Staff will release a Track 1 Concept Proposal for comment. **Staff plans to bring the Track 1 Concept Proposal to the Commission at a December 2026 or January 2027 Public Meeting.**

Track 2. MRP Methodologies and Approaches:
Track 2 will focus on establishing criteria or guardrails for implementation of the major design elements of the MRP framework. This track will focus on the methodologies and approaches and will consider the development of standardized design criteria in administrative rules, guidance for methods used in the first Commission-approved MRP, and elements that require flexibility at this stage. It will also consider where a single standard is appropriate and where industry-specific or utility-specific flexibility is needed.

To facilitate an efficient discussion of technical ratemaking methodologies, **Staff proposes to launch a survey in September 2026** to identify the range of criteria, methodologies, and standardization envisioned by participants in the rulemaking.

After the survey, Staff will release a series of concept papers, beginning with adjustment factors and earnings sharing mechanism, then decoupling, and concluding with performance incentive mechanisms and the exceptions process, reopeners and off-ramps. This order is informed by the extent to which the elements depend on insights from Track 1.

Topic	Concept Paper	Dedicated Office Hours	Comments
Adjustment Factors	October 15, 2026	October 19 November 2	October 29, 2026
Decoupling + ESM	October 29, 2026	November 9 & 16	November 12, 2027
PIMs + Exceptions, Reopeners, and Offramps	December 16, 2026	December 21 & 28 January 4; 11; & 8	January 12, 2027

Each concept paper will summarize the topic and provide Staff's initial proposal. Staff will present the proposal at a workshop for clarification and feedback. Stakeholders will have an opportunity to provide written comments.

Staff will consolidate the feedback received through this process into a draft Track 2 Concept Proposal for consideration by the Commission at a Public Meeting in March 2027.

Track 3. MRP Logistics:
Track 3 will focus on the procedural requirements for filing and administering MRPs. This track will examine how an MRP is submitted, what information needs to be included, and how ongoing adjustments are processed once a plan is in effect.

Track 3 will begin with Staff's comparative research into filing and adjustment practices used in other jurisdictions with multi-year rate plans. This research will help frame the discussion and narrow the options before engaging stakeholders. After completing this review, Staff will hold at least one workshop to address the core logistical issues. That workshop will cover filing expectations, documentation requirements, timing considerations, and the processes needed to support recurring adjustments within an MRP.

Following the workshop, Staff will prepare a Track 3 proposal summarizing the recommended filing and adjustment-process structure. This proposal will outline how utilities should prepare their MRP filings, how recurring updates should be submitted and reviewed, and what procedural steps are needed to ensure clarity and consistency. A comment period will be provided following the proposal.

Activity	Date
MRP Logistics Workshop	January 20, 2027
Workshop synthesis	January 27, 2027
Comments	February 10, 2027
Proposal	February 27, 2027

Staff will bring a Track 3 Concept Proposal for consideration by the Commission at a Public Meeting in March 2027.

Draft rulemaking

Following Commission feedback on the proposed concepts, Staff will circulate draft rule language in the format of administrative rules. There will be one round of comments on the specific rule language, followed by a proposal to move the rules to formal rulemaking and issue a notice of proposed rulemaking in May 2027.

Recurring Staff Office Hours

In addition to the engagement and events detailed in this announcement, Staff will continue to hold its regularly scheduled HB 3179 implementation office hours every Monday from 12:30 – 1:00pm Pacific. Staff expects to utilize some of these office hours to further opportunities for education, questions, and clarifications on specific AR 676 Phase 2 topics as needed.

Next Steps

The proposed Phase 2 approach is designed to give Staff and stakeholders a well-organized roadmap for developing the MRP concepts that will ultimately form the basis for rule drafting. The structure is intended to simplify the process, maintain clarity, and ensure decisions are made in a consistent and thoughtful way. Staff looks forward to stakeholder feedback shared at the July 29, 2026 kickoff workshop to help finalize the proposed approach, issues list, and schedule.

The following dates outline upcoming Phase 2 activities.

- **July 29, 2026:** Phase 2 Kick-Off Workshop
- **August 12, 2026:** Track 1 Cost Categories: Electric O&M Workshop
- **August 26, 2026:** Track 1 Cost Categories: Gas O&M Workshop

Questions

If you have questions about this docket, please contact:

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Attachment 1. AR 676 Phase 2 Staff Draft Issues List

This issues list identifies the questions and decisions Staff intends to resolve in Phase 2 of AR 676. The list is organized according to the Phase 2 Work Plan's three tracks. Staff will discuss this list at the July 29, 2026 Phase 2 kickoff workshop.

For every topic, two additional considerations apply throughout: the degree to which each element should be standardized (standard, industry-specific, or utility-specific) and what each utility must file and demonstrate for that element.an Relatedly, another important consideration for all topics will be the regulatory pathway for implementing the final concept; i.e., in administrative rule, in a Commission order issued during this rulemaking, in an order linked to the first MRP filing, or in the utility's filing.

Track 1. Treatment of Cost Categories

1.1 O&M

- Standard overhead (e.g., A&G; customer service; taxes; uncollectibles; etc.)
- Customer programs (demand response, community solar program, transportation electrification, bill discounts, arrearage management program, and similar)
- Other material O&M categories identified by the utilities or Staff

1.2 Distribution Capital

- Distribution capital treatment for each industry

1.3 Other (in scope) Cost Categories

- Transmission (electric)
- Generation and storage (electric)
- Decommissioning (electric)
- IT systems
- Gas storage and other gas-specific categories
- Other material categories identified by the utilities or Staff

1.4 Implementation Considerations for Each Cost Type

- How will going-in rates be established?
    - How will depreciation schedules be established, including whether current timelines should change and how this connects to utility planning dockets?
- How will adjustments work?
    - Will adjustments beyond the use of indices be used — e.g., the capital funding mechanism, forecasting? What is the highest priority for use of PIMs?
    - Will deferrals or other mechanisms outside the MRP still be used?
- How will rebasing work?
    - What is the schedule for rebasing?

1.5 Supplemental capital funding mechanism (CFM) design

- Materiality threshold
- Filing cadence and limits on filings
- Special treatment under other designs such as decoupling or the ESM
- True-ups/used and useful process

1.6 Capitalization / TotEx

- Should the Commission pursue TotEx accounting for MRPs?
- What legal concerns are there regarding TotEx accounting?
- If strict adherence to TotEx accounting is not workable, what other methods can achieve similar goals?

Track 2. MRP Methodologies and Approaches

2.1 Survey (Standardization Criteria)

- What criteria should determine whether an element is standardized, industry-specific, or utility-specific?

2.2 Adjustment Factors

- Which factors are standardized, which industry-specific, and which utility-specific?
- For standardized factors, what index or level should be used?
- For industry-specific factors, what process determines the level?
- How often does the process occur?
- Is it expected to be contested?
- For utility-specific factors, what principles apply, and what evidence must a utility provide? Under what conditions may such factors be invoked?
- Should there be bounds on any factor?

2.4 Efficiency Carryover Mechanism (ECM)

- Should an ECM be established?
- If established, how should it be structured?

2.5 Earnings Sharing Mechanism (ESM)

- What should the deadband be for the ESM?
- How much sharing should occur outside the deadband, and should the deadband be symmetric?
- How often should the ESM be evaluated?

2.3 Decoupling

- What level of decoupling should be implemented?
- Which classes should be subject to decoupling?
- Should the decoupling mechanism include deadbands, and should they be symmetric?
- Should decoupling design be standard, industry-specific, or utility-specific?

2.6 Performance Incentive Mechanisms (PIMs)

- **Metrics, by PIM area.**
  - Backstop PIMs: reliability, safety, customer service
  - Outcome PIMs: customer disconnections, asset utilization, progress on CBRE acquisition targets (electric only)
  - What thresholds should be used for each PIM?
  - Which PIMs and PIM thresholds should be standard, industry-specific, or utility-specific?

  How PIMs are measured, reported, implemented, and monitored on an ongoing basis is a Track 3 question (part of the MRP adjustment process), not addressed here.

2.7 Exceptions, Reopeners and off-ramps

- Under what conditions may a case be reopened?
- Under what conditions may off-ramps be invoked?
- Under what conditions may a utility seek an exception, and under what conditions may a utility file an MRP before its scheduled filing date?
- Should these be based on strict thresholds, or on principles evaluated by the Commission?

Track 3. MRP Logistics

3.1 MRP Filing Process

- What are the procedural and content requirements for filing and reviewing an MRP?
- What is the review timeline and process for an MRP filing, and how does it compare to other states' processes?

3.2 Ongoing Adjustment Process

- How are annual index adjustments processed between MRP filings?
- How are PIMs measured, reported, implemented, and monitored on an ongoing basis?
- What is the process for CFM filings and true-ups made between general MRP filings?

Attachment 2. AR 676 Detailed Phase 2 Schedule[1]

Date	Day	Track	Activity	Type	Comment window / notes
Jul 29, 2026	Wed	All Tracks	Phase 2 Kick-Off Workshop	Workshop	
Aug 12, 2026	Wed	Track 1	**Workshop 1E: Electric O&M (9–11am PT)**	Workshop	
Aug 21, 2026	Fri	Track 1	Electric O&M: takeaways issued	Takeaways	Comment period Aug 21–Sep 4
Aug 26, 2026	Wed	Track 1	**Workshop 1G: Gas O&M**	Workshop	
Sep 4, 2026	Fri	Track 1	Gas O&M: takeaways; Electric O&M comment deadline	Takeaways	Gas O&M comment period Sep 4–Sep 18
Sep 9, 2026	Wed	Track 1	**Workshop 2E: Electric Distribution Capital**	Workshop	
Sep 17, 2026	Thu	Track 2	Survey issued: standardization criteria	Survey	Responses due Oct 15
Sep 18, 2026	Fri	Track 1	Electric Distribution takeaways	Takeaways	Elec. Distribution comment Sep 18–Oct 2
Sep 30, 2026	Wed	Track 1	Gas Distribution takeaways	Takeaways	Gas Distribution comment Sep 30–Oct 14
Oct 1, 2026	Thu	Track 2	Survey responses due	Survey	
Oct 2, 2026	Fri	Track 1	Gas O&M: takeaways; Electric O&M comment deadline	Takeaways	Gas O&M comment period Sep 4–Sep 18
Oct 7, 2026	Wed	Track 1	**Workshop 3E: Electric Other Capital and Costs**	Workshop	Transmission, generation/storage, decommissioning, IT, other
Oct 15, 2026	Thu	Track 2	Adjustment Factors: draft concept paper	Concept paper (draft)	Comment Oct 15–Oct 29
Oct 16, 2026	Fri	Track 1	Electric Other Costs takeaways	Takeaways	Elec. Other costs comment Oct 16–Oct 31
Oct 21, 2026	Wed	Track 1	**Workshop 3G: Gas Other Capital and Costs**	Workshop	
Oct 29, 2026	Thu	Track 2	Adjustment Factors: comment deadline	Comment close	
Oct 29, 2026	Thu	Track 2	Decoupling & ESM: draft concept paper	Concept paper (draft)	Comment Oct 29–Nov 12
Oct 30, 2026	Fri	Track 1	Gas Other Costs takeaways	Takeaways	Gas Other costs comment Oct 30–Nov 13
Nov 12, 2026	Thu	Track 2	Adjustment Factors: final concept paper	Concept paper (final)	
Nov 2026		Track 1	Track 1 Concept Proposal	Track proposal	Target month; comment period (2 weeks)
Nov 12, 2026	Thu	Track 2	Decoupling & ESM: comment deadline	Comment close	
Nov 30, 2026		Track 1	Track 1 Concept Proposal comment deadline	Comment close	
Dec 2, 2026	Thu	Track 2	Decoupling & ESM: final concept paper	Concept paper (final)	
Dec 2026		Track 1	**Commission checkpoint** on Integrated Track 1 Proposal	Public Meeting	Target month
Dec 16, 2026	Thu	Track 2	PIMs, Exceptions, Reopeners & Off-ramps: draft concept paper	Concept paper (draft)	Comment Dec 16–Jan 12
Jan 12, 2026	Thu	Track 2	PIMs, Exceptions, Reopeners & Off-ramps: comment deadline	Comment close	
Jan 20, 2027	Wed	Track 3	**MRP Logistics Workshop**	Workshop	
Jan 26, 2027	Thu	Track 2	PIMs, Exceptions, Reopeners & Off-ramps: final concept paper	Concept paper (final)	
Jan 27, 2027	Wed	Track 3	Logistics: takeaways issued	Takeaways	Comment period Jan 27–Feb 10
Feb 2027		Track 2	Track 2 Proposal	Concept paper (final)	Target month; comment period (2 weeks)
Feb 10, 2027	Wed	Track 3	Logistics: comment deadline	Comment close	
Feb 2027		Track 3	Track 3 Proposal	Proposal	Target date
Mar 3, 2027	Wed	Track 2	**Commission Checkpoint** on Integrated Track 2 Proposal	Public Meeting	
Mar 2027		All Tracks	**Integrated Track 1, 2, and 3 proposal**	Track proposal	Target month; comment period (2 weeks)
Apr 2027		All Tracks	**NOPR: Public Meeting recommendation**	Public Meeting	Target month