September 15, 2026

AR 676 Rulemaking General Rate Revisions HB 3179
Phase 2, Track 2
MRP Methodologies and Approaches Survey

Purpose

Track 2 focuses on establishing criteria and/or guardrails for implementation of the major design elements of the MRP framework. This track will develop the specific methodologies and approaches for each mechanism, including how standardization across designs should be implemented and which criteria should be used to regulate the use of each component within the MRP framework.

The Track 2 survey is intended to provide AR 676 stakeholders an early opportunity to share any initial positions and feedback they'd like Staff to consider going into concept development for the following components of the MRP framework:

- Adjustment factors (I-X-S+G+Z),
- Supplemental Capital Funding Mechanism (SCFM),
- Decoupling Mechanism,
- Earnings Sharing Mechanism (ESM),
- Earnings Carryover Mechanisms (ECM),
- Exceptions.
    - Reopeners.
    - Off-ramps.

In the interest of supporting stakeholder capacity, Staff welcomes general comments on these components rather than limiting responses to specific questions. That said, Staff has included an optional table and attachment with reference questions to help provide stakeholders with a sense of the areas Staff identified as useful for informing draft concepts.

Responses to the Track 2 survey are encouraged but not required. Staff does expect feedback on every component and welcomes comments in the format of participants' choosing.

Optional Table for Feedback

Mechanism	Degree of standardization[1]	Initial Position	Key parameters / guardrails	Rationale / tradeoffs
I-factor		How should the inflation adjustment factor be designed? What role does it play in the MRP?	Index/basis; lag or averaging; update frequency; caps/floors; utility-specific cost pressures vs. broader inflation.	
X-factor		What should the productivity adjustment represent or incentivize?	Who performs analysis; data/sample; update frequency; bounds/constraints; docket/process for updates.	
Z-factor		What types of extraordinary costs should be handled outside the normal MRP formula?	Eligibility; materiality; filing frequency; timing of rate updates; single vs. accumulated events; burden of proof.	
S-Factor		What principles should be considered when setting the S-factor?	Data used by Commission to determine S-factor.	
G-Factor		What materiality threshold should be set for use of the G-factor?	Customer forecast; loss in earnings if G-factor not applied.	
Supplemental Capital Funding Mechanism		What capital needs should be funded through the SCFM?	Eligibility; materiality thresholds; documentation requirements; update timing; limits on frequency/use/capital type; prudence and Commission review steps.	
Decoupling		What revenue or sales risk should decoupling address during the MRP?	Full/partial; customer classes; deadbands/symmetry; load forecast treatment; annual calculation/update.	
Efficiency Carryover Mechanism		If used, what behavior or outcome should an ECM support?	Eligible efficiencies; carryover period; sharing approach; interaction with X/ESM; safeguards against double recovery.	
Earnings Sharing Mechanism		What risk-sharing or earnings outcome should the ESM provide?	Deadband basis/width; symmetric/asymmetric; sharing percentages; measurement period; treatment of unusually high/low earnings.	
Re-openers / Off-ramps		What circumstances should justify changing or ending the MRP before its scheduled conclusion?	Triggering conditions; quantitative thresholds vs. Commission judgment; who may initiate; scope of review; interaction with Z-factor/ESM.	

[1] * *Note on standardization: explain whether the mechanism/design element should be standard across utilities, industry-specific (e.g., electric vs. gas), or utility-specific.*

Next Steps

Stakeholders participating in this survey should file responses to the PUC filing center (PUC.FILINGCENTER@puc.oregon.gov) by October 1, 2026. Following the close of the survey period, Staff will release a series of concept papers. Each concept paper will summarize the topic and provide Staff's initial proposal. Staff will present the proposal at a discussion space for clarification and feedback. Stakeholders will have an opportunity to provide written comments on all Staff proposals.

The following dates outline upcoming Phase 2 Track 2 activities:

- **October 1, 2026:** Stakeholder responses due[2]
- **October 15, 2026:** Adjustment Factors Staff draft concept paper issued
- **October 23, 2026:** Adjustment Factors discussion
- **October 29, 2026:** Adjustment Factors comment deadline

Questions

If you have questions about this docket, please contact:

/s/ Michella Scala
Michelle Scala
michelle.m.scala@puc.oregon.gov
503-689-2608

[2] Staff was able to share the Track 2 survey two days earlier than originally scheduled, but will maintain the original October 1 deadline for responses in the interest of providing additional time.

Attachment 1.

Optional Resource: Staff Questions

1. What do you see as the goal of the "I" factor? For example, is it to escalate the utility's costs in a way that mirrors their actual cost pressures? Is it to keep customer bills stable while accounting for inflation? Is it a combination of these goals? Please explain why your proposed inflation adjustment, if you have one, would achieve your stated goal.
2. What is your vision for the X-factor? In your answer please discuss:
    1. Who would undertake the productivity analysis,
    2. How often it would be updated,
    3. Any bounds on what the X-factor could be, and
    4. In what docket the updates would occur.
3. What is your vision for the Z-factor? In your answer please discuss:
    1. What costs should be eligible for Z-factor recovery,
    2. What materiality threshold should be considered – if any,
    3. How frequent Z-factor adjustments should be able to be filed,
    4. When the rate update should occur,
    5. Whether Z-factor can be used for only one event or whether multiple events could be accumulated into a Z-factor filing, and
    6. What the burden of proof should be in a company's Z-factor filing.
4. What principles should be considered when determining the S-factor? Are there particular data sources or approaches you believe should guide the S-factor?
5. What materiality threshold should apply to the G-factor? How should customer forecast accuracy and any potential loss in earnings be weighed?
6. What is your vision for the Supplemental Capital Funding Mechanism (SCFM)? In your answer please discuss:
    1. What types of capital projects should be eligible for SCFM treatment,
    2. What materiality or size thresholds should apply,
    3. How often SCFM updates should occur and how they should be documented,
    4. What safeguards should ensure SCFM use does not overlap with other mechanisms or circumvent prudence review.

7. What is your vision for decoupling? In your answer please discuss:
    1. What level of decoupling should be included (full, partial, etc.),
    2. Which classes should be subject to decoupling,
    3. Whether a decoupling mechanism should include deadbands and whether they should be symmetric, and
    4. Whether the load forecast should be updated both when setting rates and when calculating the decoupling mechanism each year.
8. If an Efficiency Carryover Mechanism is established, what do you see as its primary goal? Are there any considerations you think should be balanced when developing an ECM? Given this, do you think an ECM should be established?
9. What considerations should be made when determining the deadbands for the Earnings Sharing Mechanism? Should the deadbands be symmetric or asymmetric?
10. Please discuss your vision for re-openers and off-ramps. In your answer please discuss:
    1. Under what condition a case can be reopened,
    2. Under what conditions a new case can be filed ahead of schedule,
    3. Whether these cases should be based on firm thresholds or principles to be evaluated by the Commission.