AR 676 Workshop
PBR Foundations

AR 676, Rulemaking to Establish Multi-Year Plan Framework (HB 3179 & SB 688)

Date: January 27, 2026 // 9:00am–11:30am PT

Meeting will be hosted virtually via Zoom:

https://betterenergy.zoom.us/j/87697714822?pwd=qokWlARcCkqYnnRbopBvlVQYd6UEaw.1

Meeting Pre-Read

In advance of the meeting, please review the Workshop #2 pre-read, included as an attachment to this agenda. The pre-read offers a preliminary framework for understanding the relationship between PBR goals, outcomes, and metrics, and offers a preliminary list of possible goals and outcomes for consideration, informed by state policy, the AR 676 Scoping Survey, and participants' responses to polls during the previous meeting. Please review the pre-read document in advance of the workshop, as it includes material that is important to today's discussion. The pre-read is not a Staff proposal and is intended for discussion purposes only.

Meeting Objectives:

1. Provide clarity on the relationship between PBR and MRPs in Oregon.
2. Develop a shared understanding of a range of different PBR mechanisms and how they could be applied.
3. Solicit perspectives on goals and outcomes for PBR in Oregon and prepare participants to share additional feedback.

Meeting Ground Rules:

- Respect differences of perspective and the time we have together.
- Be open to continued learning and growth informed by new information; it is ok for perspectives to shift or change throughout the process.

Agenda

9:00AM **Welcome, Introductions, and Context**

9:15AM **Presentation: Relationship of MRP and PBR (Staff)**

9:30AM **Presentation and Discussion: Regulatory Goals and Outcomes (CEG)**

Current Energy Group (CEG) to provide brief presentation on the potential goals and outcomes provided in the Workshop #2 pre-read for discussion purposes. This will be followed by a facilitated discussion regarding participants' perspectives on these goals and outcomes in the Oregon context.

10:00AM **BREAK**

10:10AM **Presentation and Discussion: PBR Tools and Mechanisms and Discussion (RAP)**

Guest presentation from the Regulatory Assistance Project (RAP), which will provide an overview of PBR broadly, as well as an overview of a range of different PBR mechanisms, what those mechanisms typically intend to do, and what they have looked like in practice in other jurisdictions.

Participants will have opportunities to ask clarifying questions during RAP's presentation. There will be a dedicated Q&A period following RAP's presentation for broader questions.

11:10AM **Discussion/Q&A: Goals, Outcomes, and PBR Mechanisms**

Discussion and Q&A opportunity for participants to discuss the PBR mechanisms in the Oregon context, including consideration for goals and outcomes.

11:25AM **Next Steps**

11:30AM **Adjourn**

Pre-Read for Workshop #2

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Possible Goals and Outcomes for Performance-Based Regulation

This document serves as an informal pre-read prior to the January 27, 2026 workshop in AR 676. The workshop will explore the foundations of performance-based regulation (PBR), as well as invite preliminary input on priority goals and outcomes that can guide development of Oregon's PBR and multi-year rate plan (MRP) structures. This paper aims to introduce concepts that will be discussed at the workshop and invite reflection from stakeholders. This is not a Staff proposal and is for discussion purposes only.

Conceptual Framework: A Goals-Outcomes-Metrics Hierarchy

This document offers a Goals-Outcomes-Metrics hierarchy as a framework for consideration, which can guide subsequent development of MRP and PBR structures in Oregon. A hierarchical approach has been used for similar purposes in other U.S. and Canadian jurisdictions during the design of their respective MRP and PBR regulations (see Appendix). Identification of priority goals and outcomes will help the Commission make decisions that are linked to a clearly stated purpose and establish priorities for what Oregon's ratemaking framework will accomplish.

The key terms of this framework are informally defined here to provide a working structure for Oregon's consideration.

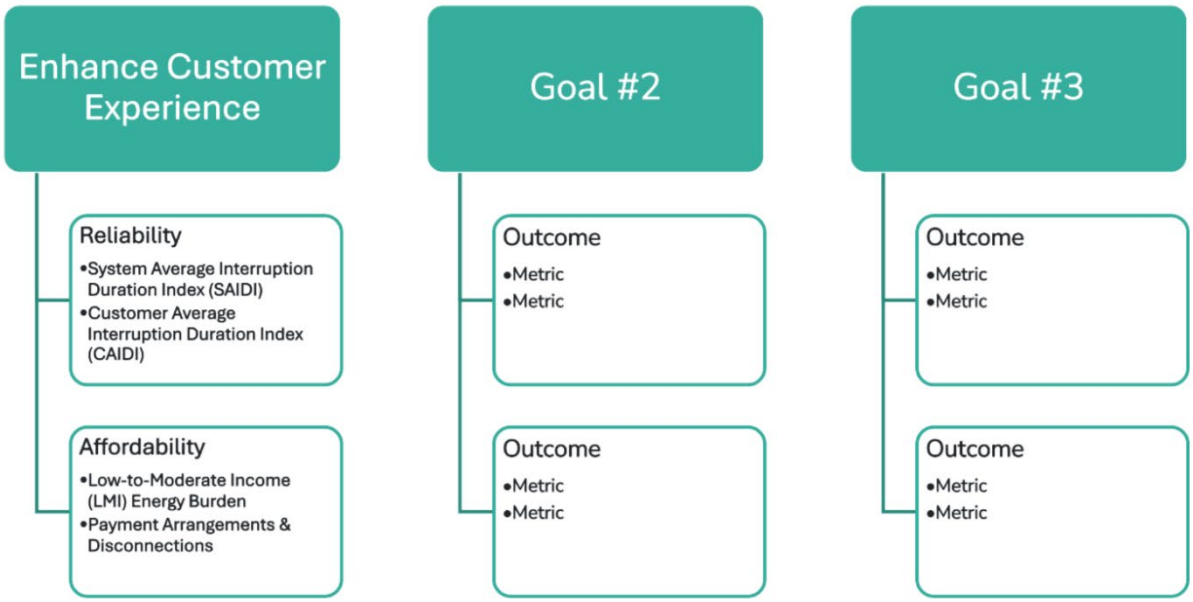
- **Goals** provide a high-level orientation to what utility regulations seek to achieve. They are less specific than individual outcomes, but can serve as broad, widely accepted objectives to organize and direct regulatory purpose. In general, identified goals may be pursued through a combination of many policy and regulatory approaches. As an example, "high-performing utility" could serve as a broadly defined goal that would be realized by multiple related outcomes and metrics.
- **Outcomes** are a more specific concept that reflect observable results from the utility system and that derive, in part, from utilities' operations and business decisions. Outcomes usually relate to at least one goal, though in some cases they may relate to more than one, depending on the framework in place. Outcomes should be measurable, either through quantitative or qualitative measures, although a single outcome (e.g., reliability) may be measured by multiple metrics.
- **Metrics** provide a standard of measurement that allows observation and tracking of one or more outcomes. Metrics should generally include a unit of measure associated with them, such as a SAIDI score for reliability.[1]

The Goals-Outcomes-Metrics framework is illustrated in the following graphic, which demonstrates the hierarchy of terms and concepts that nest within each other. In practice, a

[1] This paper does not consider metrics in additional detail, as the focus here is to establish the goals-outcomes approach and to put forward an initial set of goals and outcomes in support of Oregon stakeholder discussions.

single metric may be useful for more than one outcome, and some outcomes may relate to more than one goal. Nonetheless, the framework can serve as a useful organizing structure to clarify and focus a performance- (or outcome-) based regulatory system.

Figure 1: Representative Goals-Outcomes-Metrics Hierarchy Informed by Hawaii



Source informed by: "Process Overview," Public Utilities Commission of the State of Hawaii (HPUC), updated July 2024, https://puc.hawaii.gov/energy/pbr/process-overview/; "Performance Scorecards and Metrics," Hawaiian Electric Company, 2026, https://www.hawaiianelectric.com/about-us/performance-scorecards-and-metrics.

Draft Goals and Outcomes for Consideration

A possible set of four goals to inform Oregon MRP and PBR development is shared below, as well as sample outcomes that relate to those goals. These are informed by the existing Oregon policy and regulatory context, stakeholder responses to the scoping survey in AR 676 and AR 677, the December workshop in AR 676, and long-established utility regulation standards. They are provided for conceptual and discussion purposes. At this stage of the AR 676 proceeding, the list of outcomes is intentionally long and inclusive, reflective of the broad set of expectations that stakeholders and policy have expressed for Oregon utility regulations. The list is preliminary, and stakeholders are invited to provide oral and written comments that can serve as input to a functional set of outcomes applicable to PBR and MRP development.

Table 1: Draft Goals and Outcomes

Goals	Outcomes
Affordable, high-value service	Affordability *
	Reduced disconnections *
	Customer service
	Customer trust
	Reduced energy burden
	Support for vulnerable and low-income customers *
	Plain language, translated, and regular communications
	Cost containment
Predictable and efficient regulatory system	Procedural equity
	Reduced administrative burden
	Stagger rate increases
	Reduced rate case frequency
	Rate transparency
	Narrow and clear tracking mechanisms
	Standardization in the rate setting and rate case process
	Smooth and predictable rates and bills
	Alignment between forecasts and expenses
High-performing utility business	Strategic and efficient capital investment
	Efficient utility operations *
	Asset utilization
	Increased productivity
	Consolidated rate-setting process
	Reduced single-issue ratemaking
	Safety
	Reliability *
	Resilience *
	Financial health
	Fair earning opportunity
	Planning
	Interconnection
	Investments in policy goals
Clean energy development	GHG emission reductions *
	DER expansion *
	Energy efficiency *
	Electrification
	Low-carbon fuels
	Community solar expansion *
	Microgrid expansion *
	Demand response expansion *
Other	Balanced risk between utilities and customers
	System innovation and evolution
	Community benefits
	Just transition

Bolded text *denotes that three or more stakeholders listed a possible outcome in Scoping Survey responses*

** Policies with an asterisk denote those mentioned in Senate Bill 688 (2025)*

Questions for Consideration and Input

The preliminary goals and outcomes provided in this concept paper may not be an exhaustive list or resonate with all Oregon stakeholders. In preparation for a discussion during the January 27 workshop and subsequent written comment period, stakeholders should consider several questions, including:

1. Are the lists above consistent with the Oregon Public Utility Commission's mission, vision, and values? (see Appendix)
2. Are there goals and outcomes missing, and are those listed correct for inclusion?
3. Which of these outcomes are most applicable to PBR and MRPs? (Which outcomes should PBR and MRP reforms directly address?)
4. Are any of these outcomes in tension with one another? How should competing goals and outcomes be handled?
5. Which peer examples below could inform Oregon's development of goals and outcomes (see Appendix)? Are there examples from other jurisdictions outside of those listed in the Appendix that should also be noted for stakeholders?
6. Which outcomes (from this list, or in addition to those presented on this list) most appropriately reflect Oregon's legislative requirements, the PUC's mission, and regulations?

Appendix: Examples from Oregon and Peer Jurisdictions

This appendix includes select examples from peer jurisdictions to share definitions, goals, outcomes, and related structures that have been used in the development or adoption of PBR structures, including MRPs. These can be consulted for additional context or ideas as Oregon pursues its design of MRP and PBR structures. In support of the development of Oregon-specific goals and outcomes, the Oregon PUC's mission, vision, and values are also included.

Information from the following jurisdictions is included:

- Oregon
- Alberta
- British Columbia
- Connecticut
- Hawaii
- North Carolina
- Ontario

Oregon

OPUC Mission

"Our mission is to ensure Oregonians have access to safe, reliable and fairly priced utility services that advance state policy and promote the public interest. We use an inclusive process to evaluate differing viewpoints and visions of the public interest and arrive at balanced, well-reasoned, independent decisions supported by fact and law."

OPUC Vision

"Our vision is to improve the lives of Oregonians through effective utility regulation and leadership in the utility sector. We serve Oregon by:

- holding utilities to high standards of performance and value
- guiding a transformation in utility services consistent with Oregon's social, environmental, and economic goals, and
- adapting regulatory processes to improve inclusion, learning, collaboration, and problem-solving

Our success depends on recruiting and retaining talented and engaged employees to provide independent analysis in support of agency decision-making. We strive to offer meaningful work, mentoring and training, and a positive workplace culture."

OPUC Values

- "Accountability: Our responsibility to serve utility customers drives us to be diligent in our work, and efficient and effective in managing financial and human resources.

- Integrity: As individuals, we are honest, trustworthy, and respectful. As an organization, we use open, fair processes and independent analysis to reach informed and just decisions.
- Inclusion: We strive to advance equitable access, engage diverse perspectives, promote collaboration, and recognize our impact on all communities.
- Adaptability: We develop expertise and adapt our skills, our organization, and our regulatory processes and tools in order to meet rapid change in our regulated industries."[2]

Alberta

In its 2010 PBR proceeding for electric and natural gas distribution utilities, the Alberta Utilities Commission (AUC) engaged in a stakeholder process to identify and endorse a set of objectives and principles for guiding PBR evaluations.[3] The final objectives and principles adopted by the AUC are used to analyze utility rate-setting proposals in conjunction with supporting quantitative and qualitative data.[4] Objectives and principles approved by AUC include: [5]

AUC Objectives for PBR

The first objective is to develop a regulatory framework that creates incentives for the regulated companies to improve their efficiency while ensuring that the gains from those improved efficiencies are shared with customers. The second purpose is to improve the efficiency of the regulatory framework and allow the Commission to focus more of its attention on both prices and quality of service important to customers.

Adopted Principles

1. A PBR plan should, to the greatest extent possible, create the same efficiency incentives as those experienced in a competitive market while maintaining service quality.
2. A PBR plan must provide the company with a reasonable opportunity to recover its prudently incurred costs including a fair rate of return.
3. A PBR plan should be easy to understand, implement and administer and should reduce the regulatory burden over time.
4. A PBR plan should recognize the unique circumstances of each regulated company that are relevant to a PBR design.
5. Customers and the regulated companies should share the benefits of a PBR plan.

[2] "About Us," Oregon Public Utilities Commission (OPUC), https://www.oregon.gov/puc/about-us/pages/default.aspx.
[3] Canada. Alberta Utilities Commission (AUC), "Rate Regulation Initiative Distribution Performance-Based Regulation: Decision 2012-237," Proceeding 566, (September 12, 2012), 15, https://www2.auc.ab.ca/proceeding/566.
[4] AUC, "AUC issues third-generation performance-based regulation decision," Press release, November 10, 2023, https://www.auc.ab.ca/the-auc-issues-third-generation-performance-based-regulation-decision/.
[5] AUC, "Rate Regulation Initiative Distribution Performance-Based Regulation: Decision 2012-237," 13, 15.

British Columbia

FortisBC, Inc., an electric and natural gas distribution utility that serves British Columbia, Canada, proposed a set of five principles in its 2014 MRP application to the British Columbia Utilities Commission (BCUC). The utility noted that the suggested principles are consistent with "...common threads or themes in the principles articulated by most jurisdictions."[6] The BCUC concurred that FortisBC's proposal was appropriate for evaluating the efficacy of the company's MRP, and agreed to the following principles:[7]

- The MRP should, to the greatest extent possible, align the interests of customers and the utility; customers and the utility should share in the benefits of the MRP.
- The MRP must provide the utility with a reasonable opportunity to recover its prudently incurred costs including a fair rate of return.
- The MRP should recognize the unique circumstance of FortisBC that are relevant to the MRP design.
- The MRP should maintain the utility's focus on maintaining safe, reliable service and customer service quality while creating the efficiency incentives to continue with its productivity improvement culture.
- The MRP should be easy to understand, implement and administer and should reduce the regulatory burden over time.

Connecticut

The Connecticut Public Utilities Regulatory Authority (PURA) organized its PBR framework according to a hierarchy that details goals, outcomes, and metrics for the state's electric distribution utilities.[8] Goals are the foundation of the framework, and outcomes are meant to be comprehensive, flexible, and encourage measurable progress and performance. Metrics provide specific performance objectives. In addition, PURA detailed a set of "foundational considerations" to consider in each rate case that are "crucial issues inherent in all Authority deliberations and proceedings." The tables below depict PURA's goals, outcomes, and foundational considerations adopted in the PBR proceeding:[9]

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[6] Canada. British Columbia Utilities Commission (BCUC), "Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018," (July 5, 2015), 60, https://docs.bcuc.com/documents/proceedings/2013/doc_35093_b-1_fbc_submitting-application.pdf.

[7] Canada. BCUC, "FortisBC Energy Inc. and FortisBC Inc. Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024: Decision and Orders G-165-20 and G-166-20," (June 22, 2020), 176, https://www.ordersdecisions.bcuc.com/bcuc/decisions/en/481438/1/document.do.

[8] Connecticut Public Utilities Regulatory Authority (CT PURA), "PURA Investigation into a Performance-Based Regulation Framework for the Electric Distribution Companies: Decision," Docket No. 21-05-15 (April 26, 2023), 15, https://www.dpuc.state.ct.us/FINALDEC.NSF/5cb88b8d5493c31d852588db0067d96d/8cc969f62e0dcde58525899d004dd68d?OpenDocument&Highlight=0,21-05-15RE03.

[9] CT PURA, "PURA Resets Electric Utility Regulatory Framework to Better Serve the Public," Press release, April 26, 2023, https://portal.ct.gov/pura/press-releases/2023/pura-resets-electric-utility-regulatory-framework-to-better-serve-the-public.; CT PURA "PURA Investigation into a Performance-Based Regulation Framework...", 17.

Table 2: CT PURA Adopted PBR Regulatory Goals and Priority Outcomes (2023)

Regulatory Goals	Priority Outcomes
Excellent Operational Performance	1. Business Operations and Investment Efficiency 2. Comprehensive and Transparent System Planning 3. Distribution System Utilization 4. Reliable and Resilient Electric Service
Public Policy Achievement	5. Social Equity 6. GHG Reduction
Customer Empowerment and Satisfaction	7. Customer Empowerment 8. Quality Customer Service
Reasonable, Equitable, and Affordable Rates	9. Affordable Service

Table 3: CT PURA Adopted Foundational Considerations (2023)

Foundational Considerations	Supporting Rationale
Safety	The provision of safe, adequate, and reliable service is a core tenet to the Authority's regulation of the EDCs and is deeply embedded in state statutes and EDC operations.
Equity	Ensuring equity and equity justice in terms of rates, environmental protection, the provision of customer-facing programs, recognition justice, participatory justice, and distributional justice, and several other areas is imperative to effective utility regulation.
Economic Opportunity	An objective of the state's EMG framework and a core tenet of the Authority's role as regulator, economic opportunity should be an inherent result of several priority outcomes and a separate consideration, when appropriate.
Risk Distribution	Risk distribution highlights the importance of equitably balancing risk between EDCs and customers. A regulatory framework must achieve this balance to ensure EDCs operate in a manner in line with necessary outcomes for customers.
Transparency	In an environment of increased customer choice and empowerment, transparency for customers, regulators, and stakeholders is foundational to electric operations, now more so than ever.

Hawaii

The first phase of the Hawaii Public Utilities Commission (HPUC) electric distribution utility PBR investigation concluded in 2019 with the establishment of three guiding principles for the investigation alongside regulatory goals and priority outcomes that would inform the PBR framework. Progress and achievement of the goals and outcomes are tracked through metrics reported by the utilities.

Goals. "Goals provide the highest-level orientation for what utility regulations and ratemaking seek to achieve. Regulatory goals for PBR development anchor and inform consideration of specific outcomes that result from the regulated utility system. Traditional cost-of-service utility regulation has long held a goal to deliver reliable, affordable electricity to all customers through prudently incurred investments and efficient utility business operations. Over time, goals for the power sector have expanded to include a broader set of customer and public policy oriented objectives, including customer engagement, innovation, environmental performance, and competition."[10]

Outcomes. "Outcomes are a more specific set of factors that derive, in whole or in part, from utilities' operations and business decisions. Outcomes represent the many ways that the power sector is experienced by customers and market participants, as well as throughout the economy and society at large. Outcomes are usually observable, whether through quantitative or qualitative measures, and in many cases can be measured through one or more metrics."[11]

Principles. "guiding Principles are fundamental to the discussions, development, and eventual adoption of PBR mechanisms. These principles serve to remind all Parties of

important characteristics and considerations to apply in the design and evaluation of each candidate PBR mechanism, so that the resulting mechanisms are practical, feasible, and effectively address the identified Goals and Outcomes."[12]

Adopted Principles:

1. A customer-centric approach. A PBR framework should encourage the expanding opportunities for customer choice and participation in all appropriate aspects of utility system functions, including verifiable "day-one" savings for customers.
2. Administrative efficiency. PBR offers an opportunity to simplify the regulatory framework and enhance overall administrative efficiency.
3. Utility financial integrity. The financial integrity of the utility is essential to its basic obligation to provide safe and reliable electric service for its customers and a PBR framework is intended to preserve the utility's opportunity to earn a fair return on its business and investments, while maintaining attractive utility features, such as access to low-cost capital.

[10] HPUC, "In the Matter of Instituting a Proceeding to Investigate Performance-Based Regulation: Decision and Order No. 37507," Docket No. 2018-0088 (December 23, 2020), 14, https://hpuc.my.site.com/cdms/s/puc-case/a2G8z0000007fLQEAY/pc21581?tabset-431dc=3.
[11] HPUC, "In the Matter of Instituting a Proceeding to Investigate Performance-Based Regulation: Decision and Order No. 37507," 14.
[12] HPUC, "In the Matter of Instituting a Proceeding to Investigate Performance-Based Regulation: Decision and Order No. 36326," Docket No. 2018-0088 (May 23, 2019), 25-26, https://hpuc.my.site.com/cdms/s/puc-case/a2G8z0000007fLQEAY/pc21581?tabset-431dc=3.

Table 1: Hawaii Adopted PBR Guiding Principles, Goals, and Outcomes

Goal	Priority Outcome	
Enhance Customer Experience	Traditional	Affordability
		Reliability
	Emergent	Interconnection Experience
		Customer Engagement
Improve Utility Performance	Traditional	Cost Control
	Emergent	DER Asset Effectiveness
		Grid Investment Efficiency
Advance Societal Outcomes	Traditional	Capital Formation
		Customer Equity
	Emergent	GHG Reduction
		Electrification of Transportation
		Resilience

North Carolina

The North Carolina Department of Environmental Quality (DEQ) undertook a clean energy planning process in 2019, which identified PBRs as a critical tool for utility regulatory reform and achievement of the state's climate goals. The ensuing North Carolina Energy Regulatory Process (NERP) facilitated by the DEQ in 2020 identified key outcomes for a PBR proceeding. Subsequent legislation in 2021 (House Bill 951) provided a definition for policy goals that a PBR framework should seek to achieve.[13] Utilities are allowed to propose tracking metrics in their rate applications, with discussion of state policy goals and rate case alignment reserved for rate case proceedings.[14]

DEQ-Identified PBR Outcomes (2020):[15]

- Regulatory incentives aligned with cost control and policy goals
- Carbon neutral by 2050
- Affordability and bill stability

[13] General Assembly of North Carolina, "Energy Solutions for North Carolina," H.B. 951 (2021), 4, https://www.ncleg.gov/Sessions/2021/Bills/House/PDF/H951v5.pdf.
[14] North Carolina Utilities Commission (NCUC), "In the Matter of Rulemaking Proceeding to Implement Performance-Based Regulation of Electric Utilities: Order Amending Commission Rule R1-17B," Docket No. E-100, SUB 178, (September 20, 2024), 21, https://starw1.ncuc.gov/NCUC/ViewFile.aspx?Id=45c400dc-049a-40fd-9c09-bd95b95e9862.
[15] "Performance Based Regulation Study Group Work Products: 2020 NC Energy Regulatory Process" (North Carolina Department of Environmental Quality, December 18, 2020), 12, https://files.nc.gov/ncdeq/climate-change/clean-energy-plan/PBR-Study-Group-Work-Products-FINAL.pdf.

HB 951 Policy Goal Definition (2021):

"Policy goal" means the expected or anticipated achievement of operational efficiency, cost-savings, or reliability of electric service that is greater than that which already is required by State or federal law or regulation, including standards the Commission has established by order prior to and independent of a PBR application, provided that, with respect to environmental standards, the Commission may not approve a policy goal that is more stringent than is established by (i) State law, (ii) federal law, (iii) the Environmental Management Commission pursuant to G.S. 143B-282, or (iv) the United States Environmental Protection Agency.

Ontario

In 2012, the Ontario Energy Board (OEB) adopted a PBR framework for regulating electric distribution utilities that coupled outcomes with scorecard metrics to track and benchmark utility performance on an annual basis.[16] The OEB employs a hierarchical scorecard of performance outcomes, categories, and metrics for utility reporting. Notably, this structure does not financially reward utilities for achieving scorecard metrics.

OEB-Defined Outcomes:

- Customer Focus: services are provided in a manner that responds to identified customer preferences;
- Operational Effectiveness: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;
- Public Policy Responsiveness: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board); and
- Financial Performance: financial viability is maintained; and savings from operational effectiveness are sustainable.

[16] Canada. Ontario Energy Board (OEB), “Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, (October 18, 2012), 61, https://www.oeb.ca/oeb/_Documents/Documents/Report_Renewed_Regulatory_Framework_RRFE_20121018.pdf.