

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 8, 2025**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_ **N/A**

**DATE:** May 20, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Scott Gibbens and Michelle Scala **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 2019(6))  
Reauthorization of deferral accounting for costs related to Wildfire Risk Mitigation Measures and Vegetation Management.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric's (PGE or Company) request to defer costs associated with Wildfire Risk Mitigation and Wildfire Mitigation (WM) related Vegetation Measures for the 12-month period beginning January 1, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's requests for reauthorization to defer accounting for costs related to Wildfire Risk Mitigation Measures and Vegetation Management.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs.

OAR 860-027-0300(4) requires the utility to provide certain information in an application to defer, such as reason for the deferral, estimated amount of the deferral, etc.

Commission Order No. 23-173 adopted Stipulations in UE 412 permitting recovery of incremental costs associated with development and implementation of wildfire mitigation plans.

In addition, and consistent with design of PGE's approved Wildfire Mitigation Automatic Adjustment Clause, PGE plans to update Schedule 151 through an advice filing to reflect the full year 2025 prospective rates for wildfire mitigation with rate effective dates of March 1, 2025, and May 1, 2025.

### Analysis

#### *Background*

PGE files this deferral reauthorization application to defer wildfire mitigation related costs that are incremental and decremental compared to what is included in base rates and in accordance with the stipulation adopted in Order No. 23-370.

In 2019, PGE filed its initial application for the deferral of costs related to wildfire mitigation measures. The initial application sought to defer for later ratemaking treatment the incremental wildfire mitigation related operating and maintenance (O&M) costs. PGE's initial application indicated that while the development and implementation of a comprehensive wildfire mitigation plan is a multi-year effort, immediate steps could be taken to reduce wildfire risks. PGE filed an application to reauthorize the deferral from July 1, 2020, through June 30, 2021. Additional applications were filed seeking to reauthorize the deferral for the years 2021 through 2024.

In addition, the Oregon State Legislature passed Senate Bill (SB) 762, effective on July 19, 2021. SB 762 directs utilities to develop and implement risk-based wildfire protection plans, to be filed with and evaluated by the Commission. Consistent with the requirements of SB 762, PGE filed its 2024 which was approved by the Commission in Order No. 24-232.

On August 19, 2022, PGE submitted Advice Filing 22-18 to create a new Schedule 151 for Wildfire Mitigation Cost Recovery; this request was moved into Docket UE 412, and PGE's WM AAC was approved by the Commission on May 10, 2023, through Order No. 23-173. Then, in PGE's 2024 General Rate Case, Docket UE 416, all wildfire mitigation spending (except for indirect loadings related to wildfire mitigation) were removed from base rates and placed into supplemental Schedule 151.

In July 2024, through Order No. 24-251 the Commission approved partial recovery of PGE's 2024 wildfire mitigation plan spending with the remaining amounts to be later

reviewed for recovery under the approved deferral. Costs associated with 2024 activities were included in customer prices beginning August 1, 2024.

#### *Description of the Expenses*

The Company's 2025 WMP describes the efforts PGE undertakes to mitigate the risk of wildfire, while limiting the impacts of specific mitigation activities, such as Public Safety Power Shutoff (PSPS) events, on customers.

The Company's states that its WMP discusses PGE's wildfire risk mitigation assessment, including designation of High Fire Risk Zones (HFRZ), operating protocols, asset management and inspections, wildfire mitigation related vegetation management (including the advanced wildfire risk reduction (AWRR) program and Enhanced Vegetation Management (EVM) techniques), community outreach and public awareness, PSPS events, and research and development.

Based on PGE's 2024 WMP, and related requirements under SB 762, PGE updated its forecast of expenses to be incurred in the development, implementation, and operation, Thus PGE seeks to defer the incremental and decremental WM-related costs, compared to what is included in Schedule 151, for calendar year 2025.

#### *Proposed Accounting*

The Company proposes to record the deferred amounts as a regulatory liability in FERC Account 254 (Other Regulatory Liability), with a debit to FERC Account 407.3, (Regulatory Debits). If the deferred amount is a debit (collection), PGE proposes to record it as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the source of the regulatory asset cannot be reasonably made, then FERC Account 407.4 (Regulatory Credits) will be credited.

#### *Reasons for Deferral*

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for incremental and decremental wildfire mitigation related costs. Granting this Application will minimize the frequency of rate changes and/or appropriately match the costs borne and benefits received by customers.

#### *Estimate of Amounts*

Table 1 on the next page shows PGE's total forecast of WM-related O&M expenses for calendar year 2025. The actual deferred amount of 2025 WM-related O&M costs under this application will not be known until the 2025 calendar year has concluded.

**Table 1**  
**Forecast of 2025 WM-Related O&M Expenses<sup>5</sup>**

<b>Forecast of 2025 WM-Related O&amp;M Expenses</b>	
<b>Cost Area</b>	<b>\$ in millions</b>
Community Outreach & Public Awareness	\$1.0
Grid Design & System Hardening	\$0.2
Grid Operations & Protocols	\$0.7
Industry Engagement	\$0.1
Inspect / Correct	\$4.1
Overview of the Service Territory	\$0.0
PSPS / Emergency Preparedness	\$1.4
Risk Methodology & Assessment	\$5.5
Situational Awareness & Forecasting	\$2.3
Vegetation Management	\$37.0
Wildfire Mitigation Strategy Development	\$2.6
<b>WMP Total</b>	<b>\$54.9</b>

However, PGE estimates that the incremental or decremental WM-related O&M costs for the twelve months of January 1, 2025, through December 31, 2025, to be minimal.<sup>1</sup>

In addition, per Staff's recommendation regarding the recovery of prospective amounts,<sup>2</sup> "Staff expects future cost recovery updates, through Schedule 151, to be accompanied by the uniform cost valuation metrics to demonstrate risk buy down, efficiency, and prudence."<sup>3</sup>

#### *Information Related to Future Amortization*

- Earnings review – Recovery of incremental wildfire mitigation related costs is not subject to an earnings review.

<sup>1</sup> Incremental/decremental to the 2025 prospective amount recovered through ADV 1698 (25-01) and ADV 1699 (25-02).

<sup>2</sup> Docket No. ADV 1699 (Advice No. 25-02) Staff Memo, May 19, 2025.

<sup>3</sup> Metrics are currently being developed in Docket No. UM 2340 Investigation into Guidelines for Wildfire Mitigation Plans.

- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of the automatic adjustment clause application to update the relevant schedule.
- Sharing – All prudently incurred cost and benefits will be collected from or refunded to customers with no sharing mechanism.
- Rate Spread/Design – will be consistent with the prevailing rate spread/rate design at the time of amortization.
- Three Percent Test (ORS 757.259(6)) – The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(6), which absent certain exceptions limits aggregated deferral amortizations during a year to no more than three percent of the utility's gross revenues for the preceding calendar year.

#### Conclusion

Staff reviewed the Company's application, and found it is consistent with Order No. 23-173. Accordingly, Staff recommends the application be approved.

#### **PROPOSED COMMISSION MOTION:**

Approve PGE's application and re-authorization to defer costs associated with Wildfire Risk Mitigation Measures and Vegetation Management for the 12-month period beginning January 1, 2025.