

Below you'll see a summary from the PUC on what we interpret SB 88 to change with regards to recoverable utility expenses. Hopefully, this answers Sen. Sollman's question about what activities/expenses would be prohibited from cost recovery if SB 88 were to pass as introduced. Thanks and let me and Nolan know if you have any further questions,

SB 88, Section 2 Prohibited Cost	Current Commission Practice	Impact of SB 88
(1) Membership fees, dues, sponsorships or contributions to a trade association <u>if the trade association uses any portion of the membership fees, dues, sponsorships or contributions to advertise or support a political influence activity</u>	<ul style="list-style-type: none"> <li>• 100% recoverable for research organizations,</li> <li>• 75% for trade organizations,</li> <li>• All other memberships and dues are unrecoverable unless the company demonstrates with proof that that membership provides sufficient benefits to customers.</li> </ul>	Membership and dues are recovered in FERC Account 921. In PGE's 2023 rate case, PGE recovered approximately \$160,000 in this account, which would be the maximum impact of this bill, depending on the political affiliation of each organization.
(2) Charitable giving, including contributions to an organization that is exempt from federal income taxes under section 501(c)(3) or (4) of the Internal Revenue Code	Not currently allowed.	No impact.
(3) Political influence activity	Not currently allowed.	No impact.
(4) Advertising or activity to support advertising including research, analysis, reparation* or planning  (we think this is a typo on "preparation")	By administrative rule, there are five categories of advertising costs and each gets different treatment between being recoverable, recoverable in part, or not recoverable. More info in the second table below.	Main impact is no longer able to recover justified costs in the PUC's "Advertising Category C - Institutional Advertising Expense" Based on definition of advertising in SB 88, there would have been roughly \$800,000 of costs that were included in PGE's 2023 general rate case.
(5) Compensation to a person if any portion of the compensation is for work to influence a decision by a federal, state or local government official	Not currently allowed.	No impact.
(6) Contributions to a political candidate, political party, campaign committee, issue committee or independent expenditure committee	Not currently allowed.	No impact.

(7) Litigation over an existing or proposed federal, state or local legislation, regulation or ordinance	Not currently allowed.	Would have a minor impact, which is presently unknown as the Commission does not ask the utilities to parse legal fees in this way currently.
(8) Any product or service not regulated by the Public Utility Commission, including costs or expenses for marketing, administration, customer service or other costs or expenses associated with the product or service not regulated by the commission	Not currently allowed.	No impact.
(9) Penalty or fine, including any penalty or fine associated with taxes, issued against the electric or gas company	Not currently allowed.	No impact.
(10) Travel, lodging, entertainment or food and beverage for a member of the board of directors or an officer of the electric or gas company or any affiliate unit of the electric or gas company	Allow up to 50% to be recovered in rates.	Total for this category—not just board of directors—was \$635,000 in last PGE rate case. We do not ask utilities to break out board of directors, so it would be a fraction of this.
(11) An aircraft owned, leased or chartered for a member of the board of directors or an officer of the electric or gas company or any affiliate unit of the electric or gas company	Currently, aircrafts are treated like any other rate case expenses and are allowed if deemed reasonable. If we can prove that traveling in their own plane costs more than buying a commercial ticket, then there should be a disallowance for the difference. If a commercial ticket costs more than their own plane, the sue of their own plane would be allowed. We do not currently break out costs for board of directors.	Would have slight impacts, but we don't have a recent example to reference.
(12) Investor relations	Not currently allowed.	No impact.
(13) Compensation above 50 percent of the annual total compensation or expense reimbursement for a member of the board of directors of the electric or gas company	Not currently allowed.	No impact.
(14) Preparing a report required under section 4 of this 2025 Act	Not applicable given the Act is not currently in effect.	No impact.

Advertising Categories in OAR 860-026-0022	Current rate treatment under OAR 860-26-0022	Advertising as defined in SB 88
Advertising Category A- Energy Efficiency or Conservation advertising	Expense for this type of advertising presumed just and reasonable for ratemaking purposes if no more than 0.0125 percent of previous year gross revenue. Amounts above this threshold may be included in rates if	Excluded from definition of advertising under Sec. 1(b)(D),
Advertising Category B – Legally Mandated Advertising	Expense in this category presumed reasonable for inclusion in Test Year	Excluded from definition of advertising under Sec. (1)(b)(A).
Advertising Category C - Institutional Advertising Expense	The energy or large telecommunications utility shall carry the burden of showing that any advertising expenses in Category "C" are just and reasonable for rate-making purposes. In any rate filing under ORS 757.210 and 759.180, the utility shall separately state the amount of advertising expenses in Category "C"	Advertising as defined in SB 88 sec. (1)(a)(A), (B), and (C).
Advertising Category D – Political advertising expenses and nonutility advertising expenses	Presumed unreasonable for inclusion in Test Year	Advertising as defined in SB 88 sec. (1)(a)(D).
Advertising Category E – — Energy efficiency or conservation advertising expenses that relate to a Commission-approved program	This expense may be capitalized	Excluded from definition of advertising under SB 88 sec. (1)(b)(D).