



Portland General Electric

121 SW Salmon Street • Portland, OR 97204
portlandgeneral.com

Senator Janeen Sollman, Chair
Senate Energy and Environment Committee
900 Court St. NE
Salem, OR 97301

March 3, 2025

Re: Senate Bill 88

Chair Sollman, Vice Chair Brock Smith, and members of the committee,

Thank you for the opportunity to provide testimony on SB 88 on behalf of Portland General Electric. PGE is an integrated energy company that generates, transmits, and distributes electricity to over 950,000 customers serving an area of 1.9 million Oregonians in seven counties and 51 incorporated cities. We are proud to be an Oregon company and Oregon's largest provider of electricity.

While we appreciate the desire to provide transparency about what is and what is not included in utility rates, SB 88 interferes with the OPUC's ability to effectively scrutinize the reasonable costs to serve customers and feeds misconceptions about already is, and more importantly, is not, included in utility customer rates.

SB 88 misinterprets allowed utility cost recovery:

The OPUC already has significant and longstanding limits in place regarding cost recovery for many of the kinds of expenses described by SB 88. Many of the categories listed in the bill - like lobbying, political contributions, charitable giving, and non-utility expense - are already excluded from customer rates, while others are reviewed in detail by the OPUC and stakeholders, with the ability to request specific data and review line-item expenses. SB 88 would remove the commission's discretion to consider these expenses.

Inconsistent and expansive definitions:

SB 88 introduces several new definitions that are inconsistent with current rules, FERC accounting standards, or existing OPUC regulations. This inconsistency will complicate and confuse compliance with this bill. One example is the definition of 'political influence activity,' which is extremely broad and deviates from both the established federal accounting rules (18 CFR § 367.4264) and existing lobbying statutes in Oregon. For example, PGE's costs for lobbying the Legislature are tracked and not included in customer process.

SB 88's definition of 'political influence activity' is so broad as to include basic utility operations activity such as communications with governments related to permitting, operations planning, and disaster recovery since those communications could "influence" the decision of a government official. Similarly, the bill prohibits the recovery of an employee's entire compensation if they engage in *any* 'work to influence a decision by a federal, state, or local government official', even if such activities constitute only a minor part of their responsibilities. These broad provisions may deter utilities from engaging subject matter experts, hindering utility operations, constructive engagement with government entities, and the ability of utilities to effectively serve their customers and communities.

Contested Case Engagement:

Section 3 seeks to limit what costs utilities can recover from customers for engagement in contested cases at the OPUC in proportion to the Citizens Utility Board or other intervenor. Utilities typically bear the burden of proof in significant proceedings such as a general rate case, Renewable Adjustment Clause (RAC) filing for the cost of renewable resources and associated batteries, Annual Update Tariff (AUT) filing on net variable power costs, or Power Cost Adjustment Mechanism (PCAM) reviewing the previous year's power costs to determine potential customer refunds or collections. Each of these major proceedings require extensive work and preparation. Utilities must respond to and address every argument or proposal from all parties involved, while other parties can be more selective in their focus. Additionally, utilities often need to respond to hundreds or even thousands of discovery requests, all requiring legal review, whereas other parties typically face far fewer requests. For example, in PGE's last rate review alone, with 65 identified contested issues by all parties, PGE presented evidence, briefed, and argued all issues and provided over 1,100 discovery responses.

By restricting cost recovery for contested case participation, SB 88 could lead to rushed and inadequately prepared cases, resulting in outcomes that may not serve the best interests of customers. Furthermore, SB 88 would place no limits on the activities of intervenors in those cases, some of whom are well funded, leading not to a level playing field, but an unlevel one tipped in favor of interests that do not align with customers.

Reporting Requirements:

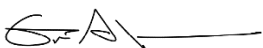
The reporting requirements under SB 88 are onerous, costly, and unnecessary. SB 88 would require utilities to itemize expenses that are prohibited from being collected in rates, which the commission need not review since the expenses are not proposed for recovery, leaving the report unnecessary. The OPUC already has effective, transparent processes in place to review and scrutinize recoverable costs during rate cases and plenary authority to review utility books, initiate investigations, and demand information.

Civil Penalties:

PGE is concerned about the introduction of a new system of uncapped civil penalties. These penalties would be mandatory, even in cases of inadvertent inclusion of disallowed costs in rate requests. The bill provides no flexibility to the PUC to consider the facts at hand and is particularly harsh given the complexity of rate cases and the potential for good-faith errors or misunderstandings. Further, the OPUC already has civil penalty authorities in current law. This added layer of civil penalties is also unnecessary - if a utility sought to recover costs for an unrecoverable expense, the commission would not allow recovery for the expense from customers and the company would pay the expense instead.

While PGE is actively engaged in conversations about utility affordability this session, including on bills to address utility rate processes, large load cost allocation, and wildfire costs, we regretfully oppose SB 88.

Sincerely,



Greg Alderson
Senior Manager, State and Federal Government Affairs