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Maria M. Pope
President & CEO

November 27, 2024

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office
Washington, DC 20510

Dear Senator Wyden:

Thank you for your letter dated November 25th. Responses to your questions are included below.

Our customers count on us every day for the energy they need. It is our privilege to serve them and our obligation to assure they have access to electricity, a vital necessity. As we work to modernize and strengthen the grid to serve their changing needs, meet society's rapidly growing demand for electricity, advance the energy transition to renewable resources, protect the grid against increasing cybersecurity threats, and prepare and protect against unpredictable and extreme weather – including the risk of catastrophic wildfires from all causes – Portland General Electric is focused on keeping the cost of electricity as low as possible. PGE has been, and remains, committed to working with all stakeholders to address this complex challenge and to serve customers well.

The regulatory review and approval process administered by the Oregon Public Utilities Commission is a transparent public regulatory process that PGE supports and continues to be deeply engaged in. Over the past 11 months of the 2025 rate review process, PGE provided nearly 2,000 pages of written testimony, responded to approximately 1,120 data requests with information totaling 17 GB of responsive materials.

The Commission determines the outcome of proceedings and exercises its duty to *“Scrutinize utility costs, risks, and performance to ensure just and reasonable rates for customers, manage customer and community choices to ensure value for everyone, and to anticipate, inform, and integrate policy, industry, market, and technology changes as the utility sector evolves”*

[<https://www.oregon.gov/puc/utilities/Pages/Energy-Who-We-Regulate.aspx>]

We remain committed to that process, engaged with all participants in that process, and look forward to resolution of that process later this year.

With respect to the specific questions in your letter:

“1. Please provide a description of the rate increases that have been approved by the PUC for each of the last five years, where applicable. If rate increases have differed between sectors, please provide those details as well.”

From 2020 to 2024, the Oregon Public Utility Commission has approved total price increases of 40%, and annual average increases of 8%, for PGE customers.

These customer price changes over the last five years have primarily been driven by the rising costs to purchase necessary power from the open energy market to serve customers. Power costs, which PGE has limited options to control and are necessary to maintain reliable service to customers, have nearly tripled in the past five years. Throughout this time, we have focused on operating as efficiently as possible and have stringently managed our operations and maintenance (O&M) expenses, keeping growth in those costs 7% below inflation.

PGE did not ask for a full rate case despite seeing significant inflationary pressures during the COVID-19 pandemic and made a very minimal increase effective in May 2022 that only resulted in a half percent increase. This resulted in a larger than average request for rate increase at the Public Utility Commission for 2024.

2020: Prices in 2020 were driven primarily by an increased market power costs with supporting investments in PGE’s demand response program, to add critical flexibility to the grid and reduce reliance on market purchases.

2020	Base Rates	Power Costs	Other	Total
All Classes	0.0%	1.9%	0.2%	2.1%
Residential	0.0%	1.8%	-0.1%	1.7%
Commercial	0.0%	2.1%	0.3%	2.4%
Industrial	0.0%	2.6%	0.8%	3.4%

2021: In 2021, power costs were the primary driver of the total price increase. Other investments included completion of the Wheatridge Renewable Energy facility, the end of the federal tax reform refund, and regulatory mechanisms that encourage energy efficiency and reduce risk.

2021	Base Rates	Power Costs	Other	Total
All Classes	1.2%	3.4%	1.4%	6.1%
Residential	1.1%	3.3%	1.6%	6.1%
Commercial	1.4%	4.2%	1.2%	6.9%
Industrial	1.8%	5.3%	0.1%	7.3%

2022: 2022 prices were driven almost entirely by power costs, with additional investments in PGE’s Integrated Operations Center and investments to strengthen the transmission and distribution system.

2022	Base Rates	Power Costs	Other	Total
All Classes	0.5%	3.1%	-0.8%	2.7%
Residential	1.6%	1.5%	-1.1%	2.1%
Commercial	-2.4%	3.8%	0.4%	1.8%
Industrial	-6.2%	5.0%	-0.4%	-1.6%

2023: In 2023, there was no increase in base prices. However, power costs saw the largest rise yet over the five-year period. Other factors included extraordinary costs following the 2020 Labor Day Wildfire and 2021 January Ice Storm, wildfire mitigation, the Income Qualified Bill Discount program, and additional power costs during the 2021 Heat Dome which saw power prices in the region close to \$1,000/MWh in some hours.

2023	Base Rates	Power Costs	Other	Total
All Classes	0.0%	7.7%	4.4%	12.1%
Residential	0.0%	7.3%	4.8%	12.1%
Commercial	0.0%	8.8%	3.9%	12.6%
Industrial	0.0%	12.1%	2.7%	14.8%

2024: In 2024, power costs drove the largest year over year increase in the five-year period. Base price increases were primarily driven by inflation and vital investments in the reliability of PGE service infrastructure, including major substations and the Faraday Hydropower facility. Other factors, including wildfire mitigation, energy efficiency programs administered by ETO, and the Income Qualified Bill Discount program resulted in minor increases. These were partially offset by a decrease for transmission-related revenues.

2024	Base Rates	Power Costs	Other	Total
All Classes	6.9%	8.5%	1.8%	17.2%
Residential	10.0%	7.6%	3.0%	20.7%
Commercial	4.0%	9.6%	0.4%	13.9%
Industrial	0.9%	12.8%	-1.1%	12.7%

“2. Please share what specific steps PGE is taking to limit cost increases primarily to the sectors where demand has increased the most in the last five years. If there is a discrepancy (for example, if the majority of load growth has been to service the industrial sector, but cost increases have disproportionately impacted the residential sector), please explain why.”

Like utilities nationwide, PGE is experiencing a surge in requests for new, substantial amounts of electricity load, including from advanced manufacturing, data centers and AI-related companies. This comes at a time when we are investing in a system to withstand increasingly extreme weather, support increasing electrification and enhance access to the lowest cost renewable energy available. These improvements strengthen the system to benefit all customers. Load growth helps affordability, because the more people using the grid, the more the costs to operate the grid are spread out.

Rates for all customer classes – residential, commercial, and industrial – and the allocation of rates across classes, are determined through a public rate review process at the Oregon Public Utility Commission based on the costs of service to different customer classes.

Existing regulatory frameworks will need to evolve to appropriately reflect how investments serve different customers and how costs are allocated given the changes in the new large load demands. Collaboration with regulators, policymakers and stakeholders is essential to help address these new realities and to keep the price of electricity as low as possible for residential and other business customers. This cooperation is underway, and PGE remains actively engaged with Oregon’s stakeholders to address cost allocation, including for new large requests for power.

“3. Please provide a description of changes in PGE’s load growth over the last five years, detailing the breakdown between the residential, commercial, and industrial sectors.”

PGE’s load growth has accelerated rapidly in the last 5 years with energy deliveries in 2023 10.1% higher than in 2019, or 9.2% higher on a weather adjusted basis. This compares to growth of 2.8% in the 10 years prior, 2010-2019, on a weather adjusted basis.

- Residential energy deliveries increased by 6.4%, or 5.2% on a weather adjusted basis. This is primarily driven by an increase in customer count of 4.6%. Average usage per customer was heavily impacted by response to the COVID-19 pandemic in 2020, but this response has largely normalized.
- Commercial energy deliveries decreased by 1.9%, 2.7% on a weather adjusted basis. This decrease is driven by energy efficiency and shifts to online retail.
- Industrial energy deliveries increased by 34.7%, 34.3% on a weather adjusted basis. PGE's service area semiconductor manufacturing and data center segments are driving this growth.

PGE's seasonal peak demand has also increased driven by overall system growth, intensified by increased use of air conditioning and extreme weather events.

- The heat dome event in 2021 led to a summer peak which was almost 500 MW higher than the highest summer event on PGEs system prior (3,976 MW in 2017) and, in 2023, this level was surpassed again (4,498 MW) under less extreme conditions.
- In 2022, PGEs system set a new record for winter seasonal peak, 4,113 MW, exceeding the record previously set in 1998 (4,073 MW).

“4. Please provide details regarding your residential, commercial and industrial energy efficiency efforts. How successful have these programs been? What changes are being made to improve them? How does PGE plan to continue investing in these programs to keep energy costs low for all of its customers?”

PGE's most recent Integrated Resource and Clean Energy Plan affirmed the important role of energy efficiency in meeting energy demand and decarbonization targets. Importantly, energy efficiency improvements help customers save money by reducing energy usage. The American Council for an Energy Efficient Economy (ACEEE) ranked Oregon among the top ten most energy efficient states for the 11th year in a row in their most recent 2022 assessment.

The Energy Trust of Oregon (ETO) is the provider of energy efficiency programs and incentives in Oregon. As mandated by Oregon statute, PGE customers have provided over \$1B in funding to the Energy Trust of Oregon (ETO) in the past two decades, realizing over 600 average-MW in energy conservation. In 2024, PGE customers contributed \$133 million to ETO, at a rate impact of <1%, this is a \$40 million increase (44.5%) in the annual amount PGE customers contributed to ETO since 2020.

PGE will continue to partner with ETO in 2025 and beyond to provide additional bill relief to customers with public sector rebates when available and PGE customer funded incentives, pairing PGE's income qualified bill discount (IQBD) with energy efficiency measures like insulation and heat pumps and working to identify new approaches to increase participation of underserved populations via community organizations and other channels.

In addition to supporting energy efficiency programs, PGE provides several demand response programs to help customers manage their energy use and save money. For example, Peak Time Rebates is a residential program open to all customers—whether homeowners or renters—that doesn't require any special devices to participate. The residential Smart Thermostat program helps households lower energy use and costs during times of high energy prices. Similarly, the Energy Partner Smart Thermostat program helps businesses take control of their energy costs more effectively.

Customer actions through these and related efforts reduced load by 109MW at the hottest time of the day during this last summer’s heat wave event, avoiding outages and increasingly volatile power markets during that time. PGE is working diligently to expand these programs and our distributed standby generation (DSG) program to provide important capacity to offset system constraints and prevent voltage or line overload issues.

“5. Please provide a description of the number of residential customers that have been disconnected from power for each of the last five years, and the steps that PGE is taking to reduce that number as costs continue to rise.”

We are committed to working with customers who need help with their bill and offer a wide range of programs and resources to customers. These include options that are available 24/7, such as payment extensions, Time Payment Arrangements (TPAs) and different options to pay. PGE offers Preferred Due Date which allows customers the option to pick their monthly bill date. PGE also offers an Equal Pay program which allows customers to average and level their monthly bills to help reduce high seasonal bills. PGE connects customers to energy assistance through referrals on behalf of customers to local Community Action Agencies that provide customers Low Income Home Energy Assistance Program (LIHEAP) and Oregon Energy Assistance Program (OEAP).

In 2022, PGE implemented an Income Qualified Bill Discount Program. In 2024, PGE increased the discount amount to provide up to a 60% bill discount. This program currently provides a monthly bill discount to over 85,000 residential customers.

	2022	2023	2024*
Residential customers enrolled in IQBD	45,448	69,062	88,049
Cost of program	\$4.2M	\$14.46M	\$41M

*Data is provided through Q3 2024

PGE recently completed an Energy Burden Assessment (EBA) performed by Empower Dataworks. The EBA concluded that PGE’s “IQBD program is operating effectively and is following energy assistance program best practices” and found no major recommended changes needed to the foundation of PGE’s IQBD program.” PGE has also been an active participant in an OPUC docket on affordability and customer programs and we anticipate additional changes for January 1 that will support our most vulnerable customers.

Like other regulated utilities, PGE disconnects a customer as a last resort and most customers are reconnected quickly. In Q3 2024, 80% of residential customers

disconnected for nonpayment were reconnected within 1 day and an additional 6% were reconnected within 7-days. These rates have been consistent year to date.

	2019	2020**	2021**	2022	2023	2024*
Residential customers disconnected for nonpayment	27,564	4,637	2,177	22,615	27,466	32,292
Percentage of residential customers disconnected for nonpayment	0.29%	0.05%	0.02%	0.23%	0.28%	0.39%

*Data is provided through October 2024

**PGE suspended residential disconnections due to the COVID-19 pandemic from March 2020 to August 2021.

“6. Please provide details regarding the total amount of federal funds, including through tax incentives, that PGE has received over each of the last five years. How are those funds being used to reduce costs for consumers?”

Federal grants for specific projects help reduce the overall cost of those projects as they are executed and completed. Federal tax credits, such as investment and production tax credits, offer financial benefits that are passed on to customers when the credits are realized. PGE has aggressively and successfully sought both grants and tax credits to lower costs and provide more benefits to customers by making the system safer and more reliable.

When the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA) became law, PGE began developing project proposals to secure funding for initiatives that would strengthen operations and reduce project costs. As these projects are completed, these grant funds help offset the cost of essential upgrades to infrastructure to provide a more resilient grid.

To date, PGE has participated in grant projects totaling more than \$2.4 billion, of which PGE has directly received over \$470 million in grant funding and roughly \$450 million in tax credits that are expected to be realized between 2019 and 2025.

Key grant-supported projects include:

- The Pacific NW Hydrogen Hub, where PGE is involved in the development of a potential new facility on the site of the former Boardman coal facility to produce clean hydrogen to generate clean electricity.
- The North Plains Connector, a transformative transmission project that will establish a new 3,000 MW connection between Montana and North Dakota

and electricity markets to the east, supporting access to reliable and renewable energy for PGE customers.

Grants Under Contract

- Confederated Tribes of Warm Springs (CTWS) Transmission Project - \$250M
- Grid Edge Computing - NVIDIA and Utilidata - \$50M
- Smart Grid Advanced Load Management Optimized Neighborhood (Salmon) - \$6.6M
- Grid Services Demonstration at Wheatridge - \$4.5M
- Critical Sectors Workforce Development - \$3M
- Salem Power Center - \$1M
- Pacific Northwest Hydrogen Hub, Phase 1 - \$600K
- Cyber Security - \$200K
- Oregon Department Fish and Wildlife Habitat Improvement - \$63K

Grants In Negotiation

- Pelton Round Butte Fish Facilities - \$5M
- Dam Safety at Faraday Hydro Facility- \$5M
- Willamette Falls Rubber Dam - \$782K
- Blue Heron Hydro Project- \$615K
- North Plains Connector Transmission Project - potential for \$140M

Grant Applications

- Department of Energy - Solar Technologies' Rapid Integration and Validation for Energy Systems (STRIVES) - \$600K
- Department of Energy Geothermal Demonstration- \$600K

Tax credits include:

Sec. 48 Investment Tax Credit and Sec. 45 Production Tax Credit are key to reducing project costs and benefiting our customers as the energy industry transitions to clean energy.

Over the past 5 years (2019-2023), PGE has realized \$150 million in value from these credits from key wind and hydro generation investments. Additionally, PGE is forecasted to realize roughly another \$300 million in the next two years from wind generation projects and battery energy storage projects. PGE is actively pursuing new renewable projects that could provide hundreds of millions of dollars of additional tax credit benefits.

Production Tax Credit benefits are a direct pass through to customers as an offset to power costs on an annual basis. PGE anticipates roughly \$200 million in Investment

Tax Credits from the Constable and Seaside Battery Energy Storage projects to be in-service December 31, 2024, and mid-year 2025, respectively. Subject to approval by the Oregon Public Utility Commission, the realization of the associated Investment Tax Credits for these projects will offset at least 30% of capital costs for customers.

“7. My energy tax credits in the Inflation Reduction Act have supported PGE and utilities across the country by covering up to 30% of the cost of new clean energy installations. Can you please describe what factors are driving the increased costs you are experiencing that are not supported by those credits?”

As discussed above, our customers have benefited significantly from the Sec. 48 Investment Tax Credit and Sec. 45 Production Tax Credit. But investments in new renewable energy resources and storage - the costs of which are mitigated by the federal tax credits - have not been the primary driver of rate increases in recent years.

The cost of power purchased on the market and through the Bonneville Power Administration (BPA) to serve customer demand, address capacity constraints, or to fuel thermal plants tripled between 2019 and 2024. These costs are beyond the utility's ability to control. Over that same time, PGE's own operating expenses underperformed the rate of inflation by 7%.

In addition to power costs, PGE like utilities across the country are dealing with aging infrastructure, wildfire mitigation costs, and the need to modernize and strengthen the grid to address cybersecurity threats, weather extremes and the transition from fossil fuels. Seventy-five percent of PGE's most recent 2025 rate review request is for long term capital investments that are serving customers. These investments include the installation of two utility-scale battery energy storage systems, which will play a crucial role in supporting the integration of renewable energy sources into the grid, while also providing vital backup capacity to ensure a consistent and reliable power supply - which will begin to help alleviate capacity challenges and associated costs. Investments in renewable resources and the storage and grid technologies necessary to integrate and manage will lower power costs, by reducing our customers' exposure to the uncertainty of energy markets.

PGE has also been actively investing in the modernization of its transmission, distribution and generation infrastructure. This initiative involves the critical maintenance and enhancements of our wind and thermal plants, systematic replacement of aging power lines and poles with more advanced and resilient infrastructure, as well as upgrading substations and transformers to enhance their durability and performance.

PGE has also been implementing new grid automation and monitoring technologies to bolster the reliability and efficiency of its operations. Recognizing the critical importance of cybersecurity in today's digital landscape, PGE has been making

strategic investments in state-of-the-art technologies to safeguard its systems and infrastructure against potential cyber threats and attacks. These initiatives are essential for maintaining the safety, reliability, and resilience of PGE's electric grid, thereby ensuring the consistent delivery of high-quality services to its customers. Delaying or postponing these critical projects would be detrimental to the long-term sustainability and performance of its infrastructure and operations.

Mitigating wildfire risk is a critical focus area for PGE at significant cost. Since 2022, PGE has spent approximately \$173 million on system hardening, vegetation management and enhancing situational awareness as detailed in our Wildfire Mitigation Plans. At the same time, PGE, like most utilities across the country, faces unbounded liability risk related to wildfires and those risks are driving up the costs of capital and insurance, and the availability of appropriate insurance coverage, threatening affordability for customers and system reliability.

Portland General Electric is committed to maximizing our service to customers while working to achieve the lowest cost and least risk we are able to while advancing progress on the imperatives our customers, communities and society require. Thank you for this opportunity to provide additional information on the factors driving increases in electricity prices for PGE customers and the steps the company is taking to address these complex challenges.

I look forward to continuing our conversation.

Sincerely,

A handwritten signature in black ink that reads "Maria Pope". The signature is written in a cursive, flowing style.

Maria M. Pope