

ORDER NO. 24-419

ENTERED Nov 15 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 511, UI 512

In the Matters of

PACIFICORP, dba PACIFIC POWER,

Application Requesting Approval for an
Affiliate Interest Transaction with Marmon
Water Inc. (Plexiglass) (UI 511); and

Application Requesting Approval for an
Affiliate Interest Transaction with Marmon
Water Inc. (Neoprene Gaskets) (UI 512).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 14, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Alison Lackey
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 14, 2024**

REGULAR **CONSENT** X **EFFECTIVE DATE** Upon Approval

DATE: November 1, 2024

TO: Public Utility Commission

FROM: Joseph Bartholomew

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: PACIFICORP:
(Docket Nos. UI 511 and UI 512)
Requests approval for affiliated interest transaction to purchase a glass sight and neoprene gaskets from Marmon Water Inc.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve PacifiCorp’s (PacifiCorp, PAC, or Company) application for approval of an affiliated interest Agreement (Agreement) with Marmon Water Inc, dba Marmon Industrial Water LLC (Marmon Water).

Issue

Whether the Commission should approve PacifiCorp’s affiliated interest transactions with Marmon Water, which involves the purchases of one sight glass for the feedwater system at the Hunter plant (UI 511) and a dozen neoprene gaskets (UI 512) to install the sight glass.

Applicable Rule or Law

An “affiliated interest,” as defined in ORS 757.015(3), includes every corporation five percent or more of whose voting securities are owned by a corporation or person that also owns, or is part of a successive chain of ownership, five percent or more of the voting securities of a public utility.

ORS 757.495(2) requires that contracts involving utilities and an affiliated interest be filed with the Commission. When a public utility enters into a contract to make payment for materials or supplies that will be recognized as an operating expense or capital

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expenditure in a rate proceeding, the contract shall be filed with the Commission within 90 days of execution of the contract. Application requirements for affiliated interest transactions are set forth in OAR 860-027-0040. OAR 860-027-0040(2)(g) requires that the application include the cost incurred and, if different from the costs, the market value of the goods or services being provided.

The Commission “shall examine and investigate” affiliate contracts. ORS 757.495(3). “If, after such investigation, the [C]ommission determines that the contract is fair and reasonable and not contrary to the public interest, the [C]ommission shall enter findings and an order * * * whereupon any expenses and capital expenditures incurred by the public utility under the contract may be recognized in any rate * * * proceeding.” ORS 757.495(3). Furthermore, when services or supplies (except for generation) are sold to an energy utility by an affiliate, sales shall be recorded in the energy utility’s accounts at the affiliate’s cost or the market rate, whichever is lower, unless there is an applicable rate on file with the Commission or with FERC. OAR 860-027-0048(4)(e).

Analysis

PacifiCorp filed UI 511 application with the Commission on October 4, 2024, and filed UI 512 on October 8, 2024, pursuant to ORS 757.495(1) and OAR 860-027-0040. PacifiCorp is an indirect, wholly owned subsidiary of Berkshire Hathaway Energy Company (BHE). Marmon Water is also a wholly owned, indirect subsidiary of BHE, which qualifies Marmon Water as an affiliated interest of PacifiCorp.

The Company’s filings contain two purchase orders that it submitted to Marmon Water in July and September 2024. PacifiCorp purchased one 3-inch by 12-inch glass sight, plexi-glass (UI 511) and a dozen 3-inch ID by 12-inch OD neoprene gaskets (UI 512). PacifiCorp states Marmon Water is the original equipment manufacturer of the sight glass (UI 511) and replacement gaskets (UI 512), which are specific to the feedwater system at PacifiCorp’s Hunter Plant. No other source for the gaskets was available. The bill of sale contract between PacifiCorp and Marmon Water specifies the equipment and the amount to be paid is \$618.20 for the glass sight, plexi-glass (UI 511) and \$507.96 for the dozen neoprene gaskets (UI 512) for a total amount of \$1,126.16.

Staff examined and investigated PacifiCorp’s filings and found them to meet the statutory standard of fair and reasonable and not contrary to the public interest. ORS 757.495(3). PacifiCorp has explained the equipment is necessary and that Marmon Water is the only supplier. The quantities ordered are low and the costs associated are minimal. The purchase orders do not appear to contain any unexpected or unusual terms or conditions that would be contrary to the public interest.

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Conclusion

Based on Staff's review of this application Staff concludes that PacifiCorp's affiliate transaction filings may be approved because they are fair and reasonable and not contrary to the public interest. ORS 757.495(9) and OAR 860-027-0040.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's applications for approval of the affiliated interest agreements with Marmon Water.

PAC UI 511/UI 512 AI Marmon Water