

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2222(3)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer  
Costs and Revenues Associated with  
Section 6 of House Bill 2021 and the  
Establishment of the Utility Community  
Benefits and Impacts Advisory Group.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on February 18, 2025, 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:



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**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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 18, 2025**

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

**DATE:** February 10, 2025

**TO:** Public Utility Commission

**FROM:** Charles Lockwood

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

**SUBJECT:** PACIFIC POWER:  
(Docket No. UM 2222(3))  
Application for Reauthorization of Deferred Accounting Regarding House Bill 2021 and Community Benefits and Impacts Advisory Group Costs

**STAFF RECOMMENDATION:**

Staff recommends the Oregon Public Utility Commission (the Commission) approve Pacific Power's (PacifiCorp or Company) request to authorize the deferral of costs associated with Section 6 of House Bill 2021 and the Establishment of the Utility Community Benefits and Impacts Advisory Group (CBIAG) for the 12-month period beginning January 6, 2025.

**DISCUSSION**

Issue

Whether the Commission should approve Pacific Power's request for reauthorization to defer costs associated with Section 6 of House Bill 2021 and the Establishment of the Company's CBIAG.

Applicable Law

ORS 757.259 authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include the following:

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Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.<sup>1</sup>

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must also include a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

In Order No. 05-1070, Docket No. UM 1147, the Commission determined that interest may accrue on deferred accounts at the authorized rate of return until amortization. Subsequent orders in Docket No. UM 1147 establish the rate during amortization. See Order Nos. 08-263 and 10-279.

Section 6 of HB 2021, effective September 25, 2021, and codified at ORS 469A.425, requires electric companies filing a clean energy plan under ORS 469A.415, to convene a Community Benefits and Impacts Advisory Group with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory. ORS 469A.425 outlines reporting requirements and provides examples of intended issues on which the Community Advisory Group may provide input.

Under ORS 469A.425(3), the legislature directs the Commission to "establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group."

## Analysis

### *Background*

In July of 2021, the Governor of Oregon signed into Law HB 2021, effective September 25, 2021. Section 6 of HB 2021 requires electric companies that file clean energy plans to establish a Utility Community Benefits and Impacts Advisory Group. This deferral is related to the costs associated with the Company's implementation of said law. On January 6, 2022, PacifiCorp filed the initial application requesting authorization to defer the incremental costs and revenues associated with implementation and

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<sup>1</sup> ORS 757.259(2)(e).

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administration of Section 6 of HB 2021. The Commission approved the Company's deferral application on March 24, 2022, in Order No. 22-100, for the 12 months beginning January 6, 2022.

On January 6, 2023, PacifiCorp filed for reauthorization to continue deferral of the incremental costs and revenues associated with implementation and administration of Section 6 of HB 2021 for the 12 months beginning January 6, 2023. The Commission approved the Company's deferral application on March 23, 2023, in Order No. 23-114.

On February 17, 2023, PacifiCorp filed Advice No. 23-004 to update Schedule 291, System Benefits Charge (Schedule 291), to include recovery of the incremental costs associated with implementation and administration of the Company's Community Benefits and Impacts Advisory Group required in Section 6 of HB 2021. The Commission adopted Staff's recommendation to approve the filing at the September 23, 2024 Public Meeting, in Order No. 24-316.

#### *Reason for Deferral*

The Company requests this reauthorization to minimize the frequency of rate changes to match appropriately the costs borne by, and benefits received by its customers. PacifiCorp states that by approving the application, the Commission supports the continued usage of an automatic adjustment clause and associated balancing account, keeping costs and revenues separate from the Company's other costs and revenues.

#### *Description of Utility Expenses*

The expenses included in this deferral are the incremental costs for implementing and administering Section 6 of HB 2021 along with the revenue received to fund the program.

#### *Proposed Accounting*

The Company proposes to continue recording the deferred amounts to Federal Energy Regulatory Commission account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts.

#### *Estimate of Amounts*

The Company's estimated budget amount of \$510,900 has been calculated to include:

- Member Reimbursement,
- Member Participation Compensation,
- Third-Party Facilitation,
- Language and Accessibility Services, and
- Travel.

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The estimated budget also includes third party facilitation for Oregon Tribal Nations engagement.

*Description and Explanation of Entries in Deferred Account*

The Company has included these in Attachment B of its application.

*Reason for Continued Deferred Accounting*

The Company reiterates the importance of this deferral allowing it to track the incremental costs and revenues associated with implementation of Section 6 of HB 2021.

*Staff Analysis*

Staff expects that as the group matures and process becomes more standardized, some clarity may emerge in terms of the categories of expense currently included in this deferral. That said, until such a time, Staff supports having the deferral in place to provide the Company the ability to move forward with development and have an accounting structure set up for costs associated with this effort.

Staff continues to engage with the Company on the CBIAG and remains interested in ways to optimize justice and equity driven input across community and advocate voices. Staff supports these efforts and acknowledges the challenges and unknowns related to organizing an effective Advisory Group that provides adequate representation for various communities across a diverse service territory.

In 2025, Staff plans to engage with PAC more frequently to review how the CBIAG is functioning. Staff sees opportunity to evaluate the advisory group's transparency and efficacy in providing input that leads to program changes within the Company. Additionally, Staff looks forward to restarting the CBIAG quarterly check-ins with both PAC and PGE to facilitate conversations around best practices and enhancements to both CBIAGs.

Finally, Staff notes that Subsection (3) of ORS 469A.425 specifies that the Commission establish a mechanism for contemporaneous recovery related to the CBIAG and that this also aligns with the Company's pending advice filing for an AAC for these purposes

*Information Related to Future Amortization*

- Earnings Review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5). Staff recommends no earnings test be applied given the purpose of this deferral.

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- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all PacifiCorp’s Oregon customers on an equal percentage basis of the total bill consistent with then public purposes charge.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year. The amortization of the CBIAG deferred costs will be subject to the three percent test in accordance with ORS 757.259(6)

### Conclusion

Based on Staff’s review of the application and discussions with PacifiCorp as outlined above, Staff recommends the Commission approve the Company’s application for reauthorization to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of the CBIAG.

### **PROPOSED COMMISSION MOTION:**

Approve PacifiCorp’s application for reauthorization to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of the Community Benefits and Impacts Advisory Group for the 12 months beginning January 6, 2025.

PAC UM 2222(3) HB 2021 Deferral