

ORDER NO. 25-107

ENTERED Mar 18 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2269(2)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs Associated with the Commission
Approved Independent Evaluators and
Third-party Expert Services in Request for
Proposals.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 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:

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.

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

REGULAR **CONSENT** **EFFECTIVE DATE** _____ **N/A**

DATE: February 18, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2269(2))
Reauthorization of deferred accounting for costs related to Commission
Approved Independent Evaluators and Third-Party Expert Services in
Request for Proposals

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (d.b.a. PacifiCorp) request to defer costs associated with the Commission Approved Independent Evaluators (IE) and Third-Party Expert Services in Request for Proposals (RFP) for the 12 months beginning December 27, 2024.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's requests for reauthorization to defer costs related to the Commission Approved IEs and Third-Party Expert Services in RFPs.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates in order to minimize the frequency of rate changes or to appropriately match customer benefits and costs. OAR 860-027-0300(4) requires a utility seeking reauthorization of a deferral to file the application within 60 days of expiration of the deferral and provide the following:

Docket No. UM 2269(2)
February 18, 2025
Page 2

- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

OAR 860-089-0200(1) and RFP Guideline 5 require an electric company to engage the services of an IE to oversee the competitive bidding process. OAR 860-089-0200(3) permits an electric company to request recovery of fees and expenses associated with an Oregon IE in customer rates.

In Order No. 06-446, the Commission provided that “[u]tilities may request deferred accounting to track the costs of IEs for later prudency review and potential inclusion in rates.”¹

Analysis

Background

On September 15, 2011, PacifiCorp filed an application under docket UM 1556 for deferral of the costs associated with the Oregon IE for its 2011 Request for Proposals.

Since 2011 the Company has requested deferral every year for a period of 12 months.

On December 27, 2022, PacifiCorp filed for authorization to establish deferred accounting for the costs associated with the third-party expert required under OAR 860-089-0400(5)(a) and Oregon IEs approved by the Commission for the Company’s 2022 All-source (AS) RFP. For administrative efficiency, the Company also proposed to include in that deferral the costs associated with Commission approved Oregon IEs and

¹ *In the matter of an Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 06- 446 at 6 (Aug. 10, 2006)

Docket No. UM 2269(2)
February 18, 2025
Page 3

third-party experts in future RFPs. The Commission approved the Company's application on October 20, 2023, in Order 23-377. The most recent reauthorization was approved through Order No. 24-259, issued on August 7, 2024.

PacifiCorp states that it anticipates filing an RFP in 2025.² Thus, the Company requests reauthorization under ORS 757.259(2)(e) to continue deferral of Oregon IE costs and third-party experts for RFPs for the 12-month period beginning December 27, 2024.

Description of the Expenses

PacifiCorp requests authorization to establish and maintain a balancing account to record the costs associated with Commission approved Oregon IEs in PacifiCorp's 2022AS RFP and all future RFPs.

Reason for Deferral

ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where necessary to match appropriately the costs borne by and benefits received by customers. PacifiCorp states that it "seeks to align the costs of the Oregon IE and third-party experts and the services they will perform on behalf of PacifiCorp's customers."³

Proposed Accounting

In response to Staff Information Request No. 1, the Company stated that, "PacifiCorp has not yet sought recovery of the costs deferred in the balancing account associated with docket UM 2269 (Deferred Accounting for Costs Associated with the Commission Approved Independent Evaluators and Third-Party Expert Services in Request for Proposals)."

However, PacifiCorp proposes to account for the deferred costs of the IE and third-party experts by recording the deferral in Account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts. Amortization of the balance would be considered in a subsequent proceeding coincident with inclusion in rates.

Estimate of Amounts

The Company anticipates that the cost of the Oregon IE will be approximately \$750,000 and the cost of the third-party expert will be approximately \$420,000.

Information Related to Future Amortization

² PacifiCorp Application at 3.

³ PacifiCorp Application at 4.

Docket No. UM 2269(2)
February 18, 2025
Page 4

- Earnings Review - An earnings review is required prior to amortization, per ORS 757.259(5).
- Prudence Review - A prudence review is required prior to amortization and should include verification of accounting methodology used to determine final amortization balance.
- Sharing - Staff is not recommending any sharing for this activity/filing.
- Three Percent Test (ORS 757.259(6))- The amortization of the deferred IE costs will be subject to the three percent test in accordance with ORS 757.259(6), with exceptions set forth in (7) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

Conclusion

Staff recommends the Commission approve PacifiCorp's request to defer costs associated with the Commission Approved IEs and Third-Party Expert Services in RFPs. The PacifiCorp activity is required by Commission rule.

The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application to re-authorize the deferral of costs associated with the Commission Approved Independent Evaluators and Third-Party Expert Services in Request for Proposals for the 12-month period beginning December 27, 2024.