

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2265(2)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer  
Costs Related to the Demand Response  
Programs Approved in Schedule 106.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on June 10, 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.

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 10, 2025**

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

**DATE:** May 13, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** PACIFIC POWER:  
(Docket No. UM 2265(2))  
PacifiCorp's Application for Reauthorization of Deferred Accounting for  
Costs Related to the Demand Response Programs Approved in  
Schedule 106.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) application for authorization to defer costs associated with Demand Response Programs approved in Schedule 106 for the 12-month period beginning January 1, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve PacifiCorp's request for authorization to record and defer costs associated with Demand Response (DR) Programs approved in Schedule 106.

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.

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OAR 860-027-0300(3) requires that applications for deferred accounting include: (a) a description of the utility expense or revenue, (b) the reason for the deferral and a citation to the statute authorizing the deferral, (c) the account proposed for recording the deferred amounts, (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 application notice. Notice of the application must be provided to all parties in the utility's last general rate case pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. ORS 757.259(6) prohibits a company's amortization of amounts deferred under ORS 757.259(5) from exceeding an amount equal to three percent of the company's gross revenues from the preceding year with some limited exceptions.

### Analysis

#### *Background*

In this application submitted on December 27, 2024, the Company seeks to maintain a balancing account to record the deferral of program costs related to demand response programs under Schedule 106.<sup>1</sup>

Schedule 106 enables multiple demand response programs that are approved by the Commission, in which eligible customers can participate.

The demand response programs approved to date under Schedule 106 are as follows:

<b>Demand Response Program</b>	<b>Approved</b>
Irrigation	May 5, 2022 (Advice 22-004 / ADV 1383)
Commercial and Industrial	November 16, 2022 (Advice 22-011 / ADV 1436)
Residential	May 16, 2023 (Advice 23-010 / ADV 1496)
Community-Based Renewable Energy Resilience Hub (CBRE-RH) Pilot	Pending (filed September 19, 2024) (Advice 24-014 / ADV 1637)

<sup>1</sup> While the cover letter requests the deferral period being the twelve-month period beginning January 1, 2024, later in the same filing, the request is for the twelve-month period beginning January 1, 2025. Staff understands this to be the correct request as the filing was submitted after the January 1, 2024, date and could not apply retroactively.

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These voluntary programs are part of the continuing implementation of resources identified in PacifiCorp's integrated resource plans.

For administrative efficiency and to ensure all demand response program costs approved under Schedule 106 are tracked under a single deferral, the Company also proposed transferring all unamortized amounts for its irrigation pilot program previously deferred under Docket No. UM 2158 through December 31, 2022, to this deferral.

The Company also confirmed that the deferred amounts associated with its demand response programs would be recovered through Schedule 291 in a future Commission proceeding.<sup>2</sup> The Commission approved the Company's initial application in UM 2265 in Order No. 23-115, issued on March 23, 2023. The first reauthorization was approved by the Commission in Order No. 24-317, issued on September 14, 2023.

#### *Description of the Expenses*

According to the Company, the expenses under Schedule 106 include vendor costs, customer incentives, customer outreach/advertising, evaluation, measurement and verification, and utility staffing directly attributable to managing these programs.

#### *Proposed Accounting*

The Company would continue to record 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 following table provides the costs that will be deferred under this application.

	2021	2022	2023	2024	2025	Total
Irrigation Pilot	\$302,869	\$81,785	\$-	\$-	\$-	\$384,654
Irrigation Load Control	\$-	\$268,617	\$991,284	\$1,700,000	\$2,000,000	\$4,959,901
Commercial & Industrial	\$-	\$4,628	\$530,757	\$740,000	\$4,000,000	\$5,275,385
Residential	\$-	\$-	\$263,950	\$580,000	\$180,000	\$1,023,950
CBRE-RH	\$-	\$-	\$-	\$50,000	\$350,000	\$400,000
<b>Total</b>	<b>\$302,869</b>	<b>\$355,030</b>	<b>\$1,785,991</b>	<b>\$3,070,000</b>	<b>\$6,530,000</b>	<b>\$12,043,890</b>

<sup>2</sup> See, Advice No. 22-004 and 22-001, the Company indicated its intent to utilize Schedule 291 (System Benefit Charge) for the recovery of costs associated with both the Irrigation and Commercial and Industrial demand response programs.

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*Reasons 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.

This deferral also is necessary to track the costs and revenues associated with implementing demand response programs approved by the Commission under Schedule 106.

*Information Related to Future Amortization*

- Earnings Review - Staff recommends that the cost recovery associated with this deferral not be subject to an earnings review because the program costs pertain to demand response programs (PacifiCorp Schedule 106).
- Prudence Review - A prudence review should be performed by the Commission Staff as part of PacifiCorp's deferral or amortization filings. The prudence review will include the verification of the accounting methodology used to determine the deferred amounts and a review of all costs and revenues proposed for amortization.
- Sharing - These deferrals are not subject to a sharing mechanism.
- Rate Spread/Rate Design - Costs will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of generation revenue applied on a cents-per-kWh basis, as approved in PAC Schedule 106.
- Three Percent Test (ORS 757.259(6)) - The amortization of the pilots' deferred costs will be subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (with exceptions) 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.

Conclusion

Based on Staff's review of PacifiCorp's application, Staff concludes that the Company's application is reasonable and meets the requirements of ORS 757.259 and OAR 860-027-0300 without detriment to customers.

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

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**PROPOSED COMMISSION MOTION:**

Approve PacifiCorp 's application for authorization to defer costs associated with Demand Response Programs approved in Schedule 106 for the 12-month period beginning January 1, 2025.