

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2238(2)(3)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Administrative Costs Associated with
House Bill 2475 Energy Affordability Act.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 5, 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:

A handwritten signature in blue ink, appearing to read "Alison Lackey".

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: August 5, 2025

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: July 29, 2025

TO: Public Utility Commission

FROM: Kate Ayres

THROUGH: Scott Gibbens **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2238(2) and (3))
Request for Reauthorization of Deferred Accounting for Administrative
Costs Associated with House Bill 2475 Energy Affordability Act.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Pacific Power’s (PacifiCorp or Company) request for reauthorization to defer incremental administrative costs associated with House Bill 2475 (HB 2475), the Energy Affordability Act, for the 12-month period beginning March 29, 2024, for UM 2238(2) and March 29, 2025, for UM 2238(3).

DISCUSSION:

Issue

Whether the Commission should approve the Company’s request for reauthorization to defer accounting of incremental administrative costs associated with House Bill 2475 for two separate filings, for the 12-month periods beginning March 29, 2024 and March 29, 2025.

Applicable Rule or Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs. The Commission’s final determination on the amount of

Docket No. UM 2238
July 29, 2025
Page 2

deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities and requires the utility to provide certain information in an application to defer, such as the reason for the deferral and the estimated amount of the deferral.

Analysis

Background

This memo addresses two separate Company deferral applications to track and defer the incremental administrative costs associated with the implementation of HB 2475. PacifiCorp filed two applications for reauthorization of this deferral including one on March 13, 2024, docketed as UM 2238(2) and the other on March 19, 2025, docketed as UM 2238(3).

On January 1, 2022, HB 2475 became effective. The bill expanded language under ORS 757.230 to include additional factors the Commission may consider when establishing rate classifications, such as the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers." In response to HB 2475, the Commission has initiated a broad implementation effort that includes both interim actions to provide customers near-term relief under the new authority and a longer-term investigation to fully explore and establish the Commission's policies for differential rate design and administration.¹

The Commission approved the initial deferral application on June 2, 2022, in Order No. 22-198, for the 12 months beginning on March 29, 2022. On September 11, 2023, the Commission approved the reauthorization in Order No. 23-329.

Reasons for Deferral

PacifiCorp seeks to continue deferred accounting of the incremental costs to implement and administer the low-income bill discount program. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes, the fluctuation of rate levels, or to appropriately match the costs borne and benefits received by customers.

The Company states that Commission approval of both applications for reauthorization will allow PacifiCorp to track the incremental administrative costs for the program

¹ See Docket No. UM 2211.

Docket No. UM 2238
July 29, 2025
Page 3

separate from PacifiCorp's other costs and revenues; thus resulting in minimizing the frequency of rate changes and matching appropriately the costs borne by, and benefits received by, customers.

Description of Expense

The Company includes Exhibit B in its March 2025 filing which provides the entries in the deferred account to date, shown in Figure 1 (Page 4).

Staff reached out to the Company to provide additional information regarding some of the larger one-time payments for the 2024 and 2025 fiscal years. The Company responded that the outreach costs reflected a postcard campaign to approximately 86,000 customers providing information on the Company's LID program. The larger expenses under the Energy Burden Assistance category tracks the Energy Burden Assessment costs. The Company contracted Empower Dataworks in 2024 to conduct an Energy Burden Assessment and the three charges in that category reflect the three payments invoiced to Empower Dataworks. Finally, the increase IT costs reflect the implementation of a project to migrate the functionality of a homegrown LID program database to the Company's billing system, which enables the Company to automate operational and reporting requirements for the program.

Docket No. UM 2238
July 29, 2025
Page 4

Figure 1. PacifiCorp's Oregon Low-Income Bill Discount Admin Costs

OR Low Income Bill Discount Admin Costs										
	Interest	Rate	Period							
		5.13%	2023 UM 1147 (Modified Blend Treasury)							
		5.40%	2024 UM 1147 (Modified Blend Treasury)							
		5.16%	2025 UM 1147 (Modified Blend Treasury)							
			Deferral							
Period	Beginning Balance	Internal ORD 349030	External ORD 349031	Outreach ORD 349032	Survey ORD 349033	Survey ORD 350779	Energy Burden Assistance ORD 352236	Program IT ORD 353080	Interest	Ending Balance
Jan-23	7,820.86	534.00	334.75	19.20					35.33	8,744.14
Feb-23	8,744.14	546.00	515.52	1,125.00					42.05	10,972.71
Mar-23	10,972.71	1,001.00	254.41						49.59	12,277.71
Apr-23	12,277.71	2,093.00	388.31	1,076.24					60.09	15,895.36
May-23	15,895.36	1,704.02	60.26	128.20		18,050.00			110.58	35,948.42
Jun-23	35,948.42	728.00	160.68	25.50		18,050.00			194.22	55,106.81
Jul-23	55,106.81	928.81	120.51	534.20					238.97	56,929.30
Aug-23	56,929.30	910.00	107.12						245.55	58,191.96
Sep-23	58,191.96	637.00		20.82					250.18	59,099.96
Oct-23	59,099.96	819.00		514.09		16,550.00			290.88	77,273.93
Nov-23	77,273.93	182.00	40.17	21,621.28					377.04	99,494.41
Dec-23	99,494.41	1,729.00	40.17	3,853.86					437.36	105,554.80
	FY 2023 TOTAL	\$ 11,811.83	\$ 2,021.90	\$ 28,918.39		\$ 52,650.00			\$ 2,144.76	
Jan-24	105,554.80	1,392.00	388.31	16,550.00					516.24	124,401.35
Feb-24	124,401.35	3,480.00	40.17						567.73	128,489.25
Mar-24	128,489.25	1,479.00	227.63						582.04	130,777.92
Apr-24	130,777.92	2,175.00	120.51						593.67	133,667.10
May-24	133,667.10	1,807.43	93.73						605.78	136,174.04
Jun-24	136,174.04	2,143.34	66.95				48,000.00		725.76	187,110.08
Jul-24	187,110.08	1,044.00	93.73						844.56	189,092.37
Aug-24	189,092.37	4,263.00	133.90	32,700.00			72,000.00		1,096.38	299,285.65
Sep-24	299,285.65	696.00	53.56	5,372.00	17,350.00		40,000.00		1,489.60	364,246.81
Oct-24	364,246.81	5,829.00	241.02	121.86					1,653.04	372,091.73
Nov-24	372,091.73	6,333.00	120.51	27.39				356.00	1,689.80	380,618.43
Dec-24	380,618.43	2,684.00	53.56			17,350.00		20,799.00	1,804.78	423,309.76
	FY 2024 TOTAL	\$ 33,325.77	\$ 1,633.58	\$ 54,771.25	\$ 17,350.00	\$ 17,350.00	\$ 160,000.00	\$ 21,155.00	\$ 12,169.36	
Jan-25	423,309.76	4,664.00	80.34					30,786.00	1,896.62	460,736.73
Feb-25	460,736.73	6,059.00	53.56	3,890.40				41,210.50	2,091.28	514,041.46
	FY 2025 TOTAL	\$ 67,041.11	\$ 2,530.71	\$ 96,882.90	\$ -	\$ -	\$ -	\$ 71,996.50	\$ 3,987.90	

Proposed Accounting

The Company proposes to record deferred amounts to Federal Energy Regulatory Commission (FERC) Account 182.3, Other Regulatory Assets. This account accrues interest at the Modified Blended Treasury Rate, consistent with the program costs and revenues deferred in Docket No. UM 2223.

Estimated Deferral in Authorization Period

PacifiCorp has estimated annual budgets of \$250,000 for administrative costs in UM 2238(2) and UM 2238(3), respectively.

Docket No. UM 2238
July 29, 2025
Page 5

Information Related to Future Amortization

- Earnings Review – ORS 757.259(5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259(2)(e).
- Prudence Review – Prudence review is required prior to deferral amortization and should include the verification of the accounting methodology used to determine the final amortization balance. The prudence review will be held after PacifiCorp files for amortization.
- Sharing – This deferral is not subject to a sharing mechanism.
- Three Percent Test (OAR 757.259(6)) – The amortization of the deferral costs will be subject to the three percent test in accordance with ORS 757.259(6) 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

Based on Staff's review of PacifiCorp's applications and following review of the workpapers and discussion with the Company via email, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259. Further, the Company's request for authorization for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends the Commission approve PacifiCorp's two separate applications.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request for reauthorization to defer incremental administrative costs associated with House Bill 2475 Energy Affordability Act for the twelve-month periods beginning March 29, 2024, ending March 28, 2025, for UM 2238(2) and beginning March 29, 2025, ending March 28, 2026, for UM 2238(3).

CA7 – UM 2238