

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 435

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Property Sales Balancing Account
Adjustment.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 30, 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. CA14

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 30, 2025**

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

DATE: September 21, 2025

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Scott Gibbens and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UP 435)
Request to Adjust Property Sales Balancing Account

STAFF RECOMMENDATION:

Staff recommends the Commission approve the application by PacifiCorp (Pacific Power, PAC or Company) to adjust its Property Sale Balancing Account to reflect the unrecovered balance of net book value resulting from the decommissioning of Company property for the Paris Hydroelectric Project in Bear Lake County, Idaho, subject to the following Staff recommended conditions (Conditions):

1. The Company shall notify the Commission in advance of any substantive change to the proposal as filed, including any material changes in cost. Any changes to the proposal that alter the intent and extent of activities under the agreement from those approved herein shall be submitted for approval in an application for a supplemental order (or other appropriate form) in this docket.
2. The Commission reserves the right to review, for reasonableness of the financial aspects of this transaction in any future Commission proceeding.
3. PacifiCorp shall provide the Commission with access to all books of account, as well as documents, data and records that pertain to this transaction.

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DISCUSSION:

Issue

Should the Commission approve PacifiCorp's application seeking approval to record Oregon's allocation of unrecovered net book value resulting from the sale of Company property for the Paris Hydroelectric (Paris) in the Property Sales Balancing Account.

Applicable Law

PacifiCorp filed this application on July 30, 2025, pursuant to ORS 757.480 and OAR 860-027-0025. These are the laws governing the sale or lease of utility property.

ORS 757.480 provides that a utility shall obtain the Commission's approval prior to selling or leasing property used to provide utility service.

OAR 860-027-0025(1)(I) requires the applicant to show that the property sale will be consistent with the public interest. The Commission has interpreted the phrase "consistent with the public interest" to require a showing of "no harm to the public."¹

Analysis

Background

The Paris project is a 715-kilowatt (kW) conduit hydroelectric project located on approximately 30 acres of PacifiCorp-owned land located on Paris Creek in Bear Lake County, Idaho. The resource began service in 1910, and is located near PacifiCorp's Bear River Hydroelectric Project, which includes the 14 MW Soda Hydroelectric Development, the 33 MW Grace Hydroelectric Development, and the 30 MW Oneida Hydroelectric Development (Bear River Resources).

In 1999, PacifiCorp sought to relicense the Bear River Resources. After discussions over the next two decades between PacifiCorp, state and federal agencies, tribes, and non-governmental organizations, the parties reached several agreements regarding this resource that involve an ecosystem restoration approach for these resources, in conjunction with hydropower operations, recreation uses, and other beneficial uses of the Bear River.

¹ See, e.g., *In the Matter of the Application of PacifiCorp*, Docket No. UP 168, Order No. 00-112 at 6 (February 29, 2000); *In the Matter of the Application of Portland General Electric*, Order No. 99-730 at 7 (November 29, 1999).

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The Paris Creek Restoration Agreement (Restoration Agreement) provides for the decommissioning and surrender of the Paris resource's conduit exemption,² and the return of natural flows to Paris Creek for the enhancement and restoration of cold-water habitat for Bonneville cutthroat trout.

The Restoration Agreement also requires a reduction in minimum stream flow releases at PacifiCorp's Grace Hydroelectric Development to provide additional water for generation to offset a portion of the generation lost from decommissioning. The Federal Energy Regulatory Commission (FERC) approved these agreements in the summer of 2024.

Company Proposal

With this filing, PacifiCorp requests to record Oregon's allocation of the unrecovered net book value resulting from the disposition, retirement, and decommissioning of Paris in the Property Sales Balancing Account. The Company anticipates selling the associated land at a gain, for which the Oregon-allocated portion will also be recorded in the balancing account.

The Oregon-allocated amount PacifiCorp is requesting to record in the Property Sales balancing account is \$0.1 million of the remaining \$0.4 million net book value of the Paris resource in the Property Sales Balancing Account. This is the estimated net book value, including land, of the Paris resource as of September 30, 2025.

Regarding future sales, PacifiCorp anticipates that the following Paris assets will likely be sold after the resource is decommissioned: approximately 31.7 acres of land, an empty stone powerhouse, a domestic well, and a garage. A request for proposal process will be used to solicit bids to salvage the generation equipment, and an additional 4.3 acres will be donated to a public entity for public access to Paris Creek as part of the Paris Creek Restoration Agreement.

Currently, PacifiCorp does not have a reasonable estimate of anticipated sales proceeds; however, all Oregon-allocated gains will be returned to customers in future Schedule 96 adjustments.

If approved, PacifiCorp will record the Oregon-allocated Paris undepreciated plant costs (i.e., the remaining net book value) in FERC Account 254, Other Regulatory Liabilities, to offset the expected future gains that will be recorded in the same account associated with the Property Sales Balancing Account. If denied, PacifiCorp will record the

² Paris operates primarily on pass-through water under senior irrigation water rights – Company application pg. 2.

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remaining undepreciated plant costs in the FERC account 421.2, Loss on Disposition of Property.

Analysis

Staff issued discovery in this docket to:

1. Confirm the FERC Order approving the Paris Conduit surrender agreement.
2. Confirm the net book value (NBV) of the associated property.
3. Determine whether the associated lands contemplated for future sale are included in the NBV amount to be transferred to the balancing account. The Company confirms the NBV of the associated property is included.
4. Determine whether interest is applied to the undepreciated asset amount that is transferred to the balancing account. The Company confirms that interest is applied at the Modified Blended Treasury rate after the gain from a future sale of the property occurs.

Allocation of Gain

Upon the sale of the property, the Oregon-allocated gain on the sale will be transferred to the balancing account, accrue interest at the Modified Blended Treasury (MBT) rate³, and ultimately returned to customers through an adjustment to Schedule 96.

Public Interest Compliance

The Commission customarily applies a no harm standard to determine public interest compliance for property sales and leases. Based on Staff's review, the proposed action will not harm customers and will not increase rates. Staff concludes that the Company's proposal is in the public interest.

Records Availability, Audit Provisions, and Reporting Requirements

Order Condition number 1, listed in Staff's Recommendation, affords the Commission the ability to re-examine the terms of the proposal if there are substantive changes. Staff notes that the Commission retains the ability to review all property sales and lease agreements of the Company through general rate case filings.

³ See Public Utility Commission of Oregon Interoffice Correspondence, "Calculation and Verification of the Following Rates for 2025: Modified Blended Treasury (MBT), Modified Blended Exception (MBE), and Prudence-Reviewed Unamortized Environmental Remediation Expense (PURE)," Dockets No. UM 1147 and UG 221 (January 13, 2025) (available at: [https://www.oregon.gov/puc/forms/Forms and Reports/Modified-Blended-Treasury-MBT.pdf](https://www.oregon.gov/puc/forms/Forms%20and%20Reports/Modified-Blended-Treasury-MBT.pdf)).

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Conclusion

For the reasons discussed above, Staff recommends that the Commission approve the Company's application seeking approval to record the NBV of undepreciated assets related to the Paris project in the Property Sales Balancing Account.

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

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's adjustment to its Property Sale Balancing Account to reflect the unrecovered balance of net book value resulting from the decommissioning of Company property for the Paris Hydroelectric Project in Bear Lake County, Idaho, subject to three Conditions herein.

CA14 - PAC UP 435 Paris Hydro Project