

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 450

In the Matter of

PACIFICORP, d/b/a PACIFIC POWER,

2026 Transition Adjustment Mechanism.

ORDER

DISPOSITION: STIPULATION ADOPTED WITH MODIFICATION

I. SUMMARY

In this order, we adopt the parties' stipulated agreement on PacifiCorp, dba Pacific Power's 2026 Transition Adjustment Mechanism (TAM). The TAM is PacifiCorp's annual filing to update its net variable power costs (NPC) in rates and to set the transition adjustments for customers who choose direct access during the open enrollment window in November.

The stipulation reflects the agreement of PacifiCorp, Staff of the Public Utility Commission of Oregon (Staff), Alliance of Western Energy Consumers (AWEC), and the Oregon Citizens' Utility Board (CUB).¹ Calpine Energy Solutions LLC is also a party to this case and does not oppose the stipulation. The stipulation is attached to this order as Appendix A.

II. BACKGROUND AND PROCEDURAL HISTORY

On April 1, 2025, PacifiCorp filed its 2026 TAM with proposed tariff sheets for Schedule 201 to be effective January 1, 2026. PacifiCorp's forecast NPC consists of fuel expense, purchased power, wholesale sales, and wheeling expense. The TAM also includes a forecast for other revenues related to NPC, Energy Imbalance Market (EIM) benefits and costs, and production tax credits (PTCs).

PacifiCorp's initial filing reflected an Oregon-allocated NPC of \$649.8 million. This represented an approximately \$0.07/MWh decrease in Oregon-allocated NPC and when combined with an increase in PTCs of approximately \$0.422 million, represented a total overall rate decrease of approximately 0.5 percent, or \$10.4 million (Oregon-allocated).

¹ Collectively, these entities are referred to as the stipulating parties.

After multiple rounds of testimony and settlement meetings, the parties reached an agreement resolving all issues in this docket, and the stipulating parties filed a stipulation and supporting testimony on September 22, 2025.

III. STIPULATION

The stipulation establishes baseline 2026 NPC in rates, subject to the final update to be filed on November 14, 2025. The stipulation provides for a total company TAM baseline of \$2.119 billion and an Oregon-allocated TAM baseline of \$567.0 million, subject to the final update. This is a decrease of \$5.6 million to Oregon-allocated NPC, or a rate decrease of approximately 0.3 percent, after adjusting for forecasted load changes and PTCs. The stipulating parties agree that the rate change resulting from the stipulation results in rates that are fair, just, and reasonable. The stipulating parties agree that the stipulation represents a compromise among competing interests and a resolution of the contested issues in these proceedings.

The stipulation outlines the settlement of several issues reached by the stipulating parties, including adjustments to PacifiCorp's calculated and updated NPC. The stipulation includes the removal of wheeling expense for BPA losses, as identified by AWEC's testimony, resulting in an estimated reduction of \$5.46 million. The company agrees to remove the Nodal Pricing Model (NPM) Fee after the anticipated implementation of the Extended Day-Ahead Market (EDAM) in May 2026, resulting in an estimated reduction of approximately \$1.66 million. PacifiCorp agrees to an adjustment reducing Oregon-allocated 2026 TAM by \$10.0 million, with \$8.0 million of the reduction allocated to NPC and \$2.0 million of the reduction allocated to PTCs.

The stipulating parties agree that for the 2027 TAM, PacifiCorp will produce and provide a study or analysis showing the NPC benefits of Gateway South independent of the generation assets interconnected by Gateway South. The stipulation also includes PacifiCorp and Staff's agreement to work together to address Aurora access issues before the company files the 2027 TAM.

Although the stipulation is anticipated to result in a rate decrease, in the event that the 2026 TAM results in a rate increase, the settling parties agree for settlement purposes only that the rate effective date for residential customers will be April 1, 2026, with the increase being recovered over 12 months and that the Commission's modified blended exception rate plus 100 basis points will be applied to the delayed rate increase from January 1, 2026 to March 31, 2026.

As part of the stipulation, PacifiCorp agrees to reduce the modeled minimum take under the Hunter/Wolverine and Huntington/Wolverine CSA second amendments by a combined 12,400,000 million British thermal units (MMBtu) for 2026. The stipulation

and supporting testimony state that “[t]his reflects the minimum consumed at the plants after removing the amount used for rebuilding the coal inventory in the [company’s] economic analysis from Exhibit PAC/202, Owen/19-26.”²

The company agrees to continue modeling that same reduced minimum take in each TAM through the 2029 TAM filing. The stipulating parties agree that “prudence review of actual operations will continue in the appropriate Power Cost Adjustment Mechanism (PCAM) proceeding beginning with the 2025 PCAM” and that “[p]rudence review of the coal inventory for the Hunter and Huntington plants will occur in PacifiCorp’s next general rate case.”³ Further, the stipulating parties “agree to not contest the terms (including pricing) of the Hunter/Wolverine and Huntington/Wolverine CSA second amendments in the TAM or other rate proceeding through 2029.”⁴ The stipulation includes additional details regarding how this adjustment will be calculated. The agreement regarding coal supplies is anticipated to result in a reduction of approximately \$3.93 million in the 2026 TAM.

The stipulating parties agree that the company will file an indicative and final update to the 2026 TAM consistent with the TAM Guidelines, and including the adjustments described in the stipulation. No party opposes the stipulation.

IV. RESOLUTION

Under OAR 860-001-0350, the Commission may adopt, reject, or propose to modify a stipulation. If the Commission proposes to modify a stipulation, the Commission must explain the decision and provide the parties with sufficient opportunity on the record to present evidence and argument to support the stipulation. In reviewing a stipulation, we review to determine whether the overall result of the stipulation results in fair, reasonable, and just rates. We review settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates.

A party may challenge a settlement by presenting evidence that the overall settlement results in something that is not compatible with a just and reasonable outcome. Where a party opposes a settlement, we will review the issues pursued by that party, and consider whether the information and argument submitted by the party (which may be technical, legal, or policy information and argument) suggests that the settlement is not in the public interest, will not produce rates that are just and reasonable, or otherwise is not in accordance with the law. To support the adoption of a settlement, the stipulating parties must present evidence that the stipulation is in accord with the public interest, and results in just and reasonable rates.

² Stipulation at 5 (Sept. 22, 2025).

³ Stipulation at 5 (Sept. 22, 2025).

⁴ *Id.*

Here, we have reviewed the stipulation and supporting testimony and we adopt this stipulation as a reasonable resolution of the issues raised by the parties regarding the 2026 TAM. We find that the terms of the stipulation are supported by sufficient evidence, appropriately resolve issues in this proceeding, and will result in fair, just, and reasonable rates. We determine that the stipulation contributes to an overall settlement in the public interest.

Although we adopt the stipulation, we note that in Order No. 24-309, we specifically addressed what we expected would happen in this docket regarding coal supply issues at certain PacifiCorp facilities. Because of concerns that the company had not provided the analysis required by earlier orders, we explicitly told the stipulating parties in docket UE 434 that “[w]e will review and evaluate the prospective reasonableness of these CSA amendments in the 2026 TAM.”⁵ We explained that our order in the 2025 TAM “require[d the] parties in the 2026 TAM to include a meaningful evaluation of those CSA amendments to allow us to reach a determination regarding their reasonableness with respect to future power cost forecasts.”⁶

Here, the stipulation explains that “prudence review of actual operations will continue in the appropriate Power Cost Adjustment Mechanism (PCAM) proceeding beginning with the 2025 PCAM” and that “[p]rudence review of the coal inventory for the Hunter and Huntington plants will occur in PacifiCorp’s next general rate case.”⁷ As we did in Order No. 24-309, we clarify that although we adopt the stipulation, our order does not constitute an affirmative finding that the CSA amendments for Hunter and Huntington are reasonable or prudent.

⁵ Order No. 24-309 at 4 (Sept. 19, 2024).

⁶ *Id.* at 3.

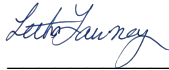
⁷ Stipulation at 5.

V. ORDER

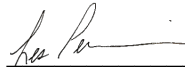
IT IS ORDERED that:

1. The stipulation between PacifiCorp, dba Pacific Power; Staff of the Public Utility Commission of Oregon; Oregon Citizens' Utility Board; the Alliance of Western Energy Consumers, attached as Appendix A, is adopted as modified.
2. Advice No. 25-006 is permanently suspended.
3. PacifiCorp, dba Pacific Power, shall update its net power costs to reflect the stipulation and its final update to establish its Transition Adjustment Mechanism NPC for the calendar year 2026, filing tariffs to be effective January 1, 2026.

Made, entered, and effective Oct. 27, 2025.



Letha Tawney
Chair



Les Perkins
Commissioner



Karin Power
Commissioner

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 Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
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UE 450

In the Matter of
PACIFICORP, d/b/a PACIFIC POWER,
2026 Transition Adjustment Mechanism

STIPULATION

The Transition Adjustment Mechanism (TAM) is an annual filing by PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) to update its net power costs (NPC) in rates and set the transition adjustments for direct access customers. This Stipulation resolves all issues in this docket, the 2026 TAM, among the stipulating parties.

PARTIES

1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility Commission of Oregon (Commission) (Staff), the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) (collectively, the Stipulating Parties). Calpine Energy Solutions, LLC (Calpine Solutions) does not join this Stipulation, but it does not oppose the settlement that has been reached. No other parties intervened in the 2026 TAM.

BACKGROUND

2. On April 1, 2025, PacifiCorp filed its 2026 TAM with direct testimony and exhibits from Ramon J. Mitchell, James C. Owen, Vijay Singh, and Judith M. Ridenour (Initial Filing). PacifiCorp also filed revised tariff sheets for Schedule 201 to implement the 2026 TAM.

3. PacifiCorp's 2026 TAM filing proposed updates to NPC in rates and test period forecasts for renewable energy production tax credits (PTC).

4. PacifiCorp's Initial Filing reflected total-company NPC for the test period (the 12 months ending December 31, 2026) of approximately \$2.420 billion.¹ NPC in the Initial Filing were approximately \$649.8 million on an Oregon-allocated basis.² This amount was approximately \$8.1 million higher than the \$641.7 million Oregon-allocated NPC from the Final Update in the 2025 TAM (docket UE 434) and \$10.4 million less when adjusted for forecasted load changes and PTCs.³ The Initial Filing reflected an overall average rate decrease of approximately 0.5 percent.⁴ Consistent with the Commission's final order in the 2025 TAM, PacifiCorp included in its Initial Filing a detailed analysis of the second amended coal supply agreements (CSA) PacifiCorp executed on February 15, 2024, with Wolverine Fuel Sales, LLC (Wolverine) for the Hunter and Huntington plants—the Hunter/Wolverine CSA second amendment and Huntington/Wolverine CSA second amendment.⁵

5. On April 2, 2025, AWEC filed a petition to intervene in this proceeding. On April 7, 2025, Calpine Solutions filed a petition to intervene. On April 11, 2025, CUB filed a Notice of Intervention. On April 8 and 11, 2025, Administrative Law Judge (ALJ) John Mellgren issued Rulings granting AWEC's and Calpine Solutions' requested interventions. On April 22, 2025, ALJ Mellgren adopted a procedural schedule for this docket.

¹ PAC/100, Mitchell/5, n.7.

² PAC/101, Mitchell/1.

³ PAC/100, Mitchell/6, n. 9-10.

⁴ PAC/100, Mitchell/6.

⁵ *In the Matter of PacifiCorp, dba Pacific Power, 2025 Transition Adjustment Mechanism*, Docket No. UE 434, Order No. 24-309 at 3-4 (Sept. 19, 2024).

6. On May 8, 2025, the Commission held a workshop to review coal fueling issues in the 2026 TAM.

7. On June 17, 2025, Staff and AWEC filed opening testimony.

8. On July 22, 2025, PacifiCorp filed reply testimony from Ramon J. Mitchell, James C. Owen, Daniel J. MacNeil, and Vijay Singh, along with an updated NPC forecast (Reply Update). The Reply Update reflected total-Company NPC for the test period of approximately \$2.528 billion.⁶ On an Oregon-allocated basis, NPC in the Reply Update were approximately \$678.7 million.⁷ This amount was approximately \$37 million higher than the \$641.7 million Oregon-allocated NPC from the 2025 TAM Final Update and \$8.3 million higher when adjusted for forecasted load changes and PTCs.⁸ The Reply Update reflected an overall average rate increase of approximately 0.4 percent.⁹

9. On August 14, 2025, Staff, CUB, and AWEC filed rebuttal testimony. Two weeks later, on August 28, 2025, PacifiCorp filed surrebuttal testimony.

10. The parties convened settlement conferences on June 25, July 30, August 8, and August 26, 2025. After parties exchanged settlement offers, on September 3, 2025, the Stipulating Parties reached a settlement in principle that resolved all issues in the 2026 TAM. The Stipulating Parties informed the Commission of this settlement and moved to suspend the procedural schedule on September 4, 2025.

11. The settlement establishes baseline 2026 NPC in rates, subject to the Final Update. The terms of the settlement are captured in this Stipulation.

⁶ PAC/500, Mitchell/10; PAC/502, Mitchell/1.

⁷ PAC/502, Mitchell/1.

⁸ PAC/502, Mitchell/1.

⁹ PAC/500, Mitchell/1.

AGREEMENT

12. Overall Agreement: The Stipulating Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented. The Stipulating Parties agree that the rate change resulting from the Stipulation results in rates that are fair, just, and reasonable, as required by ORS 756.040. The Stipulation results in a decrease to the Reply Update of approximately \$13.93 million on an Oregon-allocated basis, consisting of an agreement to reduce the modeled minimum take for the Hunter and Huntington plants, as described in Paragraph 15 (estimated \$3.93 million Oregon-allocated), and a \$10 million Oregon-allocated, unspecified adjustment to the TAM forecast, as described in Paragraph 16. The stipulation also includes two items already incorporated into the Reply Update, consisting of the removal of Bonneville Power Administration (BPA) real power losses (\$5.46 million Oregon-allocated), as described in Paragraph 13, and removal of the Nodal Pricing Model (NPM) fee expense after implementation of the Extended Day-Ahead Market (EDAM) (\$1.66 million Oregon-allocated), as described in Paragraph 14. The Stipulation results in a total company TAM baseline of \$2.119 billion and an Oregon-allocated TAM baseline of \$567.0 million, subject to the Final Update. This reflects an overall TAM decrease of approximately \$5.60 million, subject to the Final Update, when adjusted for forecasted load changes and PTCs as shown in Exhibit 1; or a rate decrease of 0.3 percent as shown in Exhibit 2.

13. BPA Real Power Losses: PacifiCorp agrees to remove the wheeling expense for BPA losses as identified in AWEC's testimony.¹⁰ This results in an estimated reduction of approximately \$5.46 million.

¹⁰ AWEC/100, Mullins/11-17 (June 17, 2025).

1 14. Nodal Pricing Model Fee: PacifiCorp agrees to remove the NPM Fee once
2 EDAM is expected to commence in May 2026. This results in an estimated reduction of
3 approximately \$1.66 million.

4 15. Coal Supply Issues: PacifiCorp agrees to reduce the modeled minimum
5 take under the Hunter/Wolverine and Huntington/Wolverine CSA second amendments by
6 a combined 12,400,000 million British thermal units (MMBtu) for 2026. This reflects the
7 reduction of the minimum consumed at the plants after removing the amount used for
8 rebuilding the coal inventory in the economic analysis from Exhibit PAC/202, Owen/19-
9 26. Through the 2029 TAM filing, PacifiCorp will model that same reduced minimum
10 take in each TAM. While prudence review of actual operations will continue in the
11 appropriate Power Cost Adjustment Mechanism (PCAM) proceeding beginning with the
12 2025 PCAM, the Stipulating Parties agree not to contest the terms (including pricing) of
13 the Hunter/Wolverine and Huntington/Wolverine CSA second amendments in the TAM or
14 other rate proceeding through 2029. Prudence review of the coal inventory for the Hunter
15 and Huntington plants will occur in PacifiCorp's next general rate case. This results in an
16 estimated reduction of approximately \$3.93 million in the 2026 TAM.

17 a. To account for the reduced minimum take modeled in the TAM,
18 under the assumption that the 12,400,000 MMBtus referenced above is equal to 1,205,881
19 megawatt-hours (MWh), through 2029, PacifiCorp will make an adjustment to actual
20 annual NPC in the PCAM for 602,941 MWh¹¹ as follows:

21 i. This adjustment will be shaped by the daily actual net
22 generation of the Hunter and Huntington plants and applied

¹¹ This figure represents half the MWh included in the 12,400,000 MMBtu adjustment ($1,205,881/2=602,941$).

to the calculated difference between the Hunter/Wolverine and Huntington/Wolverine CSA second amendments prices and the value of the actual daily Mid-Columbia flat power price as determined from the daily day-ahead Intercontinental Exchange settled price.

ii. For months in which the sum of this daily calculation would result in a positive increase to NPC, there will be no adjustment.

iii. For months in which monthly net generation at Hunter and Huntington is below 740,035 MWh,¹² there will be no adjustment.

16. Unspecified Monetary Adjustment: PacifiCorp agrees to an unspecified monetary adjustment reducing the 2026 TAM by \$10.0 million (Oregon-allocated) for the sole purpose of settling this case. \$8.0 million of the reduction will be allocated to NPC, and \$2.0 million of the reduction will be allocated to PTCs.

17. Gateway South: In the 2027 TAM, PacifiCorp will produce and provide a study or analysis showing the NPC benefits of Gateway South independent of the generation assets interconnected by Gateway South (i.e., Rock Creek I, Rock Creek II, Cedar Springs IV, Boswell Springs, and Anticline).

18. Aurora Access: PacifiCorp and Staff will work together to address Aurora access issues before PacifiCorp files the 2027 TAM.

¹² This figure represents the total annual volumes under the Hunter/Wolverine and Huntington/Wolverine CSA second amendments, minus 1,205,881 MWh, and then divided by twelve.

1 19. Updates: The Stipulating Parties agree that PacifiCorp will file an
2 Indicative and Final Update to its 2026 TAM filing consistent with and including the
3 appropriate updates as required by the TAM Guidelines, including the adjustments
4 described in this Stipulation. The Stipulating Parties recognize that the estimated impact of
5 each of the agreed-upon adjustments may change in the TAM updates, along with the
6 NPC baseline and overall rate change.

7 20. Residential Rate Change: The Stipulating Parties agree that if the 2026
8 TAM results in a rate increase, the rate effective date for residential customers will be
9 April 1, 2026, with the increase being recovered over 12 months. The interest rate applied
10 to the delayed rate increase from January 1, 2026, to March 31, 2026, will be the
11 Commission's modified blended exception rate plus 100 basis points, as calculated in
12 January of 2026. This agreement is for settlement purposes only and does not reflect the
13 Stipulating Parties' interpretation of the law under the FAIR Energy Act (House Bill
14 3179).

15 21. Other Adjustments: The Stipulating Parties agree that this Stipulation
16 represents a compromise among competing interests and a resolution of the contested
17 issues in this proceeding. Any recommended changes to PacifiCorp's Initial Filing or
18 Reply Update not required by the TAM Guidelines and not incorporated into this
19 Stipulation directly or by reference are resolved without an adjustment or recommendation
20 for the purposes of this proceeding.

21 22. This Stipulation will be offered into the record of this proceeding as
22 evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this
23 Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this

1 Stipulation at the hearing, and recommend that the Commission issue an order adopting
2 the settlements contained herein. The Stipulating Parties also agree to cooperate in
3 drafting and submitting joint testimony or a brief in support of the Stipulation in
4 accordance with OAR 860-001-0350(7)(a).

5 23. If this Stipulation is challenged, the Stipulating Parties agree that they will
6 continue to support the Commission's adoption of the terms of this Stipulation. The
7 Stipulating Parties agree to cooperate in any hearing and put on such a case as they deem
8 appropriate to respond fully to the issues presented, which may include raising issues that
9 are incorporated in the settlements embodied in this Stipulation.

10 24. The Stipulating Parties have negotiated this Stipulation as an integrated
11 document. If the Commission rejects all or any material part of this Stipulation or adds
12 any material condition to any final order that is not consistent with this Stipulation, each
13 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence
14 and argument on the record in support of the Stipulation or to withdraw from the
15 Stipulation. The Stipulating Parties agree that in the event the Commission rejects all or
16 any material part of this Stipulation or adds any material condition to any final order that
17 is not consistent with this Stipulation, the Stipulating Parties will meet in good faith within
18 15 days and discuss next steps. A Stipulating Party may withdraw from the Stipulation
19 after this meeting by providing written notice to the Commission and other Stipulating
20 Parties. The Stipulating Parties shall be entitled to seek rehearing or reconsideration
21 pursuant to OAR 860-001-0720 in any manner that is consistent with the agreement
22 embodied in this Stipulation.

1 25. By entering into this Stipulation, no Stipulating Party shall be deemed to
2 have approved, admitted, or consented to the facts, principles, methods, or theories
3 employed by any other Stipulating Party in arriving at the terms of this Stipulation, other
4 than those specifically identified in the body of this Stipulation. No Stipulating Party shall
5 be deemed to have agreed that any provision of this Stipulation is appropriate for
6 resolving issues in any other proceeding, except as specifically identified in this
7 Stipulation.

8 26. The Stipulating Parties agree to make best efforts: (1) to provide each other
9 any and all news releases that any Stipulating Party intends to make about the Stipulation
10 two business days in advance of publication, and (2) to include in any news release or
11 announcement a statement that the Staff's recommendation to approve the settlement is
12 not binding on the Commission itself.

13 27. This Stipulation is not enforceable by any Stipulating Party unless and until
14 adopted by the Commission in a final order. Each signatory to this Stipulation
15 acknowledges that they are signing this Stipulation in good faith and that they intend to
16 abide by the terms of this Stipulation unless and until the Commission rejects or adopts
17 only in part the Stipulation. The Stipulating Parties agree that the Commission has
18 exclusive jurisdiction to enforce or modify the Stipulation.

19 28. This Stipulation may be executed in counterparts and each signed
20 counterpart shall constitute an original document.

STAFF

By: _____

Date: _____

PACIFICORP

By: Jill Steward

Date: Sept 22, 2025

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

STAFF

By: /s/ Betsy Bridge

Date: September 22, 2025

PACIFICORP

By: _____

Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

By: /s/ Sommer Moser

Date: September 22, 2025

OREGON CITIZENS' UTILITY BOARD

By: /s/ Claire Valentine-Fossum

Date: September 22, 2025