

ORDER NO. 25-459

ENTERED Nov 25 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 779

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Determination of Late-payment Rate and
Interest Accrued on Customer Deposits.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 25, 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. CA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: November 25, 2025

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2026

DATE: November 17, 2025

TO: Public Utility Commission

FROM: Madison Bolton

THROUGH: Scott Gibbens and Curtis Dlouhy **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 779)
Commission determination of late payment rate and interest accrued on customer deposits.

STAFF RECOMMENDATION:

Staff makes the following recommendations:

1. Approve a late payment rate of 2.4 percent monthly on overdue customer accounts.
2. Approve an annual interest rate of 3.5 percent on customer deposits for calendar year 2026.
3. Direct the affected utilities to refile their respective tariffs to reflect the new rates.

DISCUSSION:

Issue

Whether the Commission should maintain the late payment rate at 2.4 percent and change the interest rate for customer deposits applicable for customer accounts in 2026 to 3.5 percent.

Applicable Rules or Laws

Oregon Administrative Rules (OAR) 860-021-0126(4), 860-036-1430(2), and 860-037-0115(2) specify that the Commission will determine the late payment rate applicable to past-due accounts based on a survey of prevailing market rates for late payment charges of commercial enterprises. Additionally, the OAR specify that the

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Commission will advise all energy, large telecommunications, regulated water, and wastewater utilities of the changes in the rate they may use to determine late payment charges on overdue customer accounts. The current late-payment rate and the conditions for its application to customer accounts shall be specified on the utility bill.

OAR 860-021-0210(1), 860-034-0160(1), 860-036-1250(1), and 860-037-0045(1) specify that “each year, the Commission shall establish an annual interest rate that must be paid on customer deposits.” The rules specify that for energy and large telecommunications, small telecommunications, rate-regulated water utilities, and wastewater utilities, the Commission will:

Base the rate upon consideration of the effective interest rate for new issues of one-year Treasury Bills issued during the last week of October, the interest rate on the most recent issuance of one-year Treasury Bills, or the effective interest rate for the average yield of Treasury Bills of the closest term issued during the last week of October. This interest rate, rounded to the nearest one-half of one percent, shall apply to deposits held during January 1 through December 31 of the subsequent year.

These rules, and OAR 860-036-1240 relating to regulated water utilities, also specify that the Commission will advise the respective utilities of the changes in the rate to be paid on customer deposits.

Analysis

Analysis of Late Payment Charge on Customers’ Past Due Balance

Nationally, many utility companies establish a monthly percentage rate for determining late payment charges such that the cost of not paying a utility bill is roughly equal to the cost of not paying a credit card. However, some publicly-owned utilities (water/sewer and electricity) and insurance companies choose not to charge a late payment fee. Generally, in either case, past due accounts may be subject to cancellation of the services or policies.

The late payment rate adopted by the Commission is based on an average Annual Percentage Rate (APR) from survey results of commercial enterprise late payment charges. The rate sets forth the maximum amount any energy, large telecommunications, regulated water, and wastewater utility may assess for a late fee. Utilities may not include an additional flat fee.¹

¹ Many unregulated businesses (commercial enterprises) surveyed charge a flat fee for late payments up to \$41, in addition to a finance charge of 1.71 percent to 2.87 percent per month.

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To collect the appropriate data for the late payment rate, Staff recently surveyed over 40 commercial enterprises believed to be reasonably representative of a range of businesses patronized by utility customers.

The survey included department stores, retailers of gasoline, passenger rail and airline travel, hotels, household appliances, furniture, clothing, tires, hardware, consumer electronics, groceries, books, home improvement products and services, and other general merchandise. The survey also included providers of water and sewer services, recycling and disposal services, electricity and telecommunications services, and insurance companies.

The survey indicated that a 2.367 (rounded to 2.4) percent monthly charge, or an average APR of 28.40 percent, is commonly applied by businesses for late payments. Staff recommends no changes to the current maximum late payment rate of 2.4 percent monthly for calendar year 2026.²

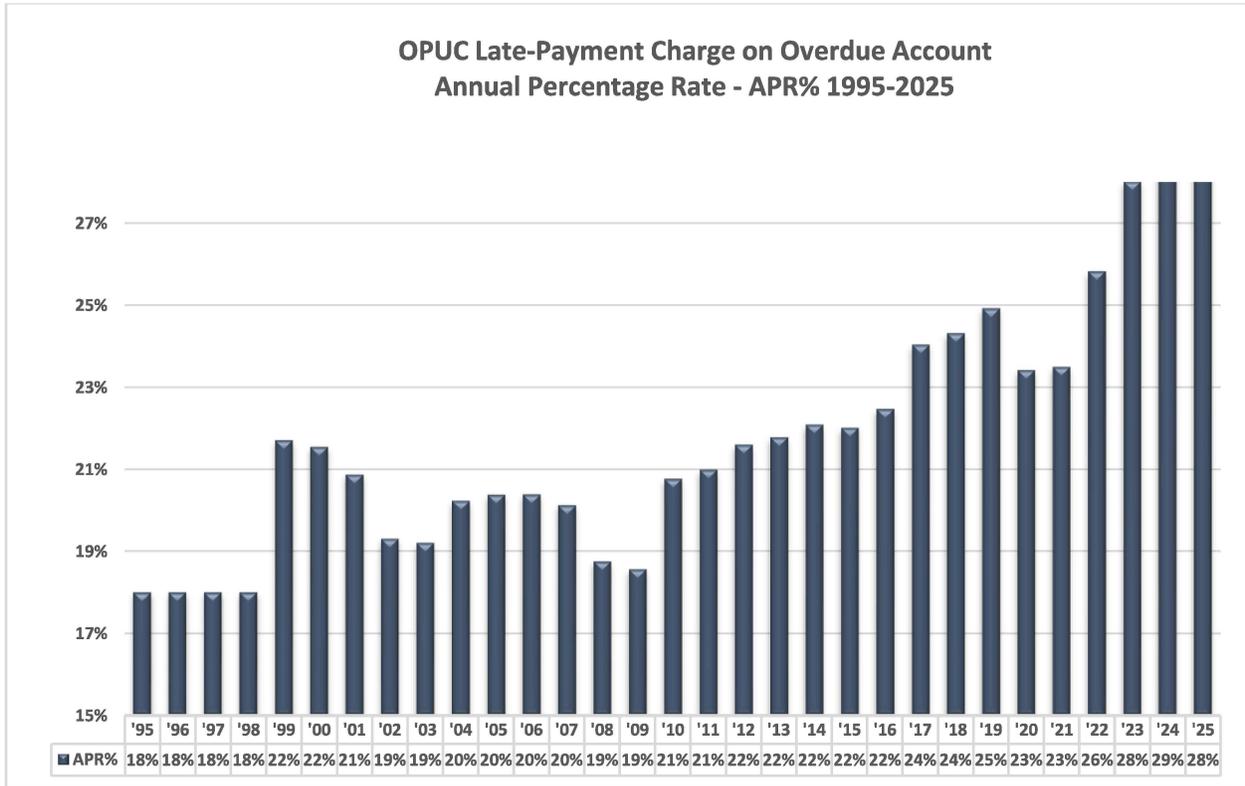
Staff concludes that the monthly 2.4 percent late payment charge is reasonably consistent with the practices of commercial enterprises based on the results of Staff's survey.

The figure below shows the late-payment rates that the Commission established from 1995 to 2025.³

² Staff previously calculated a 2.42 percent late payment charge (rounded to 2.4) the previous year for accounts in 2025. Since the late payment rate is rounded to the nearest tenth, there is no change between this year's calculation and the previous years.

³ The rates shown reflect the average APR for commercial enterprises as surveyed by Staff. The averages are shown with the year they were calculated.

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Analysis of Interest Paid on Customer Deposits

The Commission bases the rate upon consideration of the effective interest rate for new issues of one-year Treasury Bills (T-bills)⁴ issued during the last week of October, the interest rate on the most recent issuance of one-year T-bills, or the effective interest rate for the average yield of T-bills of the closest term issued during the last week of October.⁵

Staff used the average yields of T-bills of the closest term issued during the last week of October. On October 27, 28, 29, 30, and 31, 2025, *The Wall Street Journal* reported that the T-bills maturing on October 1, 2026 (335–339 days to maturity), had asking yields averaging 3.6564 percent for the week.

⁴ Treasury bills, or T-bills, are short-term debt instruments issued by the U.S Treasury and issued for a term of one year or less. They do not pay interest but rather are sold a discount to their face value. ‘Treasury Yield’ is the return on investment. T-bills are considered the world’s safest debt as they are backed by the full faith and credit of the United States government.

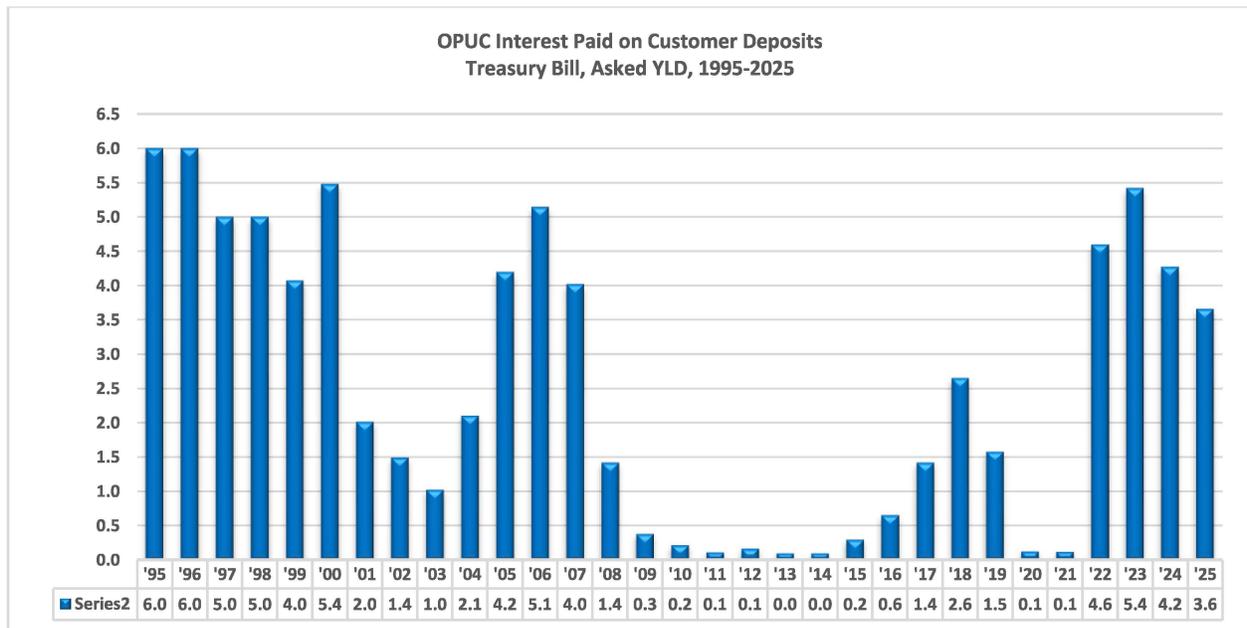
⁵ OAR 860-037-0045(1); OAR 860-036-1250. Although OAR 860-036-1250 specifies that the Commission will determine the customer deposit interest rate for regulated water utilities, it does not include the guide for calculating the rate that is included in the rules for the other utilities. Nonetheless, Staff recommends that the Commission use the same rate for regulated water utilities.

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Based on Staff’s analysis, Staff recommends that the Commission change the annualized minimum interest rate at which utilities must credit customers for deposits to 3.5 percent, effective January 1, 2026.

Per the applicable rules, the interest rate used for customer deposits should round to the nearest 0.5 percent. By applying the rules’ 0.5 percent rounding requirements, Staff rounds the 3.6564 interest rate obtained in the analysis to 3.5 percent. Accordingly, Staff recommends a 3.5 percent minimum interest rate at which utilities must credit customers for deposits for calendar year 2026.

The figure below shows the changes of the Interest Paid on Customer Deposits Rates that the Oregon PUC used from 1995 to 2025.⁶



The decrease from the currently effective 4.5 percent to 3.5 percent is supported by the general trends reported from the September meeting of the Federal Open Market Committee (FOMC or the Committee). The Federal Reserve controls the three tools of monetary policy: open market operations, the discount rate, and reserve requirements. On September 17, 2025, the Federal Reserve issued a press release regarding the

⁶ The rates shown reflect the average effective interest rate on one-year T-Bills for the most recently available issuances in the month of October. The averages are shown with the year they were calculated.

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FOMC's current goals related to federal funds rate and inflation.⁷ The FOMC has determined that lowering the target range for the federal funds rate by a quarter of a percentage point (to 4 – 4.25 percent) is necessary to continue making progress towards a two percent inflation rate. The September FOMC statement summarized the Committee's intent regarding the federal funds rate and inflation activity in the following excerpt:

Recent indicators suggest that growth of economic activity moderated in the first half of the year. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen.

In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4 to 4-1/4 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

Conclusion

Staff concludes that a monthly 2.4 percent late payment charge for calendar year 2024 is reasonably consistent with the practices of commercial enterprises based on the results of Staff's survey.

Staff concludes that a 3.5 percent minimum interest rate at which utilities must credit customers for deposits for calendar year 2026 is consistent with federal funds rate and monetary policy.

⁷ Press Release, September 17, 2025, Federal Reserve issues FOMC statement:
<https://www.federalreserve.gov/newsevents/pressreleases/monetary20250917a.htm>.

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PROPOSED COMMISSION MOTION:

Staff recommends the Commission:

1. Approve a late-payment rate of 2.4 percent monthly on overdue customer accounts.
2. Approve an annual interest rate of 3.5 percent on customer deposits for calendar year 2026.
3. Direct affected utilities to refile their respective tariffs to reflect the new rates set forth in Staff's memorandum.

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