

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2159(4)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to  
Approve Deferred Accounting Costs  
Related to Wildfire Risk Mitigation  
Measures and Vegetation Management.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on December 9, 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:



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**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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 9, 2025**

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

**DATE:** November 26, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** PACIFIC POWER:  
(Docket No. UM 2159(4))  
Reauthorization of deferral accounting costs related to Vegetation  
Management.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request to defer costs associated with routine Vegetation Measures for the 12-month period beginning June 23, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve PacifiCorp's requests for reauthorization to defer costs accounting for costs related to routine Vegetation Management.

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. OAR 860-027-0300(4) requires a utility seeking reauthorization of a deferral to file the application within 60 days of expiration of the deferral and provide the following:

- a) A description of the utility expense or revenue for which deferred accounting is requested,

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- b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized,
- c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting,
- 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 notice of application for deferred accounting and list of persons served with the notice.

### Analysis

#### *Background*

In PacifiCorp's 2020 general rate case, the Commission determined that annual deferral of costs within the Wildfire Mitigation and Vegetation Management Cost Recovery Mechanism (WMVM) is authorized under ORS 757.259(2)(e) in Order No. 20-473.<sup>1</sup>

The Commission authorized the WMVM for a period of three years. The WMVM provides an opportunity to recover additional wildfire mitigation and vegetation management O&M spend beyond what is included in base rates subject to performance metrics and an earnings test for a period of three years. Subsequently, program amounts and the mechanism time period were increased and extended in general rate cases UE 399<sup>2</sup> and UE 433.<sup>3</sup>

In the Company's 2022 general rate proceeding, the Commission approved a partial stipulation which modified the design of the WMVM.

The stipulation extended the WMVM through the end of 2024 and authorized \$50 million in non-wildfire mitigation vegetation management O&M expense in base rates beginning January 1, 2023.<sup>4</sup>

On February 14, 2024, PacifiCorp filed a general rate case and included a proposal to increase the baseline O&M for vegetation management in base rates from \$50 million to

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<sup>1</sup> See In the Matter of PacifiCorp, dba, PacifiCorp Power, Request for a General Rate Revision, Docket No. UE 374, Order No. 20-473 at 121 (December 18, 2020).

<sup>2</sup> See UE 399

<sup>3</sup> See UE 433/PAC/200 McVee/4.

<sup>4</sup> See Order No. 22-491, Appendix A at 4-5.

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\$67 million with rates effective January 1, 2025.<sup>5</sup> The Company also proposed continuation of the WMVM until its next general rate case.

On June 23, 2025, PacifiCorp filed an application to reauthorize the deferral of the difference between the Commission approved routine vegetation management (RVM) in base rates and incremental RVM and O&M costs incurred as part of the Company's ongoing vegetation management program for the 12-month period beginning June 23, 2025.<sup>6</sup>

In this filing, the Company notes that beginning with the 2024 deferrals, wildfire mitigation costs are recovered through the separate Wildfire Mitigation Plan cost recovery adjustment mechanism<sup>7</sup> and proposed that the mechanism be renamed Vegetation Management Mechanism.

#### *Description of Expenses*

The costs described in this application include non-wildfire vegetation management activities, also known as routine vegetation management.

#### *Proposed Accounting*

The Company proposes to record Deferred Amounts by debiting Federal Energy Regulatory Commission (FERC) Account 182.3-Other Regulatory Assets and crediting the incremental operations and maintenance expense to various FERC Accounts including primarily 593.0 Maintenance Overhead Lines (distribution) and 571.0-Maintenance Overhead Lines (transmission).

#### *Reasons for Deferral*

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers.

#### *Estimate of Amounts*

For 2025, the non-wildfire related vegetation management O&M costs are expected to be approximately \$60 million, or about \$6 million less than is currently authorized in base rates.<sup>8</sup>

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<sup>5</sup> UE 433.

<sup>6</sup> PacifiCorp Application at 4.

<sup>7</sup> WMP AAC Schedule 190.

<sup>8</sup> UE 433. Order No. 24-447.

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Any amount above or below \$67 million, or subsequent Commission approved baseline O&M for vegetation management in base rates, will be deferred for 2025 if reauthorization is approved.

*Information Related to Future Amortization*

- Earnings Review - The Commission will review earnings in accordance with ORS 757.259(5) at the time of amortization. The Commission adopted an earnings test component combined with a performance-based mechanism on vegetation management violations in its order in UE 374, Order No. 20-473, and in UE 399, Order No. 22-491.
- Prudence Review - The prudence review will be conducted prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing - A costs sharing mechanism was not adopted in Order Nos. 20-473 and 22-491, but the Company can bear some costs based on its vegetation management performance and earnings levels.
- Rate Spread/Design - The deferred amortization amount will be spread based on distribution and transmission revenues in proportion to the components for which costs are incurred.
- Three Percent Test (ORS 757.259(6)) - The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) 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. Because Pacific Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

Conclusion

Staff reviewed the Company's application and find it meets the requirements of ORS 757.259 and OAR 860-027-0300. Accordingly, Staff recommends the application be approved.

The Company has reviewed this memo and has stated no objection.

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**PROPOSED COMMISSION MOTION:**

Approve Pacific Power's application and re-authorization to defer costs associated with routine Vegetation Management for the 12-month period beginning June 23, 2025.