

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 451

In the Matter of

PACIFICORP, d/b/a PACIFIC POWER,

2026 Renewable Adjustment Clause.

ORDER

DISPOSITION: RENEWABLE ADJUSTMENT CLAUSE APPROVED AS REVISED

I. SUMMARY

In this order, we address PacifiCorp, dba Pacific Power’s Schedule 202 Renewable Adjustment Clause Supply Service Adjustment (RAC) filed on April 1, 2025, seeking cost recovery for all or part of three items: the Rock Creek I and II wind resources and the Gateway South transmission line. In this docket, we approve PacifiCorp’s RAC as revised. As explained in greater depth in this order, we allow cost recovery for Rock Creek I and II after imposing conditions and decline to consider Gateway South in this RAC proceeding. Rate impacts will be provided in the compliance filing following this order.

II. BACKGROUND AND PROCEDURAL HISTORY

On April 1, 2025, PacifiCorp filed a schedule revision request under Schedule 202, its RAC, seeking approximately \$51.1 million in cost recovery for all or portions of the Rock Creek I and II wind resources and certain costs associated with the Gateway South transmission line project. Specifically, the company seeks cost recovery for “(1) the portion of Rock Creek I that was not included in rates effective January 1, 2025, in docket UE 433; (2) Rock Creek II; and (3) the return on Gateway South that was disallowed in docket UE 433.”¹

The company’s initial filing sought a January 1, 2026, effective date for new rates, however the company revised its requested effective date to be April 1, 2026, for residential customers and January 1, 2026, for all other customers, because of the passage

¹ PAC/100, Steward/2.

of HB 3179, Oregon's FAIR Energy Act.² The company noted it would file a deferral for the January 1, 2026 through March 31, 2026 time period for the residential customer rate increase.

Public Utility Commission Staff, the Alliance of Western Energy Consumers (AWEC), and the Oregon Citizen's Utility Board (CUB) participated as parties to these proceedings. During the Commission's investigation, the parties filed testimony, exhibits, and briefing. No party sought to cross-examine witnesses, and therefore the September 25, 2025 evidentiary hearing was canceled.

III. RESOLUTION OF CONTESTED ISSUES

Oregon's renewable portfolio standard (RPS) statute allows for the recovery of the costs to construct or acquire renewable generation facilities, as well as associated energy storage and associated electricity transmission between rate cases.³ As required by the RPS statute, the Commission established the RAC to facilitate the recovery of such costs.⁴ To evaluate whether renewable generation facilities or associated transmission are eligible for recovery under the RAC, the Commission reviews whether the investments were prudently incurred and will be in service as of the date of the rate change.⁵

To support its request to include investments in rate base, PacifiCorp must establish that: (1) the investment is used and useful for providing utility service, consistent with ORS 757.355, and (2) that the investment was prudently made, based on the information that the utility knew or should have known at the time. Our standard of review is an "objective standard of reasonableness."⁶ We have described the reasonableness standard as an inquiry into "whether the utility exercised the standard of care which a reasonable person would be expected to exercise under the same circumstances encountered by utility management at the time the decision had to be made."⁷

² ORS 757.210(7).

³ ORS 469A.120; *In the Matter of Public Utility Commission of Oregon, Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 (Dec 19, 2007).

⁴ Order No. 07-572.

⁵ *In the Matter of PacifiCorp, dba Pacific Power 2009 Renewable Adjustment Clause Schedule 202*, Docket No. UE 200, Order No. 08-548 at 18 (Nov 14, 2008); *In the Matter of PacifiCorp, dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 246, Order No. 12-493 at 1-2 (Dec 20, 2012).

⁶ *In the Matter of PacifiCorp dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 246, Order No. 12-493 at 25 ("the [prudence] standard does not require optimal results"), citing *In the Matter of Public Utility Commission of Oregon, Investigation to Consider Adoption of New Federal Standards Contained in the Energy Independence and Security Act of 2007*, Docket No. UM 1409, Order No. 09-501 at 5 (Dec. 18, 2009); *In the Matter of the Revised Tariff Schedules for Electric Service in Oregon* filed by Portland General Electric Company, Docket No. UE 88, Order No. 95-322 at 48 (Mar. 29, 1995).

⁷ Order No. 12-493 at 27.

A. Rock Creek I and II

The Rock Creek I and II wind generation facilities are located on private and state-owned land in southeastern Wyoming. Rock Creek I is a 190 MW facility with thirty-two wind turbine generators (WTGs).⁸ PacifiCorp received cost recovery for ten WTGs at Rock Creek I through its last rate case.⁹ Rock Creek II is a 400 MW facility with sixty-six WTGs.¹⁰ The company states that “Rock Creek II will interconnect to the Aeolus substation in Carbon County through a 38-mile, 230 kV tie-line.”¹¹ In these proceedings, PacifiCorp seeks cost recovery for the remaining 22 WTGs at Rock Creek I and the entirety of Rock Creek II. PacifiCorp states that the total cost recovery for Rock Creek I and II totals \$40.9 million.¹²

1. *Positions of the Parties*

The parties’ Joint Issues List identified three questions for the Commission to address:

- (1) Should the Commission determine that PacifiCorp’s decision to invest in the Rock Creek I and II wind generation facilities was prudent? If not, what is an appropriate adjustment?
- (2) If the Commission determines that PacifiCorp’s decision to invest in the Rock Creek I and II wind generation facilities was prudent, should PacifiCorp’s requested cost recovery for Rock Creek I and Rock Creek II nevertheless be adjusted and/or conditioned as recommended by the Alliance of Western Energy Consumers (AWEC) and Commission Staff?
- (3) Should the Commission require PacifiCorp to demonstrate that Rock Creek II will be used and useful by January 1, 2026?¹³

PacifiCorp argues that its investments in Rock Creek I and II were prudent and that they are renewable energy resources eligible for cost recovery under the RAC. The company notes that no party disputes the prudence of its Rock Creek I investments. PacifiCorp explains that the Rock Creek resources will provide benefits to Oregon customers in

⁸ PAC/200, Wagner/2-4.

⁹ PAC/200, Wagner/3. Order No. 24-447 did not specifically discuss Rock Creek I as it was not contested during the proceedings in Docket No. UE 433.

¹⁰ PAC/200, Wagner/2.

¹¹ *Id.*

¹² PAC/600, McCoy/4.

¹³ Joint Issues List at 1 (September 15, 2025).

several respects, including: “meeting near-term capacity needs, contributing to resource adequacy, reducing PacifiCorp’s reliance on market purchases, and reducing PacifiCorp’s system-wide emissions to achieve compliance with the RPS and HB 2021.”¹⁴ The company also notes additional benefits for Oregon customers “by providing zero-cost wind energy generation to reduce NPCs [net power costs] and generate PTCs [production tax credits].”¹⁵ PacifiCorp argues that Staff’s and AWEC’s concerns about the Rock Creek projects “are unsupported by any evidence, misconstrue the planning process that PacifiCorp underwent to select the projects, and improperly rely on hindsight.”¹⁶ The company notes that “Staff supported the acquisition of Rock Creek I and II as part of the 2020AS RFP short list” and further supported the projects in docket LC 82.¹⁷

Staff recommends that “the Commission allow cost recovery for Rock Creek I and II under the RAC with two conditions to address concerns regarding prudence and usefulness.”¹⁸ Staff explains it has remaining questions about the purported benefits from the Rock Creek projects and is not “fully convinced” the company established the prudence of the projects, however, it maintains “there is enough evidence in this proceeding to find the projects prudent if conditions are imposed.”¹⁹

Staff continues to express its concerns regarding PacifiCorp’s modeling, which it asserts “continue[s] to model the benefits of Rock Creek I and II without accounting for \$1.4 billion transmission investment not included in the 2020AS RFP.”²⁰ Staff explains the result of this is that it “gave undue preference to these wind resources over potentially more cost-effective alternatives and undermines the credibility of the [c]ompany’s claim that Rock Creek I and II represent least-cost, least-risk additions to its resource portfolio.”²¹ Staff notes the Commission’s past “frustrations” with the company’s modeling approach.²² Staff recommends the Commission require PacifiCorp “to conduct a jurisdictional deliverability analysis for Rock Creek I and II and disaggregate NPC reporting in future filings.”²³

Staff also argues that Rock Creek II appears to depend on the Gateway West Segment D.3 transmission line, which it notes is not scheduled to be complete until at least 2034.

¹⁴ PacifiCorp Opening Br. at 5-6 (October 16, 2025).

¹⁵ *Id.*

¹⁶ *Id.* at 7.

¹⁷ *Id.*

¹⁸ Staff Opening Br. at 8 (October 16, 2025).

¹⁹ *Id.*

²⁰ *Id.* at 9.

²¹ *Id.* at 8.

²² *Id.* (citing *In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of 2020 All-Source Request for Proposal*; Docket No. UM 2059, Order No. 21-437 at 13-15 (November 24, 2021)).

²³ *Id.* at 9.

Staff questions how Rock Creek II can be used and useful by January 1, 2026, if it depends on a transmission line that will not be in service until at least 2034. Staff therefore asks the Commission to require PacifiCorp to demonstrate that Rock Creek II will be used and useful by January 1, 2026.

Despite these concerns, Staff also explains that it “found that the costs of the Rock Creek I and II projects are reasonable” and that Staff “did not identify any cost overruns in the construction process.”²⁴ Further, Staff notes that the projects are expected to qualify for PTCs and that without Rock Creek I and II, “there is a net increase of \$76 million in total market costs.”²⁵

AWEC asks the Commission to reduce PacifiCorp’s requested cost recovery for Rock Creek I and II “by the maximum allowable amount of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION]”²⁶ AWEC explains that [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION]²⁷ AWEC also notes that [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] for Rock Creek II.²⁸

AWEC urges the Commission to reduce PacifiCorp’s requested cost recovery for Rock Creek I by [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] “which PacifiCorp calculates to be the Oregon-allocated amount of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED]
[REDACTED] [END CONFIDENTIAL INFORMATION]”²⁹ AWEC urges the Commission to reduce cost recovery for Rock Creek II, but because [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] require the company to provide an attestation calculating the maximum amount of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] for Rock Creek II given that [BEGIN CONFIDENTIAL

²⁴ Staff Opening Br at 10.

²⁵ *Id.*

²⁶ AWEC Opening Br. at 3 (October 16, 2025).

²⁷ *Id.* at 3-4.

²⁸ *Id.* at 4.

²⁹ *Id.* at 4.

INFORMATION] [REDACTED] **[END
CONFIDENTIAL INFORMATION]**³⁰

Under AWEC’s proposal, PacifiCorp’s cost recovery for Rock Creek II would be reduced by the amount included in PacifiCorp’s attestation. AWEC explains that reducing cost recovery now “ensur[es] that PacifiCorp remains appropriately incentivized to **[BEGIN CONFIDENTIAL INFORMATION]** [REDACTED] **[END CONFIDENTIAL INFORMATION]** for the benefit of its customers” and ensure that ratepayers do not carry this burden.³¹ AWEC’s proposal also calls for PacifiCorp “to track the difference between total allowable **[BEGIN CONFIDENTIAL INFORMATION]** [REDACTED] **[END CONFIDENTIAL INFORMATION]** through its Docket No. 2402 deferral accounts.”³²

PacifiCorp responds that Staff’s and AWEC’s “concerns about the Rock Creek projects are unfounded and are no basis for limiting the [c]ompany’s recovery.”³³ The company argues that “the lack of deliverability analysis does not impact the benefits that Oregon customers will receive as a result of Rock Creek I and II.”³⁴ According to PacifiCorp, Rock Creek I and II’s benefits to Oregon customers “do not depend on the physical delivery of electricity generated at the facilities in Wyoming to Oregon.”³⁵ Rather, the company explains that costs and benefits “are allocated to Oregon customers, consistent with interstate cost-allocation methodology applicable to those projects when they were acquired by the [c]ompany.”³⁶ PacifiCorp asserts it “has never previously allocated costs or benefits of individual resources based on a transmission system assessment that electrons from the individual resource will reach a specific state.”³⁷

The company notes that Staff’s request for a jurisdictional deliverability analysis “neither acknowledged nor disputed any of the [c]ompany’s reply testimony explaining both how resource costs and benefits are allocated to Oregon and the sufficient east-to-west transfer capability for Rock Creek I and II” and that Staff “does not provide any specific examples of lower cost resources that the [c]ompany ‘left on the table’ nor does Staff refute the [c]ompany’s testimony that there were none.”³⁸ PacifiCorp also explains that no party, including Staff, “challenged the prudence of the power purchase agreements for

³⁰ AWEC Opening Br. at 4-5.

³¹ *Id.* at 6.

³² AWEC Opening Br at 6.

³³ PacifiCorp Opening Br. at 7.

³⁴ *Id.* at 8.

³⁵ *Id.*

³⁶ *Id.* at 8-9.

³⁷ PacifiCorp Closing Br. at 3 (October 30, 2025).

³⁸ *Id.* at 4.

Cedar Springs IV, Boswell Springs, and Anticline, all of which were selected based on the same analysis [as Rock Creek I and II] and are now included in Oregon rates without dispute.”³⁹

PacifiCorp also explains that “Gateway West Segment D.3 is in fact not required to place Rock Creek II into service because PacifiCorp is providing the project with provisional interconnection service.”⁴⁰ According to the company, Rock Creek II’s provisional interconnection service does not reduce its benefits, as Rock Creek II can operate at 400 MW with this service “provided that the [c]ompany’s load does not decrease and provided that certain higher-priority interconnection requests do not commence commercial operation.”⁴¹ The company asserts that it “has not yet begun engineering design work or construction on any interconnection facilities required to interconnect any higher-priority interconnection requests” and that any such projects “are several years off, at best.”⁴² PacifiCorp maintains that Rock Creek II’s provisional interconnection service means that it will be in-service, and therefore used and useful, by January 1, 2026.⁴³

The company disagrees with AWEC’s recommendation to reduce cost recovery for Rock Creek I and II. PacifiCorp explains that **[BEGIN CONFIDENTIAL**

INFORMATION] [REDACTED]
[REDACTED]
[REDACTED]
[END CONFIDENTIAL INFORMATION]⁴⁴ The company explains that

AWEC’s proposal fails to account for the possibility that **[BEGIN CONFIDENTIAL**

INFORMATION] [REDACTED]
[END CONFIDENTIAL INFORMATION] and that “the amount of **[BEGIN**

CONFIDENTIAL INFORMATION] [REDACTED]
[REDACTED] **[END**

CONFIDENTIAL INFORMATION]⁴⁵ The company urges the Commission to not make an adjustment to its recovery **[BEGIN CONFIDENTIAL INFORMATION]** [REDACTED]
[REDACTED]
[REDACTED]

³⁹ PacifiCorp Closing Br. at 4-5.

⁴⁰ *Id.* at 5.

⁴¹ PacifiCorp Opening Br. at 9-10.

⁴² *Id.* at 10.

⁴³ *Id.* at 13-14.

⁴⁴ *Id.* at 11.

⁴⁵ *Id.* at 11.

[REDACTED] **CONFIDENTIAL INFORMATION]**⁴⁶

[END

B. Resolution

We recognize Staff's concerns and unanswered questions regarding the purported benefits of the Rock Creek projects, and to reach a prudence determination regarding Rock Creek I and II, impose Staff's requested conditions. In December 2024, we concluded the company's investment in the first ten WTGs for Rock Creek I was prudent and allowed full cost recovery. We now conclude that PacifiCorp's investment in the remaining Rock Creek I WTGs is creating benefits for customers provided they are in-service, and therefore used and useful, by January 1, 2026, and are actually delivering those benefits to customers. We also conclude that Rock Creek II is creating benefits for customers provided it is in-service, and therefore used and useful, by January 1, 2026, and is delivering those benefits to customers. Although the extent of the benefits accruing to Oregon customers may still be in dispute, we agree that some level of benefit is being provided to customers, including, at minimum, reduced NPCs, the generation of PTCs, contributions to near-term capacity needs, and some emissions reductions.

The company's provisional interconnection service is sufficient for Rock Creek II to be considered in-service and providing benefits to customers. Although we recognize Staff's concerns, they relate to potential future issues with Rock Creek II and ultimately do not change our conclusion regarding whether Rock Creek II will be used and useful by the rate effective date. We view this as a risk allocation dispute as opposed to a prudence dispute. Should it appear in the future that PacifiCorp's load may decrease or if other higher-priority interconnection requests materialize, that could impact Rock Creek II's status as used and useful and its inclusion in rates. PacifiCorp also bears the risk of non-performance should it no longer be able to deliver from the project, including the cost of replacement power to serve load. We expect PacifiCorp will address this in future power cost dockets as appropriate.

To ensure that all Rock Creek WTGs are in-service and delivering benefits to customers by the non-residential customer rate effective date on January 1, 2026, we agree that Staff's requested conditions should be imposed. As such, we require that PacifiCorp file an attestation from a corporate officer, confirming that all Rock Creek I and II WTGs have been placed in-service by January 1, 2026. That attestation should identify the in-service date for each WTG at Rock Creek I and II. For any WTG that is not in service by January 1, 2026, that investment may not be included in the revenue requirement in this

⁴⁶ PacifiCorp Opening Br. at 11-12.

docket; the company may seek recovery for such investments in its next RAC filing. We also require PacifiCorp to conduct a jurisdictional deliverability analysis for Rock Creek I and II and disaggregate NPC reporting in future power cost filings. We direct PacifiCorp to file the jurisdictional deliverability analysis for Rock Creek I and II by March 12, 2026, in the docket for the company's 2027 Transition Adjustment Mechanism (TAM) filing. As discussed below, we share Staff's concerns regarding the company's past modeling and analyses related to Gateway South and believe Staff's request is reasonable given PacifiCorp's reticence to respond to our concerns. This is also a reasonable request for information in our regulatory role,⁴⁷ and PacifiCorp's strong pushback to this information request heightens our interest in its results.

We do not adopt AWEC's request to reduce cost recovery for [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] We understand AWEC's concerns and agree that any [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] should flow to customers, however we agree with PacifiCorp that [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] However, to ensure the full benefit of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] is preserved for customers, we direct PacifiCorp to calculate the maximum amount [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] for Rock Creek I and Rock Creek II. Further, we require PacifiCorp to establish a deferral to track the revenue requirement being recovered through the RAC associated with the maximum amount of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] for Rock Creek I and Rock Creek II, to be considered for amortization once [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] are known.

With these conditions, we conclude PacifiCorp's request for full cost recovery for the remaining Rock Creek I WTGs and all of Rock Creek II is prudent, and will result in fair, just, and reasonable rates.

⁴⁷ "Every public utility * * * shall furnish to the Public Utility Commission all information required by the commission to carry into effect the provisions of ORS chapters 756, 757, 758[,] and 759 and shall make specific answers to all questions submitted by the commission." ORS 756.105(1).

C. Gateway South Transmission Line Project

The Gateway South transmission line project is part of PacifiCorp's Energy Gateway Transmission Expansion. Gateway South is a 416-mile, high voltage 500-kilovolt (kV) transmission line that will connect southeastern Wyoming to central Utah. Construction began on the Gateway South project in June 2022 and entered service in December 2024. We allowed PacifiCorp to recover the cost of Gateway South at a reduced rate of return in Order No. 24-447:

Although we accept that, if the Gateway South transmission line is in service on January 1, 2025, it will be used and useful and providing customer benefits, we conclude that PacifiCorp has failed to provide sufficient analysis to justify its decision to construct the line sooner rather than later. We agree with Staff that a robust cost-benefit analysis is required to demonstrate benefits to Oregon customers starting on the rate effective date. We could not have been clearer about the analysis that was required in this case. Accordingly, we adopt Staff's primary proposal that, assuming that Gateway South is placed in service by January 1, 2025, PacifiCorp's return on Oregon's allocated share of the capital investment be limited to the MBT until PacifiCorp addresses our concerns with its analysis and demonstrates, in its next rate case, that the benefits identified in planning have materialized to produce a net benefit to customers.⁴⁸

1. *Positions of the Parties*

The parties' Joint Issues List identified five questions for the Commission to address:

- (1) Should the Commission determine that PacifiCorp is precluded from raising Gateway South in these proceedings?
- (2) Should the Commission determine that the Gateway South transmission project is recoverable under the Renewable Adjustment Clause (RAC) as "associated transmission" with respect to the Rock Creek I and II wind generation facilities?

⁴⁸ Order No. 24-447 at 42.

- (3) If the Commission finds that PacifiCorp is not precluded from raising Gateway South in these proceedings and that it can be appropriately considered “associated transmission” under ORS 469A.120, should the Commission find that the Gateway South transmission project was prudent?
- (4) If yes, should the Commission allow PacifiCorp to fully recover the costs for Gateway South, including a full rate of return, in these proceedings?
- (5) Is the RAC an appropriate place to adjust the rate of return on an asset already in rate base?⁴⁹

PacifiCorp argues that it is seeking a full rate of return on its Gateway South investment, after the Commission declined the full rate of return in Order No. 24-447. PacifiCorp notes that Order No. 24-447 stated that the company could provide additional analysis in its next rate case, and because it qualifies as associated transmission, it is appropriate to be analyzed in a RAC proceeding. The company urges the Commission to adopt a “but for” test to determine whether a given transmission facility qualifies as “associated transmission” under ORS 469A.120. PacifiCorp states that under its proposed test, “a transmission facility is ‘associated transmission’ if the renewable energy could not be delivered to load *but for* the transmission facility.”⁵⁰

The company explains it believes Gateway South is recoverable in a RAC proceeding “because it is required to provide both interconnection and transmission service to Rock Creek I and II.”⁵¹ PacifiCorp also argues that ORS 469A.120 does not limit “associated transmission” to projects of a certain size or cost.⁵²

Next, PacifiCorp argues that it is entitled to full recovery on its Gateway South investment because it is a prudently incurred cost under ORS 469A.120.⁵³ The company asserts that the Commission has previously recognized Gateway South’s benefits to Oregon customers and that since Gateway South went online in December 2024, the “predicted benefits have materialized for Oregon customers.”⁵⁴ PacifiCorp also explains its belief that the Commission erred in questioning its Gateway South economic analysis

⁴⁹ Joint Issues List at 2 (September 15, 2025).

⁵⁰ PacifiCorp Opening Br. at 16.

⁵¹ *Id.* at 21.

⁵² *Id.* at 31.

⁵³ PacifiCorp Opening Br. at 33.

⁵⁴ *Id.* at 34.

and that it would be unreasonable for its Gateway South economic analysis to “ignore” the “costs of providing OATT-mandated service[.]”⁵⁵

Staff argues PacifiCorp is precluded from seeking full recovery of its Gateway South investment in these proceedings because the issue “has been fully adjudicated in an administrative or judicial proceeding” and five requirements for preclusion have been met.⁵⁶ Staff next asserts that Gateway South is not recoverable under the RAC because it does not qualify as “associated transmission.”⁵⁷ Finally, Staff argues that if the Commission reaches the question of prudence, we should find that PacifiCorp has not established the project is prudent because numerous questions about purported benefits for Oregon customers remain and because the company has failed to respond to the Commission’s concerns and directives regarding Gateway South.

AWEC argues that the Commission should decline to allow full recovery of PacifiCorp’s Gateway South investment in these proceedings. AWEC makes several arguments to support this position, including: (1) PacifiCorp is precluded from raising Gateway South in these proceedings; (2) Gateway South is not recoverable in the RAC as “associated transmission;” (3) PacifiCorp did not provide the analysis the Commission required of it in docket UE 433; and (4) a RAC proceeding is not the appropriate venue to adjust the rate of return on an asset already in rate base.⁵⁸

CUB also argues that the Commission should decline to allow full recovery of PacifiCorp’s Gateway South investment in these proceedings. CUB makes several arguments to support this position, including: (1) a RAC proceeding is not an appropriate venue to adjust the rate of return on an asset already in rate base; and (2) Gateway South is not recoverable in the RAC as “associated transmission.” CUB also disagrees with PacifiCorp’s characterization of its request for “full recovery” of its Gateway South transmission project investment, noting the Commission’s past action only contemplated an adjustment to the rate of return on its investment.

PacifiCorp disagrees with Staff, AWEC, and CUB’s arguments, noting that no party “has refuted the evidence that Gateway South is providing benefits to Oregon customers.”⁵⁹

⁵⁵ PacifiCorp Closing Br at 49-56.

⁵⁶ Staff’s Opening Br. at 17.

⁵⁷ *Id.* at 18.

⁵⁸ AWEC Opening Br. at 1.

⁵⁹ PacifiCorp Closing Br. at 20.

2. *Resolution*

Although we understand PacifiCorp’s desire to increase the authorized rate of return on the Gateway South transmission line, we decline to consider it here. In Order No. 24-447, we noted our willingness to consider additional analysis from the company “in its next rate case[.]” Although we did not use the phrase “general rate case,” that was our intent. The context of our decision and the complexity of the issues presented counsels that a general rate case is the appropriate forum for the comprehensive evidentiary review required to evaluate the analysis we required of PacifiCorp in Order No. 24-447.

We note that PacifiCorp uses the same truncated verbiage in its filings that we used in Order No. 24-447. The company’s Schedule 202 itself explains, under the heading “Purpose,” that Schedule 202 “recovers, **between rate cases**, the costs to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity transmission.”⁶⁰ Although not dispositive, this implies that even the company, at one point in time, believed that a “rate case” is different from a Schedule 202 RAC proceeding.⁶¹ Additionally, a PacifiCorp witness explains the company’s understanding of Order No. 24-447 that “the Commission directed PacifiCorp to demonstrate the additional benefits of Gateway South **in its next general rate case** [but] has included that additional analysis [in the RAC] because this is the first opportunity after docket UE 433 for the Commission to address full cost recovery of Gateway South.”⁶²

In declining to address Gateway South here, we take the opportunity to note that while we dispose of PacifiCorp’s request on the grounds that we previously afforded the company the opportunity to bring it back to us in a general rate case, we do not believe that seeking cost recovery for Gateway South is an appropriate use of a RAC proceeding. We struggle to see how such a large transmission line could qualify as “associated transmission” under ORS 469A.120, particularly given our recent decision regarding “associated storage” in Order No. 24-454. We also do not believe considering Gateway South in a RAC proceeding aligns with the company’s Schedule 202 special condition 1, which states Schedule 202 is “for proposed charges relating to **new eligible**

⁶⁰ PAC/702, Ridenour/1 (emphasis added).

⁶¹ See also Order No. 08-548 at 18 (November 18, 2008) (“The ‘new’ feature of SB 838 [the bill that established Oregon’s RPS] (in terms of ratemaking) is its endorsement of the adjustment clause (or another method for timely recovery of costs) as the vehicle for a utility to recover its prudently incurred costs, pending its next general rate case.”).

⁶² PAC/100, Steward/11 (emphasis added).

resources[.]”⁶³ Given that we already considered Gateway South in docket UE 433, we do not understand how Gateway South could be considered a “new eligible resource” in a RAC proceeding.

We provide this insight with the hope that future RAC proceedings do not result in wasted resources for stakeholders and the Commission.

Finally, we also note that should PacifiCorp decide to seek a greater rate of return for its Gateway South investments in a future general rate case, it should ensure it complies with our directives in Order No. 24-447. Although we will consider all of PacifiCorp’s arguments in the future, we expect the company to provide the analysis that we have repeatedly requested in past orders. Here, we do not believe PacifiCorp’s briefing, testimony, and other evidence provided the requested analysis. Perversely, in arguing Gateway South is associated transmission, the company appears to set aside its original arguments that customers must bear the majority of the cost of the line because it is a network resource but then continues to refuse to address the full cost of the asset in arguing prudence. We expect the company to provide more than just another explanation of its belief as to why we are wrong to request this additional analysis to inform our decision-making. The appropriate time to explain to us why we are wrong is in briefing addressing the weight we should provide such an analysis, not in declining to provide the analysis in the first place.

D. Deferral

1. Positions of the Parties

As a result of Oregon House Bill 3179 (FAIR Act) being signed into law, “PacifiCorp proposes that the RAC take effect January 1, 2026, for non-residential customers and April 1, 2026, for residential customers.”⁶⁴ The company explains it “will request to defer the cost responsibility for residential customers from the RAC for the January 1 through March 31, 2026 timeframe” and notes it “will seek to amortize this deferral in a future ratemaking proceeding.”⁶⁵

CUB argues that HB 3179 prevents the Commission from increasing rates for residential customers from November 1 to March 31 and that a “separate deferral filing is not appropriate here.”⁶⁶ CUB explains that HB 3179 provides for the potential for a deferral

⁶³ PacifiCorp Schedule 202, P.U.C. OR No. 36, First Revision of Sheet No. 202-2 (September 24, 2019) (emphasis added).

⁶⁴ PAC/800, Steward/18; *see also* PacifiCorp Opening Br. at 13-14.

⁶⁵ PAC/800, Steward/18.

⁶⁶ CUB Opening Br. at 14.

“when the Commission adjusts rates to mitigate a significant rate increase” but “does not require the Commission to consider deferred accounting” related to HB 3179’s winter rate increase moratorium for residential customers.⁶⁷ CUB also expresses concerns about the administrative burden on the Commission and stakeholders should the Commission allow PacifiCorp to make a future deferral filing.

PacifiCorp responds that HB 3179 does not prevent the Commission from allowing its proposed deferral, and notes that similar deferrals were agreed to in other recent dockets.⁶⁸ The company notes that HB 3179 must be read with ORS 469A.120, which “specifically allows recovery of *all* eligible costs[.]”⁶⁹ The company concludes by noting that if the Commission does not allow a deferral, it “amounts to a disallowance of prudently incurred costs in contravention of ORS 469A.120.”⁷⁰

2. *Resolution*

Due to the limited time since the FAIR Act became effective, there has been a need to adopt solutions to address rate adjustments that would otherwise be effective during this first winter rate increase moratorium. In Order No. 25-442, we adopted a stipulation allowing a deferral related to residential rate increases in the wake of the enactment of the FAIR Act. In that order, we explained that while we were adopting the parties’ stipulation, “[g]iven the nature of the interaction between the Fair Act and dockets such as this, we anticipate continued discussions over how to handle such residential rate increases in the future.”⁷¹

In this docket, PacifiCorp states that it will file an application for a deferral for the period January 1 through March 31, 2026, to account for the delay in recovery of the revenue requirement from residential customers. The company has not yet filed this deferral application, and so we will not address its merits here, particularly where the parties’ briefing on the interaction of the FAIR Act, Oregon’s RPS statute allowing for the creation of the RAC, and the stipulation we adopted in Order No. 07-542 creating the automatic adjustment clauses required by ORS 469A.120, was very limited.

Additionally, we will continue to consider the impacts of the FAIR Act on future proposed rate increases and believe this will best be accomplished through our efforts to think holistically through multiyear ratemaking as also required by the FAIR Act. We

⁶⁷ CUB Opening Br. at 14.

⁶⁸ PacifiCorp Closing Br. at 7.

⁶⁹ *Id.*

⁷⁰ *Id.* at 8.

⁷¹ *In the Matter of PacifiCorp, dba Pacific Power, 2024 Power Cost Adjustment Mechanism*, Docket No. UE 453, Order No. 25-442 at 4 (November 13, 2025).

anticipate this may also require us to consider and adjust the mechanics and timing of a variety of rate adjustment mechanisms across utilities. We generally do not believe residential rate payers shouldering additional interest is consistent with the FAIR Act's intent, especially in a mechanism designed to reduce the utility's regulatory lag in capital cost recovery. However, how to accomplish this in light of the statute related to the RAC remains to be settled. Similarly, outside of legislatively mandated single-issue recovery processes, utilities control most, if not all, aspects of their capital planning and decisions to seek single-issue capital cost recovery filings. In those cases, we encourage the company to consider changes to the timing of its future filings given the residential winter rate increase moratorium.

In the meantime, PacifiCorp's RAC tariff requires the filing of a new schedule 202 by April 1 each year, as necessary, with any rate adjustment effective January 1. The FAIR Act became effective during the course of this proceeding and necessitated an adjustment to the rate effective date for residential customers in this proceeding. We will address any deferral in light of these facts if and when it is filed.

IV. ORDER

IT IS ORDERED that:

1. Advice No. 25-007, filed on April 1, 2025, is permanently suspended.
2. PacifiCorp, dba Pacific Power, is directed to file updated costs, as necessary and consistent with the requirements of Order No. 07-572, and to include a corporate officer attestation as described in this Order.
3. PacifiCorp is directed to conduct a jurisdictional deliverability analysis for Rock Creek I and II and disaggregate net power cost (NPC) reporting in future power cost filings. The jurisdictional analysis for Rock Creek I and II should be filed by March 12, 2026, in the docket for PacifiCorp's 2027 Transition Adjustment Mechanism (TAM) filing.
4. PacifiCorp is directed to establish a deferral to track the revenue requirement being recovered through the RAC associated with the maximum amount of [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] for Rock Creek I and Rock Creek II, to be considered for amortization once [BEGIN CONFIDENTIAL INFORMATION] [REDACTED] [END CONFIDENTIAL INFORMATION] are known.

5. PacifiCorp shall file a revised Schedule 202 consistent with the directives of this order for effect on January 1, 2026, for non-residential customers and April 1, 2026, for residential customers.

Made, entered, and effective December 15, 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.