

ORDER NO. 26-015

ENTERED Jan 22 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1983(7)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer a
Balancing Account Related to Multnomah
County Business Income Tax Expense.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 20, 2026, 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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 20, 2026**

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

DATE: December 22, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFICORP:
(Docket No. UM 1983(7))
Request for reauthorization to use Deferred Accounting to support PAC's use of balancing accounts for the Multnomah County Business Income Tax.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (the Commission) approve PacifiCorp's (PAC or Company) requests to reauthorize the deferrals associated with the variance between revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning November 27, 2025.

DISCUSSION:

Issue

Whether the Commission should approve PAC's requests for reauthorization to use deferred accounting to support PAC's use of a balancing account for the MCBIT for two separate filings, for the 12-month period beginning November 27, 2025.

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.

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Pursuant to OAR 860-027-0300(3), a utility requesting a deferral must include with its application the following information:

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

Furthermore, OAR 860-027-0300(4) requires a utility seeking reauthorization of a deferral to file the application within 60 days of expiration of the previously authorized deferral, submit the information required under OAR 860-027-0300(3), and provide a description and explanation of the entries in the deferred account, and the reasons for continuation of deferred accounting.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. ORS 757.259(5); OAR 860-027-0300(9).

ORS 757.269(1) states:

The Public Utility Commission shall act to balance the interests of the customers of the utility and the utility's investors by setting fair, just, and reasonable rates that include amounts for income taxes and amounts for income taxes included in rates are fair, just, and reasonable if the rates include current and deferred income taxes and other related tax items that are based on estimated revenues derived from the regulated operations of the utility.

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Analysis

Background

In accordance with Oregon Revised Statutes (ORS) 757.259(2)(e) and Oregon Administrative Rules (OAR) 860-027-0300, the Company applies to the Public Utility Commission of Oregon for an order reauthorizing deferred accounting for the balancing account used to record the costs and revenues related to PacifiCorp's Multnomah County Business Income Tax (MCBIT) expense.

The balancing account records PacifiCorp's expenses for MCBIT and the revenue collected from Schedule 103 Multnomah County Business Income Tax Recovery tariff rider.

Description of Expenses

According to the Company the balancing account associated with the MCBIT Recovery is maintained to accrue the difference between PAC's actual local income tax liability and the amount collected from customers under Schedule 103.

Reasons for Deferral

Pursuant to ORS 757.259(2)(e) the Company seeks to continue deferred accounting treatment for costs and revenues associated with the MCBIT Recovery to support the use of a related balancing account. The Company provides that the amortization of the deferred amounts through Schedule 103 also provides for administrative efficiency by minimizing the rate changes

Proposed Accounting

PacifiCorp will record both MCBIT expenses and Schedule 103 MCBIT recovery in FERC Account 241, Tax Collections Payable. If this application is denied, MCBIT expenses will be recorded in FERC account 409.1. Income Taxes, Utility Operating Income, and the revenues from Schedule 103 will be recorded in FERC account 456, Other Electric Revenues.

Estimate of Amounts

According to the Company the MCBIT expense is forecasted to be approximately \$534,000. When PacifiCorp files its next tariff advice to update Schedule 103 for expected 2026 MCBIT expense, the tariff advice filing will request to collect the estimated 2026 MCBIT expense and any residual balance from the 2025 MCBIT over a 12-month period.

Information Related to Future Amortization

- Earnings Review – An earnings review may be required prior to amortization.

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- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PAC's annual reauthorization filings.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all Multnomah County customers on an equal percentage of revenue basis.
- 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(8) and (10)) 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.

Conclusion

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve the Company application.

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

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request to re-authorize the deferral of MCBIT revenues and costs for the 12-month period beginning November 27, 2025