

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 535

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Request for Approval of an Affiliated
Interest Transaction with Bank of
American Corporation.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 31, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 31, 2026**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **Upon Commission Approval**

DATE: March 23, 2026

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Scott Gibbens and Matt Muldoon **SIGNED**

SUBJECT: PACIFICORP:
(Docket No. UI 535)
Requests approval of Affiliated Interest transaction with Bank of America N.A.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve PacifiCorp’s (PacifiCorp, PAC, or Company) application for approval (Application) of affiliated-interest Agreements (Agreements) with Bank of America N.A. (BofA), an affiliated interest subject to the following Staff-proposed conditions (Conditions):

Conditions:

1. PacifiCorp shall notify the Commission of any substantive changes to the Agreements, including any material changes in price or other parameters of the Agreements. Any such changes shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.
2. PacifiCorp shall provide the Commission, upon request, access to all books of account, as well as documents, data and records that pertain to any transaction involving BofA.
3. The Commission reserves the right to determine the reasonableness of usage, risks, and costs regarding this transaction in any rate proceeding or alternative form of regulation.

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DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's affiliated interest transaction with BofA, which involves underwriting total offering sizes of \$1.1 billion aggregate principal amount of Junior Subordinated Notes and \$400 million aggregate principal amount of First Mortgage Bonds (Notes).

Applicable Rule or Law

ORS 757.015 defines an "affiliated interest" with a public utility as applied under in the Commission's enabling statutes. ORS 757.015(3) specifies that every corporation five percent or more of whose voting securities are owned by a corporation or person that also owns, or is part of a successive chain of ownership, five percent or more of the voting securities of a public utility is an affiliated interest.

Whenever a public utility enters into a contract for a service or an exchange or lease of property, ORS 757.495 requires the utility to file the contract with the Commission within 90 days of execution. The Commission reviews affiliated interest transactions to ensure they are fair and reasonable and not contrary to the public interest under ORS 757.495(3).

Application requirements for affiliated interest transactions are set forth in OAR 860-027-0040. OAR 860-027-0040(2) requires that the application include the following information:

- (a) The applicant's exact name and the address of its principal business office;
- (b) The name and address of the person authorized, on the utility's behalf, to receive notices, inquiries, and communications regarding the information;
- (c) A statement describing the relationship between the utility and the contracting entity as defined by ORS 757.015, ORS 757.490, ORS 759.010, or ORS 759.385;
- (d) The amount, kind, and ratio to total voting securities held, if applicable;
- (e) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;
- (f) The pecuniary interest, directly or indirectly, of any officer or director who is a party to the contract;
- (g) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services;

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- (h) An estimate of the amount the utility will pay annually for the goods or services and the accounts in which it will record the charges;
- (i) The reasons, in detail, relied upon by the utility for procuring the proposed goods or services from the affiliate and benefits, if any, utility customers and the general public will derive from the provision of goods or services;
- (j) A description of the procurement process and the reasons, in pertinent detail appropriate to the complexity of the procurement, relied upon by the utility for procuring the proposed goods or services without a competitive procurement process, if such a process is not used;
- (k) Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;
- (l) A copy of the proposed contract or agreement between the utility and the contracting entity; and
- (m) Copies of all resolutions of directors authorizing the proposed transactions and, if stockholders' approval has been obtained, copies of the resolutions approved by the stockholders.

OAR 860-027-0048(4)(e) requires that when services or supplies (except for generation) are sold to an energy utility by an affiliate, sales shall be recorded in the energy utility's accounts at the affiliate's cost or the market rate, whichever is lower, unless there is an applicable rate on file with the Commission or with FERC.

Analysis

Background

PacifiCorp filed this application with the Commission on March 6, 2026, pursuant to ORS 757.495 and OAR 860-027-0040. PacifiCorp is an indirect, wholly owned subsidiary of Berkshire Hathaway Energy Company (BHE), which is a subsidiary of Berkshire Hathaway Inc. (BRK). BRK owns more than five percent of BofA common stock. BRK's ownership interest in BHE, as PacifiCorp's indirect parent, and BofA qualifies BofA as an affiliated interest of PacifiCorp.

The application requests Commission recognition of the usual and customary underwriting relations of PacifiCorp and BofA in regard to certain debt issuances described above.

Analysis

Staff's review included examination of the Company's current application, including a copy of the Agreements. Staff investigated the following issues:

1. Terms and conditions of the Agreements,

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2. Transfer Pricing,
3. Public Interest Compliance, and
4. Records Availability, Audit Provisions, and Reporting Requirements.

Terms and Conditions of the Agreements

Staff reviewed the Agreements and did not identify any unexpected or unusual terms or conditions.

Transfer Pricing

The finance costs of the Agreement are confidential. As noted above, BofA is the only PAC-affiliated entity among a total of 22 other lenders regularly engaged by PacifiCorp in bond issuances signing these particular contracts. BofA is therefore not receiving either more or less favorable terms than other parties providing similar services to PacifiCorp, and it can be established that fair market pricing is contained therein. Staff also finds that costs are comparable to like service through alternate investment banks.

Public Interest

The Commission customarily applies a “no-harm” standard in determining what is “not contrary to the public interest” in matters involving affiliated interest transactions. See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Commission Order No. 01-778 at 10 (Sept. 4, 2001). Staff does not find any provisions in the Contract that would be contrary to the public interest. When looking at investment bank relationships, Staff also looks for geographic and institutional diversity (financial diversity). Staff’s review finds no financial diversity concerns within the AI relationship with BoA.

Compliance with Commission Orders

Staffs review confirms that PacifiCorp’s Application complies with the terms and conditions in Commission Order No. 24-090 entered April 2, 2024, in Docket No. UF 4354.

Records Availability, Audit Provisions, and Reporting Requirements

Staff notes that the Commission retains the ability to review all affiliated-interest transactions of the Company through both its annual affiliated-interest report, in general rate case filings, and its auditing capability. Staff’s recommended conditions provide for all necessary Commission examination of PacifiCorp’s records concerning the agreements.

Conclusion

Based on Staff’s review of this Application, Staff concludes that the public interest is not harmed by this transaction, provided the recommended Conditions are adopted.

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The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's affiliated-interest Agreements with BofA, subject to the Staff's three recommended Conditions.

CA16 - PAC UI 535 AI BofA