

ORDER NO. 26-136

ENTERED Apr 29 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2265(3)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs Related to the Demand Response
Programs Approved in Schedule 106.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on April 28, 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: April 28, 2026**

REGULAR CONSENT EFFECTIVE DATE _____ N/A

DATE: April 1, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2265(3))
Application for Reauthorization of Deferred Accounting for Costs Related to the Demand Response Programs Approved in Schedule 106.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) application for authorization to defer costs associated with Demand Response Programs approved in Schedule 106 for the 12-month period beginning January 1, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request for authorization to record and defer costs associated with Demand Response (DR) Programs approved in Schedule 106.

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(3) requires that applications for deferred accounting include: (a) a description of the utility expense or revenue, (b) the reason for the deferral and a

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citation to the statute authorizing the deferral, (c) the account proposed for recording the deferred amounts, (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 application notice. Notice of the application must be provided to all parties in the utility's last general rate case pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. ORS 757.259(6) prohibits a company's amortization of amounts deferred under ORS 757.259(5) from exceeding an amount equal to three percent of the company's gross revenues from the preceding year with some limited exceptions.

Analysis

Background

On December 14, 2022, PacifiCorp filed an application requesting Commission authorization to establish and maintain a balancing account for all demand response programs approved by the Commission under Schedule 106.

PacifiCorp's Schedule 106 enables multiple demand response programs that are approved by the Commission, in which eligible customers can participate. These voluntary programs are part of the continuing implementation of resources identified in PacifiCorp's integrated resource plans.

For administrative efficiency and to ensure all demand response program costs approved under Schedule 106 are tracked under a single deferral, PacifiCorp proposed transferring all unamortized amounts for its irrigation pilot program previously deferred under Docket No. UM 2158 through December 31, 2022, to this deferral.

Description of Expenses

The company requests reauthorization under ORS 757.259(2)(e) to maintain a balancing account to record costs and revenues associated with implementing demand response programs approved by the Commission under Schedule 106, including vendor

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costs, customer incentives, customer outreach/advertising, evaluation, measurement and verification, and utility staffing directly attributable to managing these programs.

The following lists the demand response programs that have been approved under Schedule 106 to date.

| Demand Response Program | Approved |
|---|--|
| Irrigation | May 5, 2022 (Advice 22-004 / ADV 1383) |
| Commercial and Industrial | November 16, 2022 (Advice 22-011 / ADV 1436) |
| Residential | May 16, 2023 (Advice 23-010 / ADV 1496) |
| Community-Based Renewable Energy Resilience Hub (CBRE-RH) Pilot | September 19, 2024 (Advice 24-014 / ADV 1637) |
| Wattsmart Battery | December 20, 2024 (Advice 24-022 / ADV 1691) |
| Cool Keeper | March 25, 2025 (Advice 25-002 / ADV 1708) |

Reasons for Deferral

The Company seeks to defer the costs associated with its demand response programs to match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

The Company continues to record deferred amounts to Federal Energy Regulatory Commission account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts.

Estimate of Amounts

PacifiCorp estimates that the annual cost for Schedule 106 will be approximately \$11,854,000.

As noted in the original request for authorization of this deferral account, this includes all irrigation demand response program costs previously tracked under the UM 2158 deferral.¹

¹ *In the Matter of PacifiCorp dba Pacific Power, Application for Approval of Deferred Accounting for a Balancing Account Related to Schedule 95, Pilot Program Cost Adjustment, Docket No. UM 2158, Order No. 24-117 (May 2, 2024).*

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Information Related to Future Amortization

- Earnings Review - Staff recommends that the cost recovery associated with this deferral not be subject to an earnings review because the program costs pertain to demand response programs (PacifiCorp Schedule 106).
- Prudence Review - A prudence review should be performed by the Commission Staff as part of PacifiCorp's amortization filings. The prudence review will include the verification of the accounting methodology used to determine the deferred amounts and a review of all costs and revenues proposed for amortization.
- Sharing - These deferrals are not subject to a sharing mechanism.
- Three Percent Test (ORS 757.259(6)) - The amortization of the pilots' deferred costs will be subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (with exceptions) 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

Based on Staff's review of PacifiCorp's application, Staff concludes that the Company's application is reasonable and meets the requirements of ORS 757.259 and OAR 860-027-0300 without detriment to customers.

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

PROPOSED COMMISSION MOTION:

Approve PacifiCorp 's application for authorization to defer costs associated with Demand Response Programs approved in Schedule 106 for the 12-month period beginning January 1, 2026.