

ORDER NO. 26-142

ENTERED Apr 29 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 534

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application Requesting Approval for an
Affiliate Interest Transaction with Trapper
Mining Inc.

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 8, 2026

TO: Public Utility Commission

FROM: Will Wheeler

THROUGH: Scott Gibbens and Anna Kim **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UI 534)
Request for Approval of an Affiliated Interest Transaction with Trapper Mining Inc.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve PacifiCorp's (Pacific Power, PAC, or Company) application for approval of an affiliated-interest (AI) Agreement (Agreement) with Trapper Mining Inc. (Trapper) to enter into a Coal Sales Agreement (CSA) through which Trapper will sell coal to PacifiCorp for the operation of the Craig Plant, subject to the following Staff-proposed conditions (Conditions):

Conditions:

1. PacifiCorp shall report to the Commission, as part of its annual affiliated interest report, a summary of the Company's transactions with Trapper.
2. PacifiCorp shall notify the Commission of any substantive changes to the Agreement, including any material changes in price or other parameters of the Agreement. Any such changes shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.
3. 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 Trapper.
4. The Commission reserves the right to review, for reasonableness, all financial aspects of these transactions 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 Trapper to enter into a coal contract through which Trapper will sell coal to PacifiCorp for the operation of the Craig Plant.

Applicable Law

"Affiliated interest," as defined in ORS 757.015(3), includes every corporation for which five percent or more of voting securities are owned by any corporation or person owning five percent or more of the voting securities of a public utility or in any successive chain of ownership of a public utility.

ORS 757.495 requires a public utility to seek approval of contracts with affiliated interests within 90 days of the execution of the contract. ORS 757.495(3) provides that the Commission may approve an affiliated interest agreement if the agreement is fair, reasonable, and not contrary to the public interest. 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 the Federal Energy Regulatory Commission (FERC).¹

The requirements for an affiliated interest transaction application are set forth in OAR 860-027-0040. The application must include a description of the relationship between the utility and the other contracting entity, any pecuniary interest of any officer or director, a description of the goods or services to be provided, the market value of the goods or services if different from the costs, the methods for pricing those goods and services, the reason for or benefits received from the transaction, and a copy of the contract.²

Analysis

Background

PacifiCorp filed this application on February 11, 2026, pursuant to ORS 757.495 and OAR 860-027-0040. The Company seeks approval from the Commission to amend a CSA for purchasing coal from Trapper for delivery to the Craig generating plant. The Commission last approved an AI application for a CSA between PacifiCorp and Trapper

¹ OAR 860-027-0048(4)(e).

² OAR 860-027-0040(2)(a)-(m).

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in Order No. 94-1550 in Docket No. UI 140. The primary purpose of the current request is to extend the term of the current agreement to align with the planned retirement of Craig unit 2 on September 30, 2028. Craig unit 1 ceased burning coal in December 2025, as planned, though has been ordered by the United States Department of Energy to remain available to generate in an emergency through June 2026.³

PacifiCorp owns 29.14 percent of Trapper, and as such, an affiliated interest relationship exists between PacifiCorp and Trapper. Trapper is the main source of coal for units 1 and 2 at the Craig station, and this fuel is procured and provided at cost. PacifiCorp's share of Trapper is included in rate base and its share of mining costs, including depreciation and depletion, is included in system costs. The current CSA between Trapper and PacifiCorp was entered into on January 1, 2021 and was effective through 2025, necessitating an amendment to extend the term.

Staff Investigation

To conduct its investigation, Staff thoroughly reviewed the Agreement and issued Information Requests (IRs) to the Company in considering the following issues, which are discussed in detail below:

1. Scope and Terms of the Agreement,
2. Transfer Pricing and Allocation Methods,
3. Public Interest Compliance, and
4. Records Availability, Audit Provisions, and Reporting Requirements.

Scope and Terms of Agreement

Based upon Staff analysis of the CSA and investigation into the current amendment and prior contracts, there appear to be no unusual or restrictive terms that would harm customers. Accordingly, Staff is not concerned about this issue.

Transfer Pricing and Allocation Methods

The Commission's transfer policy for goods and services purchased by a regulated electric utility from an affiliate shall be priced at the lower of cost or fair market rate. The Company states in its initial filing that "PacifiCorp will purchase coal from Trapper at cost each year based on the amount that is needed to serve the Craig Station's coal-fired units — the annual demands of which vary."⁴ This pricing at cost is unchanged relative to the original contract. Staff verified that the expected cost of Trapper coal is less than the next most competitively priced potential sources of coal for the Craig

³ PacifiCorp Response to IR 4.

⁴ PacifiCorp Application, page 4.

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plant.⁵ Staff also verified that PacifiCorp does not expect material changes in per-unit cost due to the retirement of Craig unit 1.⁶

Given that coal from Trapper is effectively priced at cost and is considered each year in the Company's Transition Adjustment Mechanism and Power Cost Adjustment Mechanism filings,⁷ and that Condition No. 4 allows the Commission to review these costs for reasonableness, Staff is not concerned about this issue.

Public Interest Compliance

The Commission customarily applies a "no-harm" standard in determining what is "not contrary to the public interest" in matters involving affiliated interest transactions.⁸ PacifiCorp's customers are likely not harmed by this transaction because the Company is paying, subject to the review under Staff's proposed Condition No. 4, a fair and reasonable price for the coal supply. Therefore, the purchase price meets the lower of cost or fair market requirement of the Commission AI transfer pricing policy.

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 agreement.

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.

The Company has reviewed this memo and has no concerns with its content.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application for an affiliated-interest Agreement with Trapper Mining Inc., subject to Staff's recommended Conditions.

⁵ PacifiCorp Response to IR 3.

⁶ PacifiCorp Response to IR 4.

⁷ PacifiCorp Application, page 4.

⁸ See e.g. *In the Matter of a Legal Standard for Approval of Mergers*, Commission Order No. 01-778 at 10 (September 4, 2001).