

ORDER NO. 26-203

ENTERED Jun 09 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2221(4)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Operating Costs and Capital Investments
Made to Implement and Operate the
Company's Oregon Wildfire Protection
Plan.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on June 9, 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: June 9, 2026**

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

DATE: May 28, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2221(4))
Application for Reauthorization of Deferred Accounting for Operating Costs and Capital Investments Made to Implement and Operate PacifiCorp's Oregon Wildfire Mitigation Plan.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request for the reauthorization of deferred accounting for operating costs and capital investments made to implement and operate PacifiCorp's Oregon Wildfire Mitigation Plan (WMP)¹, for the 12-month period beginning on January 5, 2026.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for reauthorization of deferred accounting of costs associated with Senate Bill (SB) 762 (2021) for the 12-month period beginning January 5, 2026.

¹ See, The PacifiCorp filing uses the term "Wildfire Protection Plan" throughout its filing instead of WMP. The term Wildfire Mitigation Plan is used in the OPUC's OAR. For consistency with our OAR and past Staff reports, we have replaced PacifiCorp's WPP with WMP.

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Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

Identifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Amounts deferred under ORS 757.259 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. ORS 757.259(5). A review of the utility's earnings is required, unless subject to an automatic adjustment clause. ORS 757.259(5). With some exceptions, a company's amortization of amounts deferred cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

In Order 23-173, the Commission approved an automatic adjustment clause for recovery of wildfire costs through Schedule 190.

Analysis

Background

This current filing, seeking it is the third reauthorization was filed for the 12-month period beginning on January 5, 2026.

PacifiCorp filed its first WMP on December 30, 2021.² The Commission approved PacifiCorp's deferral of the operating costs and capital investments made to implement and operate its wildfire mitigation plan in Order 22-258 for the 12 months beginning

² See PacifiCorp's 2022 Wildfire Protection Plan, Docket No. UM 2207 (Dec. 30, 2021).

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January 5, 2022. Subsequently the Commission approved reauthorization of PacifiCorp's deferral in Order No. 23-032 and Order No. 24-432. Most recently, Order No. 25-249 reauthorized the deferral for the 12-month period beginning January 5, 2025.

Reason for Deferral

PacifiCorp requests reauthorization to defer the operating costs and capital investments made to implement and operate its WMP. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers.

Description of Expenses

PacifiCorp describes the investments to construct, maintain, and operate electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire.

The WMP includes incremental capital investments for system hardening (including system automation and fuse replacement), situational awareness (including weather station installs and fire impact modelling), system operations, and public safety partner coordination.

The WMP also includes incremental operating costs for several measures including but not limited to risk modeling, inspection and correction, and vegetation management.

Proposed Accounting

The Company will continue 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

For 2026, PacifiCorp estimates it will incur approximately \$261.9 million in incremental capital investments and approximately \$26.8 million in incremental operating costs associated with the 2025 WMP³.

Information Related to Future Amortization

- Earnings Review - The Stipulation in UE 407 that was adopted by the Commission in Order No. 23-173 prohibits the use of an earnings tests and parties to the Stipulation are prohibited from seeking changes to this mechanism that would have an effective date prior to July 1, 2026.

³ See, In the Matter of PACIFICORP, d/b/a PACIFIC POWER, 2026-2028 Wildfire Mitigation Plan, Docket No. UM 2207, Section 2.2, Table OPUC 2-1 (Dec. 31, 2025).

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- Prudence Review - A prudence review should be performed by Commission Staff as part of their review of this deferral's annual reauthorization filing.
- Rate Spread/Rate Design - Revenues will be allocated to each cost-of-service schedule using a method to be developed prior to amortization and reflective of the transmission and generation functions expenditures incurred.
- Sharing - No recommendation is made at this time with regards to the presence of a sharing mechanism.
- 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 (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

After Staff's review of PacifiCorp's application requesting reauthorization to defer, for future inclusion in customer rates, the revenue associated with cost and capital investment made to implement and operate its WMP in 2026 and because the application meets the requirements of ORS 757.259 and OAR 860-027-0300, Staff recommends PacifiCorp's application be approved.

The Company has reviewed this memo and agrees with or expresses no objections to Staff's recommendation.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's application for reauthorization to use deferred accounting for operating costs and capital investments made to implement and operate PacifiCorp's 2025 Oregon Wildfire Mitigation Plan, for the 12-month period beginning on January 5, 2026.