ORDER NO. 26-263

ENTERED Jul 21 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2400

In the Matter of PACIFICORP, dba PACIFIC POWER, Application of Deferred Accounting for Costs Associated with the Capacity Reservation Charge.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on July 21, 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. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 21, 2026

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** __________N/A__________

DATE: July 13, 2026

TO: Public Utility Commission

FROM: Madison Bolton

THROUGH: Scott Gibbens **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2400)
Application of Deferred Accounting for Costs Associated with the Capacity Reservation Charge.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp or Company) application to defer revenues associated with Schedule 300 Capacity Reservation Charge and Excess Demand Charge.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application to defer revenues collected from customers who are subject to Schedule 300 Capacity Reservation Charge and Excess Demand Charge.

Applicable Rule

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 fluctuations of rate levels or to match appropriately the costs borne by and benefits received by ratepayers." ORS757.259(2)(e).

OAR 860-027-0300 generally sets forth the Commission's application requirements for deferrals and amortization of deferred amounts.

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.

The Commission's final determination on deferred amounts allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility. ORS 757.259(5).

Analysis

Background
On February 14, 2024, PacifiCorp filed its 2024 General Rate Case in Docket No. UE 433, where the Company proposed a Capacity Reservation Charge and Excess Demand Charge to manage reserved capacity for very large customers. These charges were proposed to address risk of stranded assets and fluctuations in forecasted costs for investments planned in advance of a large customer energizing.

In Order No. 24-447, the Commission authorized a Capacity Reservation Charge of $3.68 per kW and an Excess Demand Charge of $11.04. The Commission also directed the Company to file an annual deferral application ahead of collecting any such revenues and submit a detailed accounting of any revenues received with any subsequent amortization request.[1]

Reason for Deferral
In compliance with Order No. 24-447, the Company is requesting to defer the revenue associated with these two new charges for later potential inclusion in rates.

Proposed Accounting
PacifiCorp proposes to account for the deferred revenues by debiting general business revenues in FERC Accounts 440 – Residential Sales, 442 – Commercial and Industrial Sales, and 444 – Public Highway Lighting; and crediting Account 254 – Other

[1] *In the Matter of PacifiCorp d/b/a Pacific Power, Request for a General Rate Revision*, Docket No. UE 433, Order No. 24-447 at 108 (Dec. 19, 2024) ("We find that it is appropriate for any revenues generated by the capacity reservation or excess demand charge to be tracked through a deferral. We direct PacifiCorp to file an annual deferral application ahead of collecting any such revenues and submit a detailed accounting of any revenues received with any subsequent amortization request.").

Regulatory Liabilities. PacifiCorp proposes that the account will accrue interest at the Commission-authorized rate for deferred accounts. Amortization of the balance would be evaluated in a future proceeding coincident with inclusion in rates.

Estimate of Amounts
The Company estimates that in the first year of the deferral, only one large customer will be subject to these charges.

Information Related to Future Amortization

- Earnings review – Staff recommends an earnings test be applied to this deferral.
- Prudence Review – A prudence review will be performed when the credits captured by this deferral are considered for amortization.
- Sharing – All prudently incurred costs and benefits will be collected/refunded from/to customers with no sharing mechanism.
- Rate Spread/Rate Design – The Commission noted in Order No. 24-447 that it suspects the revenues from these charges should be spread across all customers who bear the costs and risks. However, the Commission ultimately determined that it is more appropriate to address the spread of revenues as part of a later amortization request.[2]
- 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(7) and (8)) 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.

<u>Conclusion</u>

The Commission should approve PacifiCorp's application for authorization to defer revenues associated with Schedule 300 Capacity Reservation Charge and Excess

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[2] *In the Matter of PacifiCorp d/b/a Pacific Power, Request for a General Rate Revision*, Docket No. UE 433, Order No. 24-447 at 108 (Dec. 19, 2024)(" . . .we suspect that it will be most appropriate to spread any revenues received through these charges across all customers who would have born those costs and risks. However, we determine that it is more appropriate to address the spread of any revenues generated through these charges as part of a later amortization request when we understand more about the circumstances in which the charges were applied (including the impacts on other customers) and where a more detailed and context-specific record can be developed.").

Demand Charge. The rate spread of the revenues will be determined in a future amortization request. Staff believes the Company's authorization request meets the applicable ORS and OAR requirements and is consistent with Commission Order No. 24-447.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application to defer revenues associated with Schedule 300 Capacity Reservation Charge and Excess Demand Charge.

CA5 - PAC UM 2400 Application of Deferred Accounting for Costs Associated with the Capacity Reservation Charge