ORDER NO. 26-278

ENTERED Aug 04 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2426

In the Matter of PACIFICORP dba PACIFIC POWER, Application for Approval of Deferred Accounting for Costs Relating to the Renewable Adjustment Clause.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 4, 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. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 4, 2026

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

DATE: July 22, 2026

TO: Public Utility Commission

FROM: Luz Mondragon

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2426)
Requests authorization to defer the Renewable Adjustment Clause residential rate increase.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Pacific Power's (PAC, PacifiCorp, or Company) application for authorization to defer the delayed revenue requirement associated with residential costs for the Renewable Adjustment Clause (RAC) increase.

DISCUSSION:

Issue

Whether the Commission should approve PAC's requests for authorization to defer costs associated with the delay in the residential rate increase from the RAC as a result of House Bill 3179 (FAIR ACT).

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for expense or revenues 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. ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission set forth the requirements for the contents of deferred accounting applications. Notice of the application must be provided pursuant to OAR 860-027-0300(6).

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, unless subject to an automatic adjustment clause, review of the utility's earnings.

ORS 757.210(7) prohibits any increase in residential rates from taking effect from November 1 to March 31.

Analysis

Background
On July 17, 2025, the FAIR ACT was passed in the 2025 Regular Session. Among the requirements is the prohibition of residential rate increases during the winter months, November 1 to March 31.

On April 1, 2025, PacifiCorp filed a schedule revision request under Schedule 202, its RAC, seeking cost recovery on all or portions of the Rock Creek I and II wind resources and certain costs associated with the Gateway South transmission line project.[1] The company's initial filing sought a January 1, 2026, effective date for new rates. However, the company revised its requested effective date to be April 1, 2026, for residential customers and January 1, 2026, for all other customers, because of the passage of Oregon's FAIR Act.[2] The Company expressed intent to file a deferral for the residential rate increase from January 1, 2026 to March 31, 2026.

In the UE 451 the Commissioners made the following statement regarding deferring residential increases:

> We generally do not believe residential rate payers shouldering additional interest is consistent with the FAIR Act's intent, especially in a mechanism designed to reduce the utility's regulatory lag in capital cost recovery. However, how to accomplish this in light of

[1] The Commission declined to address Gateway South in a RAC proceeding. Order No. 25-505 at 13.
[2] In the Matter of PACIFICORP, dba PACIFIC POWER, 2026 Renewable Adjustment Clause, Docket No. UE 451, Order No. 25-505 (December 15, 2025)

> the statute related to the RAC remains to be settled. Similarly, outside of legislatively mandated single-issue recovery processes, utilities control most, if not all, aspects of their capital planning and decisions to seek single-issue capital cost recovery filings. In those cases, we encourage the company to consider changes to the timing of its future filings given the residential winter rate increase mortarium.[3]

Since the RAC rates became effective and PacifiCorp's application to defer the increase to the residential rate, Staff has published the final Winter Moratorium Implementation (WMI) proposal aimed at achieving customer focused benefits of the legislation while also minimizing unintended consequences that may have detrimental impacts on customers. The WMI details, among other things, that when winter deferrals are unavoidable, carrying costs, during the implementation period, should be consistent with current stipulations or Commission-approved deferral treatment. However, after April 1, 2028, carrying cost treatment should default to MBTR minus 10 percent, for winter deferral.[4] Staff's Final Winter Moratorium Implementation Proposal states:

> This 10 percent reduction represents customer/shareholder sharing at 90/10 to incentivize durable winter moratorium filing practices. This approach recognizes that customers should not bear full carrying costs indefinitely for delayed implementation after utilities have had a reasonable transition period to adjust filing schedules.[5]

Description of Expenses
Rock Creek I and II facilities are now fully operational and were approved for inclusion in the 2026 RAC rates. PacifiCorp specifically requests to defer the residential portion of the revenue requirement that should have been collected between January 1, 2026 to March 30, 2026.

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3 Order No. 25-505 at 16.
4 In the Matter of Public Utility Commission of Oregon, Investigation into HB 3179 Implementation, Docket No. UM 2405, Staff's Final Winter Moratorium Implementation Proposal (May 21, 2026).
5 *Id.*

Reasons for Deferral
Due to the passage of the FAIR ACT, residential rate increases are not permitted from November 1 through March 30.

Proposed Accounting
PacifiCorp requests to record the deferral in Account 182.3 (Other Regulatory Assets). PacifiCorp seeks to defer costs beginning with the date of this application, until later ratemaking recovery.

Estimate of Amounts
PacifiCorp estimates that approximately $4.4 million plus interest may be deferred as the revenue requirement associated with the delay in the rate increase for residential customers. This account will accrue interest at the Commission-authorized rate for deferred accounts.

Information Related to Future Amortization
PacifiCorp will seek to amortize deferred amounts through Schedule 203[6]

- Earnings Review - Pursuant to ORS 469A.120, no earnings review is required as the costs prudently incurred can be recovered.

- Prudence Review - A prudence review will be performed by the OPUC Staff and should include a verification of the accounting methodology used to determine the final amortization balance.

- Sharing - This deferral is not subject to a sharing mechanism.

- Rate Spread/Rate Design - The allocation basis for the prudently incurred costs will be discussed at the time of the amortization.

- Three Percent Test (ORS 757.259(6)) - The amortization of the deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during any one year to no

[6] As noted in Staff's report in AR 677 on May 19, 2026, and supported by the Commission's Phase 1 comments in AR 676 at the July 7, 2026 public meeting, Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible. These steps would reduce year to year filings, improve transparency, and support the multi-year rate plan (MRP) goal of incorporating a broader set of costs within the multi year framework. Staff believes that approval of this deferral is reasonable until such a time that the Commission determines to consolidate the costs at issue into base rates in a general or multi-year rate proceeding. Staff encourages the Company and stakeholders to continue to evaluate the reasonableness of moving this and other deferrals into base rates in preparation for the move to multi-year ratemaking.

more than three percent of the utility's gross revenues for the preceding calendar year.

Conclusion

Based on review and timing of Pacific Power's application, Commission direction regarding the deferral and the final WMI proposal, Staff recommends that the Commission approve deferral but reiterates the Commission's encouragement to the company to consider changes to the timing of its future filings given the residential winter rate increase mortarium. Future requests to defer residential rate increases will be scrutinized for the Company's ability and efforts to avoid such deferrals.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's applications for authorization to defer costs associated with the delay in the residential rate increase from the RAC for January 1, 2026 to March 31, 2026.