ORDER NO. 26-298

ENTERED Aug 18 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2430

In the Matter of PACIFICORP, dba PACIFIC POWER, Application of Deferred Accounting for Costs Associated with Completion of Rock Creek II Turbines.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 18, 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. CA9

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 18, 2026

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** ________N/A________

DATE: August 12, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2430)
Authorization of Deferred Accounting for Costs Associated with Completion of Rock Creek II Turbines.

STAFF RECOMMENDATION:

Staff recommend that the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request for authorization to defer costs associated with Completion of Rock Creek II Turbines for a 12-month period beginning January 29, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's requests for authorization to defer Rock Creek II Turbines costs.

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 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 sets forth the Commission's application requirements for deferrals and amortization of deferred amounts. Notice of the application must be provided pursuant to OAR 860-027-0300(6).

ORS 469A.052 establishes a renewable portfolio standard (RPS) that requires large electric utilities to acquire increasing percentages of electricity sold by the electric utility to retail consumers from renewable resources. ORS 469A.120(1) authorizes utilities to recover the prudently incurred costs of complying with the RPS. ORS 469A.120(2)(a) requires the Commission to establish an automatic adjustment clause to timely recover the costs prudently incurred by the electric company to meet the RPS.

Analysis

Background

In Docket No. UM 1330, the Commission approved a stipulation providing for use of deferred accounting to track the costs and benefits of RPS-eligible investments from their in-service date to the date they are reflected in rates through the RAC or a general rate case. The stipulation included PacifiCorp's Schedule 202, which provides for recovery of the costs of "the renewable energy source and associated transmission."

The stipulation also requires matching fixed and variable cost recovery, consistent with Oregon's general recognition of the matching principle. This means that for customers to receive the net power cost benefits and PTCs of renewable resources, they must also pay the capital costs of these resources.

In PacifiCorp's most recent RAC filing, Docket No. UE 451, the Commission approved the inclusion of Rock Creek II in customer rates. On December 22, 2025, the Company made a compliance filing as required by Order No. 25-505 and noted that 62 of the 66 turbines were placed in service.

Thus, the Company seeks to defer the costs associated with the remaining four turbines that have now been placed into service for future cost recovery.

Description of the Expenses

Rock Creek II is a fully operational wind facility located in southeastern Wyoming with a combined sum of 66 wind turbine generators. Costs relating to 62 of the 66 generators are already reflected in customer rates with the compliance filing made in accordance with Order No. 25-505 in Docket No. UE 451. PacifiCorp specifically requests to defer the revenue requirement for the four remaining turbines which were placed into service by December 29, 2025.

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.

Reasons for Deferral
The remaining portion of the Rock Creek II facility became commercially operational and used and useful for Oregon customers on December 29, 2025, but the revenue requirement associated with the resource will not be reflected in rates until the rate effective date of the Company's next general rate case.

In the interim, deferred accounting will allow the Company to match the costs with the benefits that customers receive from the Rock Creek II facility.

Estimate of Amounts
PacifiCorp estimates that approximately $1.7 million plus interest may be deferred annually as the revenue requirement associated with the remaining turbines.

Information Related to Future Amortization

- Earnings Review – Pursuant to ORS 757.259(5), deferred amounts will be allowed in rates to the extent authorized by the Commission following review of the utility's earnings at the time of application to amortize the deferral.

- Sharing – This deferral is subject to sharing as determined by the Commission in a future ratemaking proceeding.

- Rate Spread/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 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>

Staff finds that deferral of the Rock Creek II facility will allow the Company to match the costs with the benefits that customers receive from the facility. PacifiCorp's also application meets the requirements of OAR 860-027 0300. For these reasons, Staff recommends the Commission approve PacifiCorp's application to defer costs associate with the Rock Creek II facility.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request for reauthorization to defer costs associated with Completion of Rock Creek II Turbines for a 12-month period beginning January 29, 2026.