

ORDER NO. 26-301

ENTERED Aug 18 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2402

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Deferral of Costs Relating
to Rock Creek I and Gateway South.

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. CA12

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

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

DATE: August 4, 2026

TO: Public Utility Commission

FROM: Luz Mondragon

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2402)
Application of Deferred Accounting for Costs Relating to Rock Creek I and Gateway South.

STAFF RECOMMENDATION:

Staff recommends the following:

- Approve PacifiCorp's request to defer costs relating to Rock Creek I.
- Bifurcate the Company's request to defer costs related to Gateway South for later consideration.

DISCUSSION:

Issues

1. Whether the Commission should approve PacifiCorp's request to defer costs related to Rock Creek I.
2. Whether the Commission should bifurcate the portion of the deferral application seeking authorization to defer costs related to Gateway South for later consideration.

Applicable Law

Under ORS 757.259(2)(e), the Commission may authorize a deferral of "identifiable utility expenses or revenues, the recovery or refund of which the commission finds

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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.”

OAR 860-027- 0300(3) requires that applications for deferred accounting include:

- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

Amounts deferred 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. A review of the utility’s earnings is required, unless subject to an automatic adjustment clause. ORS 757.259(5), OAR 860-027-0300. 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).

ORS 469A.120(2)(a) states that the Commission shall establish an automatic adjustment clause or another method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources.

Analysis

Background

Rock Creek I and II are wind generation facilities located in Carbon and Albany counties in southeast Wyoming, with planned nameplate capacities of 190 MW and 400 MW respectively. Both projects were selected through PacifiCorp’s 2020 All-Source Request for Proposals as build-transfer agreements, under which Invenergy would develop the facilities and then transfer ownership to PacifiCorp upon completion.¹

¹ Docket No. UE 451, PacifiCorp Opening Testimony, PAC/100, Steward/6.

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Gateway South is a 416-mile-long 500 kV transmission line originating at the Aeolus substation in Wyoming and terminating at the Clover substation near Mona, Utah. Gateway South was completed in 2024 and is now in service. Gateway South is a part of PacifiCorp's Energy Gateway Transmission expansion project.²

PacifiCorp filed this application to defer costs relating to Rock Creek I and Gateway South on August 15, 2025. Both of these projects were litigated in PacifiCorp's last general rate proceeding, Docket No. UE 433 and were at issue in PacifiCorp's Renewable Adjustment Clause (RAC) proceeding, Docket No. UE 451.

In Docket No. UE 433, the Commission approved rate recovery for ten of the wind turbine generators at Rock Creek I, which were placed in service by the end of 2024. The remaining 22 turbines from Rock Creek I, along with all of Rock Creek II, were not yet in service at that time and were therefore excluded from the 2025 general rate case.³ Also in UE 433, the Commission partially denied PacifiCorp's request to recover the costs of Gateway South.⁴ This later provision in the Order is the subject of a petition for judicial review filed by PacifiCorp in April 2025. On April 1, 2025, in Docket No. UE 451, PacifiCorp filed an application seeking to recover the costs of the Rock I and II wind resources and the return on Gateway South that was disallowed in Docket No. UE 433 under Schedule 202, PacifiCorp's Renewable Adjustment Clause (RAC).⁵ On December 15, 2025, the Commission issued an order declining to consider Gateway South in the RAC proceeding.⁶

Staff Recommendation

PacifiCorp seeks to defer the costs of the final portion of Rock Creek I and the return on Gateway South that was disallowed in Docket No. UE 433 to "allow the Company to match the costs customers incur and benefits customers receive from the Rock Creek I facility and the associated Gateway South transmission project."⁷

For the Rock Creek I costs, Staff finds that a deferral would match the costs customers incur and benefits customers receive from the facility and recommends the Commission approve PacifiCorp's request to defer costs relating to Rock Creek I.

² Docket No. UE 451, PacifiCorp Opening Testimony, PAC/100, Steward/8-9.

³ See *In the Matter of PacifiCorp, dba Pacific Power Request for a General Rate Revision*, Docket No. UE 433, Order No. 24-447 at 37-44 (Dec. 19, 2024).

⁴ Order No. 24-447 at 42.

⁵ *In the Matter of PacifiCorp, dba Pacific Power, 2026 Renewable Adjustment Clause*, Docket No. UE 451, PacifiCorp Initial Application, Schedule 202 (April 1, 2025).

⁶ *In the Matter of PacifiCorp, dba Pacific Power, 2026 Renewable Adjustment Clause*, Docket No. UE 451, Order No. 25-505 at 37-44 (Dec. 15, 2025).

⁷ Docket No. UM 2402, PacifiCorp Initial Application at 1.

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Reason for Deferral

According to the Company, the reason for the deferral is “to match the benefits that customers receive from the Rock Creek I facility” and “allow PacifiCorp to recover costs necessary for compliance with the RPS and HB 2021, consistent with ORS 469A.120(1).”⁸ The deferral would account for the remaining portion of the Rock Creek I turbines that became commercially operational and used and useful for Oregon customers on July 25, 2025.⁹

As noted above, Staff recommends that the Gateway South request be bifurcated from the portion of the application concerning Rock Creek I, for consideration at a later time.

Proposed Accounting

In its application, PacifiCorp proposes to record the deferral in Account 182.3 (Regulatory Assets). For Rock Creek I, PacifiCorp proposes to defer costs beginning with the date of this application, until January 1, 2026, when the facilities will be included in rates through the RAC.¹⁰

Estimate of Amounts

PacifiCorp estimates that approximately \$3.5 million plus interest may be deferred as the revenue requirement of Rock Creek I.¹¹

Information related to future amortization

- Earnings review – As per Commission Order No. 07-572, parties agreed that deferral associated with a RAC filing should not be subject to an earnings review.
- Prudence Review – A prudence review will be performed when the costs or credits captured by this deferral are considered for amortization.
- Sharing – Sharing mechanisms are not applicable to deferrals associated with RAC filings.
- Rate Spread/Rate Design – Staff proposes that costs recovered through this deferral be allocated to each schedule on an equal percentage of generation revenue applied on a cents per kWh basis. Staff will consider optimal rate spread and rate design of this deferral when considering amortization.

⁸ Docket No. UM 2402, PacifiCorp Initial Application at 5.

⁹ Docket No. UM 2402, PacifiCorp Initial Application at 5.

¹⁰ Docket No. UM 2402, PacifiCorp Initial Application at 5-6.

¹¹ Docket No. UM 2402, PacifiCorp Initial Application at 6.

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- Three Percent Test (ORS 757.259(6)) – The amortization of the costs will not be subject to the three percent test.

Conclusion

The Commission should approve PacifiCorp's request to defer costs relating to Rock Creek I because the deferred accounting will allow the Company to match the benefits that customers receive from the Rock Creek I facility. Staff does not recommend the Commission consider the portion of the deferral application that concerns Gateway South at this time, and recommends the Commission bifurcate that portion of the application.

PROPOSED COMMISSION MOTION:

Staff recommends the following:

- Approve PacifiCorp's request to defer costs relating to Rock Creek I.
- Bifurcate the Company's request to defer costs related to Gateway South for later consideration.