ORDER NO. 26-340

ENTERED Sep 15 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1764(8)

In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Reauthorization of Deferred Accounting Related to a Change in Annual Regulatory Fees.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 15, 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. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 15, 2026

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

DATE: August 18, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1764(8))
Requests reauthorization of deferred accounting related to a change in Annual Regulatory Fees payable to the Public Utility Commission of Oregon.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Pacific Power's (PacifiCorp, PAC, or Company) request for reauthorization to defer costs related to a change in annual regulatory fees payable to the Commission, and the costs currently being collected in rates, for the twelve-month period beginning March 11, 2026.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for reauthorization to defer costs associated with the variance in the annual regulatory fee and the amount collected in rates.

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, "[i]dentifiable 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." ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set the requirements for the contents of deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as 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).

Unless subject to an automatic adjustment clause under ORS 757.210(1), 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 review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

Analysis

Background

In accordance with OAR 860-021-0033, electric utilities are required to pay regulatory fees to the Commission each year by April 1. The fee payable by the electric utility is an annual fee rate multiplied by the utility's gross operating revenues derived within Oregon for the previous calendar year.

The annual fee rate is set by Commission order entered on or around March 1 of each year. PacifiCorp initially applied for deferral of the change in annual fee rate level from the previous 0.25 percent maximum rate on March 11, 2016, docketed as UM 1764. In that docket, PacifiCorp requested the use of deferred accounting for the costs related to the change in annual fee rate from the previous 0.25 percent maximum rate, then represented in PacifiCorp's rates, and the annual fee rate established for 2016 of 0.275 percent.

On February 17, 2026, the Commission issued Order No. 26-043, decreasing the annual fee rate for 2026 from 0.45 percent to 0.36 percent of 2025 gross operating revenues. PacifiCorp respectfully requests reauthorization under ORS 757.259(2)(e) to defer the cost differential related to the decrease in the annual fee rate for the 12-month period.

Note: 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 Special Public Meeting, Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible.

The incorporation of existing deferrals into base rates 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 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. However, Staff believes that approval of this deferral is reasonable until such time that the Commission determines to consolidate the costs at issue into base rates in a general or multi-year rate proceeding.

Description of the Expenses
Expenses are associated with the decrease in the regulatory fee rate for 2026. The amount reflects the calculated difference between PacifiCorp's annual fee at the new rate of 0.36 percent and the annual fee of 0.45 percent included in the Company's Oregon rates.

Proposed Accounting
The Company will record deferred amounts by debiting retail revenues in FERC Accounts 440 - 444 and crediting the property sales balancing account, in FERC Account 254 – Other Regulatory Liabilities.

Reasons for Deferral
The Company seeks to match the costs borne by and benefits received by customers. The proposal to defer this amount through the existing property sales balancing account also provides for administrative efficiency by minimizing the rate changes required to address the change in annual fees.

Estimate of Amounts
The Company estimates that the Oregon cost related to the decrease in the annual fee rate is $1,837,500 for the 2025 annual fee that will be paid on or before April 1, 2026.

Information Related to Future Amortization

- Earnings Review - ORS 757.259 (5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259 (2)(e). Staff recommends recovery not be subject to application of an earnings test.

- Prudence Review - Prudence review should be performed at the time of deferral amortization.

- Sharing - Staff recommends this deferral not be subject to a sharing mechanism because the annual fees are collected from customers and directly passed through to the Commission.

- Rate Spread / Rate Design - Account balances are to be spread through PacifiCorp's property sales balancing account (Schedule 96).

- Three Percent Test (OAR 757.259 (6)) - The amortization of the deferral costs will be subject to the three percent test in accordance with ORS 757.259(7) and (8), which limits 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>

Based on Staff's review of PacifiCorp's application, Staff recommends PacifiCorp's application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application for the reauthorization of deferral accounting related to a change in annual regulatory fees, for the twelve-month period beginning March 11, 2026.