ORDER NO. 26-367

ENTERED Sep 30 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2464

In the Matter of SUNSTONE WATER, LLC, Application for a Pre-filed Emergency Deferral Account.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 29, 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 appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA17

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 29, 2026

REGULAR ____ **CONSENT** X **EFFECTIVE DATE** October 1, 2026

DATE: September 17, 2026

TO: Public Utility Commission

FROM: Reed Engdall

THROUGH: Russell Beitzel and Melissa Nottingham **SIGNED**

SUBJECT: Sunstone Water, LLC:
(Docket No. UM 2464)
Request for authorization to establish a pre-filed emergency deferral account for costs associated with declared emergencies.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Sunstone Water, LLC's (Sunstone or Company) request to pre-authorize deferral of costs associated with declared emergencies as defined by Commission Order No. 21-259 to an approved emergency deferral account.

DISCUSSION:

Issue

Whether the Commission should approve Sunstone's request for pre-authorization to use deferred accounting to record expenses caused by a state or federal declared emergency.

Applicable Law or Rule

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later ratemaking treatment, in order to minimize the frequency of rate changes or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-036-2170 directs rate-regulated water utilities to refer to ORS 757.259 and OAR 860-036-0300.

OAR 860-036-0300 sets forth the requirements for utility applications for deferred accounting.

Commission Order No. 21-259 invites utilities to file applications to establish pre-filed emergency deferral accounts to streamline recovery efforts after emergency events that may create significant impacts to utility systems.

Analysis

As part of the Commission's emergency preparedness effort, the Administrative Hearings Division (AHD) reviewed options to streamline the deferral filing process in the case of emergencies. The Commission adopted Order No. 21-259, which allows utilities to file applications for pre-filed emergency accounts, rules that would enable companies to immediately begin recording associated costs in the event of a declared federal or state emergency.

This process eliminates the need for utilities to file a deferral application in the midst of recovery from an emergency event. Instead, the actual deferral would be triggered by a declaration of emergency, and the utility filing the required Notice of Deferral within 30 days of the declaration of emergency.

Once the Emergency Deferral Account is established it does not have to be re-authorized. However, once Sunstone files a notice indicating it is recording amounts in the pre-filed emergency deferral account, the authority to defer amounts related to the emergency at issue expires 12 months from the date of the emergency declaration. The utility must follow the procedures of OAR 860-027-0300(4) to re-authorize the deferral. The elements of a pre-filed deferral authorization as contemplated by Order No. 21-259 are as follows:

1. Recording of amounts to a pre-established emergency deferral account would be triggered by a federal or state emergency declaration.

2. If deferral is triggered, the deferring utility would be required to file a Notice of Deferral with the Commission within 30 days of the declaration of the emergency.

3. The Notice of Deferral would state: the utility is recording amounts in the emergency deferral account, identify the pertinent state of emergency declaration, describe the emergency and the impact on facilities, the anticipated expenses, and other relevant details.

4. Only expenses proximately caused by an emergency that is the subject of a state or federal declaration could be recorded in the pre-filed emergency deferral account.

5. Once established, the pre-filed emergency deferral accounts would not have to be reauthorized. However, once the utility files the Notice of Deferral indicating the recording of amounts in the pre-filed emergency deferral account, the authority to record such expenses related to the emergency at issue expires 12 months from the date of the emergency declaration. The utility must follow the procedures of OAR 860-027-0300(4) to re-authorize the deferral.

6. Consistent with traditional deferrals, the utility would, at a later date, timely file to amortize expenses into rates.

7. Review of the deferred expenses requested for amortization would be subject to the same standard of review for all other deferrals.

Proposed Accounting
Sunstone proposes to account for the costs associated with a declared emergency-related event as a regulatory asset in NARUC Account 186 (Miscellaneous Deferred Debits) with credits to the appropriate NARUC account where the expenses would be recorded.

Estimated Deferrals in Authorization Period
Sunstone states in its filing that, to the extent available, it would provide the required estimate of amounts associated with a particular emergency in its Notice of Deferral to the Commission, filed within 30 days of the emergency declaration.

Effective Date for The Pre-Filed Emergency Deferral Account
The Company requests an effective date for the pre-filed emergency deferral account as August 5, 2026, the date of their filing. However, as the Commission did not yet have a chance to approve the request, Staff recommends an effective date of October 1, 2026, or the date of Commission approval if earlier.

Conclusion

Based on Staff's review of the Company's application, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259; the Company's application for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300.

The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:
Approve Sunstone Water, LLC's request to establish an emergency deferral account, effective on the earlier date of October 1, 2026, or upon Commission approval.

UM 2464 Sunstone Emergency Deferral Account