ORDER NO. 26-397

ENTERED Oct 28 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1693(12)

In the Matter of PACIFICORP, dba PACIFIC POWER, Request for Reauthorization to Defer Costs Associated with Net Power Cost Variances.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 27, 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. CA10

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 27, 2026

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

DATE: October 14, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1693(12))
Requests for reauthorization of Deferred Power Costs Variances.

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 associated with net power cost (NPC) variances for the 12-month period beginning May 16, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request for reauthorization to defer costs associated with net power cost variances for the respective 12-month period.

Applicable Law

ORS 757.259 provides the Commission with authority to authorize the deferral of utility revenues and expenses for later inclusion in rates.

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities. Previous approval of this deferral was most recently granted by Order No. 25-445.

Analysis

Background
On May 13, 2026, the Company summitted an application requesting reauthorization of this deferral for 12 months period beginning May 16, 2026.

In Order No. 12-493, the Commission mandated the implementation of a Power Cost Adjustment Mechanism (PCAM) for PacifiCorp. The PCAM allows for the adjustment of rates based on the variation, for a specific year, between the actual net power costs incurred by PacifiCorp and the forecasted net power costs, subject to certain limitations.

PacifiCorp's PCAM was established in 2013 with the submission of Schedule 206. PacifiCorp is currently requesting authorization to defer net power cost variances that exceed the established deadbands and other PCAM limitations for potential future inclusion in rates.

This deferral is designed to account for net annual power cost differences that surpass those limitations, which will subsequently be amortized in rates through the PCAM.

Description of the Expenses
The Company seeks reauthorization from the Commission to defer, for future amortization, the difference between actual annual net power costs and forecasted annual net power costs, in accordance with Order No. 12-493.

Proposed Accounting
The Company records revenues and expenses that would be subject to the deferral order in accordance with the Code of Federal Regulations (CFR) to Federal Energy Regulatory Commission (FERC) Account 501 (Fuel), FERC Account 503 (Steam from Other Sources), FERC Account 547 (Fuel), FERC Account 447 (Sales for Resale), FERC Account 456 (Other Electric Revenues), FERC Account 565 (Transmission by Others), FERC Account 409.1 (Income Taxes, Utility Operating Income), FERC Account 509 (Allowances), and FERC Account 555 (Purchased Power). Upon receiving reauthorization to record deferrals, PacifiCorp proposes to record the deferred amount by debiting FERC Account 182.3 (Regulatory Assets) and crediting FERC Account 555 (Purchased Power) if there is an amount to collect from customers. If there is a refund to customers, PacifiCorp would record the deferred amount by crediting FERC Account 254 (Regulatory Liabilities) and debiting FERC Account 555 (Purchased Power).

Reasons for Deferral
According to the Company this deferral is filed in accordance with Order No. 12-493 and ORS 757.259(2)(e). This deferral will minimize the frequency of rate changes or the

fluctuation of rate levels or match appropriately the costs borne by and benefits received by customers.

Also, continuation of this deferral is necessary to defer the difference between actual annual net power costs and forecasted annual net power costs for future amortization.

Estimate of Amounts
PacifiCorp is unable to provide an estimate of the deferred amount because it is a function of several unknown and unpredictable factors.

Information Related to Future Amortization

- Earnings review - An earnings review should be applied prior to amortization of prudently incurred net power cost variances subject to the Commission's approved PCAM design.

- Prudence Review - A prudence review is required to establish that costs were prudently incurred; and should include verification of the accounting methodology used to determine the final amortization balance.

- Sharing - Staff believes that customers would bear the responsibility for prudently incurred costs consistent with the Commission's approved PCAM design.

- Rate Spread/Design - Amounts amortized in rates through the PCAM should be spread based on equal percentage generation revenues.

- Three Percent Test (OR S 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. Amortization of the expense associated with this deferral is subject to the three percent test.

Conclusion

Staff concludes that the request for reauthorization is an appropriate use of deferred accounting under ORS 757.259(2)(e), and the request meets the requirements of OAR 860-027-0300.

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

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request for reauthorization to defer costs associated with net power cost variances for the 12-month period beginning May 16, 2026.