

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

PACIFICORP d/b/a PACIFIC POWER &
LIGHT COMPANY,

Petitioner,

For an Order Approving Deferral of
Accounting Treatment for Costs
Associated with the 2025-2027
Participatory Funding Agreement Pursuant
to RCW 80.28.430

DOCKET UE-220599

ORDER 03

GRANTING PETITION TO DEFER
ACCOUNTING TREATMENT FOR
COSTS ASSOCIATED WITH THE
2025-2027 PARTICIPATORY
FUNDING AGREEMENT
PURSUANT TO RCW 80.28.430
SUBJECT TO CONDITIONS

BACKGROUND

- ¹ In 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (ESSB5295), codified as RCW 80.28.430 (statute), to update the Washington Utilities and Transportation Commission’s (Commission) regulation of electric and natural gas utilities. In addition to establishing a financial assistance program (fund grants) for organizations representing “broad customer interests” funded by the utility, the statute also provides for recovery of costs borne by the utility for the program in rates.¹ Further, the statute allows for utilities to “defer inclusion of those amounts in rates of the [utility] so elects.”²
- ² On August 9, 2022, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed a petition for deferred accounting treatment for fund grants disbursed under the one-year Washington Interim Participatory Funding Agreement. The Company later filed an amended Petition on August 26, 2022.³ On October 27, 2022, the Commission entered Order 01 Granting Accounting Petition and approved PacifiCorp’s accounting petition.

¹ RCW 80.28.430(3).

² *Id.*

³ Docket UE-220599, PacifiCorp’s Amended Petition for Accounting Order (August 9, 2025).

- 3 On December 18, 2023, PacifiCorp filed its Second Amended Petition to amend Order 01 and requested authorization to defer the financial assistance distributed in 2023 under the Washington Extended Participatory Funding Agreement established by RCW 80.28.430.⁴ On December 21, 2023, the Commission entered Order 02, which amended Order 01, authorizing deferrals under the Extended Agreement.⁵
- 4 The Washington Participatory Funding Agreement (Agreement) is a three year agreement terminating on December 31, 2027. The Agreement and Order 01 set the funding level for the first year of participatory funding for PacifiCorp at \$300,000, consistent with the Policy Statement.
- 5 Order 01 in Docket U-210595 provides that amounts in any deferred account will include a carrying cost equal to a utility's authorized rate of return, until the deferral is amortized, at which time it will receive a return at the current Federal Energy Regulatory Commission (FERC) rate.⁶ To mitigate the impact of carrying costs on ratepayers, the Commission in Order 01 requires that utilities file an annual tariff filing to recover these deferred amounts.⁷
- 6 In its Petition, the Company proposes to defer all financial assistance distributed under the Agreement and record the deferral as a regulatory asset in FERC Account 182.3 (Other regulatory assets), consistent with the Policy Statement. The offsetting credit will be to FERC Account 407.4, Regulatory Credits. Consistent with Order 01, the Company proposes that interest will accrue on the deferred balance at the Company's authorized net of tax rate of return grossed up for federal income tax until the deferral is approved for recovery and begins amortizing.
- 7 On February 9, 2023, in Docket U-210595, the Commission issued Order 02 approving the Washington Revised Extended Interim Funding Agreement (Extended Agreement).⁸ Order 02 requires the Company to file a deferred accounting petition for each year.

⁴ Docket UE-220599, PacificCorp's Second Amended Petition for Accounting Order (December 18, 2023).

⁵ Order 02 at 4 ¶ 17.

⁶ Docket U-210595, Order 01, Approving Agreement with Modifications at 4 ¶ 10 (February 24, 2022).

⁷ *Id.*

⁸ Docket U-210595, Order 02, Approving Agreement Subject to Condition; Requiring Refiling of Modified Agreement (February 9, 2023).

- 8 On February 25, 2025, in Docket U-210595, The Washington Participatory Funding Agreement (Agreement) is a three-year agreement terminating on December 31, 2027. The proposed Agreement increases total amount of funding available to intervenors
- 9 On May 9, 2025, PacifiCorp filed its Third Amended Petition in Docket UE-220599 requesting deferred accounting treatment related to participatory funding together with it filing in Docket U-210595 of The Washington Participatory Funding Agreement (Agreement), a three year agreement terminating on December 31, 2027⁹
- 10 The amounts deferred in association to the approved Agreements are reasonably incurred because of a statutory requirement. Commission Staff (Staff) believes a return on carrying costs set at the authorized cost of debt, rather than the authorized rate of return, is reasonable.
- 11 Staff has reviewed PacifiCorp's Third Amended Petition and recommends that the Commission approve the Petition under the condition that carrying costs are set at the authorized cost of debt.

DISCUSSION

- 12 Upon review of PacifiCorp's Third Amended Petition, Staff determined that the Company's request for deferred accounting treatment for expenses related to the participatory funding agreement is reasonable and consistent with previous requests. However, Staff believes that the specific circumstances of this filing and PacifiCorp's cost recovery mechanism for participatory funding expenses suggests approved carrying costs should be set to the authorized cost of debt, as opposed to the authorized rate of return. Order 01 and 02 approved carrying costs at the authorized rate of return.
- 13 RCW 80.28.430(3) states:

The commission shall allow a gas company or electrical company that provides financial assistance under this section to recover the amounts provided in rates. The commission shall allow a gas company or electrical company to defer inclusion of those amounts in rates if the gas company or electrical company so elects.

⁹ U-210595, Petition for Approval of Washington Participatory Funding Agreement at ¶ 7 (filed Feb. 18, 2025).

- 14 Although accounting deferrals do not grant prudence determinations or guarantee cost recovery, the language of the authorizing statute excerpted above, provides significant, additional assurance of rate recovery.
- 15 We agree with Staff's analysis and find that PacifiCorp's request is reasonable and allowed by Washington State Statute. We also agree with Staff's analysis that carrying costs at the authorized rate of return is unreasonable and find that Staff's request for carrying costs to be set at the authorized cost of debt to be reasonable.
- 16 The Petition is consistent with the deferral and accounting guidance provided in statute and in the Commission's Policy Statement.

FINDINGS AND CONCLUSIONS

- 17 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including natural gas companies.
- 18 (2) PacifiCorp is an electric company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 19 (3) WAC 480-07-370(3) allows companies to file petitions, including that for which PacifiCorp seeks approval.
- 20 (4) Staff has reviewed the Petitions filed in Docket UE-220599, including related work papers.
- 21 (5) Staff believes the proposed accounting order PacifiCorp requests is reasonable and should be granted, and that the Petition is consistent with the public interest.
- 22 (6) This matter came before the Commission at its regularly scheduled meeting on July 24, 2025.
- 23 (7) After reviewing PacifiCorp's Petition filed in Docket UE-220599 on May 9, 2025, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition should be granted. The Petition

provides a way for the Company to recover costs incurred to fund the Participatory Funding Program and is thus in the public interest.

ORDER

THE COMMISSION ORDERS:

- 24 (1) PacifiCorp d/b/a Pacific Power & Light Company's request to defer accounting treatment for costs associated with the 2025-2027 Participatory Funding Agreement pursuant to RCW 80.28.430 is granted subject to condition that carrying costs are set at the authorized cost of debt.
- 25 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 26 (3) The Commission retains jurisdiction over the subject matter and PacifiCorp d/b/a Pacific Power & Light Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective July 24, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary