PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item# 2 (Rev.1)
Agenda ID# 24212

ENERGY DIVISION **RESOLUTION E-5461**
August 13, 2026

R E S O L U T I O N

Resolution E-5461. PacifiCorp Partial Decommissioning and Sale of Certain Fall Creek Hydroelectric Development Assets

PROPOSED OUTCOME:

- Approves PacifiCorp's Advice Letter 771-E, which requests authorization under Public Utilities Code Section 851 and General Order 173 for the partial decommissioning and sale of certain assets of the Fall Creek Hydroelectric Development to the City of Yreka.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- PacifiCorp estimates that it will incur approximately $500,000 in costs associated with the partial decommissioning of the Fall Creek Hydroelectric Development, including related administrative and legal expenses. These costs will be borne by PacifiCorp's ratepayers. The California-allocated portion of the decommissioning costs will have no appreciable impact on the rate base for PacifiCorp's California ratepayers.

By Advice Letter 771-E, filed on October 9, 2025.

SUMMARY

This Resolution approves PacifiCorp's Advice Letter 771-E, which requests authorization under Public Utilities Code Section 851 and General Order 173 to partially decommission and sell certain assets of the Fall Creek Hydroelectric Development to the City of Yreka. The Fall Creek facility is a small, aging hydroelectric development that PacifiCorp has determined is no longer economical to operate given its limited generation, lack of storage, and the costs associated with continued Federal Energy Regulatory Commission licensing.[1]

Under the proposed transaction, PacifiCorp will cease power generation at Fall Creek, disconnect the generating units from the electric grid, and partially decommission the facility by electrically isolating equipment and rendering the generating units inoperable.[2] PacifiCorp will then transfer specified facilities, associated real property, and related assets to the City of Yreka for non-generation purposes, subject to receipt of required state and federal approvals.[3]

The Commission finds that the proposed partial decommissioning and sale are reasonable and in the public interest. Approval of the Advice Letter will allow PacifiCorp to avoid higher costs associated with full decommissioning of the facility, while ensuring that the transaction is conducted in a manner consistent with statutory requirements and public safety.

BACKGROUND

PacifiCorp filed Advice Letter 771-E on October 9, 2025, requesting authorization under Public Utilities Code Section 851 and General Order 173 to partially decommission and sell certain assets of the Fall Creek Hydroelectric Development to the City of Yreka. Commission approval is required because the proposal involves the disposition of utility property that is used and useful in providing public utility service.[4]

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[1] PacifiCorp Advice Letter 771-E, October 9, 2025, p. 3.
[2] Ibid.
[3] Ibid.
[4] CA Pub Util Code § 851, "a public utility...shall not sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of, its...property necessary or useful in the performance of its duties to the public...without first having...for qualified transactions valued at five million dollars ($5,000,000) or less, filed an advice letter and obtained approval from the commission authorizing it to do so."

The Fall Creek Hydroelectric Development is a small, run-of-river hydroelectric facility located on Fall Creek near the Oregon-California border. The facility has an approximate nameplate capacity of 2.2 megawatts and consists of a diversion dam, canal, penstock, powerhouse, generating units, associated electrical equipment, and related real property in Siskiyou County, California and Jackson County, Oregon.[5] Fall Creek is part of PacifiCorp's Klamath Hydroelectric Project, which has historically operated under a license issued by the Federal Energy Regulatory Commission (FERC).[6]

Following the decommissioning of other hydroelectric developments formerly included in the Klamath Hydroelectric Project, Fall Creek is the only remaining operating hydroelectric facility within that project.[7] PacifiCorp states that continued operation of Fall Creek under a new or amended FERC license is not economical due to the facility's limited generation, lack of storage capability, remote location,[8] and the costs associated with relicensing and ongoing compliance obligations.[9]

PacifiCorp proposes to cease generation at the Fall Creek facility, disconnect the generating units from the electric grid, and partially decommission the facility by electrically isolating equipment and rendering the generating units incapable of producing electricity. PacifiCorp further proposes to sell certain facilities, associated real property, and related assets to the City of Yreka, subject to receipt of all necessary state and federal regulatory approvals, including approval from FERC to amend the applicable license to remove the Fall Creek Development.

PacifiCorp estimates that partial decommissioning of the facility will cost approximately $500,000.[10] The Company states that, absent approval of the proposed transaction, it would likely be required to pursue full decommissioning of the facility at a greater cost of approximately $5 million.[11]

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[5] PacifiCorp Advice Letter 771-E, October 9, 2025, p. 2.
[6] Id, pp. 1-2.
[7] Id, p. 2.
[8] Id, p. 3.
[9] Id, Confidential Attachment A.
[10] Id, p. 4.
[11] Id, p. 3.

NOTICE

Notice of AL 771-E was made by publication in the Commission's Daily Calendar. PacifiCorp states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 771-E was not protested.

DISCUSSION

A. Legal Standard Under Public Utilities Code Section 851 and General Order 173

Public Utilities Code Section 851 requires Commission authorization before a public utility may sell, lease, assign, mortgage, or otherwise dispose of property that is necessary or useful in the performance of its duties to the public.[12] The purpose of Section 851 is to ensure that utility property dispositions do not impair the utility's ability to provide safe and reliable service and are consistent with the public interest.

General Order 173 implements Section 851 by establishing standards and procedures for reviewing proposed dispositions of utility property. Under General Order 173, the Commission evaluates whether a proposed transaction is reasonable and in the public interest, taking into account factors such as continued provision of utility service, safety, ratepayer impacts, and whether the disposition avoids unnecessary costs.

The Commission has broad discretion under Section 851 to approve a proposed transaction subject to conditions necessary to protect the public interest. Because the proposed partial decommissioning and sale of the Fall Creek facilities involve the disposition of utility-owned facilities and associated real property that are used or useful in the provision of electric service, the transaction falls within the scope of Section 851. Accordingly, Commission approval is required before PacifiCorp may completed the proposed disposition.

[12] California Public Utilities Code § 851.

B. Description of the Proposed Transaction

PacifiCorp proposes to cease generation at the Fall Creek Hydroelectric Development, disconnect the generating units from the electric grid, and partially decommission the facility by electrically isolating equipment and rendering the generating units incapable of producing electricity. PacifiCorp will then sell specified Fall Creek facilities, associated real property, and related assets to the City of Yreka. The City of Yreka will use the existing infrastructure to continue to serve its water needs.

The proposed partial decommissioning does not include construction, development, or ground-disturbing activities.[13] The transaction is contingent upon receipt of required state and federal approvals, including approval from the Federal Energy Regulatory Commission to amend the applicable license to remove the Fall Creek Development.[14]

C. Public Interest Determination

The Commission finds that the proposed partial decommissioning and sale of the Fall Creek Hydroelectric Development assets are reasonable and in the public interest.

Fall Creek is a small, aging, run-of-river hydroelectric facility with limited generation capability. PacifiCorp states that continued operation would require relicensing or continued licensing under FERC, with associated compliance obligations and costs that are not justified by the facility's limited output. The Commission finds this assessment reasonable given the facility's size, lack of storage capability, and remote location.

Approval of the proposed transaction allows PacifiCorp to avoid the higher costs associated with full decommissioning of the facility, which PacifiCorp estimates would be approximately $5 million,[15] significantly greater than the approximately $500,000 required for partial decommissioning.[16] Avoiding unnecessary decommissioning costs benefits ratepayers and is consistent with the Commission's obligation to protect the public interest. Additionally, the California-allocated portion of the partial

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[13] PacifiCorp Advice Letter 771-E, October 9, 2025, p. 3.
[14] Id, p. 4.
[15] Id, p. 3.
[16] Ibid.

decommissioning costs will have no appreciable impact on the rate base for PacifiCorp's California ratepayers.[17]

The proposed transaction does not adversely affect PacifiCorp's ability to provide safe and reliable electric service. Upon completion of the disposition, the generating units at the Fall Creek Hydroelectric Development will be disconnected from the electric grid and will no longer serve electric load. The facility's approximately 2.2 megawatts of generating capacity represent an inconsequential portion of PacifiCorp's overall generation portfolio, which is approximately 11,700 megawatts,[18] and the cessation of generation at Fall Creek will therefore have minimal impact on electric customers.

D. Tribal Land Transfer Policy

PacifiCorp's proposed disposition is informed by the Klamath Hydroelectric Settlement Agreement (KHSA), executed in 2010 and amended in 2016.[19] The KHSA was negotiated among PacifiCorp, the States of California and Oregon, multiple federal agencies, the Yurok Tribe, Karuk Tribe, and Klamath Tribes, as well as environmental, agricultural, and community stakeholders. The agreement establishes a coordinated approach to the decommissioning of hydroelectric facilities in the Klamath Basin and explicitly addresses the disposition of the Fall Creek Hydroelectric Development:

> Section 6.4.2 of the KHSA provides that "PacifiCorp will continue to operate the Fall Creek hydroelectric facility under FERC's jurisdiction unless and until such time as it transfers the facility to another entity or the facility is otherwise disposed of in compliance with Applicable Law."[20]
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> Section 7.1.5 acknowledges that the FERC application for transfer may include proposals to "transfer the Fall Creek development to a third party for purposes of relicensing."[21]

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[17] Id, p. 7.
[18] *PacifiCorp*, https://www.pacificorp.com/energy.html.
[19] Amended Klamath Hydroelectric Settlement Agreement, November 30, 2016, https://klamathrenewal.org/wp-content/uploads/2020/03/2016.12.31-Executed-and-Amended-Final-KHSA.pdf
[20] Id, p. 31.
[21] Id, p. 35.

> Section 7.2.3 further provides that the KHSA assessment of impacts to the City of Yreka's municipal water supply may require the "relocation, replacement, and/or burial of the existing 24-inch diameter water line and transmission facilities from the City of Yreka's Fall Creek diversion" and "assessment, mitigation, and/or funding to address any impacts resulting from implementation of the Settlement, on the ability of the City to divert water consistent with its Water Right Permit 15379."[22]

Taken together, these provisions demonstrate that:

> (1) The tribes participated directly in crafting the framework governing the disposition of the Fall Creek facilities;
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> (2) The KHSA expressly contemplates transfer of the Fall Creek development to a non-tribal third party; and
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> (3) The agreement protects the City of Yreka's water supply infrastructure, a central local public interest.

The Commission's Tribal Land Transfer Policy (TLTP) ordinarily creates a preference for offering real property to tribes prior to transfer. However, the TLTP also allows the Commission to determine, based on the record, that a transfer to another entity is necessary to comply with any law, rule, or regulation, or other exemptions grounds per the TLTP, and therefore may proceed without a tribal first right of refusal.[23]

In this case, the KHSA represents a negotiated, basin-wide agreement among PacifiCorp, the affected tribes, state and federal agencies, and community stakeholders. The KHSA expressly anticipates the potential transfer of the Fall Creek facilities and establishes a long-standing collaborative and government-to-government framework

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[22] Id, p. 39.
[23] Investor-Owned Utility Real Property – Land Disposition – First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes (Tribal Land Transfer Policy), p. 5, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/tribal/final-land-transfer-policy-116.pdf.

for that disposition. The KHSA is a legal obligation of PacifiCorp that pre-dates the Commission's adoption of the TLTP.

The TLTP exempts transactions that are necessary "to comply with any law, rule or regulation" and previously the Commission has exempted sales that started before the TLTP. Accordingly, the Commission determines that the Commission's policy allows for unique, fact-specific circumstances to be reviewed for any proposed transaction in determining whether a transaction is exempt from the TLTP's tribal first-right-of-offer requirement. In this instance, this transaction is exempt from the TLTP's first-right-of-offer requirement because the KHSA establishes a prior, collaboratively negotiated framework, with tribal participation, that resulted in legal binding protections for the City of Yreka's water source and this proposed disposition complies with those legal obligations.

E. California Environmental Quality Act

The California Environmental Quality Act (CEQA) applies to discretionary projects that may cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment.[24] PacifiCorp states that the proposed partial decommissioning and sale of the Fall Creek Hydroelectric Development do not involve any construction, development, or ground-disturbing activities.[25] The partial decommissioning consists solely of ceasing generation, disconnecting the generating units, and electrically isolating equipment so that the units are incapable of producing electricity. Under PacifiCorp's proposal, all diversion, conduit, and powerhouse structures will remain in place and will be transferred to the City of Yreka without modification. The transaction does not involve changes to water diversion, water use, or the physical operation of the Fall Creek infrastructure for municipal water supply purposes. Therefore, the proposed partial decommissioning is not a project subject to the California Environmental Quality Act.

F. Consistency with Commission Policy and Prior Practice

[24] Public Resources Code § 21065.
[25] PacifiCorp Advice Letter 771-E, October 9, 2025, p. 3.

The Commission has previously approved dispositions of utility property where continued operation is no longer economical and where the proposed transaction avoids greater costs to ratepayers while maintaining public safety and reliability. The proposed partial decommissioning and sale of the Fall Creek assets is consistent with this precedent.

The Commission further finds that the proposed transaction complies with the requirements of Public Utilities Code Section 851 and General Order 173, and that no additional conditions are necessary to protect the public interest beyond those inherent in the requirement to obtain all applicable regulatory approvals.

COMMENTS

This is an uncontested matter in which the resolution grants the approval requested. Accordingly, pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. On October 9, 2025, PacifiCorp filed Advice Letter 771-E requesting authorization under Public Utilities Code Section 851 and General Order 173 to partially decommission and sell certain assets of the Fall Creek Hydroelectric Development to the City of Yreka.

2. The Fall Creek Hydroelectric Development is a small, run-of-river hydroelectric facility with an approximate nameplate capacity of 2.2 megawatts and includes generation, electrical, and associated real property assets located in California and Oregon.

3. The Fall Creek Hydroelectric Development is part of PacifiCorp's Klamath Hydroelectric Project and operates under the jurisdiction of the Federal Energy Regulatory Commission.

4. PacifiCorp has determined that continued operation of the Fall Creek Hydroelectric Development is not economical due to its limited generation, lack of storage capability, remote location, and the costs associated with continued federal licensing and compliance requirements.

5. PacifiCorp proposes to cease power generation at the Fall Creek Hydroelectric Development, disconnect the generating units from the electric grid, and partially decommission the facility by electrically isolating equipment and rendering the generating units incapable of producing electricity.

6. The proposed partial decommissioning activities do not include construction, development, or ground-disturbing activities.

7. PacifiCorp proposes to sell specified Fall Creek facilities, associated real property, and related assets to the City of Yreka, subject to receipt of all required state and federal regulatory approvals, including approval from the Federal Energy Regulatory Commission.

8. PacifiCorp estimates that partial decommissioning of the Fall Creek Hydroelectric Development will cost approximately $500,000.

9. PacifiCorp states that absent approval of the proposed transaction, it would likely be required to pursue full decommissioning of the Fall Creek Hydroelectric Development at a cost of approximately $5 million.

10. Public Utilities Code section 851 requires Commission approval before PacifiCorp may dispose of property that is necessary or useful in the performance of its duties to the public.

11. The proposed partial decommissioning and sale of certain assets of the Fall Creek Hydroelectric Development constitute a disposition of utility property subject to Public Utilities Code Section 851.

12. The proposed partial decommissioning and sale of the Fall Creek Hydroelectric Development assets are reasonable and in the public interest.

13. Approval of Advice Letter 771-E will not impair PacifiCorp's ability to provide safe and reliable electric service.

14. Because the proposed disposition of the Fall Creek Hydroelectric Development is consistent with the Klamath Hydroelectric Settlement Agreement and serves the public interest, the transaction is exempt from the Tribal Land Transfer Policy's first-right-of-offer requirement.

15. The proposed partial decommissioning is not a project subject to the California Environmental Quality Act.

16. The proposed transaction complies with the requirements of Public Utilities Code Section 851 and General Order 173.

17. Advice Letter 771-E should be approved.

<u>THEREFORE, IT IS ORDERED THAT:</u>

1. The request of PacifiCorp to sell the specified Fall Creek Hydroelectric Development facilities, associated real property, and related assets to the City of Yreka as requested in Advice Letter 771-E is approved.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 13, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated August 13, 2026, at Sacramento, California