

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of PacifiCorp (U 901 E) for Authority  
to Recover Costs Recorded in the Wildfire  
Expense Memorandum Account.

Application 26-02-\_\_\_\_  
(Filed February 27, 2026)

**APPLICATION OF PACIFICORP (U 901 E) FOR AUTHORITY TO RECOVER COSTS  
RECORDED IN THE WILDFIRE EXPENSE MEMORANDUM ACCOUNT**

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Attorneys for PacifiCorp

Dated: February 27, 2026

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In accordance with Article 2 and Rule 3.2 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, Public Utilities Code sections 451.1 and 1701.8, and Commission Decision (D.) 25-09-003, PacifiCorp d/b/a Pacific Power (PacifiCorp or company) submits this application to recover costs relating to the 2020 Slater fire and the 2022 McKinney fire that are recorded in PacifiCorp’s Wildfire Expense Memorandum Account (WEMA). Specifically, PacifiCorp seeks to recover approximately \$340.5 million in claims costs paid and legal expenses<sup>1</sup> incurred to resolve third-party claims arising from both fires. Following approval of the recovery of the costs presented in this application, PacifiCorp intends to file a subsequent application for Commission authority to securitize the approved amounts.

The Slater and McKinney fires are “covered wildfires” subject to the framework established by Assembly Bill (AB) 1054. Recovery of PacifiCorp’s WEMA costs are therefore governed by Public Utilities Code section 451.1,<sup>2</sup> which provides that the Commission “shall allow cost recovery if the costs and expenses are just and reasonable.”<sup>3</sup> Section 451.1 allows recovery of costs and expenses where a utility shows that its conduct related to the ignition was “consistent

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<sup>1</sup> “Legal expenses” includes both outside legal expenses and expert consultant expenses.

<sup>2</sup> All statutory references are to the Public Utilities Code unless otherwise indicated.

<sup>3</sup> Pub. Util. Code § 451.1(b).

with the actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to the electrical corporation at the relevant point in time.”<sup>4</sup> Reasonable conduct “is not limited to the optimum practice, method, or act to the exclusion of others” but instead “encompasses a spectrum of possible practices, methods, or acts consistent with utility system needs, the interest of the ratepayers, and the requirements of governmental agencies of competent jurisdiction.”<sup>5</sup> When applying this standard, the Commission may allocate cost recovery “in full or in part taking into account factors both within and beyond the utility’s control that may have exacerbated the cost and expenses, including humidity, temperature, and winds.”<sup>6</sup>

Recovery of PacifiCorp’s WEMA costs arising from the Slater and McKinney fires is warranted under Section 451.1. This application and the supporting testimony demonstrate that PacifiCorp’s conduct relating to both fires was consistent with the actions a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to PacifiCorp at that time.<sup>7</sup> This application shows that PacifiCorp’s WEMA costs were reasonably incurred and that cost recovery is in the public interest.

Granting recovery of PacifiCorp’s reasonably incurred WEMA costs will build on the Commission’s growing body of decisions approving recovery for wildfire costs, which will send a positive signal to investors regarding the predictability and judiciousness of California’s cost-recovery framework. And because the WEMA costs in this application are significant for PacifiCorp given its small California service territory and small annual revenue requirement relative to the large electric utilities, a decision approving cost recovery will support PacifiCorp’s

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<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

overall financial health and ability to continue accessing low-cost capital to fund necessary system investments for the ultimate benefit of its customers and the state.

PacifiCorp's request to recover an estimated \$340.5 million from its California customers for settlement costs and related legal expenses incorporates the cost mitigation measures approved in D.25-09-003, including applying the full 2020 California insurance policy sublimit of \$95 million, even though only a fraction of that amount was received, and limiting recovery to only 60 percent of total costs. Total settlement costs and related legal expenses for the Slater and McKinney fires totaled approximately \$637.4 million. The request in this application is reduced by nearly half, and PacifiCorp intends to request securitizing the approved costs. The application of these cost mitigation measures provides savings to customers and supports customer affordability.

## **I. OVERVIEW OF PACIFICORP'S REQUEST**

### **A. PacifiCorp's WEMA**

On June 21, 2023, PacifiCorp filed Application (A.) 23-06-017, requesting Commission authorization to establish a WEMA to track incremental unreimbursed wildfire insurance and liability-related costs. The procedural history of the proceeding, which is detailed in D.25-09-003 approving the WEMA, involved extensive discussions with the Commission's Public Advocates Office (Cal Advocates) regarding the structure and cost-recording requirements for the WEMA.<sup>8</sup> Those discussions resulted in a revised joint stipulation that was submitted to the Commission for review and approval.<sup>9</sup> The joint stipulation addressed an array of relevant information, including (1) PacifiCorp's Commission-approved cost allocation methodology and mechanics for all costs and liability expenses, (2) PacifiCorp's methodology for obtaining and allocating liability insurance costs, (3) a proposal to establish two WEMA subaccounts for wildfire insurance costs

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<sup>8</sup> D.25-09-003, pp. 2–5.

<sup>9</sup> A.23-06-017, Joint Motion to Enter Revised Stipulation into the Record (April 11, 2025).

and wildfire liability costs and legal expenses, (4) the proposed treatment of recorded costs, and (5) stipulations regarding policy issues for cost-recovery and future changes to PacifiCorp's cost-allocation methodology.<sup>10</sup>

Following submission of the joint stipulation, PacifiCorp and Cal Advocates filed briefs addressing potential methodologies for recording costs for wildfires that cross state borders within PacifiCorp's multi-state service territory; PacifiCorp recommended that cost be allocated based on the location in which the fire damage occurred, which Cal Advocates supported.<sup>11</sup> PacifiCorp's brief also proposed three customer cost mitigation measures to be implemented when PacifiCorp sought to recover WEMA costs at a future date: (1) deduction of the full state sublimit insurance coverage amount available under the year the fire occurred, regardless of amounts actually recovered from insurers; (2) a 60 percent recovery cap on the total recorded dollar amounts for wildfire liability and legal expense; and (3) PacifiCorp would seek securitization of wildfire liability expense amounts or request to amortize recovery over a period no shorter than five years at the actual cost of long-term debt.<sup>12</sup> Cal Advocates supported the cost mitigation measures, as well.<sup>13</sup>

The Commission authorized PacifiCorp to establish the proposed WEMA, including the situs damage-location cost allocation methodology and the three proposed customer cost mitigations, in D.25-09-003. The approved WEMA may include recorded costs for: (1) payments made for incremental wildfire insurance premiums and/or related risk transfer mechanisms;

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<sup>10</sup> D.25-09-003, p. 12.

<sup>11</sup> A.23-06-017, PacifiCorp Opening Brief, p. 13 (April 18, 2025); Reply of the Public Advocates Office to PacifiCorp's Opening Brief Regarding Its Requested Wildfire Expense Memorandum Account, pp. 1–2.

<sup>12</sup> A.23-06-017, PacifiCorp Opening Brief, pp. 11–13.

<sup>13</sup> See A.23-06-017, Joint Comments of PacifiCorp and Public Advocates Office on the Proposed Decision, *passim*.

(2) payments to satisfy wildfire claim including any deductibles, coinsurance and other insurance expenses paid by PacifiCorp, but excluding costs that have already been authorized in PacifiCorp's general rate case; (3) outside legal expenses incurred in the defense of wildfire claims; and (4) the cost of financing these amounts.<sup>14</sup> The WEMA has two sub-accounts. The WEMA Incremental Insurance Cost Sub-Account tracks PacifiCorp's California share of incremental costs of liability insurance premiums. The WEMA Wildfire Liabilities and Wildfire Legal Expenses Sub-Account tracks expenses associated with wildfires that ignited between June 21, 2020, through June 30, 2026.<sup>15</sup> The WEMA is effective as of June 21, 2023.<sup>16</sup>

**B. The Slater Fire**

The Slater fire appears to have ignited around 6:43 a.m. on September 8, 2020, near Happy Camp in the Klamath National Forest in Siskiyou County, California. At the time of ignition, the Medford National Weather Service described the weather as a “significant east wind event” with very dry fuels and low relative humidity. The evidence indicates that the high winds caused a 135-foot-plus fir tree to fall uphill into PacifiCorp's 12 kV distribution conductor. The United States Forest Service (USFS) conducted an investigation into the fire's origin and concluded that the tree falling into the distribution line was the likely source of the ignition. PacifiCorp's own internal review reached the same conclusion. The USFS additionally determined that the fir tree showed evidence of green healthy needles and was producing cones, and otherwise appeared healthy such that the tree would not have been identified or classified as a hazard given its outward appearance. PacifiCorp's own internal and third-party arborists examined the tree and reached the same conclusion. Consistent with those determinations, PacifiCorp did not have any open vegetation

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<sup>14</sup> D.25-09-003, Appendix B, Revised WEMA Tariff Language, Section 1.

<sup>15</sup> *Id.* at Section 3.

<sup>16</sup> *Id.* at Ordering Paragraph 1.

management tags on the tree at the time the Slater fire ignited.

The Commission's Safety and Enforcement Division (SED) released a report on the Slater fire in early 2023. The report relied on the USFS's earlier findings, and additionally concluded that SED had not, at the time, identified any General Order violations by PacifiCorp.

**C. The McKinney Fire**

The McKinney fire appears to have ignited at approximately 1:30 p.m. on July 29, 2022, in the Klamath National Forest in Siskiyou County, California. Hypothesizing that a 53-foot pine tree slowly bowed over PacifiCorp's distribution line during hot and dry weather conditions, the USFS Report identifies that a potential contact between the tree and the distribution line allegedly led to flammable materials dropping onto the ground fuels below and creating an ignition source; and as such was the probable cause of the fire. PacifiCorp's experts determined that the tree had no outward signs of decay or damage and showed no signs of disease or structural instability. Accordingly, the tree would not have been identified for removal as part of PacifiCorp's vegetation management program. Consistent with this determination, PacifiCorp had no open vegetation management tags on the tree at the time the McKinney fire ignited.

PacifiCorp linemen responded to a fault and outage in the area of the fire ignition the night before; the linemen worked through the night to inspect the relevant portion of the distribution circuit. The linemen patrolled the area, which included the portion of the line where the ignition is alleged to have started, and confirmed that the distribution line was free from any hazards, including hazard trees, before re-energizing the line at 4:55 a.m. The linemen remained in the area for approximately 90 minutes to confirm that no additional faults occurred.

**D. Electric System Construction, Operations, and Maintenance**

PacifiCorp's system is designed, constructed, and operated in accordance with the requirements of Commission General Orders 95 and 128 (standards for electric overhead and

underground facilities), General Orders 165 and 166 (standards and inspections for electric distribution facilities), and General Order 174 (standards for substations), as well as utility best practices, federal and regional reliability standards, and PacifiCorp's own Wildfire Mitigation Plan (WMP) initiatives. As is described further in Exhibit PAC/200, PacifiCorp operates a number of programs that govern construction, operation, inspection and maintenance, vegetation management, system safety protocols, and wildfire risk assessment and mitigation, consistent with its regulatory requirements. These regulatory frameworks and PacifiCorp's implementing programs were in place at the time both fires ignited.

PacifiCorp actively worked to mitigate wildfire risk before the Slater and McKinney fires, through the implementation of its WMPs. PacifiCorp's testimony and exhibits provide extensive information regarding the foundational safety culture and governance structure, compliance with Commission General Orders and industry standards, programs for wildfire-related vegetation management and asset inspections, system hardening, safety enhancing technology, and risk modeling and situational awareness tools set forth in PacifiCorp's WMPs. Exhibit PAC/200 provides a more detailed explanation of PacifiCorp's risk management principles and risk assessment tools, the WMP oversight and compliance frameworks, equipment and vegetation inspection protocols, and the wildfire mitigation measures PacifiCorp undertook before the fires ignited. PacifiCorp additionally took action to respond to each fire after becoming aware of the ignition, undertook post-fire mitigation activities, and prioritized continuous improvement of the measures set forth in the WMPs and PacifiCorp's execution of those measures.

**E. External Factors Exacerbating the Damage Caused by the Fires**

Certain external factors beyond PacifiCorp's control contributed to the spread of the Slater and McKinney fires, which exacerbated the damage resulting from the fires. These factors include climate change, strong winds, low humidity, and dry fuels. The longer-term drought-related

climatological trends have led to longer dry periods and drier fuels during the summer months, where the co-occurrence of high wind events or electrical storm impacts are also becoming more frequent. In recent years, this combination of factors has created an environment for wildfires, which are highly susceptible to rapid spreading. This trend can be seen in the changes between the number of wildfires and the number of acres burned in the past decade as compared to the prior 30 years.<sup>17</sup>

Weather conditions when the Slater fire ignited included high winds, dry fuels, and low relative humidity. The McKinney fire ignited when the temperature was over 100 degrees Fahrenheit, humidity was relatively low, and there was dry fuel on the ground. The USFS report on the McKinney fire also stated that “[t]hunder cells developed in the area [of the fire] later in the evening, creating downbursts and extreme fire behavior, resulting in the fire becoming out of control.”<sup>18</sup> These factors, over which PacifiCorp had no control, contributed to the spread of both fires and necessarily increased the resulting damage.

#### **F. Litigation Resulting from the Fires**

The Slater fire resulted in 25 complaints against PacifiCorp filed by approximately 760 individual plaintiffs, one public agency, and approximately 40 subrogation plaintiffs. The McKinney fire resulted in 35 complaints involving approximately 1,200 individual plaintiffs, one public agency, and approximately 25 subrogation plaintiffs. For both fires, the plaintiffs variously asserted claims for inverse condemnation, negligence, trespass, violation of various state laws, and wrongful death. The potential damages, both economic and non-economic, totaled in the billions. Over the course of 3 to 4 years, PacifiCorp engaged in extensive motion practice and responded to significant discovery requests. PacifiCorp then engaged in settlement negotiations regarding

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<sup>17</sup> Exhibit PAC/200 (Laird, Wildfire), Figure 1.

<sup>18</sup> Exhibit PAC/204 at 19.

virtually all claims, which resulted in PacifiCorp settling substantially all of the claims against it. To date, PacifiCorp has settled the individual, subrogation, and wrongful death plaintiff claims relating to the Slater fire for \$232.5 million and the public agency claims for \$201.1 million. PacifiCorp has settled the individual, subrogation, and wrongful death claims relating to the McKinney fire for \$221.5 million and the public agency claims for \$46.3 million. These amounts are significantly smaller than the total potential damages PacifiCorp could have faced if all complaints had proceeded to a jury trial.

## **II. LEGAL STANDARD**

The Slater and McKinney fires are “covered wildfires” subject to the cost-recovery framework enacted by Assembly Bill (AB) 1054, as both fires ignited after July 12, 2019.<sup>19</sup> This application is therefore governed by section 451.1. At the time of each fire, PacifiCorp had and was executing an approved WMP. However, PacifiCorp had not requested a safety certification, and therefore, it does not invoke the presumption of prudence related to safety certifications set forth in section 451.1(c).

Section 451.1(b) provides that, when determining application for cost recovery arising from a covered wildfire, the Commission shall allow cost recovery if the expenses are just and reasonable.<sup>20</sup> A critical element of this standard is that it considers whether “the conduct of the electrical corporation related to the ignition was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time.”<sup>21</sup> This means the Commission must evaluate PacifiCorp’s conduct relating to the fires based on the tools and knowledge available during that snapshot in time, not what is known in hindsight; this is

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<sup>19</sup> Pub. Util. Code § 451.1(a)(1) (citing Pub. Util. Code 1701.8(a)(1)).

<sup>20</sup> Pub. Util. Code § 451.1(b).

<sup>21</sup> *Ibid.*

consistent with the Commission’s longstanding prudence standard for utility conduct.<sup>22</sup> The statute also requires the Commission to accommodate a range of actions that would constitute reasonable conduct, which “is not limited to the optimum practice, method, or act to the exclusion of other, but rather encompasses a spectrum of possible practices, methods, or acts consistent with utility system needs, the interest of the ratepayers, and the requirements of governmental agencies of competent jurisdiction.”<sup>23</sup> Under section 451.1(c), PacifiCorp bears the burden of demonstrating, based on a preponderance of the evidence, that its conduct was reasonable.<sup>24</sup>

While PacifiCorp understands that the Commission has yet to issue a decision that assesses a utility’s conduct under section 451.1,<sup>25</sup> the statutory language provides clear parameters for the Commission’s review. The standard expressly requires the Commission to evaluate the actions the utility took at the time in question, based on the information available and under the then-existing circumstances.<sup>26</sup> The standard also provides that there is no single “correct choice” for the utility to have made.<sup>27</sup> The utility’s actions must be evaluated holistically, in light of the applicable options, interests, and regulatory requirements under which the utility must make operational decisions. The standard further requires that there be a causal connection between the utility

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<sup>22</sup> See, e.g., D.05-08-037, p. 10 (“[T]he reasonableness of a particular management action depends on what the utility knew or should have known at the time that the managerial decision was made, not how the decision holds up in light of future developments. The Commission has affirmed this standard of review in numerous decisions over the years.”).

<sup>23</sup> Pub. Util. Code § 451.1(b).

<sup>24</sup> Pub. Util. Code § 451.1(c).

<sup>25</sup> Liberty Utilities (CalPeco Electric) appears to be the first utility to file a cost-recovery application under section 451.1. (A.25-06-017, p. 3.)

<sup>26</sup> See, e.g., Application of Pacific Gas and Electric Company to Recover Helms Uprate Costs, D.25-09-016, p. 13 (stating that the Commission does not evaluate reasonableness based on hindsight but based on what the utility knew or should have known at the time it made its decision); Application of San Jose Water Company for an Order Authorizing a General Rate Increase, D.24-12-077, p. 8 (same); Application of San Diego Gas & Electric Company to Recover Costs of Several Catastrophic Events Recorded in its Catastrophic Event Memorandum Account, D.24-07-013, p. 9 (same).

<sup>27</sup> Pub. Util. Code 451.1(b).

actions being examined and the wildfire ignition.<sup>28</sup>

As is demonstrated in this application and the supporting testimony and exhibits, PacifiCorp's conduct relating to the Slater and McKinney fires was reasonable under the provisions of section 451.1. The Commission therefore will be able to find that the cost recovery requested in this application is reasonable and should be approved.

### **III. PUBLIC POLICY SUPPORTING COST RECOVERY**

There is robust public policy supporting Commission approval of full cost recovery for PacifiCorp. Policy considerations in support of well-established ratemaking principles, the value of regulatory certainty, the need for robust utility credit ratings, the ability to fund system investments, and the recovery of reasonable costs are consistent with traditional cost-of-service ratemaking principles. Commission authorization of PacifiCorp's WEMA cost recovery is consistent with all of these policies.

The Commission has long permitted utilities to recover in rates costs that they reasonably and prudently incur in connection with the provision of service to the public.<sup>29</sup> Section 451.1 provides the framework for the Commission's determination of whether wildfire-related costs were reasonably incurred; if the utility satisfies the framework, the Legislature has decreed that the utility may recover its costs. A utility's ability to recover prudently incurred costs is also a critical factor in rating agencies' evaluation of the regulatory environment and business risk, which affects the utility's credit rating and, in turn, impacts customer costs and may limit the utility's access to capital. Access to capital at reasonable rates is fundamental to utility operations given the capital-intensive nature of public utility service. When enacting AB 1054, the Legislature acknowledged that utilities need capital to fund ongoing operations and make new investments to

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<sup>28</sup> Pub. Util. Code § 451.1(b).

<sup>29</sup> See, e.g., Pub. Util. Code § 451.

promote safety, reliability, and California’s clean energy mandates, and that ratepayers benefit from low capital costs in the form of reduced rates.<sup>30</sup> The Commission has also recognized that credit rating downgrades increase a utility’s cost of debt, which increases the utility’s cost of capital and costs borne by customers.<sup>31</sup>

PacifiCorp’s cost recovery proposal contains important customer cost mitigation measures, which are also supported by broad policy considerations. Not only will the mitigation measures help ensure that the costs recovered from customers are reasonable, but the reduced cost responsibility is consistent with the Commission’s efforts to ensure utility rates are affordable.<sup>32</sup> Moreover, the Commission regularly adopts conditions that limit a utility’s future cost recovery to ensure customer savings when authorizing memorandum accounts, as it did when approving the company’s WEMA in D.25-09-003.<sup>33</sup>

Approving PacifiCorp’s WEMA cost recovery request is consistent with the broad policy considerations identified above, consistent with prior Commission decisions authorizing similar requests from other electric utilities. For example, the Commission’s decisions approving recovery of Southern California Edison’s wildfire-related costs in A.18-09-002, A.21-09-019, A.23-08-013, and A.24-10-003 sent positive signals regarding the reasonableness and predictability of

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<sup>30</sup> AB 1054, Sec. 1(a)(4).

<sup>31</sup> See, e.g., D.20-05-053, p. 81 (emphasizing the need for PG&E to improve its credit rating and maintain access to capital markets, stating the importance of a utility’s financial health for both the utility and its customers).

<sup>32</sup> See, e.g., R.18-07-006, Order Instituting Rulemaking to Establish a Framework and Process for Assessing the Affordability of Utility Service.

<sup>33</sup> See, e.g., D.23-04-008, Ordering Paragraph 1 (authorizing the Dynamic and Real-Time pricing Memorandum Account for the large electric utilities and setting a cost cap across the three utilities for consultant costs); D.12-06-020, pp. 4–5 (authorizing a memorandum account and setting a cost cap for the amounts that could be moved into base rates in a Tier 2 Advice Letter); Resolution E-4052, pp. 1–2, 11 (authorizing a memorandum account for costs of a transmission study, imposing a cost cap, and directing the utility to seek recovery in its general rate case); D.06-11-050, p. 44 (authorizing a memorandum for the San Clemente Dam retrofit and imposing the cost cap recommended by the Division of Ratepayer Advocates); D.88-09-064 (29 CPUC 2d 405) (authorizing an interim memorandum account to record expenses or a hazardous waste management program, subject to a cost cap for the cleanup project).

California's cost-recovery framework, supported SCE's continued access to capital markets, and ensured that only prudently incurred costs were recovered from customers. The same benefits will inure to PacifiCorp and its customers if the Commission approves the relief requested in this application.

#### **IV. COST RECOVERY AND PROPOSED SECURITIZATION**

PacifiCorp seeks authorization to recover an estimated \$340.5 million from its California customers for the costs of settlement payments to plaintiffs for property loss, damage, or bodily injury from the Slater and McKinney fires. This request also includes settlement costs and legal, including expert consultant, expenses, as well as carrying charges on the WEMA balances, as provided for in the WEMA tariff.

PacifiCorp's actual costs for the settlements, legal expenses, and carrying charges are approximately \$637.4 million, but the application of the cost-mitigation measures approved in D.25-09-003 has reduced PacifiCorp's recovery request by nearly half. PacifiCorp applied the full 2020 California insurance policy sublimit of \$95 million as a deduction, despite receiving only \$25 million under its insurance policies for the Slater fire, resulting in a \$70 million reduction to its recovery request. PacifiCorp also capped its request at 60 percent of the costs incurred; PacifiCorp will bear the remaining 40 percent.

The third cost mitigation measure is securitization of approved costs or amortization in rates over a period of at least five years. PacifiCorp plans to seek approval to securitize the approved costs in a future application, as securitization is estimated to reduce customer costs by \$16.6 million to \$26.7 million on a net present value basis, depending on period for cost recovery. The likely structure of the future securitization transaction and PacifiCorp's estimated customer savings are addressed in more detail in Exhibit PAC/400.

## V. RELIEF REQUESTED

Through this application and the supporting testimony, PacifiCorp requests Commission authorization to recover in rates the costs relating to the Slater and McKinney fires that are recorded in PacifiCorp's WEMA. Specifically, PacifiCorp requests that the Commission issue orders finding just and reasonable and authorizing recovery of approximately \$340.5 million in costs booked and recorded in the WEMA, for the resolution of third-party claims, legal costs, and the associated carrying charges.

## VI. SUMMARY OF PREPARED TESTIMONY

PacifiCorp's testimony submitted in support of this application comprises seven exhibits, which are summarized as follows:

PAC/100 – Policy Testimony: PacifiCorp witness Rick T. Link provides an overview of the Slater and McKinney fires, the applicable legal standards, PacifiCorp's prudent operation of its system with respect to the fires, the external factors that exacerbated the spread of the fires and resulting damage, and the reasonable resolution of the lawsuits relating to the fires. Mr. Link additionally explains why cost recovery is in the public interest and why it is also important to PacifiCorp's financial health.

PAC/200-204 – Wildfire Mitigation and Fire Circumstances: PacifiCorp witness Carrie Laird describes PacifiCorp's wildfire mitigation efforts under the 2020 WMP and the 2022 WMP Update, which were in place and approved at the time the Slater and McKinney fires respectively occurred. The testimony discusses PacifiCorp's foundational safety culture and governance structures and practices, internal auditing and quality assurance processes, compliance with Commission regulations and other industry standards and best practices, the WMP's asset and vegetation inspection and maintenance programs, record-keeping practices, risk modeling and situational awareness tools, and continuous improvement processes under both WMPs. This

testimony discusses PacifiCorp's construction, operation, maintenance, and inspection standards for its electric system, including safety-related settings and technologies designed to mitigate ignition risk. The testimony further describes the circumstances surrounding the Slater and McKinney fires, the results of the official agency investigations and PacifiCorp's own internal investigations, none of which identify any imprudence on PacifiCorp's part, and the actions PacifiCorp took to repair or replace its damaged equipment and restore electric service following the fires.

PAC/300 – Legal Process: PacifiCorp witness Carla Scarsella provides information regarding the lawsuits that were filed against PacifiCorp in connection with the Slater and McKinney fires, the qualifications of PacifiCorp's outside litigation counsel, the magnitude of potential damages if all claims proceeded to a jury trial, the settlement process, and the settled outcomes for each fire.

PAC/400 – Proposed Cost Recovery: PacifiCorp witness Nikki L. Kobliha discusses the costs that PacifiCorp seeks to recover, and provides information regarding the settlement process and outcomes for the claims relating to the Slater and McKinney fires. This testimony also provides an overview of the future securitization transaction and estimates of the net present value savings to customers.

PAC/500-503 – Pricing: PacifiCorp witness Judith M. Ridenour addresses the estimated rate impacts from the proposed cost recovery, and discusses the affordability metrics associated with the proposed cost recovery.

## **VII. STATUTORY AND REGULATORY REQUIREMENTS**

### **A. Legal Name and Principal Place of Business (Rule 2.1(a))**

PacifiCorp is a public utility organized and existing under the laws of the State of Oregon. PacifiCorp's legal name is PacifiCorp. PacifiCorp engages in the business of generating,

transmitting, and distributing electric energy in portions of northern California and in the states of Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232.

**B. Correspondence and Communication (Rule 2.1(b))**

Communications regarding this application should be addressed to:

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**C. Proposed Categorization, Hearings, Issues to be Considered, and Schedule (Rule 2.1(c))**

**1. Proposed Categorization**

This proceeding is appropriately categorized as a catastrophic wildfire proceeding, as defined in Rule 1.3(b).

**2. Need for Hearings**

The need for evidentiary hearings will depend on the extent to which other parties protest this application and whether those protests raise disputes regarding material issues of fact. In an

abundance of caution, PacifiCorp’s proposed procedural schedule includes hearings.

### **3. Issues to be Considered**

PacifiCorp proposes the following issues be considered in the scope of this proceeding:

1. Whether PacifiCorp’s actions relating to the Slater and McKinney fires were prudent;
2. Whether PacifiCorp’s actions in settling the legal claims arising from the Slater and McKinney fires were reasonable;
3. Whether PacifiCorp’s legal costs paid in defense and settlement of claims arising from the Slater and McKinney fires were reasonable;
4. Whether PacifiCorp’s incurred and estimated financing costs relating to the Slater and McKinney fires are reasonable; and
5. Whether the Commission should approve recovery of the costs sought in this application.

### **4. Proposed Schedule**

<b>Action Item</b>	<b>Date</b>
Application Filed	February 27, 2026
Protests Due	30 days after notice in the Daily Calendar
Reply to Protests	15 days after protest date
Prehearing Conference	April 23, 2026
Scoping Memo	May 22, 2026
Intervenor Testimony	August 21, 2026
Concurrent Rebuttal Testimony	September 25, 2026
Evidentiary Hearings	October 12, 2026
Opening Briefs	November 20, 2027
Reply Briefs	December 18, 2027
Proposed Decision	February 26, 2027
Final Decision	March 25, 2027

**D. Organization and Qualification to Transact Business (Rule 2.2)**

The Commission acknowledged a certified copy of PacifiCorp's current Articles of Incorporation in D.97-12-093, which are incorporated by reference under Rule 2.2.

**E. Balance Sheet, Income Statement, and Summary of Earnings (Rules 2.3(h), 3.2(a)(1), 3.2(a)(5))**

A copy of PacifiCorp's recent financial statements, contained in the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025, which was filed with the Securities and Exchange Commission on October 31, 2025, is included as Appendix A to this application. A copy of PacifiCorp's summary of earnings for the 12-month period ending December 31, 2024, is included as Appendix B.

**F. Statement of Presently Effective and Proposed Rates (Rule 3.2(a)(2)–(3))**

A statement of present and proposed rates is being provided as Appendix C. PacifiCorp's current rates and charges for electric service are contained in its respective electric tariffs and schedules on file with the Commission and available from PacifiCorp's website at <https://www.pacificpower.net/about/rates-regulation/california-rates-tariffs.html>.

**G. Affordability Metrics**

In accordance with D.22-08-023, which was issued in the Commission's affordability proceeding (R.18-07-006), electric utilities are to address specified affordability metric information in any initial filing in a proceeding with a revenue increase estimated to exceed one percent of currently authorized rates systemwide.<sup>34</sup> PacifiCorp's affordability metrics for this application are provided in Exhibit PAC/503.

**H. Statement Pursuant to Rule 3.2(a)(10)**

This application seeks Commission authority to recover the proposed WEMA costs in

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<sup>34</sup> D.22-08-023, Ordering Paragraphs No. 5-6.

rates. The rate increase proposed in this application therefore does not reflect and pass through to customers only increased costs to the corporation for the services or commodities furnished by it.

**I. Notice and Service of Application (Rule 3.2(b), (c), and (d))**

PacifiCorp will provide notice to customers as required by Rule 3.2. The California cities and counties that will be affected by PacifiCorp's proposed cost recovery include the cities and towns of Yreka, Crescent City, Alturas, Mount Shasta, Weed, Dunsmuir, Fort Jones, Dorris, and Tulelake, and the counties of Siskiyou, Del Norte, Modoc, and Shasta. PacifiCorp will publish notice of the application in a newspaper of general circulation in each county in its service territory. PacifiCorp will additionally provide notice to customers of the proposed cost recovery by including such notice in the regular bills mailed to those customers. PacifiCorp will file proof of its compliance with Rule 3.2, as required by Rule 3.2(a).

**VIII. CONCLUSION**

PacifiCorp respectfully requests that the Commission grant PacifiCorp's application, and find just and reasonable and authorize recovery of the WEMA costs as described in this application and supporting testimony. PacifiCorp's actions relating to the Slater and McKinney fires were prudent, and authorizing cost recovery is consistent with Commission policy and is in the interest of PacifiCorp and its customers.

Dated: February 27, 2026

Respectfully submitted,

BRB Law LLP

By:           /s/ Megan J. Somogyi          

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Attorneys for PacifiCorp

**OFFICER VERIFICATION**

I am an officer of PacifiCorp and am authorized to make this verification on its behalf. The statements in the foregoing document are true on my own knowledge, except as to matters that are stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on February 27, 2026, at Portland, Oregon.



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Rick Link, Senior Vice President, Regulatory Affairs  
PacifiCorp