

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application Of Pacificorp (U901e) To
Continue Its Energy Efficiency Programs,
The Surcharge To Fund Public Purpose
Programs, And Bridge Funding For
Program Year 2027.

Application 25-09-016

**OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE
TO THE APPLICATION OF PACIFICORP**

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I. SUMMARY OF RECOMMENDATIONS

Based on the record in this proceeding, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) recommends the following for PacifiCorp's Application (A.) 25-09-016. The Commission should:

- Consider A.25-09-016 in light of the Governor's Executive Order N-5-24 and the California State Auditor's Report.
- Reject PacifiCorp's Application.
- Reject PacifiCorp's request for a de facto waiver from program segmentation and cost-effectiveness requirements.

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) respectfully submits this Opening Brief on the *Application of PacifiCorp, an Oregon Company, to Continue its Energy Efficiency Programs, the Surcharge to Fund Public Purpose Programs, and Bridge Funding for Program Year 2027* (A.25-09-016 or Application). This Opening Brief is submitted pursuant to Rule 13.12 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure (Rules), and the Assigned Commissioner’s January 27, 2026 *Assigned Commissioner’s Scoping Memo and Ruling* (Scoping Memo) which establishes the issues to be determined or otherwise considered in this proceeding and sets July 3, 2026 as the date of filing opening briefs.^{1, 2}

II. BACKGROUND

On September 30, 2025, PacifiCorp, an Oregon company (PacifiCorp), filed its Application. The Application seeks approval to continue PacifiCorp’s energy efficiency portfolio, extend the surcharge used to fund public purpose programs, bridge funding for program year 2027, and a redesign of the portfolio for the 2028–2030 cycle.³

Specifically, PacifiCorp’s Application seeks Commission authorization to, among other things:

1. Redesign and consolidate PacifiCorp’s energy efficiency programs for program years 2027–2030 with a budget of \$7.17 million for the funding cycle;⁴

¹ On March 6, 2026 the assigned Administrative Law Judge (ALJ) issued the *Administrative Law Judge’s Ruling Modifying Schedule for Testimony and Evidentiary Hearings, If Needed* (Ruling Modifying Schedule) which changed the date for service of testimony and for evidentiary hearings, however the Ruling Modifying Schedule did not change the date set for opening briefs.

² See Application (A.) 25-04-014, *Application of San Diego Gas & Electric Company to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan* (A.25-04-014), April 25, 2025.

³ Application at 1.

⁴ Application at 1.

2. Approve bridge funding of \$1.24 million for 2027 to continue existing program operations;⁵ and
3. Continue PacifiCorp’s Public Purpose Programs Surcharge (Schedule S-191) and retain authority to adjust surcharge rates via the Tier 2 Advice Letter process.⁶

Central to the Application is PacifiCorp’s proposal to eliminate Resource Acquisition segment programs, transition to an Equity-only portfolio model, and operate the proposed portfolio without satisfying cost-effectiveness requirements.⁷ PacifiCorp states that its request is driven by declining savings, increasing implementation costs, reduced measure eligibility, and the challenges of serving a small, rural, and hard-to-reach customer base.⁸ Cal Advocates recognizes that PacifiCorp’s program portfolio has not met cost-effectiveness requirements. However, those circumstances do not justify abandoning the Commission’s framework under which energy efficiency is treated as a resource and ratepayer funds are subject to cost and performance accountability standards.

The Commission’s current energy efficiency framework requires investor-owned utilities (IOUs), including PacifiCorp, to maintain a portfolio that balances multiple objectives.⁹ Those objectives include obtaining cost-effective savings, supporting market transformation, and ensuring equitable access to programs.¹⁰ PacifiCorp’s proposal

⁵ Application at 23.

⁶ Application at 1.

⁷ Application at 8.

⁸ Application at 8.

⁹ D.21-12-034, *Decision Approving 2020 Application of PacifiCorp to Continue Its Energy Efficiency Programs and Surcharges Through 2026*, December 20, 2021 at 24; issued in Application (A.) 20-12-018: “Portfolio shall be divided into resource acquisition, market support and equity segments.” D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios For 2024-2027 And Business Plans For 2024-2031*, July 3, 2023 at 13; issued in A.22-02-005, et.al.: “D.21-05-031 directed the energy efficiency PAs to segment their portfolios into programs that are primarily designed for three purposes: resource acquisition, market support, and equity.”

¹⁰ D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26, 2021 at 14-15; issued in Rulemaking (R.) 13-11-005: directs the program administrators to further segment their portfolios based on the primary program purpose, into the following three segments, defined as follows:

would remove the Resource Acquisition component of that framework and replace it with a model in which measurable, cost-effective savings are no longer a required portfolio objective.

On November 7, 2025, Cal Advocates submitted a protest to PacifiCorp's Application.¹¹ In its protest, Cal Advocates acknowledges that PacifiCorp's projected cost-effectiveness results for its consolidated energy efficiency programs show an average Total Resource Cost (TRC) score of 0.51 and a Program Administrator Cost (PAC) score of 0.49 for 2028-2031.¹² As noted in Cal Advocates' protest, these low cost-effectiveness scores indicate that the redesigned portfolio fails to deliver benefits that exceed ratepayer costs.¹³ As such, the consolidated energy efficiency programs proposed in the Application will result in an unreasonable use of ratepayer funds.¹⁴

On November 11, 2025, the assigned Administrative Law Judge (ALJ) issued the *Administrative Law Judge's Ruling Setting Prehearing Conference*, setting a November 24, 2025 date for parties to participate in a Prehearing Conference.¹⁵ On November 17, 2025, PacifiCorp filed a reply to Cal Advocates' Protest (PacifiCorp

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- Resource Acquisition: Programs with a primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity and natural gas systems. Short-term is defined as during the approved budget period for the portfolio, which will be discussed further later in this decision. This segment should make up the bulk of savings to achieve TSB goals.
 - Market Support: Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.
 - Equity: Programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission's Environmental and Social Justice (ESJ) Action Plan;³ Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

¹¹ See, *Protest of the Public Advocates Office*, November 7, 2025 (Cal Advocates' Protest).

¹² Cal Advocates' Protest at 2, citing the Application at 37.

¹³ Cal Advocates' Protest at 2.

¹⁴ Cal Advocates' Protest at 2.

¹⁵ *Administrative Law Judge's Ruling Setting Prehearing Conference*, November 12, 2025.

Reply).¹⁶ On January 27, 2026, the *Assigned Commissioner issued a Scoping Memo and Ruling* (Scoping Ruling) which identifies the issues within scope of the proceeding and sets the schedule for the remainder of the proceeding.¹⁷

On March 6, 2026, the assigned ALJ issued the *Administrative Law Judge’s Ruling Modifying Schedule for Testimony and Evidentiary Hearing, If Needed* (Ruling Modifying Schedule). This ruling modifies the schedule established in the Scoping Ruling and sets the dates for parties to serve testimony and, if needed, to request evidentiary hearings.¹⁸ On April 24, 2026, Cal Advocates served its Opening Testimony. On May 18, 2026, PacifiCorp served its Rebuttal Testimony.¹⁹ No party filed a motion requesting an evidentiary hearing.

On June 1, 2026, the assigned ALJ issued the *Email Ruling Confirming Evidentiary Hearing Not Needed* (June 1, 2026, Email Ruling).²⁰ The assigned ALJ acknowledges that no motions for evidentiary hearings were filed as of the deadline for such motions.²¹ Therefore, the June 1, 2026, Email Ruling confirms that evidentiary hearings are not needed and that the ALJ removed the hearings from the Commission’s hearing calendar.²² Further, the June 1, 2026, Email Ruling confirms the remainder of the schedule, namely, that opening briefs may be filed and served by no later than July 3, 2026, with reply briefs due no later than August 3, 2026.²³

III. STANDARD OF PROOF

The Commission has held that the burden of proof “rests heavily” upon the

¹⁶ *Reply of PacifiCorp to the Protest of the California Public Utilities Commission’s Public Advocates Office*, November 17, 2025 (PacifiCorp Reply).

¹⁷ See, *Assigned Commissioner’s Scoping Memo and Ruling*, January 27, 2026 (Scoping Ruling).

¹⁸ *Administrative Law Judge’s Ruling Modifying Schedule for Testimony and Evidentiary Hearings, If Needed*, March 6, 2026 at 1 (Ruling Modifying Schedule).

¹⁹ *Rebuttal Testimony of Jay Olsen*, May 18, 2026 (Exhibit PAC/100).

²⁰ *Email Ruling Confirming Evidentiary Hearing Not Needed*, June 1, 2026 (June 1, 2026, Email Ruling).

²¹ June 1, 2026, Email Ruling at 2.

²² June 1, 2026, Email Ruling at 2.

²³ June 1, 2026, Email Ruling at 2.

applicant to prove that it is entitled to the requested relief; it is not upon the Commission, its staff, or any interested party to prove the contrary.²⁴ As the applicant, PacifiCorp “has the burden of affirmatively establishing the reasonableness of all aspects of its request” by a preponderance of the evidence.²⁵

IV. ARGUMENT

A. The Commission should consider A.25-09-016 in light of the Governor’s Executive Order N-5-24 and the California State Auditor’s Report.

Reducing the rate burden on ratepayers should be the lens through which the Commission reviews A.25-09-016. California’s electricity rates have risen at a rate that has outpaced inflation.²⁶ These high electricity rates constrain the budgets of both households and businesses and hinder the state’s push towards decarbonization.²⁷ For example, electric rates for PacifiCorp’s residential customers have risen almost 70% since 2020.²⁸ Additionally, in 2025, the Commission approved the collection of \$36.4 million in Wildfire Mitigation costs in a separate phase of PacifiCorp’s 2023 Test

²⁴ D.90-09-088, 37 Cal.PUC 2d 488, 1990 WL 488895, p. *9 (Sept. 25, 1990); D. 92496, *In Re Energy Cost Adjustment Clauses* (1980) 4 Cal.PUC 2d 693, 1980 WL 128897 at *6 (burden of proof is on the utility applicant to establish reasonableness).

²⁵ D.14-07-006, *Decision Approving San Diego Gas & Electric Company’s 2010 Energy Resource Recovery Account Costs and Related Matters*, July 17, 2014 at 6; issued in Application (A.) 11-06-003. (The applicant “has the burden of affirmatively establishing the reasonableness of all aspects of its request and proving that it is entitled to the Commission’s actions and relief in rates that it is requesting. As with most utility related matters, the standard of proof that the applicant must meet is that of a preponderance of evidence.”)

²⁶ *Q4 2024 Electric Rates Report* (Q4 Report), The Public Advocates Office at the California Public Utility Commission, February 18, 2025, at 8. Accessed June 15, 2026 at: <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/250218-public-advocates-office-q4-2024-rates-report.pdf>

²⁷ *Advancing Affordable Electricity in California: Policy Levers to Address Rising Rates* (Cal Advocates Policy Levers Memo), The Public Advocates Office at the California Public Utility Commission, December 13, 2024. Accessed June 15, 2026 at: <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/241213-public-advocates-office-advancing-affordable-electricity-in-california.pdf>

²⁸ Exhibit CA-02 at 2.

Year General Rate Case.²⁹ ³⁰ PacifiCorp’s residential electric rates will rise an additional 4.0% as a result of collections from these wildfire mitigation costs. Finally, PacifiCorp has a currently pending Wildfire Expense Memorandum Account Application, Application (A.) 26-02-021, which if approved will result in an additional 18% rate increase for PacifiCorp’s residential customers.³¹

The state and the Commission recently established a significant policy focus on rate affordability. On October 30, 2024, the Governor issued Executive Order (EO) N-5-24. EO N-5-24 acknowledges that electric rates in California have risen in recent years, and that the increase outpaced inflation.³² EO N-5-24 directs the Commission to take action to address the rate affordability crisis.³³ Among other things, EO N-5-24 specifically orders that the Commission “take immediate action under existing authorities to modify or sunset any underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers.”³⁴

On February 18, 2025, in its Response to EO N-5-24 (Response to EO) the Commission identifies eight principles it can use to guide its efforts to address electric rate affordability.³⁵ These principles include assessing all energy-related mandates for

²⁹ This 17.5% increase does not include the collection of \$36.4 million in Wildfire Mitigation costs that were approved in a separate phase of PacifiCorp’s 2023 Test Year General Rate Case. See, D.25-02-008, *Decision Granting Recovery of Wildfire Mitigation Memorandum Account Costs*, February 26, 2025 at 2; issued in A.22-05-006.

³⁰ D.23-12-016, *Decision on Test Year 2023 General Rate Case for PacifiCorp d/b/a Pacific Power*, December 15, 2023 at 2; issued in A.22-05-006.

³¹ See, Application (A.) 26-02-021, *Application of PacifiCorp (U 901 E) for Authority to Recover Costs Recorded in the Wildfire Expense Memorandum Account*, February 27, 2026. See also, *Notice of Pacific Power’s Rate Increase Request*, accessed June 10, 2026 at https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/my-account/bill-inserts/ca/CA_WEMA_Filing_February-2026.pdf.

³² Executive Order (EO) N-5-24, Gavin Newsom, Governor of California, October 30, 2024 (EO N-5-24). Accessed June 15, 2026 at: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>. (“Californians have seen their electric bills rise in recent years, outpacing the rate of inflation.”)

³³ EO N-5-24. (“WHEREAS it is essential that electric service remains affordable, reliable, and safe for all Californians during our clean energy transition.”)

³⁴ EO N-5-24 at 2.

³⁵ *CPUC Response to Executive Order N-5-24*, February 18, 2025 (Response to EO), accessed June 10, 2026 at: <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf>.

cost-effectiveness.³⁶ Subsequently, on March 18, 2025, the California State Auditor released Report 2023-127 (Auditor Report).³⁷ The Auditor Report presents the results of an audit conducted on the Commission’s energy efficiency programs and the Commission’s role in overseeing those programs.³⁸ The Auditor Report finds that because the Commission does not perform adequate oversight and review of program performance, the Commission increases the risk that ratepayer funds are spent on inefficient programs.³⁹ The Auditor Report goes on to note that the Commission “could better protect ratepayers by increasing its monitoring of utilities’ efficiency programs, proactively identifying underperforming efficiency programs, and eliminating those that do not save sufficient energy or do not prove to be cost-effective.”⁴⁰

In both its Response to EO N-5-24 and in its Response to Auditor Report,⁴¹ the Commission acknowledges that greater oversight should be applied to all energy efficiency programs. Here, PacifiCorp acknowledges that both its current and proposed energy efficiency programs and portfolios are not cost-effective.^{42, 43} This acknowledgement provides the Commission the record needed to close PacifiCorp’s historically underperforming programs and deny PacifiCorp’s request to continue to operate non-cost-effective programs.

It is an undisputed fact in this proceeding that PacifiCorp’s energy efficiency

³⁶ Response to EO at 17.

³⁷ *Without Improving Its Oversight, the Benefits of Energy Efficiency Programs May Not Be Worth Their Cost to Ratepayers*, Auditor of the State of California, March 2025 (Auditor Report) at iii and 1. Accessed June 12, 2026 at <https://www.auditor.ca.gov/wp-content/uploads/2025/03/2023-127-Report.pdf>

³⁸ Auditor Report at iii.

³⁹ Auditor Report at 28.

⁴⁰ Auditor Report at iii.

⁴¹ See, Auditor Report at 71-77, *California Public Utilities Commission Response to Auditor Audit (2023-127) – Energy Efficiency Programs Audit*, Rachel Peterson, Executive Director, California Public Utilities Commission, February 14, 2025 (Response to Auditor Report).

⁴² Exhibit PAC/100 at 5, lines 6 – 8: “Q. Does PacifiCorp dispute that its portfolio and individual programs have not met traditional cost-effectiveness thresholds? A. No. This is an undisputed fact.”

⁴³ Application at 17.

programs are not currently, nor are they projected to be, cost-effective.⁴⁴ Continued ratepayer funding for such programs would not be just and reasonable and counter to the Commission’s focus on rate affordability. Therefore, the Commission should reject PacifiCorp’s Application.

B. The Commission should reject PacifiCorp’s Application.

The factual bases for rejecting PacifiCorp’s Application are overwhelming. As discussed in greater detail below, PacifiCorp’s request to eliminate its Resource Acquisition programs violates prior Commission decisions, its current and proposed energy efficiency portfolio is neither cost-effective nor a least-cost procurement option, and the Application will lead to unreasonable and unjust rates for PacifiCorp’s ratepayers.

1. Elimination of Resource Acquisition programs, and cost-effectiveness requirements, violates Commission requirements.

PacifiCorp’s request to eliminate its Resource Acquisition programs violates Commission requirements for IOU energy efficiency portfolio administrators. Decision (D.) 21-05-031 establishes the current rules for IOU administration of energy efficiency portfolios. Notably, D.21-05-031 requires investor-owned utility program administrators to divide their portfolios into three categories: Resource Acquisition, Market Support, and Equity. D.21-05-031 further requires the Resource Acquisition segment to comprise no less than 70% of an IOU’s energy efficiency portfolio and to meet a TRC score of 1.0 or greater.⁴⁵ This means that no less than 70% of an IOU energy efficiency portfolio is held to a minimum TRC score of 1.0.⁴⁶ The Commission allows the remaining 30%⁴⁷ of

⁴⁴ Exhibit PAC/100 at 5, lines 6 – 8: “Q. Does PacifiCorp dispute that its portfolio and individual programs have not met traditional cost-effectiveness thresholds? A. No. This is an undisputed fact.”

⁴⁵ See, Decision (D.) 21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26, 2021 (D.21-05-031), at 18 – 24, Ordering Paragraph (OP) 3 at 81, and OP 4 at 81; issued in Rulemaking (R.) 13-11-005.

⁴⁶ D.21-05-031, OP 4, at 81. Resource Acquisition must comprise at least 70% of an IOU’s EE portfolio.

⁴⁷ Note that the Commission set this as a maximum 30% value. See, D.21-05-031, OP 4, at 81.

an IOU energy efficiency portfolio to comprise the Market Support and Equity segments which are not held to any cost-effectiveness requirements.⁴⁸ The Commission affirmed the rules governing energy efficiency program segmentation and cost-effectiveness for IOU program administrators in D.23-06-055.⁴⁹

PacifiCorp’s request to eliminate its Resource Acquisition segment and transition to an Equity-only portfolio would eliminate cost-effectiveness requirements. As stated previously, the Equity segment of an IOU energy efficiency portfolio is not held to cost-effectiveness requirements. Portfolio segmentation and cost-effectiveness requirements apply to all IOU program administrators, including PacifiCorp.^{50, 51} PacifiCorp acknowledges that its request to eliminate its Resource Adequacy programs and transition to an Equity-only portfolio violates Commission rules governing energy efficiency portfolios.⁵² Yet, PacifiCorp requests that the Commission adopt its request to eliminate its Resource Acquisition programs, and thus eliminate all cost-effectiveness requirements. However, the Commission has an obligation to ensure that it approves rates that are just and reasonable.⁵³ PacifiCorp’s request is neither just nor reasonable because it seeks adoption of energy efficiency portfolio that would not have any ratepayer protections whatsoever.

PacifiCorp’s proposal is also inconsistent with the broader policy rationale underlying Commission rules for energy efficiency portfolios. The Commission

⁴⁸ D.21-05-031, OP 4, at 81. “[E]nergy efficiency program administrators who are investor-owned utilities or community choice aggregators shall limit the expenditures in their portfolios on market support and equity programs, combined, to a total of no more than 30 percent of their total budget, including statewide programs, but excluding funds forwarded to other energy efficiency program administrators.”

⁴⁹ See also, D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031*, July 3, 2023 at 13: “The combined budgets of each non-REN PA for the equity and market support programs are limited to 30 percent of their total portfolio budget.”

⁵⁰ D. 21-12-034 at 24.

⁵¹ The underlying budget framework was established in D.21-05-031, at 42, in which the Commission held that “[t]he equity and market support segments of the portfolio, combined, must not exceed 30% of the total budget (with the exception of RENs).”

⁵² Exhibit PAC/100 at 13.

⁵³ See, Public (Pub.) Utilities (Util.) Code Section 451.

established the rules governing IOU administered energy efficiency portfolios to maintain energy efficiency as a dependable demand-side resource through balancing savings objectives with Equity and Market Support segment goals while ensuring prudent use of ratepayer funds through cost-effectiveness and accountability.⁵⁴ This policy enables Resource Acquisition programs to function as a resource that can offset traditional generation and reduce system costs.⁵⁵ PacifiCorp’s request to eliminate its Resource Acquisition programs and transition to an Equity-only portfolio is inconsistent with the policy intent of the Commission’s adopted energy efficiency framework. The Commission established this regulatory framework in D.21-05-031 in order to preserve the role of energy efficiency as a utility resource by ensuring that most portfolio expenditures remain directed toward programs that produce measurable savings.⁵⁶ Equity and Market Support programs are important complementary functions, but they were not intended to replace Resource Acquisition. Therefore, the Commission should reject PacifiCorp’s request to transition to an Equity-only portfolio model.

2. PacifiCorp’s Energy Efficiency programs are not a Least-Cost procurement option.

PacifiCorp’s energy efficiency programs are not a least-cost procurement option when compared to supply-side resources. As stated previously, PacifiCorp’s energy efficiency programs and portfolio consistently fail to achieve a TRC score of 1.0 or

⁵⁴ Public Utilities Code (Pub. Util. Code) § 454.55 (b) (2) Notwithstanding subdivision (c) of Section 25310 of the Public Resources Code, if the commission concludes the targets established for electrical corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that optimizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

⁵⁵ 2024 Distributed Energy Resources Avoided Cost Calculator Documentation, October 2, 2024 Version 1b, accessed June 15, 2026 at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/demand-side-management/acc-models-latest-version/2024-acc-documentation-v1b_clean_posted_nowm.pdf: “The ACC is used to determine the benefits of Distributed Energy Resources (DER), such as energy efficiency and demand response, for cost-effectiveness analyses.”

⁵⁶ D. 18-05-041, *Decision Addressing Energy Efficiency Business Plans*, June 5, 2018 at 58; issued in A.17-01-013, et.al.: “Program administrators should still bring us an overall business plan portfolio that is cost-effective, but may also point out where risks to cost-effectiveness may be possible and leverage the implementation plans to propose program design and implementation alternatives to mitigate the challenges identified.”

greater. A TRC score of 1.0 indicates that a demand-side resource provides the same dollar value benefit that a supply-side resource would provide at the same cost.⁵⁷ ⁵⁸ If a program has a TRC score below 1.0, a marginal resource could be procured at a lower cost.⁵⁹

PacifiCorp seeks to eliminate its Resource Acquisition programs and transition to an Equity-only portfolio on claims that its proposed energy efficiency programs are not projected to receive TRC scores of 1.0 or greater when evaluated on either a program-by-program or portfolio basis.⁶⁰ PacifiCorp's inability to achieve a TRC score of 1.0 or more in its proposed portfolio and programs demonstrates that a supply-side resource can provide greater economic benefit than PacifiCorp's energy efficiency programs. In other words, supply-side resources can be procured at a lower cost than PacifiCorp's energy efficiency program costs. Therefore, funding PacifiCorp's proposed energy efficiency programs is not the least-cost strategy for meeting growing demand. As such, the Commission should deny PacifiCorp's Application because it is an unreasonable use and investment of ratepayer funds.

3. PacifiCorp's Application would result in unjust and unreasonable rates.

The Commission should reject PacifiCorp's Application because it would result in unjust and unreasonable rates. The Commission has the obligation to ensure that all funds it approves are just and reasonable.⁶¹ However, as stated previously, PacifiCorp

⁵⁷ See, *CPUC Standard Practice Manual: Economic Analysis on Demand-Side Programs and Projects*, at 19. Accessed May 29, 2026 at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf.

⁵⁸ See also, D.19-05-019, Decision Adopting Cost-Effectiveness Analysis Framework Policies for all Distributed Energy Resources, May 21, 2019 at 9 – 10; issued in R.14-10-003. “The TRC test measures the costs and benefits of a demand-side program as a resource option based on the total costs of the program, including both participant and utility costs. Here again, the benefits calculated in the TRC are the avoided costs of supplying electricity.”

⁵⁹ A “marginal resource” is the supply side resource(s) that would need to be procured in the absence of the demand side program operating.

⁶⁰ Application at 17-19. See also, Exhibit PAC/100, Table 1, at 8.

⁶¹ See, Pub. Util. Code Section 451.

requests to eliminate its Resource Acquisition segment and transition to an Equity-only portfolio⁶² that is not projected to meet cost-effectiveness requirements either at the program level or the portfolio level.⁶³ Indeed, PacifiCorp does not propose a single energy efficiency program that is projected to be cost-effective in any year of the four-year application cycle.⁶⁴ As discussed in greater detail below, PacifiCorp's Application must be rejected because it will not result in just or reasonable rates.

PacifiCorp's energy efficiency portfolio has historically not met cost-effectiveness requirements. In fact, PacifiCorp states "it is an undisputed fact" that its energy efficiency portfolio and its individual energy efficiency programs have not met cost effectiveness standards.⁶⁵ According to PacifiCorp, its portfolio TRC score results deteriorated from 0.91 in 2022 to 0.34 in 2024⁶⁶ and its portfolio energy savings have dramatically declined nearly 75% from 2022 to 2024.⁶⁷

To improve the cost-effectiveness of its energy efficiency offerings, PacifiCorp's Application proposes shifting funds from program administration, implementation, and evaluation to provide higher customer incentives.⁶⁸ PacifiCorp projects that this shift will result in a 36.5% increase in savings under its proposed portfolio.⁶⁹ However, the projected increase in savings does not mitigate the 75% savings decrease since 2022 and its programs will continue to be non-cost-effective. Further, the Application indicates that gains in savings are tied primarily to higher incentive levels and increased spending

⁶² Currently, PacifiCorp's portfolio complies in theory with the Commission requirement that an IOU energy efficiency portfolio consist of at least 70% resource acquisition programs and no more than 30% equity and market support programs.

⁶³ See Application at 17-19. See also, Exhibit PAC/100 at 5: "Q. Does PacifiCorp dispute that its portfolio and individual programs have not met traditional cost-effectiveness thresholds? A. No. This is an undisputed fact."

⁶⁴ Application at 38-39.

⁶⁵ See Exhibit PAC/100 at 5: "Q. Does PacifiCorp dispute that its portfolio and individual programs have not met traditional cost-effectiveness thresholds? A. No. This is an undisputed fact."

⁶⁶ Exhibit CA-01 at Appendix B, CAL ADVOCATES-KH-PC-2025-12 Data Request 1.2.

⁶⁷ Application at 8.

⁶⁸ Application at 14-15.

⁶⁹ Application at 14.

rather than structural efficiency improvements.⁷⁰ That PacifiCorp’s additional savings require disproportionately higher expenditures shows that the Application does not solve the underlying performance problem. PacifiCorp has merely substituted larger subsidies for program effectiveness.

Despite the purported increase in savings under its proposed portfolio, PacifiCorp acknowledges that the portfolio will still not satisfy cost-effectiveness metrics.⁷¹ As shown below, the Application reports TRC and PAC scores that fall far below 1.0 throughout the proposed cycle. Indeed, on average, the proposed portfolio has a TRC score of only 0.51, essentially half of the required TRC score of 1.0.

Table 1: Proposed Portfolio Cost-Effectiveness⁷²

Year	Total Resource Cost (TRC)	Program Administrator Cost (PAC)
2027	0.48	0.47
2028	0.50	0.48
2029	0.52	0.50
2030	0.54	0.52

PacifiCorp’s Application will place an unreasonable burden on PacifiCorp’s ratepayers. The low TRC scores indicate that projected costs exceed projected benefits in every year from 2027 through 2030.⁷³ These projected costs include the larger incentives

⁷⁰ See, Exhibit CA-01 at 2-4. The annual expenditure of \$1,794,987 represents a 104% increase from 2024 actual spending.

⁷¹ Application at 17.

⁷² Application at 37. See also, Exhibit CA-01 at 2-5.

⁷³ See, Decision (D.) 21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26- 2021, Ordering Paragraph 3 at 81; issued in R.13-11-005. “Beginning in program year 2022, energy efficiency program administrators who are investor-owned utilities or community choice aggregators shall ensure that the forecasted benefits exceed the costs of the resource acquisition segments of their portfolios, as measured by the Total Resource Cost test, without considering Codes and Standards programs. “

that PacifiCorp states are needed to “enable[e] greater investment in energy efficiency improvements in [customer] homes and businesses ...”⁷⁴ to “... provide more direct financial support to customers.”⁷⁵ However, while certain customers will receive highly incentivized energy efficiency measures, the majority of PacifiCorp’s ratepayers will bear the burden of larger electric bills through the higher rates that will result from these programs.

As stated previously, PacifiCorp “has the burden of affirmatively establishing the reasonableness of all aspects of its request” by a preponderance of the evidence.⁷⁶ Here, rather than establishing reasonableness, PacifiCorp has only established that: (1) its Application violates program segmentation and cost-effectiveness requirements, (2) its energy efficiency programs are not a least-cost procurement option, (3) its energy efficiency programs and portfolio will not meet cost-effectiveness standards, and (4) its proposed increased incentives place an unreasonable burden on the majority of its ratepayers.⁷⁷ In other words, PacifiCorp’s Application is unreasonable on its face. Therefore, the Commission must reject PacifiCorp’s Application.

C. The Commission should reject PacifiCorp’s de facto request for a waiver from program segmentation and cost-effectiveness requirements.

PacifiCorp acknowledges that it does not currently have the authority to transition to an Equity-only portfolio and therefore avoid all cost-effectiveness requirements. Specifically, PacifiCorp states that its Application is “an explicit request before the Commission in this proceeding that departs from the prior approved Commission

⁷⁴ Exhibit PAC/100 at 9.

⁷⁵ Exhibit PAC/100 at 10.

⁷⁶ D.14-07-006, *Decision Approving San Diego Gas & Electric Company’s 2010 Energy Resource Recovery Account Costs and Related Matters*, July 17, 2014 at 6; issued in Application (A.) 11-06-003. (The applicant “has the burden of affirmatively establishing the reasonableness of all aspects of its request and proving that it is entitled to the Commission’s actions and relief in rates that it is requesting. As with most utility related matters, the standard of proof that the applicant must meet is that of a preponderance of evidence.”)

⁷⁷ Application at 17-19. See also, Exhibit PAC/100, Table 1, at 8.

construct.”⁷⁸ PacifiCorp goes on to state that whether it can transition to an Equity-only portfolio “is a discretionary matter for the Commission to decide and should not be a contested issue of law in this proceeding.”⁷⁹ PacifiCorp effectively seeks a waiver from the energy efficiency portfolio segmentation and cost-effectiveness requirements that apply to all IOU program administrators. The Commission should reject PacifiCorp’s de facto waiver request for the following reasons:

First, as noted in Section B.2., above, the majority of PacifiCorp’s ratepayers would subsidize a relatively small number of program participants. PacifiCorp claims that its request is necessary to reach Hard-to-Reach (HTR) customers in its territory.⁸⁰ PacifiCorp proposes to redirect administration, implementation, and evaluation costs toward higher incentives so that it can provide greater incentives to its HTR customers.⁸¹ PacifiCorp claims that the higher incentives will result in increased electric savings.⁸² However, at best, those savings will only be realized by program participants. The majority of PacifiCorp customers would bear the financial burden of subsidizing a relatively small number of program participants. This means that the majority of PacifiCorp customers would not see a direct benefit from PacifiCorp’s energy efficiency programs but would pay higher rates to subsidize a small number of program users. Since PacifiCorp’s programs are currently non-cost-effective, current costs to PacifiCorp’s customers exceed the benefits received.⁸³ PacifiCorp’s proposed energy efficiency portfolio will exacerbate this problem. Further, as indicated previously, if

⁷⁸ Exhibit PAC/100 at 13.

⁷⁹ Exhibit PAC/100 at 13-14.

⁸⁰ Exhibit PAC/100 at 12.

⁸¹ Exhibit PAC/100 at 9.

⁸² Exhibit PAC/100 at 10.

⁸³ See, Decision (D.) 21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26- 2021, Ordering Paragraph 3 at 81; issued in R.13-11-005. “Beginning in program year 2022, energy efficiency program administrators who are investor-owned utilities or community choice aggregators shall ensure that the forecasted benefits exceed the costs of the resource acquisition segments of their portfolios, as measured by the Total Resource Cost test, without considering Codes and Standards programs. “

additional savings require disproportionately higher expenditures, then PacifiCorp's proposal has not solved the underlying cost-effectiveness problem. PacifiCorp merely proposed to increase subsidies in the unsubstantiated hope of greater program utilization.

Second, the Commission should reject PacifiCorp's request because it is not the lowest cost to achieve the state's clean energy goals. PacifiCorp claims that its Application will help the state achieve its greenhouse gas emission goals and create a more sustainable grid.⁸⁴ However, as the Commission has well established, "spending on efficiency in excess of cost-effective levels suggests that there is a lower-cost path to achieving the state's clean energy goals."⁸⁵ PacifiCorp's claim that its non-cost-effective energy efficiency programs will help the state achieve its clean energy goals is fundamentally flawed. PacifiCorp ignores the fact that it could likely achieve the same clean energy goals by other means at a lower cost. Therefore, the Commission should reject PacifiCorp's request for a waiver from energy efficiency portfolio segmentation and cost-effectiveness requirements as a means to achieve the states clean energy goals because it is not the lowest cost option.

PacifiCorp also claims that it faces structural challenges in its service territory that render the cost-effective administration of energy efficiency programs infeasible.⁸⁶ However, PacifiCorp fails to show that its proposed solution in any way addresses the causes of the decline in its portfolio savings and cost-effectiveness. Instead, PacifiCorp seeks to remove the framework through which declining performance is observed and managed. PacifiCorp should instead be required to pursue an energy efficiency portfolio that complies with established Commission requirements for IOU administrators.

Finally, PacifiCorp's request is bad policy and would establish an unreasonable precedent. PacifiCorp claims that development of its Application included multiple iterations of program modeling which included a variety of measure mixes, incentive

⁸⁴ Exhibit PAC/100 at 12-13.

⁸⁵ D.21-05-031 at 20.

⁸⁶ Exhibit PAC/100 at 11.

levels, and participation rates.⁸⁷ PacifiCorp states that in its modeling it “found no delivery model that achieved cost-effective results.”⁸⁸ PacifiCorp further states in response to Cal Advocates’ opening testimony, that it conducted “additional incremental analysis to confirm whether model results could be obtained where all its energy efficiency programs are cost effective at the portfolio level or individual level.”⁸⁹ PacifiCorp claims that the results of its modeling indicate that the portfolio proposal in its Application provide the greatest system benefits with little effect on cost-effectiveness when adjusting for incentive levels.⁹⁰ PacifiCorp’s analysis indicates that it is not feasible for PacifiCorp to offer cost-effective energy efficiency programs in its territory through the delivery models it developed.

If the Commission were to approve PacifiCorp’s request for a waiver from energy efficiency portfolio segmentation and cost-effectiveness requirements it would not only remove all ratepayer safeguards, it would also remove the incentive for PacifiCorp to improve its delivery models or otherwise seek to become cost-effective. Such an outcome would signal other IOU program administrators that if they claim cost-effective energy efficiency programs are not feasible, they too can abandon cost-effectiveness altogether. Such an outcome is bad policy and sets an unreasonable precedent. This is particularly true now, during the current rate affordability crisis.

PacifiCorp’s request for a waiver from established Commission requirements for IOU energy efficiency administrators should be rejected. Such a waiver is bad policy and would create an unreasonable precedent, PacifiCorp’s ratepayers will subsidize the proposed larger incentives for a minority of program participants without realizing systemwide benefits, and it is not the lowest cost option to fulfilling the state’s clean energy goals.

⁸⁷ Exhibit PAC/100 at 6.

⁸⁸ Exhibit PAC/100 at 6.

⁸⁹ Exhibit PAC/100 at 7.

⁹⁰ Exhibit PAC/100 at 7-8.

D. Other Issues

Cal Advocates does not provide any comments on or responses to other issues raised in testimony or the Scoping Ruling at this time. Cal Advocates reserves the right to address other issues in response to other parties' briefs.

II. CONCLUSION

For the reasons stated here, the Public Advocates Office's recommendations should be adopted.

Respectfully submitted,

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