

Decision 17-12-017 December 14, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PacifiCorp (U901E) for Approval of its 2018
Energy Cost Adjustment Clause and
Greenhouse Gas-Related Forecast and
Reconciliation of Costs and Revenue.

Application 17-08-005

**DECISION REGARDING PACIFICORP'S 2018 ENERGY COST ADJUSTMENT
CLAUSE AND GREENHOUSE GAS-RELATED FORECAST AND
RECONCILIATION OF COSTS AND REVENUE**

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**DECISION REGARDING PACIFICORP'S 2018 ENERGY COST ADJUSTMENT
CLAUSE AND GREENHOUSE GAS RELATED FORECAST AND
RECONCILIATION OF COSTS AND REVENUE**

Summary

This decision authorizes PacifiCorp to modify its Energy Cost Adjustment Clause rates so as to allow for recovery of its: 1) adjusted actual net power costs (NPC) and fuel stock carrying charge for 2016; 2) adjusted actual and forecast NPC and fuel stock carrying charge for 2017; 3) forecast NPC and fuel stock carrying charge for 2018; 4) 2016 and 2017 adjusted actual California Air Resources Board (ARB) implementation fees and mandatory reporting verification costs; 5) payments for net metering surplus compensation made in 2016 through May 2017; 6) forecast 2018 ARB administrative costs; and 7) actual and forecast Renewable Energy Credit purchases for Renewables Portfolio Standard compliance.

This decision also authorizes PacifiCorp to incorporate: 1) forecast greenhouse gas (GHG) cap-and-trade-related costs and GHG allowance proceeds; and (2) reconciliation of recorded 2016 and 2017 GHG-related costs and allowance proceeds into 2018 customer rates. This decision authorizes the amounts of the California Climate Credit to be returned to eligible small business and residential customers in 2018. All GHG-related forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. In addition, outreach and administrative expenses are subject to further reasonableness review at the time of the reconciliation.

This decision authorizes modifications that will result in a rate decrease of approximately \$0.2 million, or 0.2 percent overall, to PacifiCorp's California retail customers and a California Climate Credit of \$126.90 for residential customers

paid twice during 2018 in April and October. Small business customers will receive a monthly kilowatt-hour based California Climate Credit that offsets 70 percent of the GHG costs in their rates. These new rates shall become effective January 1, 2018, upon the filing of an advice letter, subject to the Energy Division determining that the rates are in compliance with this decision.

1. Factual Background

PacifiCorp is a multi-jurisdictional utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves approximately 48,000 customers in Del Norte, Modoc, Shasta, and Siskiyou counties in Northern California.

PacifiCorp filed the *Application for Approval of its 2018 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue* on August 1, 2017. The assigned Administrative Law Judge (Judge or ALJ) held a prehearing conference on September 26, 2017. The Application was not protested.

On October 23, 2017, the assigned ALJs issued a ruling directing PacifiCorp to establish a memorandum account setting aside funding for the Multifamily Affordable Housing Solar Roofs Program pursuant to Senate Bill (SB) 92 and to file and serve a Tier-1 Advice Letter within seven days. On November 3, 2017, the assigned Commissioner issued a Scoping Memo and ruling setting forth the scope of issues to be considered and the procedural schedule for the proceeding.

2. Jurisdiction

The California Public Utilities Commission (Commission) authorized PacifiCorp to implement the Energy Cost Adjustment Clause (ECAC) mechanism to recover its net power costs (NPC) in Decision (D.) 06-12-011. On

December 21, 2006, PacifiCorp filed revised tariff sheets implementing the ECAC by advice letter, which became effective on January 1, 2007. Subsequently, PacifiCorp filed annual applications to adjust its ECAC rates.¹

Pursuant to the California Global Warming Solutions Act of 2006, Assembly Bill (AB) 32 (Stats. 2006, ch. 488), certain electric utilities, including PacifiCorp, must participate in a cap-and-trade program designed by the California Air Resources Board (ARB) to reduce Greenhouse gas (GHG) emissions. The state allocates GHG allowances to these electric utilities on behalf of ratepayers. The utilities are required to sell the allowances at ARB's quarterly auctions and return the allowance proceeds to customers pursuant to Public Utilities (Pub. Util.) Code Section 748.5. The utilities also incur GHG costs both by purchasing allowances for their own compliance obligation under the Cap-and-Trade Program and, indirectly, through GHG costs embedded in the price of wholesale electricity.

Rulemaking (R.) 11-03-012 addressed GHG-related costs and allowance proceeds for all investor-owned electric utilities, including PacifiCorp. D.12-12-033 in R.11-03-012 required PacifiCorp to file an annual application for approval of forecast GHG costs and allowance proceeds, including administrative and outreach costs, in order to calculate GHG costs, the volumetric small business Climate Credit, and the residential Climate Credit for inclusion in rates.² D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, which adopted standard procedures for the five electric utilities to use in future

¹ See Application (A.) 16-08-001, A.14-08-002, A.13-08-001, A.12-08-003, A.11-08-001, A.10-08-003, A.09-07-032, and A.08-08-003.

² D.12-12-033, Ordering Paragraph 23.

applications forecasting GHG costs and allowance proceeds for inclusion in rates, and reconciling recorded GHG costs and allowance proceeds amounts with forecasts from prior years. D.14-10-033 requires PacifiCorp to file its GHG forecast and reconciliation application annually, and if applicable, as part of its ECAC application.

3. Summary of the 2017 Application

PacifiCorp requests approval to decrease the Balancing Rate and maintain the current Offset Rate. PacifiCorp also requests to update both the surcharge that recovers the costs for the procurement of GHG allowances for its retail compliance obligation under California's Cap-and-Trade Program, and the California Climate Credit that returns revenue from the sale of GHG allowances to eligible customer classes. This modification would result in a rate decrease of approximately \$0.2 million, or 0.2 percent overall, to PacifiCorp's California retail customers, with an effective date of January 1, 2018. This overall rate decrease is associated with a change to the Balancing Rate. The following components are included in the ECAC:

1. Net power costs (NPC)³;
2. Fuel stock carrying charge;
3. ARB implementation fees and mandatory reporting verification costs;
4. Net metering surplus compensation⁴; and

³ NPCs are the sum of the company's fuel expenses, wholesale purchase power expenses and wheeling expenses, less wholesale sales revenue.

⁴ The inclusion of ARB implementation fees and mandatory reporting and verification costs required to implement AB 32 is consistent with D.12-03-022. In that decision, the Commission authorized PacifiCorp to establish a memorandum account for recording these costs and to seek recovery of these costs.

5. Purchase of renewable energy credits (RECs) for renewables portfolio standard (RPS) compliance.

PacifiCorp requested a Balancing Rate⁵ effective January 1, 2018, of \$2.62 per megawatt-hour (MWh); a Balancing Rate of \$4.33 is currently in effect.⁶ The Balancing Rate requested by PacifiCorp includes costs associated with ARB Administrative Costs, net metering surplus compensation, and purchases of RECs for RPS compliance.⁷ PacifiCorp also requests to maintain the current Offset Rate⁸ of \$31.34 per MWh, which was initially authorized in PacifiCorp's 2016 ECAC and was not changed in PacifiCorp's 2017 ECAC.⁹

PacifiCorp states that the overall decrease proposed in the ECAC is driven primarily by purchased power and natural gas fuel costs being 17 percent lower than projected in the 2016 ECAC. PacifiCorp adds that the savings were offset in part by wholesale sales being 47 percent lower than projected in the 2016 ECAC and costs associated with Joy Longwall at the Bridger coal mine.

PacifiCorp's application requests authorization to update its GHG Surcharge based on a true up of its recorded GHG costs and related interest as set forth in its 2017 ECAC Application¹⁰ and a forecast of 2018 GHG allowance costs. PacifiCorp also requests authorization to distribute the California Climate

⁵ The Balancing Rate is the rate that either returns to or recovers from customers the Total ECAC Balancing Account.

⁶ Exhibit PAC/101 at 1.

⁷ Exhibits PAC/101 and Confidential PAC/107.

⁸ The second component of the ECAC, the Offset Rate, allows PacifiCorp to reset rates to reflect the forecast of net power costs for the upcoming year.

⁹ See D.16-12-012.

¹⁰ A.16-08-001

Credit to eligible customers. The amount of the proposed distribution is based on:

- (1) A true-up of recorded GHG allowance proceeds through May 31, 2017 and related interest;
- (2) A forecast of 2018 GHG allowance proceeds;
- (3) A true-up of recorded customer outreach and administrative costs through May 31, 2017;
- (4) A forecast of its customer outreach and administrative costs for 2018; and
- (5) Funds set aside for energy efficiency programs developed under AB 693.

PacifiCorp proposes to distribute a California Climate credit of \$126.90 twice a year for residential customers. Small business customers would receive a monthly kilowatt-hour based California Climate credit that offsets 70 percent of the GHG costs in their rates.

PacifiCorp states that the combined effect of the proposed ECAC and GHG cost recovery rates is as follows:

Customer Class	Proposed Price Change	
	Dollars	Percent
Residential	-71,000	-0.1%
Commercial/Industrial	-135,000	-0.3%
Irrigation	-28,000	-0.2%
Lighting	3,000	0.3%
Overall	-231,000	-0.2%

4. Discussion

4.1. ECAC

The ECAC includes two rate components, the Balancing Rate and the Offset Rate. Both include ARB implementation fees and mandatory reporting and verification costs. The Balancing Rate is the rate that either returns to or

recovers from customers the total ECAC balancing account. The balancing rate is updated each year if the new rate varies from the current rate by five percent or more. Similarly, a change in the Offset Rate can be made if the change in NPC for the upcoming 12 months exceeds five percent.¹¹

4.1.1. Balancing Rate

As noted above, PacifiCorp requested a reduction of the Balancing Rate¹² to \$2.62 per MWh and to retain the previously approved Offset Rate of \$31.34 per MWh, effective January 1, 2018.¹³ The current Balancing Rate is \$4.33 per MWh¹⁴; when compared to the Balancing Rate currently in effect, the proposed change exceeds the five percent threshold. The Balancing Rate also includes costs associated with ARB Administrative Costs, net metering surplus compensation, and purchases of RECs for RPS compliance.¹⁵

4.1.2. Offset Rate

The second component of the ECAC, the Offset Rate is the amount of projected NPC, fuel stock carrying charges, net metering surplus costs, ARB administrative costs and REC purchases that will be recovered from customers. The change in net power costs compared to forecast net power costs in the 2017 ECAC is 0.4 percent, which is below the five percent threshold. PacifiCorp, therefore, is not requesting any update to the Offset Rate.

¹¹ See D.06-12-011, Attachment A at 6.

¹² The Balancing Rate is the rate that either returns to or recovers from customers the Total ECAC Balancing Account.

¹³ This rate was initially authorized in PacifiCorp's 2016 ECAC, A.15-08-004 and was not changed in PacifiCorp's 2017 ECAC, A.16-08-001.

¹⁴ PAC/101.

¹⁵ PAC/101 and Confidential Exhibit PAC/107.

4.1.3. Reasonableness of ECAC

PacifiCorp's requested adjustment to its ECAC rates is reasonable. The proposed ECAC rate spread and rate design is consistent with the methodology first implemented in PacifiCorp's 2005 general rate case and used in previous ECAC filings. As described above, the application is adequately supported by testimony and accompanying exhibits and is uncontested.

Therefore, PacifiCorp's requested Balancing Rate of \$2.62 per MWh is adopted. The Offset Rate will remain unadjusted at \$31.34 per MWh. The total ECAC rate decrease of approximately \$1.4 million, or 1.1 percent overall, is approved.

4.2. GHG Allowance Costs and California Climate Credit

PacifiCorp's application requests authorization to update its GHG Surcharge based on: (1) a true-up of its recorded GHG costs and related interest as set forth in PacifiCorp's 2017 Application (A.16-08-001) and (2) a forecast of 2018 GHG allowance costs. The impact of the proposed change to the GHG Surcharge is an overall rate increase of \$1.2 Million or 1.0 percent.

PacifiCorp also requests authorization to distribute the California Climate Credit to eligible customers. The amount of the proposed distribution is based on:

- (1) A true-up of recorded GHG allowance revenue and related interest through May 31, 2017;
- (2) A forecast of 2018 GHG allowance revenue;
- (3) A true-up related to customer outreach and administrative costs through May 31, 2017;
- (4) A forecast of its customer outreach and administrative costs for 2018; and

- (5) Funds set aside for energy efficiency programs developed under AB 693.

In decisions issued in R.11-03-012 and in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, the Commission adopted methodologies and procedures to be used for: (1) determining forecast and recorded GHG costs and allowance proceeds, and (2) reconciling recorded GHG costs and allowance proceeds with forecasts from prior years. This decision uses the standards adopted in those decisions to review PacifiCorp's current application to determine the reasonableness of both the recorded and forecasted variables that must be examined to determine rate changes and the California Climate Credit.

Each utility forecasts and records the total allowance proceeds it receives each year. To determine the amount of proceeds available to return to customers in the forecast year, the utility adjusts the forecast allowance proceeds to account for: (1) any variance between the forecast and recorded allowance proceeds in previous years that resulted in an over- or under-collection; (2) any applicable interest; (3) any applicable franchise fees and un-collectibles; (4) outreach and administrative expenses; and (5) allowance revenue approved for clean energy or Energy Efficiency (EE) programs.

PacifiCorp forecast 2018 GHG allowance revenue is \$10,626,048.¹⁶ PacifiCorp projects that the total GHG proceeds available to return to customers in 2018 is \$9,864,062.¹⁷ This consists of the forecast 2018 revenues offset by the forecast 2018 administrative and outreach costs, plus a true up related to actual

¹⁶ PAC/200.

¹⁷ The forecast 2018 GHG allowance revenue minus Forecast outreach and administrative expenses and funding set aside for the Multifamily Program in 2018. *See* PAC/300, PAC/300, PAC/400, PAC/503 and the October 30, 2017 Tier-1 Advice Letter filing by PacifiCorp.

revenues and administrative and outreach costs for previous years, and, consistent with R.14-07-002, an allowance set aside for potential clean energy programs from AB 693.

PacifiCorp forecast allowance proceeds that it expects to return to customers in 2018 was calculated in a manner consistent with D.12-12-033 and D.14-10-033.¹⁸ Therefore this decision authorizes PacifiCorp to return the allowance proceeds to small business customers and residential customers in the manner described below.

4.2.1. Recorded and Forecast Administrative and Outreach Expenses

4.2.1.1. Administrative Expenses

PacifiCorp incurred \$5,465 in Cap-and-Trade Program administrative costs in 2016.¹⁹ The recorded costs reflect PacifiCorp's costs to issue checks for the residential Climate Credit. In 2016, PacifiCorp issued 1,129 checks at a cost of \$5 per check. PacifiCorp forecasted 2017 administrative expenses of \$7,000. From January 1, 2017 through May 31, 2017, PacifiCorp has incurred \$1,620 in administrative costs for issuing 324 checks to customers.²⁰

PacifiCorp's administrative activities in 2016 and from January 1, 2017 through May 31, 2017 were reasonable to implement the Climate Credit. Pursuant to D.12-12-033, it is appropriate to allow PacifiCorp to recover these expenses through allowance proceeds.

¹⁸ As corrected by D.14-10-055 and D.15-01-024.

¹⁹ This is less than the \$7,500 projected in the 2017 ECAC application.

²⁰ PAC/400 at 2.

For 2018, PacifiCorp forecasts it will incur \$5,000 in administrative expenses.²¹ PacifiCorp expects a continued decrease in the issuance of checks for the California Climate Credit disbursement, thus requiring a smaller administrative budget.²²

PacifiCorp's forecast 2018 administrative expenses are reasonable for the purpose of calculation proceeds available for the 2018 residential Climate Credit. The forecast is subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of reconciliation.

4.2.1.2. Outreach Expenses

PacifiCorp forecasted 2016 customer outreach expenses of \$80,000 but recorded \$82,027, in outreach expenses for 2016, which was \$2,027 more than the amount approved by the Commission.²³ The costs were higher than anticipated because a vendor invoice from 2015 outreach was processed in January 2016. PacifiCorp proposes rolling over the overage to the customer outreach budget from 2016 to 2017. The 2017 outreach budget requested and approved in A.17-08-005 (D.16-12-012) was \$85,000.

For January 1, 2017 through May 31, 2017, PacifiCorp spent \$14,579 on customer outreach. Based on the projection, there is \$70,421 remaining in the budget to be spent in 2017.²⁴ PacifiCorp states it plans to engage in additional outreach including a bill insert, bill message, e-mail, as well as paid radio, digital,

²¹ PAC/400 at 3.

²² *Ibid.*

²³ PAC/300 at 3.

²⁴ PAC/300 at 3.

and newspaper advertising. PacifiCorp forecasts \$85,000 in customer outreach costs for 2018, which is the same as 2017.

PacifiCorp's customer outreach activities in 2016 and from January 1, 2017 through May 31, 2018 were reasonable to further customer understanding and awareness of the Climate Credit as required by Public Utilities Code Section 748.5(b). Pursuant to D.12-12-033, these outreach expenses are appropriately recovered through allowance proceeds.

PacifiCorp's forecast 2018 customer outreach expenses are reasonable for the purpose of calculating proceeds available for the 2018 residential Climate Credit. PacifiCorp's forecast for its outreach activities from June through December of 2017 and its 2018 forecast are subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

4.2.1.3. Recorded and Forecast Expenses Approved for Incremental Energy Efficiency and Clean Energy Programs

In previous years, PacifiCorp has not requested or received approval of clean energy and EE projects in accordance with D.12-12-033, so it has not forecast or recorded an amount for this variable. However, in Phase 2 of R.14-07-002,²⁵ the Commission is undertaking implementation of AB 693,²⁶ which establishes the Multifamily Affordable Housing Solar Roofs Program (Multifamily Program) to provide financial incentives for installation of solar energy systems on multifamily affordable housing properties. The Commission

²⁵ *Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.*

²⁶ Stats. 2015, Ch. 582.

directed PacifiCorp to estimate the funds to be allocated to the Multifamily Program in 2016 and 2017.²⁷ PacifiCorp calculated that \$469,393 and \$973,039 would be used for the Multifamily Program in 2016 and 2017 respectively. At the time the Commission issued D.16-12-012, no funds had been allocated to the Multifamily Program

Subsequently, the California Legislature directed the Commission to allocate \$100,000,000 or 66.67 percent of available funds, whichever is less, from certain identified revenues, for the Multifamily Program beginning fiscal year 2017.²⁸ As of this writing, the Commission has not determined whether PacifiCorp is required to set aside for the Multifamily Program. As a result, the assigned ALJ issued a ruling on October 23, 2017, directing PacifiCorp to establish by Tier-1 Advice Letter, a memorandum account setting aside funding for such a program in the event the Commission orders PacifiCorp to fund the program. On October 30, 2017, PacifiCorp filed the requisite Advice Letter setting forth the calculation and how it complies with SB 92. PacifiCorp calculated that \$1,062,605 would be used for the Multifamily Program in 2018.

**4.2.1.4. Recorded and Forecast Emissions
Intensive and Trade Exposed (EITE)
Customer Return**

PacifiCorp states that it is not aware of any EITE entities eligible to receive GHG allowance proceeds in its service territory, and therefore, estimates a return of \$0 to EITE customers.²⁹

²⁷ D.16-12-012 at 19-20.

²⁸ SB 92 (Stats. 2017, Ch. 26)

²⁹ Exhibit PAC/500 at 7.

Given the absence of EITE customers in PacifiCorp's service territory, PacifiCorp appropriately forecasted that no proceeds would be distributed to EITEs in 2017. If EITEs are identified in PacifiCorp's service territory in the future, future applications should account for this.

4.2.1.5. Volumetric Small Business Return

In accordance with D.12-12-033 and D.13-12-002, PacifiCorp distributes its Small Business Return through monthly volumetric credits. Eligible small business customers receive a credit derived by multiplying the 2018 GHG Surcharge rate for their rate schedule by the Industry Assistance Factors determined in D.13-12-002. For 2018, the Industry Assistance Factor is 70 percent.³⁰ The credit is applied as a line-item, per kilowatt-hour credit on the delivery component of customers' monthly bills.

PacifiCorp's 2018 forecast for its Small Business Return is \$531,084.³¹ PacifiCorp appropriately calculated its 2017 Small Business Return consistent with the methodology set forth in D.12-12-033 and D.13-12-002. Therefore, PacifiCorp's 2017 Small Business Return is approved.

4.2.1.6. Residential California Climate Credit

PacifiCorp calculated a semi-annual residential Climate Credit of \$126.90 per household to be distributed in April and October 2018.³² PacifiCorp appropriately forecasted the total proceeds available for the residential Climate Credit as the net GHG proceeds for 2018 less the forecast return to small business customers. The resulting semi-annual Climate Credit is equal to half of the total

³⁰ D.13-12-002, Appendix 2, Table 2.

³¹ Exhibit PAC/500 at 7.

³² Exhibits PAC/503 and PAC/505.

proceeds available for the residential Climate Credit divided by the number of households eligible for the credit. Therefore, PacifiCorp's 2018 residential Climate Credit of \$126.90 per household is approved.

4.2.1.7. Recorded and Forecast GHG Costs

PacifiCorp's GHG costs are included in customer rates through its GHG Surcharge. GHG costs include the costs to purchase compliance instruments for PacifiCorp's GHG emissions. PacifiCorp is a multi-jurisdictional retail provider (MJRP), and ARB's Mandatory Reporting Regulation specifies a formula for MJRPs to use to calculate the emissions associated with serving their retail load. The emissions calculated through the MJRP formula are PacifiCorp's only source of emissions for cost calculation purposes.

Because PacifiCorp has only direct costs of its MJRP obligation, and has no indirect GHG costs, its total GHG costs are reported confidentially in accordance with the reporting requirements established in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

For the purpose of reporting recorded direct GHG costs, D.14-10-033 required each utility to multiply recorded direct GHG emissions by the weighted average cost (WAC) of eligible compliance instruments that it holds in inventory. At any period in time, the WAC is calculated as the total cost of all compliance instruments held in inventory, divided by the total quantity of compliance instruments.

PacifiCorp reported its recorded GHG costs confidentially in Exhibit PAC/202. Recorded costs in 2016 and 2017 (through May 31, 2016) represent the accrued total emissions multiplied by the WAC of compliance instruments in inventory. PacifiCorp calculated its 2016 and 2017 (through May 31, 2016) emissions quantity based on the MJRP formula. PacifiCorp reported its monthly

WAC calculations confidentially in Exhibit PAC/201 in accordance with the WAC template developed in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

PacifiCorp correctly calculated its 2016 and 2017-recorded costs, and these costs are approved. The 2016 GHG costs will be subject to a final true up in PacifiCorp's next GHG application based on the 2016 Verified Emissions Report issued by ARB. The 2017 GHG costs will also be subject to further true up in next year's GHG application as PacifiCorp's current application only included recorded 2017 GHG costs through May 31, 2017.

PacifiCorp forecasts its 2018 GHG costs confidentially in Exhibit PAC/202. PacifiCorp multiplied its MJRP compliance obligation by the forecast proxy price of \$14.12. The forecast proxy price is the forward Intercontinental Exchange settlement price of \$14.12 for GHG allowances with delivery in December 2018.³³ PacifiCorp developed its 2018 compliance obligation using data consistent with its system generation mix forecast and California load forecast assumptions in its 2018 ECAC.³⁴

Based on the forecast 2018 costs, reconciliation of costs from previous years, and adjustment for franchise fees and uncollectibles, the total revenue requirement associated with GHG costs in 2018 rates is set forth confidentially in PAC/202.

PacifiCorp's forecast of 2018 GHG costs and calculation of its 2018 GHG revenue requirement follow the methodologies required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024. Therefore, PacifiCorp is authorized to

³³ Exhibit PAC/200 at 7.

³⁴ Exhibit PAC/200 at 6-7.

modify its tariffs to recover its forecasted 2018 GHG costs, as reconciled to reflect recorded GHG costs in previous years and adjusted to account for franchise fees and uncollectibles, in rates beginning January 1, 2018. The resulting GHG surcharge for each rate schedule is set forth in Exhibit PAC/507.

4.3. Motions to Admit Previously Served Testimony into the Record and for Confidential Treatment

On November 3, 2017, PacifiCorp filed a motion to admit into the record previously served testimony and accompanying exhibits. Pursuant to Rule 11.5 of the Commission's Rules of Practice and Procedure, PacifiCorp concurrently filed a motion to submit under seal confidential information contained in Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, a PAC/505 and the Declaration of Etta Lockey.

Rule 13.8(c) allows for prepared testimony to be offered into evidence by written motion when hearings are not held. We therefore identify and receive into the record the public versions of Exhibits PAC/100 through PAC/107, PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, and PAC/500 through PAC/507. We also receive into the record confidential versions of Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, PAC/505, and the Declaration of Etta Lockey. A complete exhibit list is included as Attachment A to this decision.

PacifiCorp asserts that Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, and PAC/505 contain confidential and market-sensitive information relating to PacifiCorp's ARB verification and implementation costs, GHG emissions compliance obligations, GHG allowance costs, and GHG allowance proceeds. According to PacifiCorp, public disclosure of this market-sensitive information would compromise PacifiCorp's ongoing competitive procurement

process as it complies with the Cap-and-Trade Program, place it at an unfair competitive disadvantage, and may potentially harm ratepayers with inflated prices.

Information related to GHG allowance trading is subject to the Commission's and to ARB's rules on confidential information.³⁵ D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, set forth Confidentiality Protocols and a Confidentiality Matrix for GHG-related information for use in Commission proceedings.

The confidential versions of the exhibits contain commercially sensitive material and include information that falls under the "ARB Confidential" and "Confidential" categories in the Confidentiality Matrix. Therefore, the motion to file under seal is hereby granted and the confidential treatment of the exhibits is affirmed on the terms set forth in the Confidentiality Matrix.

5. Categorization and Need for Hearing

In the November 3, 2017 Scoping Memo, the Commission upheld the preliminary designation of Resolution ALJ 176-3403 that hearings were required. This proceeding is uncontested and is resolved through analysis of written testimony and supplemental exhibits. Therefore, the preliminary determination is changed. Hearings are not required.

6. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code

³⁵ Cal. Code of Regs., tit. 17, § 95914, subd. (c).

and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

7. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Katherine Kwan MacDonald and Eric Wildgrube are the assigned ALJs in this proceeding.

Findings of Fact

1. The Commission previously authorized PacifiCorp to use the ECAC to recover its NPC and ARB implementation fees and mandatory reporting and verification costs.

2. The Balancing Rate and the Offset Rate comprise the two rate components of the ECAC.

3. PacifiCorp's current 2017 Balancing Rate is \$4.33 per MWh.

4. PacifiCorp's requested Balancing rate for 2018 is \$ 2.62 per MWh.

5. The difference between PacifiCorp's current balancing rate and the requested rate exceeds five percent.

6. PacifiCorp's current 2017 Offset Rate is \$31.34 per MWh. PacifiCorp requests to continue to use the 2017 approved Offset Rate in 2018.

7. The forecast of GHG allowance proceeds to be returned to customers in 2018 is \$9,864,062.

8. The recorded administrative expenses for 2016 are \$5,465.

9. The recorded administrative expenses from January 1, 2017 through May 31, 2017 are \$1,620.

10. The forecast administrative expenses for 2018 are \$5,000.

11. The recorded customer outreach expenses for 2016 are \$82,027, which is \$2,027 more than the approved budget of \$80,000.

12. The recorded customer outreach expenses from January 1, 2017 through May 31, 2017, is \$14,579.

13. The forecast customer outreach expenses for 2018 are \$85,000.

14. In response to an October 23, 2017 ruling, PacifiCorp filed a Tier-1 Advice Letter to establish an AB 693 Memorandum Account. The same Advice Letter filing explained that PacifiCorp calculated that \$1,062,605 would be used for the Multifamily Program in 2018.

15. PacifiCorp does not have any known EITE customers as of the date of its application.

16. The 2018 forecast volumetric small business return is \$531,084.

17. PacifiCorp calculated a 2018 semi-annual residential California Climate Credit of \$126.90 per household.

18. The combined ECAC and GHG rate modifications result in a rate decrease of approximate \$0.2 million, or 0.2 percent overall, for PacifiCorp's California retail customers.

19. PacifiCorp reported its recorded and forecast GHG costs confidentially in Exhibit PAC/202.

20. PacifiCorp served opening testimony and accompanying exhibits concurrent with its application on August 1, 2017.

21. In the November 3, 2017 Scoping Memo and Ruling, the assigned Commissioner upheld the Commission's preliminary determination, adopted in Resolution ALJ 176-3403, that hearings were needed.

22. The Commission did not convene hearings in this proceeding.

Conclusions of Law

1. PacifiCorp's requested 2018 Balancing Rate of \$2.62 per MWh for retail customers is reasonable and should be approved.

2. PacifiCorp's requested retention of its 2017 Offset Rate of \$31.34 per MWh for retail customers is reasonable and should be approved.

3. PacifiCorp appropriately forecasted and reconciled its GHG-related costs, expenses, and allowance proceeds consistent with the methodologies set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and the other decisions issued in R.11-03-012 as of today's date.

4. The recorded and forecast customer outreach expenses are reasonable.

5. PacifiCorp's calculation of its 2018 revenue requirement associated with GHG costs follows the methodology required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and should be approved.

6. PacifiCorp appropriately calculated the amounts of GHG allowance proceeds to be returned to customers in 2018 and these amounts should be approved.

7. PacifiCorp's direct testimony and accompanying exhibits provide sufficient justification for the requested changes to the Offset and Balancing Rates.

8. PacifiCorp's motion to receive the public and confidential versions of Exhibits PAC/100 through PAC/107, PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, and PAC/500 through PAC/507 into the record should be granted.

9. Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, PAC/505, and the Declaration of Etta Lockey contain commercially sensitive material and trading information relating to the ARB's Cap-and-Trade Program that is entitled to confidential treatment under the Confidentiality Protocols and Confidentiality Matrix set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

10. PacifiCorp's motion for confidential treatment of select information contained in Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, PAC/505, and the Declaration of Etta Lockey should be granted.

11. The preliminary determination that was made in Resolution ALJ 176-3403 of the need for hearings should be changed to hearings are not necessary.

12. Pursuant to Rule 14.6 (c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived because this decision grants the relief requested in an uncontested matter.

ORDER

IT IS ORDERED that:

1. The application of PacifiCorp for approval of its 2018 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue, Application 17-08-005, is approved.

2. PacifiCorp shall file a Tier-1 Advice Letter with tariffs to implement the rates authorized by this decision and to issue the semi-annual residential Climate Credit of \$126.90 and monthly volumetric small business Climate Credit offsetting 70 percent of greenhouse gas costs in rates. The revised tariffs shall become effective January 1, 2018.

3. All greenhouse gas related forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. Outreach and administrative expenses are subject to further review at the time of reconciliation.

4. PacifiCorp's motion to receive the public and confidential versions of Exhibits PAC/100 through PAC/107, PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, and PAC/500 through PAC/507 into the record is granted.

5. PacifiCorp's motion for confidential treatment of select information contained in Exhibits PAC/107, PAC/200 through PAC/209, PAC/502, PAC/505, and the Declaration of Etta Lockey is granted. This information will remain under seal under the applicable terms set forth in the Confidentiality Matrix attached to Decision (D.) 14-10-033, as corrected by D.14-10-055 and D.15-01-024, and shall not be made accessible or disclosed to persons other than the Commission and its staff except on further Commission order or Administrative Law Judge ruling.

6. The preliminary determination made in Resolution ALJ 176-3403 of the need for hearings should be changed to hearing is not necessary.

7. Pursuant to Rule 14(c)(2) of the California Public Utilities Commission's Rules of Practice and Procedure, the 30-day comment period on this decision is waived.

8. Application 17-08-005 is closed.

This order is effective today.

Dated December 14, 2017, at San Francisco, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners

Attachment A

PacifiCorp Application 17-08-005 Exhibit List

Exhibit No.	Title	Party	Date Served	Witness
PAC/100	Direct Testimony of Michael G. Wilding	PacifiCorp	8/1/2017	Wilding
PAC/101	California ECAC Offset/Balancing Rate Calculation	PacifiCorp	8/1/2017	Wilding
PAC/102	Net Power Cost Analysis— Adjusted Actual 2016 Net Power Costs	PacifiCorp	8/1/2017	Wilding
PAC/103	Net Power Cost Analysis— Adjusted Actual/Forecast 2017 Net Power Costs	PacifiCorp	8/1/2017	Wilding
PAC/104	Conditions at the Time of the Joy Longwall Abandonment	PacifiCorp	8/1/2017	Wilding
PAC/105	Net Power Cost Analysis— Forecast 2018 Net Power Cost	PacifiCorp	8/1/2017	Wilding
PAC/106	2018 California-allocated Net Power Costs	PacifiCorp	8/1/2017	Wilding
PAC/107	ARB Administrative Costs (Redacted and Confidential Versions)	PacifiCorp	8/1/2017	Wilding
PAC/200	Direct Testimony of Mary M. Wiencke (Redacted and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/201	Commission Template C— Weighted Average Costs of Compliance Instruments (Redacted Version and Confidential Version)	PacifiCorp	8/1/2017	Wiencke
PAC/202	Commission Template D-2 Annual GHG Emissions and Associated Compliance Obligations (Redacted Version and Confidential Version)	PacifiCorp	8/1/2017	Wiencke

PAC/203	Summary of the GHG Allowance Costs Sub-Balancing Account (Redacted Version and Confidential Version)	PacifiCorp	8/1/2017	Wiencke
PAC/204	2018 Forecast Compliance Obligation and GHG Allowance Costs (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/205	2016 Recorded GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/206	2017 Recorded/Forecast GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/207	Summary of the GHG Allowance Revenue Balancing Account (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/208	2018 Forecast GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2017	Wiencke
PAC/209	Commission Template D-5— History of Revenues, Costs, and Emissions Intensity	PacifiCorp	8/1/2017	Wiencke
PAC/300	Direct Testimony of Barbara Modey	PacifiCorp	8/1/2017	Modey
PAC/301	2013 - 2017 Recorded/Forecast Customer Outreach Costs	PacifiCorp	8/1/2017	Modey
PAC/302	2018 Customer Outreach Activities and Estimated Costs	PacifiCorp	8/1/2017	Modey
PAC/303	2018 Forecast Customer Outreach Costs	PacifiCorp	8/1/2017	Modey
PAC/304	Commission Template D-3— Detail of Outreach Costs	PacifiCorp	8/1/2017	Modey
PAC/400	Direct Testimony of Anthony B. Worthington	PacifiCorp	8/1/2017	Worthington
PAC/401	2013 - 2017 Recorded/Forecast Administrative Costs	PacifiCorp	8/1/2017	Worthington
PAC/402	2018 Forecast Administrative Costs	PacifiCorp	8/1/2017	Worthington

PAC/403	Commission Template D-3— Detail of Administrative Costs	PacifiCorp	8/1/2017	Worthington
PAC/500	Direct Testimony of Judith M. Ridenour	PacifiCorp	8/1/2017	Ridenour
PAC/501	Calculation of Proposed ECAC Adjustment Rates	PacifiCorp	8/1/2017	Ridenour
PAC/502	GHG Allowance Costs to be Recovered in Rates (Redacted and Confidential Versions)	PacifiCorp	8/1/2017	Ridenour
PAC/503	GHG Allowance Revenue to be Distributed Through the California Climate Credit	PacifiCorp	8/1/2017	Ridenour
PAC/504	Calculation of Proposed GHG Allowance Costs Surcharge and California Climate Credit Rates	PacifiCorp	8/1/2017	Ridenour
PAC/505	Commission Template D-1— Annual Allowance Revenue Receipts and Customer Returns (Redacted and Confidential Versions)	PacifiCorp	8/1/2017	Ridenour
PAC/506	Commission Template D-4— Forecast Revenue Requirement and Revenues by Rate Schedule	PacifiCorp	8/1/2017	Ridenour
PAC/507	Effects of Proposed Rate Change Distributed by Rate Schedule	PacifiCorp	8/1/2017	Ridenour

(END OF ATTACHMENT A)