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Decision 20-05-011 May 7, 2020

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

Application of PacifiCorp (U901E) for  
Approval of its 2020 Energy Cost  
Adjustment Clause and Greenhouse  
Gas-Related Forecast and  
Reconciliation of Costs and Revenue.

Application 19-08-002

**DECISION APPROVING PACIFICORP'S GREENHOUSE GAS-RELATED  
COSTS AND ALLOWANCE PROCEEDS**

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**ATTACHMENT**

## **DECISION APPROVING PACIFICORP'S GREENHOUSE GAS-RELATED COSTS AND ALLOWANCE PROCEEDS**

### **Summary**

This decision authorizes PacifiCorp to modify its rates to incorporate: 1) forecast greenhouse gas (GHG) cap-and-trade costs and GHG allowance proceeds, and 2) recorded 2017, 2018 and 2019 (through May 31, 2019) GHG-related costs and allowance proceeds. This decision also authorizes the amounts of the California Climate Credit to be returned to eligible small business and residential customers in 2020. All GHG-related forecasts approved in this proceeding are subject to reconciliation in subsequent proceedings. In addition, outreach and administrative expenses are subject to further reasonableness review at the time of reconciliation.

This decision authorizes modifications that will result in a rate decrease of approximately \$1.7 million; semi-annual residential California Climate Credits of \$167.22 to be distributed in 2020;<sup>1</sup> and, a monthly kilowatt-hour-based California Climate Credit for small business customers that offsets 50 percent of the GHG costs in their rates. These new rates shall become effective upon the filing of a Tier 1 Advice Letter within five days of the effective date of this decision.

This proceeding remains open.

### **1. Background**

PacifiCorp is a multi-jurisdictional utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington and Wyoming.

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<sup>1</sup> Pursuant to D.14-10-033, OP 16, PacifiCorp distributed its first April 2020 residential Climate Credit using the approved 2019 semi-annual Climate Credit distribution, in the amount of \$159.67. Applying a true-up to what was distributed against what is approved in this decision results in a total October 2020 payment of \$174.77 (*See* Section 4.1.1.6).

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 2020 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue (Application) on August 1, 2019. In its Application, PacifiCorp requests an overall rate increase of \$0.4 million, or 0.4 percent, for the combined effect of the proposed changes in its ECAC rates and GHG cost recovery rates. The Application was timely protested by Sierra Club on August 27, 2019. On September 6, 2019, the assigned Administrative Law Judge (ALJ) granted a motion by the Commission's Public Advocates Office (Cal Advocates) for party status.

The assigned ALJ held a prehearing conference on September 19, 2019, to address the issues, schedule, and other matters relevant to the management of the proceeding. On October 8, 2019, the assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo).

On February 6, 2020, PacifiCorp filed a motion for interim approval of its greenhouse gas-related costs and climate credits as provided in Application (A.) 19-08-002. The motion was not protested. PacifiCorp states that it is requesting interim approval of its GHG-related mechanisms since they are uncontested and will result in reduced rates for PacifiCorp's California customers.<sup>2</sup> On February 24, 2020, the assigned ALJ issued a ruling directing PacifiCorp to update its requested allowance revenue to conduct a true-up of funding for the Solar on Multifamily Affordable Housing (SOMAH) program, and associated changes to the residential climate credit amount, consistent with

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<sup>2</sup> PacifiCorp February 6, 2020 motion at 3-5.

recent Commission decisions<sup>3</sup> and state law. Evidentiary hearings regarding PacifiCorp's proposed net power costs were held on March 3 and 4, 2020, in San Francisco. On March 6, 2020, PacifiCorp submitted a compliance filing with updates to its required GHG allowance revenue for the SOMAH program and associated changes to the residential climate credit.

On April 1, 2020, Cal Advocates submitted an emergency motion to provide customer relief related to COVID-19 through distribution of the residential California Climate Credits, and for an order shortening the time to respond.

This decision solely addresses issues in PacifiCorp's February 6, 2020 motion requesting interim approval to update 1) its surcharge that recovers the costs for the procurement of GHG allowances for PacifiCorp's retail compliance obligation under California's Cap and Trade Program, and 2) the California Climate Credit that returns revenue from the sale of GHG allowances to eligible customer classes. All remaining issues, as identified in the October 8, 2019 assigned Commissioner's Scoping Memo, will be addressed through a subsequent decision.

## **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

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<sup>3</sup> See D.20-01-022 at 47-50; D.20-01-005 at 25-28; and, D.20-02-047 at 21-22.

by advice letter, which became effective on January 1, 2007. Subsequently, PacifiCorp has filed annual applications to adjust its ECAC rates.<sup>4</sup>

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 (CARB) to reduce GHG emissions. The state allocates GHG allowances to these electric utilities on behalf of ratepayers. The utilities are required to sell the allowances at CARB'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 addresses GHG-related costs and allowance proceeds for all investor-owned electric utilities, including PacifiCorp. D.12-12-033 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.<sup>5</sup> D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, adopted standard procedures for the five investor-owned electric utilities to use in future 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. A

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<sup>4</sup> See A.18-08-001, A.17-08-005, 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.

<sup>5</sup> D.12-12-033, Ordering Paragraph 23.

revised methodology and template for calculating the weighted average cost (WAC) of GHG compliance instruments was adopted in D.19-04-016. Finally, 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 PacifiCorp's February 6, 2020 Motion for Interim Approval of its GHG-Related Costs and Climate Credit as Proposed in A.19-08-002**

In its February 6, 2020 motion, and underlying filings in A.19-08-002, PacifiCorp proposes to update its GHG Surcharge based on a true-up of its recorded GHG costs and related interest and a forecast of its 2020 GHG allowance costs. The impact of the proposed change to the GHG Surcharge is an overall rate decrease of \$1.7 million, or 20 percent.<sup>6</sup> 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 proceeding through May 31, 2019 and related interest;
- (2) A forecast of 2020 GHG allowance proceeds;
- (3) A true-up of recorded customer outreach and administrative costs through May 31, 2019;
- (4) A forecast of its customer outreach and administrative costs for 2020; and,
- (5) Funds set aside for clean energy or energy efficiency programs developed under Assembly Bill (AB) 693.

PacifiCorp proposes to distribute in 2020 a semi-annual California Climate Credit of \$167.22 for residential customers.<sup>7</sup> Small business customers would

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<sup>6</sup> Exhibit PAC/500 at 5 and 9.

<sup>7</sup> PacifiCorp March 6, 2020 Compliance Filing at 2.

receive a monthly kilowatt-hour based California Climate credit that offsets 50 percent of the GHG costs in their rates.<sup>8</sup>

#### **4. Discussion**

##### **4.1. GHG Allowance Costs and California Climate Credit**

The Commission has previously 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.<sup>9</sup> This decision uses the standards adopted in those decisions to review PacifiCorp's current application, including the reasonableness of the recorded and forecast variables that must be examined to determine changes in the GHG Surcharge and the California Climate Credit.

Each utility forecasts and records the total allowance proceeds it receives annually. 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 programs.

PacifiCorp's forecast of 2020 GHG allowance revenue is \$13,688,662.<sup>10</sup> PacifiCorp projects that the net GHG proceeds available to return to customers in

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<sup>8</sup> Application at 2.

<sup>9</sup> See 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.

<sup>10</sup> Exhibit PAC/200 at 8.



2020 is \$12,422,927.<sup>11</sup> This consists of the forecast 2020 GHG revenues offset by the forecast 2020 administrative and outreach costs, plus a true-up related to actual revenues and administrative and outreach costs for previous years, and, consistent with R.14-07-002, an allowance set aside for clean energy programs from AB 693.

The forecast allowance proceeds that PacifiCorp expects to return to customers in 2020 is calculated in a manner consistent with D.12-12-033 and D.14-10-033.<sup>12</sup> Therefore, this decision authorizes PacifiCorp to return the allowance proceeds to small business customers and residential customers in the manner described below.

#### **4.1.1. Recorded and Forecast Administrative and Outreach Expenses**

##### **4.1.1.1. Administrative Expenses**

PacifiCorp incurred \$5,015 in Cap and Trade Program administrative costs in 2018. The administrative costs are primarily driven by the cost to issue checks for the residential Climate Credit. In 2018, PacifiCorp issued 1,003 checks at a cost of \$5 per check. PacifiCorp forecasted 2019 administrative expenses of \$4,500. From January 1, 2019 through May 31, 2019, PacifiCorp incurred \$2,170 in administrative costs for issuing 434 checks to customers.<sup>13</sup>

PacifiCorp's administrative activities in 2018, and from January 1, 2019 through May 31, 2019, 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.

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<sup>11</sup> Exhibit PAC/503-A.

<sup>12</sup> As corrected by D.14-10-055 and D.15-01-024.

<sup>13</sup> Exhibit PAC/400 at 2-3.

For 2020, PacifiCorp forecasts it will incur \$5,100 in administrative costs specific to the Cap and Trade Program.<sup>14</sup> According to PacifiCorp, the forecasted administrative costs reflect trends in the volume of checks requested in 2018 through May 31, 2019, which is lower than those experienced at the start of the program, reflecting a growing preference of customers to have the credit applied against their electric account balance rather than returned in a check.<sup>15</sup>

PacifiCorp's forecast 2020 administrative expenses are reasonable for the purpose of the calculation of proceeds available for the 2020 Climate Credit. The forecast is subject to reconciliation in subsequent proceedings, and to further reasonableness review at the time of reconciliation.

#### **4.1.1.2. Outreach Expenses**

PacifiCorp forecasted 2018 customer outreach expenses of \$85,000, but recorded costs of \$65,690, which was \$19,310 less than the amount approved by the Commission.<sup>16</sup> The cost was lower than anticipated due to minimum design work needed to update print, radio and digital ads.

PacifiCorp's requested and approved 2019 customer outreach budget was \$75,000.<sup>17</sup> For January 1, 2019 through May 31, 2019, PacifiCorp spent \$25,398 on customer outreach. Based on the recorded costs, \$49,602 remained in the budget to be spent in 2019, which PacifiCorp planned to use on additional outreach, including a bill insert, bill message, email, as well as paid radio, digital, social,

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<sup>14</sup> Exhibit PAC/400 at 3.

<sup>15</sup> *Ibid.*

<sup>16</sup> Exhibit PAC/300 at 2.

<sup>17</sup> D.18-12-007 at 14.

and newspaper advertising.<sup>18</sup> PacifiCorp forecasts \$75,000 in customer outreach costs for 2020, which is the same as 2019.<sup>19</sup>

PacifiCorp's customer outreach activities in 2018, and from January 1, 2019 through May 31, 2019, were reasonable to further customer understanding and awareness of the Climate Credit as required by Pub. Util. Code Section 748.5(b). Pursuant to D.12-12-033, these outreach expenses are appropriately recovered through allowance proceeds and are approved.

PacifiCorp's forecast 2020 customer outreach expenses are reasonable to promote awareness of the 2020 Climate Credit and are approved. PacifiCorp's forecast for its customer outreach activities from June through December of 2019 and its 2020 forecast are subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

**4.1.1.3. Recorded and Forecast Expenses  
Approved for Incremental Energy  
Efficiency and Clean Energy Program**

AB 693 (Eggman), Stat. 2015 ch. 582, created the SOMAH program, allocating up to \$100 million annually for fiscal years 2016 through 2020 in funding from Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Liberty Utilities LLC, and PacifiCorp's share of GHG allowance auction proceeds to install solar photovoltaic energy systems on multifamily affordable housing properties throughout California.<sup>20</sup>

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<sup>18</sup> Exhibit PAC/300 at 3.

<sup>19</sup> *Ibid.*

<sup>20</sup> Pub. Util. Code § 2870.

In D.17-12-022, the Commission explained that the overall target of the SOMAH program is to install at least 300 megawatts of generating capacity on qualified properties by 2030. Tariff credits accrued from SOMAH generation will be used to offset bills of tenants on qualifying properties, while program service providers must produce economic benefits by providing job opportunities to residents of disadvantaged communities.<sup>21</sup> Finally, within these general guidelines, the Commission has the discretion to determine program rules and implementation procedures, and may revisit the funding amounts in a future Energy Resource Recovery Account (ERRA) or ECAC true-up, if appropriate.<sup>22</sup>

More recently, the Commission adopted a true-up of the SOMAH funding amounts as part of the 2020 ERRA Applications filed by SCE, SDG&E, and PG&E, taking into account the correct ten percent allocation of the utility's recorded GHG allowance revenue for 2016-2019, as clarified by Senate Bill (SB) 92.<sup>23</sup>

In its Application, PacifiCorp set aside \$1,368,866 for the SOMAH Program in 2020, or ten percent of its forecast 2020 GHG allowance proceeds.<sup>24</sup> On February 24, 2020, the assigned ALJ issued a ruling directing PacifiCorp to update its requested allowance revenue for clean energy or energy efficiency programs to include a true-up of prior SOMAH funding shortfalls. The following table sets forth PacifiCorp's actual funding shortfalls of the SOMAH Program to date.<sup>25</sup>

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<sup>21</sup> D.17-12-022 at 5.

<sup>22</sup> *Ibid* at 5 and 35.

<sup>23</sup> See D.20-01-022 at 47-50; D.20-01-005 at 25-28; and, D.20-02-047 at 21-22.

<sup>24</sup> Exhibit PAC/500.

<sup>25</sup> Exhibit PAC/505.

<b>ERRA Forecast Year</b>	<b>Recorded GHG Allowance Revenues</b>	<b>SB 92 Set-Aside Based on 10% of Recorded GHG Allowance Revenue</b>	<b>Actual Set-Aside</b>	<b>SB 92 Funding Shortfall</b>
2016 <sup>26</sup>	\$9,387,611	\$469,381	\$469,381	\$0
2017	\$10,681,011	\$1,068,101	\$973,039	-\$95,062
2018	\$11,216,803	\$1,121,680	\$1,062,605	-\$59,075
2019	\$12,677,323 <sup>27</sup>	\$1,267,732	\$1,211,162	-\$56,570
<b>Total</b>	<b>\$43,962,748</b>	<b>\$3,926,894</b>	<b>\$3,716,187</b>	<b>-\$210,707</b>

In addition, in its Application PacifiCorp proposed to allocate a full calendar year of funding for 2020; however, at that time GHG Revenue allocation to the SOMAH Program was only authorized through June 30, 2020.<sup>28</sup> As such, the February 24, 2020 ALJ Ruling also directed PacifiCorp to revise its SOMAH set-aside to reflect the current funding authorization for the program (*i.e.*, 50% of the requested funding amount).

In compliance with the February 24, 2020 ALJ Ruling, on March 6, 2020, PacifiCorp submitted updated schedules to its testimony and a motion to offer late-filed exhibits into evidence. Allocating the \$210,707 shortfall from prior years, and adding \$684,433 as the forecast allocation for the first half of 2020 (five percent of PacifiCorp's 2020 GHG allowance proceeds), results in a revised

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<sup>26</sup> AB 693 Implemented SOMAH mid-way through 2016. Therefore, the SB 92 set-aside for 2016 is 5% of recorded GHG allowance revenue.

<sup>27</sup> 2019 "Recorded" amounts represent a combination of actual 2019 revenues through May 31, 2019 and forecast revenues through the remainder of the year.

<sup>28</sup> Pub. Util. Code § 2870(c). The Commission is actively considering the extension of the SOMAH Program in Rulemaking 14-07-002.

set-aside of \$895,140 for PacifiCorp's contributions to the SOMAH Program in 2020.<sup>29</sup>

Following PacifiCorp's March 6, 2020 compliance filing, on April 16, 2020, the Commission adopted a decision in Rulemaking (R.) 14-07-002 authorizing the allocation of funds to the SOMAH Program through June 30, 2026. The decision further directs the electric utilities to set aside funds for the SOMAH Program, covering the period from July 1, 2020 through December 31, 2020, out of 2021 allowance revenues. Consistent with that directive, and in order to maximize this year's Climate Credit amount in response to COVID-19 (*see* Section 4), we find PacifiCorp's proposed set-aside for the SOMAH Program, as set forth in its March 6, 2020 compliance filing, reasonable and consistent with D.17-12-022, as well as the Commission's 2020 ERRA decisions.<sup>30</sup> Therefore, PacifiCorp is directed to set aside \$895,140 for its 2020 SOMAH Program allocation. PacifiCorp shall set aside additional funds for the SOMAH Program, covering July 1, 2020 through December 31, 2020, as part of its 2021 ECAC application, consistent with the direction above.

**4.1.1.4. 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 in 2020.<sup>31</sup>

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<sup>29</sup> Exhibit PAC/503-A.

<sup>30</sup> D.20-01-022, D.20-01-005, and D.20-02-047.

<sup>31</sup> Exhibit PAC/500 at 7.

Given the absence of EITE customers in PacifiCorp's service territory, it is appropriate that no proceeds would be distributed to EITEs in 2020. PacifiCorp shall continue to monitor the presence of EITE customers in future ECAC applications.

#### **4.1.1.5. Volumetric Small Business Return**

In accordance with D.12-12-033 and D.13-12-002, PacifiCorp distributes its Climate Credit for small businesses, known as the Small Business Return, through monthly volumetric credits. Eligible small business customers receive a credit derived by multiplying the 2020 GHG Surcharge rate for their rate schedule by the Industry Assistance Factors determined in D.13-12-002. For 2020, the Industry Assistance Factor is 50 percent.<sup>32</sup> The credit is applied as a line-item, per kilowatt-hour credit on the delivery component of customers' monthly bills.

PacifiCorp's 2020 forecast for its Small Business California Climate Credit Return is \$366,984.<sup>33</sup> PacifiCorp appropriately calculated its 2020 Small Business Return consistent with the methodology set forth in D.12-12-033 and D.13-12-002. Therefore, PacifiCorp's 2020 Small Business California Climate Credit Return is approved.

#### **4.1.1.6. Residential California Climate Credit**

In its Application, PacifiCorp calculated a semi-annual residential Climate Credit of \$160.65 per household to be distributed in April and October 2020.<sup>34</sup> Due to changes to the 2020 set-aside for the SOMAH Program (*see* Section 3.1.1.3), on March 6, 2020, PacifiCorp filed a revised semi-annual Climate Credit

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<sup>32</sup> D.13-12-002, Appendix 2, Table 2.

<sup>33</sup> Exhibit PAC/500 at 8; also, Exhibit PAC/503-A.

<sup>34</sup> Application at 2.

amount of \$167.22.<sup>35</sup> PacifiCorp appropriately forecasted the total proceeds available for the residential Climate Credit as the net forecast GHG proceeds for 2020 less the forecast return to small business customers. The resulting semi-annual Climate Credit is equal to half of the total proceeds available for the residential Climate Credit divided by the number of households eligible for the credit. PacifiCorp's semi-annual residential Climate Credit of \$167.22 per household in 2020 is approved.

D.14-10-033 provides that, "in the event that a utility's forecast greenhouse gas (GHG) revenue return is not adopted by December 31, the utility shall continue to return GHG allowance revenue using the prior year's forecast until such time as a new revenue return is adopted."<sup>36</sup> On April 6, 2020, PacifiCorp confirmed that, unless its interim motion for approval of its 2020 GHG-related costs and allowance revenues was adopted beforehand, PacifiCorp would proceed to distribute the first residential Climate Credit on April 15, 2020, using the approved 2019 semi-annual Climate Credit in the amount of \$159.67.<sup>37</sup> The difference between the semi-annual Climate Credit that was distributed in April and what is approved in this decision is \$7.55. PacifiCorp shall true-up this difference by adding it to the October 2020 residential Climate Credit distribution (\$167.22 plus the \$7.55 difference results in a total October payment of \$174.77).

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<sup>35</sup> PacifiCorp March 6, 2020 Compliance Filing at 2; also, Exhibit PAC/503-A.

<sup>36</sup> D.14-10-033 OP 16.

<sup>37</sup> PacifiCorp April 6, 2020 Update Regarding the Distribution of the 2020 Climate Credit at 2-3.



#### **4.1.1.7. Recorded and Forecast GHG Costs**

PacifiCorp's GHG allowance costs associated with its retail compliance obligation under California's Cap-and-Trade program are recovered from customers through its GHG Surcharge. The GHG Surcharge costs consist of a true-up related to actual GHG costs and related interest, and a forecast of 2020 GHG allowance costs. The total amount of GHG allowance costs to be recovered in rates in 2020 is approximately \$6.8 million, based on the forecast 2020 costs, plus a true-up related to actual costs for prior years.<sup>38</sup> This amount is adjusted to account for franchise fees and uncollectibles. The impact of the proposed change to the GHG Surcharge is an overall rate decrease of \$1.7 million, or 20 percent, in 2020.

PacifiCorp is a multi-jurisdictional retail provider (MJRP) and must calculate emissions as set out in the California Code of Regulations, Section 95111. In addition, CARB'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 GHG costs in its MJRP obligation, and has no indirect GHG costs, its total GHG costs are reported confidentially. For the purpose of reporting recorded direct GHG costs, D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, required each utility to multiply recorded direct GHG emissions by the weighted average cost (WAC) of eligible compliance instruments that it holds in inventory. The WAC is calculated as the total cost of all compliance instruments held in inventory, divided by the total quantity of

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<sup>38</sup> Application at 9.

compliance instruments. In D.19-04-016, the Commission revised the WAC reporting template to clarify numerous terms, concepts and procedures relevant to the WAC calculation for GHG compliance instruments.

PacifiCorp reported its annual forecast and recorded GHG costs confidentially in Exhibit PAC/202. Recorded costs in 2013 through 2018 represent the accrued total emissions multiplied by the WAC of compliance instruments in inventory.<sup>39</sup> PacifiCorp calculated its emissions quantity based on the MJRP formula. PacifiCorp reported its monthly WAC calculations confidentially in Exhibit PAC/201.

In its Application, PacifiCorp seeks to reconcile its forecast GHG allowance costs revenues adopted in D.18-12-007, regarding PacifiCorp's 2019 ECAC application, with its actual GHG costs and revenues (through May 31, 2019), and to forecast its remaining 2019 and 2020 GHG allowance costs and revenues.<sup>40</sup>

PacifiCorp correctly calculated its 2017, 2018, and 2019 (through May 31, 2019) GHG allowance recorded costs, and these costs are approved. The 2018 GHG costs will be subject to a final true up in PacifiCorp's next GHG application based on the 2018 Verified Emissions Report issued by CARB. The 2019 GHG costs will also be subject to further true-up in next year's ECAC application, as PacifiCorp's current application only included recorded 2019 GHG costs through May 31, 2019.

PacifiCorp forecasts its 2020 GHG costs confidentially in Exhibit PAC/204. PacifiCorp multiplied its MJRP compliance obligation by the forecast proxy price of \$17.83. The forecast proxy price is the forward Intercontinental Exchange

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<sup>39</sup> Exhibit PAC/202 at footnote 1.

<sup>40</sup> Exhibit PAC/200 at 2.

(ICE) settlement price of \$17.83 for GHG allowances with delivery December 2020.<sup>41</sup> PacifiCorp developed its 2020 compliance obligation using data consistent with its system generation mix forecast and California load forecast assumptions in its 2020 ECAC.<sup>42</sup>

PacifiCorp's forecast of 2020 GHG costs and calculation of its 2020 GHG revenue requirement follow the methodologies required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, as well as D.19-04-016. Therefore, PacifiCorp is authorized to modify its tariffs to recover its forecast 2020 GHG costs, as reconciled, to reflect recorded GHG costs in previous years and adjusted to account for franchise fees and uncollectibles. The resulting GHG surcharge for each rate schedule is set forth in Exhibits PAC/504 and PAC/504-A.

## **5. Emergency Motion to Provide Customer Relief Related to COVID-19**

On April 1, 2020, Cal Advocates filed an emergency motion to provide relief to customers who may be facing economic hardship due to the impact of COVID-19 through immediate distribution of the California Climate Credits, which will help lower customer's energy bills. In its motion, Cal Advocates requests that the Commission approve PacifiCorp's 2020 Climate Credits immediately, so that the utility can divide and distribute them to customers during this period of financial hardship. Cal Advocates also states that it filed a motion in R.11-03-012 requesting that PacifiCorp divide and distribute this year's October residential Climate Credits in May, June, and July of 2020. If the already-approved 2019 Climate Credit amounts were used (still distributing in May, June and July instead of October), Cal Advocates claims that any

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<sup>41</sup> *Ibid* at 7.

<sup>42</sup> *Ibid*.

differences between the amounts can be reconciled and resolved in the open ECAC proceeding.

On April 1, 2020, Sierra Club sent an email to the service list indicating that it did not oppose the emergency motion, and would not be filing a formal response. On April 3, 2020, PacifiCorp also sent an email to the service list indicating that it did not oppose the emergency motion, and as such would not be filing a formal response.

The current emergency measures and extraordinary financial hardships facing many California residents due to the COVID-19 pandemic are well documented.<sup>43</sup> In addition, Governor Newsom has directed the Commission to monitor measures undertaken by public and private electric utility providers to implement customer service protections in response to COVID-19.<sup>44</sup> Given current circumstances, it is reasonable and in the public interest to grant PacifiCorp's motion for interim approval of its GHG-related costs and allowance proceeds, and to immediately approve PacifiCorp's proposed 2020 semi-annual Climate Credit amounts. It is anticipated Cal Advocate's proposal to distribute the October 2020 residential Climate Credit in May, June and July 2020 will be addressed by the Commission in R.11-03-012.

## **6. Conclusion**

For the reasons stated above, and since PacifiCorp's proposed GHG Surcharge and California Climate are uncontested, and would result in an overall rate decrease to PacifiCorp's California customers during this period of extraordinary and significant financial hardship due to the COVID-19 pandemic,

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<sup>43</sup> See Governor Newsom Executive Orders N-33-20 (Mar. 19, 2020) and N-28-20 (Mar. 16, 2020).

<sup>44</sup> Governor Newsom Executive Order N-28-20 (March 16, 2020).

PacifiCorp's February 6, 2020 motion for interim approval of its GHG-related costs and Climate Credits proposed in A.19-08-002 is granted. PacifiCorp shall, within five days of the effective date of this decision, file a Tier 1 Advice Letter to implement the following elements of this decision: 1) The proposed \$1.7 million rate decrease due to a reduction of the GHG Surcharge, 2) The proposed adjustment to the semi-annual California Climate Credit for residential customers of \$167.22 per household (\$174.77 in October 2020, with true-up),<sup>45</sup> and, 3) The proposed adjustment of \$366,984 to the California Climate Credit for small businesses, to be provided as a monthly bill offset.

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

As part of PacifiCorp's February 6, 2020 motion for interim approval of its GHG-related costs and Climate Credit, PacifiCorp requests that the following testimony and accompanying exhibits be admitted into the record: Exhibits PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, PAC/500 (Sections I-II and IV-VI pertaining to the GHG Surcharge only), and Exhibits PAC/502 through PAC/506.

On March 6, 2020, PacifiCorp submitted, along with its compliance filing, a motion to offer the following late-filed exhibits into evidence: PAC/503-A, PAC/504-A, PAC/505, and PAC 506-A. Pursuant to Rule 11.5 of the Commission's Rules of the Commission's Rules of Practice, PacifiCorp concurrently filed a motion to submit under seal confidential information contained in Exhibit PAC/505.

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<sup>45</sup> Pursuant to D.14-10-033, OP 16, PacifiCorp distributed its first April 2020 residential Climate Credit using the approved 2019 semi-annual Climate Credit distribution, in the amount of \$159.67. Applying a true-up to what was distributed against what is approved in this decision results in a total October 2020 payment of \$174.77 (*See* Section 4.1.1.6).

Lastly, on April 2, 2020, PacifiCorp filed a motion to submit under seal confidential information contained in confidential Exhibits PAC/200 through PAC/209, submitted in support of the Direct Testimony of Mary M. Wiencke, and confidential Exhibits PAC/502 and PAC/505, submitted in support of the Direct Testimony of Judith M. Ridenour. No responses were received to the motion.

Rule 13.8(c) allows for prepared testimony to be offered into evidence by written motion without direct or cross examination absent objection by any party. During evidentiary hearings, Exhibits PAC/500, PAC/503, PAC/504 and PAC/506 were identified and admitted into evidence; therefore, no further action is necessary to admit these exhibits into the record. No objections were received on any of the other exhibits listed above. We therefore identify and receive into the record the public versions of Exhibits PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, PAC/502, PAC/505, PAC/503-A, PAC/504-A, and PAC 506-A. We also receive into the record confidential versions of Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505, submitted in support of the Direct Testimony of Mary M. Wiencke and Judith M. Ridenour. A complete exhibit list is included as Attachment A to this decision.

PacifiCorp asserts that Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 contain confidential and market-sensitive information relating to PacifiCorp's CARB 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 CARB's rules on confidential information.<sup>46</sup> 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 Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 contain commercially sensitive material and include information that falls under the "CARB Confidential" and "Confidential" categories in the Confidentiality Matrix.

PacifiCorp's motion for confidential treatment of select information contained in Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 is therefore granted. This information will remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.14-10-033. During this period, the information will remain under seal and confidential and shall not be made accessible or disclosed to anyone other than Commission staff or on further Commission order or ruling of the Commission, assigned Commissioner, the assigned ALJ, the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If PacifiCorp believes that it is necessary for this information to remain under seal for longer than three years, PacifiCorp may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

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<sup>46</sup> Cal. Code of Regs., tit. 17, § 95914, subd. (c).

## **8. Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

## **9. Assignment of Proceeding**

Martha Guzman Aceves is the assigned Commissioner and Ehren Seybert is the assigned ALJ in this proceeding.

### **Findings of Fact**

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

2. The forecast of GHG allowance proceeds to be returned to customers in 2020 is \$12,422,927.

3. The recorded GHG administrative expenses for 2018 were \$5,015.

4. The recorded GHG administrative expenses from January 1, 2019 through May 31, 2019 were \$2,170.

5. The forecast GHG administrative expenses for 2020 are \$5,100.

6. The recorded customer Climate Credit outreach expenses for 2018 were \$65,690, which is \$19,310 less than the approved budget of \$85,000.

7. The recorded customer Climate Credit outreach expenses from January 1, 2019 through May 31, 2019 were \$25,398.

8. The forecast customer Climate Credit outreach expenses for 2020 are \$75,000.

9. The Commission adopted a true-up of the SOMAH funding amounts in D.20-01-022, D.20-01-005, and D.20-02-047.



10. On March 6, 2020, PacifiCorp submitted a revised set aside of \$895,140 from its forecast 2020 GHG allowance revenues for use in the SOMAH Program.

11. On April 16, 2020, the Commission adopted a decision in R.14-07-002 authorizing the allocation of funds to the SOMAH Program through June 30, 2026, and directing the electric utilities to set aside funds for the period between July 1, 2020 and December 31, 2020, using 2021 allowance revenues.

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

13. The 2020 forecast California Climate Credit volumetric Small Business Return is \$366,984.

14. PacifiCorp calculated a 2020 semi-annual residential California Climate Credit of \$167.22 per household.

15. Consistent with D.14-10-033, PacifiCorp distributed its first residential Climate Credit in April 2020 in the amount of \$159.67.

16. The difference between the April 2020 residential Climate Credit that was distributed and the 2020 Climate Credit approved in this decision is \$7.55.

17. The proposed change to the GHG Surcharge will result in a rate decrease of approximate \$1.7 million for PacifiCorp's California retail customers.

18. PacifiCorp reported its recorded and forecast GHG costs confidentially in Exhibit PAC/201.

19. PacifiCorp served opening testimony and accompanying exhibits concurrent with its application on August 1, 2019.

20. On February 6, 2020, PacifiCorp filed a motion for interim approval of its GHG-related costs and credits, and requesting related exhibits be entered into the record of A.19-08-002.

21. PacifiCorp's GHG-related costs and credits are not opposed by any other party to the proceeding.

22. The current emergency measures and extraordinary financial hardships facing many California residents as a result of COVID-19 are well documented.

23. Exhibits PAC/500, PAC/503, PAC/504 and PAC/506 were identified and admitted into evidence during evidentiary hearings in this proceeding on March 3 and 4, 2020.

24. On March 6, 2020, PacifiCorp filed a motion to offer Exhibits PAC/503-A, PAC/504-A, PAC/505 and PAC/506-A into evidence.

25. On April 2, 2020, PacifiCorp filed a motion for confidential treatment of select information contained in Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505.

### **Conclusions of Law**

1. It is reasonable to grant PacifiCorp's February 6, 2020, motion for interim approval of its GHG-related costs and allowance proceeds.

2. PacifiCorp appropriately forecast 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, D.19-04-016, and decisions issued in R.11-03-012.

3. PacifiCorp's set aside of \$895,140 from its forecast 2020 GHG allowance revenues for use in the SOMAH Program is reasonable.

4. PacifiCorp's recorded and forecast Climate Credit customer outreach expenses are reasonable.

5. PacifiCorp's calculation of its 2020 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, should be approved.

6. PacifiCorp appropriately calculated the amounts of GHG allowance proceeds to be returned to customers in 2020, and these amounts should be approved.

7. It is reasonable to perform a true-up of the residential Climate Credit that was distributed in April 2020 against what is approved in this decision, and to apply that amount to the October 2020 residential Climate Credit distribution.

8. PacifiCorp shall set aside funds for the SOMAH Program, covering the period from July 1, 2020 through December 31, 2020, out of its 2021 GHG allowance revenues.

9. PacifiCorp's motions to receive the public and confidential versions of Exhibits PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, PAC/502, PAC/505, PAC/503-A, PAC/504-A, and PAC/506-A into the record should be granted.

10. Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 contain commercially sensitive material and trading information relating to the CARB'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.

11. PacifiCorp's motions for confidential treatment of select information contained in PAC/200 through PAC/209, PAC/502, and PAC/505 should be granted.

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.

**O R D E R**

**IT IS ORDERED** that:

1. PacifiCorp's motion for confidential treatment of select information contained in Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 is approved.

2. Within five days of the effective date of this decision, PacifiCorp shall file a Tier 1 Advice Letter with tariffs to implement the rate adjustments authorized by this decision, and to issue the semi-annual residential California Climate Credit of \$167.22 (\$174.77 in October 2020, with true-up) and monthly volumetric small business California Climate Credit offsetting 50 percent of greenhouse gas costs in rates. The revised tariffs shall become effective upon filing.

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

4. PacifiCorp's motions to receive the public and confidential versions of Exhibits PAC/200 through PAC/209, PAC/300 through PAC/304, PAC/400 through PAC/403, PAC/502, PAC/505, PAC/503-A, PAC/504-A, and PAC/506-A into the record are granted.

5. PacifiCorp's motion for confidential treatment of select information contained in Exhibits PAC/200 through PAC/209, PAC/502, and PAC/505 is granted. This information will remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision (D.) 14-10-033. During this period, the information will remain under seal and confidential and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further Commission order or ruling of the Commission, assigned

Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If PacifiCorp believes that it is necessary for this information to remain under seal for longer than three years, PacifiCorp may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

6. 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.

7. Application 19-08-002 remains open.

This order is effective today.

Dated May 7, 2020, at San Francisco, California.

MARYBEL BATJER  
President  
LIANE M. RANDOLPH  
MARTHA GUZMAN ACEVES  
CLIFFORD RECHTSCHAFFEN  
GENEVIEVE SHIROMA  
Commissioners

**ATTACHMENT A**

## Attachment A

### PacifiCorp GHG-Related Exhibit List, A.19-08-002

<b>Exhibit No.</b>	<b>Title</b>	<b>Party</b>	<b>Date Served</b>	<b>Witness</b>
PAC/200	Direct Testimony of Mary M. Wiencke (Redacted and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/201	Commission Template C: Weighted Average Cost of Compliance Instruments (Redacted Version and Confidential Version)	PacifiCorp	8/1/2019	Wiencke
PAC/202	Commission Template D-2: Annual GHG Emissions and Associated Compliance Obligations (Redacted Version and Confidential Version)	PacifiCorp	8/1/2019	Wiencke
PAC/203	Summary of the GHG Allowance Costs Sub-Balancing Account (Redacted Version and Confidential Version)	PacifiCorp	8/1/2019	Wiencke
PAC/204	2020 Forecast Compliance Obligation and GHG Allowance Costs (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/205	2018 Recorded GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/206	2019 Recorded/Forecast GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/207	Summary of the GHG Allowance Revenue Balancing Account (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/208	2020 Forecast GHG Allowance Revenue (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke

PAC/209	Commission Template D-5— History of Revenues, Costs, and Emissions Intensity (Redacted Version and Confidential Versions)	PacifiCorp	8/1/2019	Wiencke
PAC/300	Direct Testimony of Ashley Rask	PacifiCorp	8/1/2019	Rask
PAC/301	2013 - 2019 Recorded/Forecast Customer Outreach Costs	PacifiCorp	8/1/2019	Rask
PAC/302	2020 Customer Outreach Activities and Estimated Costs	PacifiCorp	8/1/2019	Rask
PAC/303	2020 Forecast Customer Outreach Costs	PacifiCorp	8/1/2019	Rask
PAC/304	Commission Template D-3: Detail of Outreach Costs	PacifiCorp	8/1/2019	Rask
PAC/400	Direct Testimony of Anthony B. Worthington	PacifiCorp	8/1/2019	Worthington
PAC/401	2013 - 2019 Recorded/Forecast Administrative Costs	PacifiCorp	8/1/2019	Worthington
PAC/402	2020 Forecast Administrative Costs	PacifiCorp	8/1/2019	Worthington
PAC/403	Commission Template D-3: Detail of Administrative Costs	PacifiCorp	8/1/2019	Worthington
PAC/500	Direct Testimony of Judith M. Ridenour	PacifiCorp	8/1/2019	Ridenour
PAC/502	GHG Allowance Costs to be Recovered in Rates (Redacted and Confidential Versions)	PacifiCorp	8/1/2019	Ridenour
PAC/503	GHG Allowance Revenue to be Distributed Through the California Climate Credit	PacifiCorp	8/1/2019	Ridenour
PAC/503 -A	GHG Allowance Revenue to be Distributed Through the California Climate Credit	PacifiCorp	3/6/2020	Ridenour
PAC/504	Calculation of Proposed GHG Allowance Costs Surcharge and California Climate Credit Rates	PacifiCorp	8/1/2019	Ridenour
PAC/504 -A	Calculation of Proposed GHG Allowance Costs Surcharge and California Climate Credit Rates	PacifiCorp	3/6/2020	Ridenour



PAC/505	Commission Template D-1— Annual Allowance Revenue Receipts and Customer Returns (Redacted and Confidential Versions)	PacifiCorp	8/1/2019	Ridenour
PAC/506	Commission Template D-4: Forecast Revenue Requirement and Revenues by Rate Schedule	PacifiCorp	8/1/2019	Ridenour
PAC/506 -A	Commission Template D-4: Forecast Revenue Requirement and Revenues by Rate Schedule	PacifiCorp	3/6/2020	Ridenour

**(END OF ATTACHMENT A)**