

Decision 20-05-052 May 28, 2020

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

Order Instituting Rulemaking to  
Address Utility Cost and Revenue  
Issues Associated with Greenhouse  
Gas Emissions.

Rulemaking 11-03-012

**DECISION MODIFYING SCHEDULE OF CALIFORNIA CLIMATE CREDIT  
DISBURSEMENTS FOR RESIDENTIAL ELECTRIC CUSTOMERS OF  
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC AND  
PACIFICORP D/B/A PACIFIC POWER**

**Summary**

This decision grants, in part, the relief requested by the Public Advocates Office of the California Public Utilities Commission to modify the schedules for disbursement of the 2020 California Climate Credit to California residential electric customers of Liberty Utilities (CalPeco Electric) LLC (U993E) (Liberty CalPeco) and PacifiCorp d/b/a Pacific Power (PacifiCorp) so that these customers will receive credits in June, July or August 2020 instead of in October 2020.

Liberty is directed to apply the credit in a single lump-sum on either June or July bills. PacifiCorp is directed to split the credit between June and July bills. Other than this modification, all other terms of prior decisions (including Decision 13-12-003) remain in full force and effect. The Energy Division Director is given authority to reconcile any potential conflicts between the orders of this decision and previous decisions in this proceeding to ensure

that the order of this decision are effectuated and to extend the disbursement date to August 2020 if operationally necessary.

This proceeding remains open.

## **1. Jurisdiction**

Pursuant to Public Utilities Code Section 1708,<sup>1</sup> this decision modifies certain orders of Commission Decision (D.) 13-12-003. Section 1708 states “[t]he commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it. Any order rescinding, altering, or amending a prior order or decision shall, when served upon the parties, have the same effect as an original order or decision.”

## **2. Background**

On March 19, 2020, the Governor signed Executive Order N-33-20 requiring Californians to heed the order of the California State Public Health Officer and the Director of the California Department of Public Health that all individuals living in the State of California stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors, in order to address the public health emergency presented by the COVID-19 disease (stay-at-home order).<sup>2</sup> The stay-at-home order restrictions are expected to be lifted in stages over a period of weeks and months beginning in May 2020.

---

<sup>1</sup> All further statutory references are to the Public Utilities Code Sections unless otherwise specified.

<sup>2</sup> Executive Order N-33-20. Available at: <https://covid19.ca.gov/img/Executive-Order-N-33-20.pdf>. Last accessed March 27, 2020.

To better understand how the stay-at-home order is impacting residential electricity usage, the Commission's Energy Division issued data requests to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E, and collectively with PG&E and SCE, the "large electric companies"). The responses of the large electric companies confirmed that California residents in their service territories have used more electricity at home since the issuance of the Governor's stay-at-home order. In light of this information, on April 16, 2020, the Commission issued D.20-04-027 to help mitigate the effects of increased residential electric bills on customer of PG&E and SCE by modifying the timing of the October 2020 California Climate Credit.

Today's decision considers whether a similar change in schedule is warranted for customers of Liberty Utilities (CalPeco Electric) LLC (U993E) (Liberty CalPeco) and PacifiCorp d/b/a Pacific Power (PacifiCorp).

### **3. The Climate Credit**

As part of California's Cap-and-Trade program,<sup>3</sup> greenhouse gas (GHG) allowances are allocated to utilities on behalf of their ratepayers. The utilities act as intermediaries to hold and then sell the allowances for ratepayer benefit in the California Air Resources Board (CARB) quarterly auctions. The revenue from the sale of these GHG allowances is then returned to ratepayers in the form of a Climate Credit to help protect ratepayers from the GHG costs included in rates.

---

<sup>3</sup> Health and Safety Code §§ 38562 et seq., California Code of Regulations, Title 17, Division 3, Subchapter 10 (Climate Change), Article 5, §§ 95800-96023 (17 CCR §§ 95800-96023).

The Climate Credit also provides customers an opportunity to take advantage of energy and money-saving upgrades that can further reduce customer bills and help fight climate change.

The Commission opened Rulemaking (R.) 11-03-012 to determine how the utilities, including the large electric utilities and the three small electric companies (PacifiCorp, Liberty (CalPeco), and Golden State Water Company (doing business as Bear Valley Electric Service) (BVES)) should distribute the proceeds generated from the sale of GHG allowances for the sole benefit of the utilities' retail ratepayers. D.13-12-003 is one of a series of decisions adopted in R.11-03-012 and Application 13-08-002 to implement the GHG proceeds allocation methodology adopted in D.12-12-033. D.12-12-033, in compliance with Assembly Bill 32 (Stats. 2006, ch. 488) and Section 748.5, allocated GHG allowance proceeds first to emissions-intensive and trade-exposed entities, then to small businesses as defined therein, and then designated that the remainder of proceeds be distributed to residential customers on an equal per residential account basis delivered as a semi-annual, on-bill credit. This semi-annual credit is known as the California Climate Credit.

D.13-12-003 set out a schedule for the utilities to use in distributing the semi-annual Climate Credit to their residential customers. They were ordered to distribute the Climate Credit in April and October of each year after 2014.<sup>4</sup> These months were selected so that customers would not experience reduced bills

---

<sup>4</sup> D.13-12-003, OP 1.

during the summer when price signals to reduce peak summer usage were at their strongest. The Commission was concerned that summertime California Climate Credit distributions would interfere with public policy goals around demand response and energy efficiency programs.<sup>5</sup>

The annual Climate Credit is calculated separately for each utility. Liberty (CalPeco) and PacifiCorp calculated their 2020 Climate Credit in their individual Energy Cost Adjustment Clause account (ECAC) applications.<sup>6</sup>

Because BVES does not distribute a Climate Credit,<sup>7</sup> the Commission is not considering changes to the distribution schedule for BVES customers.

#### **4. 2020 California Climate Credit; Motion of California Public Advocates**

On April 16, 2020, the Commission adopted D.20-04-027 directing PG&E and SCE to accelerate distribution of the second semi-annual California Climate Credit from October to May and June. That decision found that early distribution was warranted because the stay-at-home order was expected to lead to an increase in residential electric usage. By distributing the Climate Credit earlier, customer bills would be mitigated closer to the start of the expected increase. In addition, this would provide customers with an opportunity to manage their electric usage by investing in energy efficiency technologies.

---

<sup>5</sup> D.13-12-003 at 13, COL 9.

<sup>6</sup> The ECAC is similar to the annual Electric Resource Recovery Account (ERRA) proceedings for the large electric utilities.

<sup>7</sup> Ordering Paragraph 4 in D.12-12-033 instructs BVES to return 100% of their allowance revenue volumetrically.

D.20-04-027 did not modify the schedule for the PG&E and SCE 2021 Climate Credits.

Public Advocates Office of the California Public Utilities Commission (Cal Advocates) filed several motions requesting an acceleration of the California Climate Credit:

- (i) March 27, 2020, filed in R.11-03-012, for PG&E, SCE, San Diego Gas & Electric Company: Emergency Motion of the Public Advocates Office to Provide Customer Relief Related to COVID-19 and for an Order Shortening Time to Respond; [Proposed Order].
- (ii) April 1, 2020, filed in R.11-03-012, for Liberty (CalPeco) and PacifiCorp: Emergency Motion of the Public Advocates Office to Provide Customer Relief Related to COVID-19 and for an Order Shortening Time to Respond; [Proposed Order].
- (iii) April 1, 2020, filed in Liberty (CalPeco)'s ECAC (A.19-07-007): Emergency Motion of the Public Advocates Office to Provide Customer Relief Related to COVID-19 and for an Order Shortening Time to Respond; [Proposed Order].
- (iv) April 1, 2020, filed in PacifiCorp's ECAC (A.19-08-002): Emergency Motion of the Public Advocates Office to Provide Customer Relief Related to COVID-19 and for an Order Shortening Time to Respond; [Proposed Order].

The motions filed on April 1, 2020 are referred to collectively herein as the "Emergency Motions" and the Emergency Motion filed in this proceeding is referred to individually as the "Liberty/PacifiCorp Motion."

The Liberty/PacifiCorp Motion contains five separate requests for Commission action:

1. To require PacifiCorp to equally divide and distribute the October 2020 California Climate Credit to residential customers in May, June and July 2020.
2. To require Liberty (CalPeco) to distribute the October 2020 California Climate Credit to residential customers in May 2020.
3. To require Liberty (CalPeco) to distribute the climate credits anticipated for 2021 to residential customers in June and July 2020.
4. To direct PacifiCorp and Liberty (CalPeco) to identify any and all accounts with accumulated over collections and unused funds.
5. To shorten the standard 15 days to respond to the Liberty/PacifiCorp motion to five days.

Today's decision addresses the first two requests for relief: the accelerated distribution of the October 2020 California Climate Credit for residential customers of Liberty (CalPeco) and PacifiCorp. Today's decision does not address the other requests. We note that the Commission is addressing COVID-19 rate relief in other proceedings and may choose to act on Cal Advocates requests at a later date.

On April 7, 2020, in A.19-07-007, Liberty (CalPeco) filed information in response to the Emergency Motions, stating that:

- Liberty (CalPeco) does not oppose the request to distribute climate credits for 2020 on an expedited basis.
- Liberty (CalPeco) agrees that "distribution of these funds may assist in reducing residential customers' bills during the COVID-19 emergency."

- Liberty (CalPeco) currently estimates that 42,891 households will receive climate credits of \$29.46 on their April bills.

PacifiCorp did not file a response.

#### **4.1. Significant Financial Hardship**

Cal Advocates states that the relief requested is necessary “because of the extraordinary and significant financial hardship California residents are facing due to COVID-19.”<sup>8</sup>

Cal Advocates cites Executive Order N-28-20, which states that “Californians are experiencing substantial losses of income as a result of business closures, the loss of hours or wages, or layoffs related to COVID-19, hindering their ability to keep up with their rents, mortgages, and utility bills.”<sup>9</sup>

Cal Advocates also points out that although there is currently a moratorium on service disconnections, the acceleration of the credit will “help customers avoid accumulating large bill balances once the disconnections moratoriums are lifted.”<sup>10</sup>

#### **4.2. Changes in Electricity Usage**

On April 24, 2020, the assigned Administrative Law Judge (ALJ) in this proceeding directed Liberty (CalPeco) and PacifiCorp to file information regarding changes in residential customer electricity use during the stay-at-home

---

<sup>8</sup> Liberty/PacifiCorp Motion at 4.

<sup>9</sup> Emergency Motions at 4.

<sup>10</sup> Liberty/PacifiCorp Motion at 4 – 5.



order. Unlike PG&E and SCE, Liberty (CalPeco) and PacifiCorp do not have billing systems that allow for a week-by-week comparison.

Liberty (CalPeco) provided data from March 15, 2020 through April 18, 2020. This data did not show an increase in usage compared to 2019.

PacifiCorp filed a supplemental response on May 18, 2020 comparing residential electricity usage in March and April 2020 with usage in 2019. The comparison confirms an increase in usage in 2020.

| <b>Residential kWh</b> | <b>2019</b> | <b>2020</b> |
|------------------------|-------------|-------------|
| March                  | 32,764,082  | 34,717,333  |
| April                  | 24,806,124  | 28,884,707  |

#### **4.3. Amount of the 2020 Climate Credit**

As of the date this proposed decision is published, the Commission has not yet determined the 2020 California Climate Credit amounts for Liberty (CalPeco) and PacifiCorp. Pursuant to Ordering Paragraph 16 of D.14-10-033, “in the event that a utility’s forecast greenhouse gas revenue return is not adopted by December 31, the utility shall continue to return greenhouse gas (GHG) allowance revenue using the prior year’s forecast until such time as a new revenue return is adopted.”

In 2019, PacifiCorp’s semi-annual California Climate Credit was \$159.67. The 2020 Climate Credit is under consideration in A.19-08-002. In April 2020, PacifiCorp disbursed the first half of the 2020 California Climate Credit using the prior amount as an estimate. The amount of the second 2020 disbursement will take into account any final determination made in A.19-08-002. A proposed

decision approving a \$167.22 semi-annual climate credit is on the Agenda for the May 7, 2020 Commission voting meeting.

In 2018, in D.18-03-024 in A.17-07-001, the Commission approved a semi-annual California Climate Credit of \$29.46 for residential customers of Liberty (CalPeco). The amount of the 2020 California Climate Credit is under consideration in A.19-07-007. In April 2020, Liberty (CalPeco) disbursed the first half of the 2020 California Climate Credit using the prior amount as an estimate. The amount of the second disbursement will take into account any final determination made in A.19-07-007.

## **5. Discussion**

The stay-at-home order is an unprecedented measure that seeks to reduce the public health threat of the COVID-19 disease by limiting the ability of Californians to leave their homes. As a result of the order many Californians are spending more time in their homes than usual. This increased time spent at home is likely driving residential electricity use higher than usual given that most Californians use electrical appliances while at home. This decision therefore concludes that average residential electricity use, and therefore average residential electric bills, are increasing as a result of the stay-at-home order.

The stay-at-home order is mandatory and only exempts certain essential out-of-home activities. As a result, residential electrical customers are practically required to use more electricity at home than they normally do in order to assist the state in addressing a public health emergency. It is equitable to blunt some of the impact of these expected bill increases given that most residential customers have no choice but to stay at home and in some cases conduct work or school

from home. Moving the California Climate Credit can also provide additional opportunities for residential customers to purchase energy-saving devices or services, which may be especially useful during this period and can further help reduce bill impacts of the shelter-in-place order by allowing ratepayers to more effectively manage their in-home energy consumption.

In addition to a potential increase in their electric bills, many customers face unexpected financial hardship due to the economic impacts of COVID-19. In the Emergency Motions, Cal Advocates cites Executive Order N-28-20, which states that “Californians are experiencing substantial losses of income as a result of business closures, the loss of hours or wages, or layoffs related to COVID-19, hindering their ability to keep up with their rents, mortgages, and utility bills.”<sup>11</sup>

Liberty (CalPeco) serves the Tahoe area. The local economy is dependent on the tourists and second homeowners who have been directed not to visit the area.<sup>12</sup>

Pursuant to Ordering Paragraphs 2 and 3 of D.13-12-003, Liberty (CalPeco) and PacifiCorp are scheduled to reflect the California Climate Credit on customer bills in April and October of each year.

Although it is likely that some restrictions under the stay-at-home order will be lifted by summer 2020, there is still value in accelerating the distribution of the second 2020 California Climate Credit from October to June and July 2020.

---

<sup>11</sup> Emergency Motions at 4.

<sup>12</sup> See, e.g., *Corona Virus: Lake Tahoe Officials take unprecedented step, tell Bay Area visitors to keep out*, San Jose Mercury News, April 8, 2020. <https://www.mercurynews.com/2020/04/08/coronavirus-lake-tahoe-officials-take-unprecedented-step-tell-bay-area-visitors-to-keep-out/>

The stay-at-home order was not an event that customers could have foreseen and prepared for. The utilities currently have several programs to prevent disconnections for nonpayment during the stay-at-home order. The earlier distribution gives customers another means to reduce their bill during, or close in time to, the stay-at-home order. Distributing the California Climate Credit now will also provide opportunities for customers to manage their in-home electric consumption.

Reducing the electric bills of California residential customers of Liberty (CalPeco) and PacifiCorp by these amounts in June and July 2020, rather than October 2020, is equitable and reasonable as it helps to mitigate the higher electric bills expected as a result of the mandatory stay-at-home order.

Advancing the distribution schedule of the California Climate Credit for Liberty (CalPeco) and PacifiCorp does not affect the underlying rates charged to electric customers and therefore no rate and bill impact analysis is required. For these reasons, this decision modifies D.13-12-003 and orders Liberty (CalPeco) and PacifiCorp to advance their October 2020 California Climate Credit distribution for their California residential electric customers to June and July 2020, and to split the amount of the October 2020 California Climate Credit evenly between June and July 2020 on a per customer basis. The Commission recognizes that the shelter-in-place order may result in unexpected operational constraints when adjusting customer billing to comply with this decision. In the event that operational constraints delay implementation billing changes, the Climate Credit should be reflected on bills no later than August 2020.

This necessarily means that there will be no October 2020 California Climate Credit distribution to California residential electric customers of Liberty (CalPeco) and PacifiCorp. Therefore, Liberty (CalPeco) and PacifiCorp shall consult with Energy Division staff on an appropriate customer messaging strategy to convey these changes to ratepayers.

Cal Advocates asks that the Commission also modify the California Climate Credit disbursement schedule for 2021. Consistent with the treatment of PG&E and SCE adopted in D.20-04-027, we decline to make changes to the 2021 California Climate Credit schedule at this time. The California Climate Credit must be recalculated each year, and is dependent on many variables including the amount of proceeds from future allowance auctions. Given the recent changes to energy use and to the economy as a whole, the amount of the California Climate Credit could change substantially in 2021.

For the sake of clarity, this decision only modifies the orders of D.13-12-003 as they relate to the timing of the distribution of the California Climate Credit. There is no intent to modify any of the other orders in D.13-12-003. However, to the extent that this decision's modification of the orders of D.13-12-003 related to the timing of the distribution of the California Climate Credit conflict with other orders in D.13-12-003 or other Commission decisions or orders, this decision grants the director of the Commission's Energy Division the authority to resolve such conflicts so that the orders of this decision are carried out. Liberty (CalPeco) and PacifiCorp shall seek the advice of the director of the Commission's Energy Division in the event such conflict arises, and an authorizing letter from the director of the Commission's Energy Division shall be

sufficient to absolve Liberty (CalPeco) or PacifiCorp, as applicable, of the responsibility to comply with any orders that conflict with the orders of this decision. If such a letter is issued, to increase transparency the utility that is the subject of the letter shall serve it on the service list for this proceeding.

## **6. Waiver of Comment Period**

This proposed decision grants Cal Advocates' request to order Liberty (CalPeco) and PacifiCorp to accelerate the distribution of the October 2020 California Climate Credit to California residential customers. 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.

## **7. Assignment of Proceeding**

Liane M. Randolph is the assigned Commissioner and Patrick Doherty, Jeanne McKinney and Brian Stevens are the assigned ALJs in this proceeding.

## **Findings of Fact**

1. The 2020 annual residential California Climate Credit is calculated and adopted in the individual ECAC proceedings of Liberty (CalPeco) and PacifiCorp. The calculation includes many variables, such as the actual and forecast proceed amounts from the quarterly CARB auctions.

2. On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California as a result of the threat of COVID-19.

3. Since March 4, 2020, COVID-19 has continued to spread throughout California leading Governor Newsom to issue Executive Order N-33-20 on

March 19, 2020, directing Californians follow state health directives to stay home. Californians must not leave their homes except for essential purposes.

4. It is reasonable to expect that customers will use more electricity at home when complying with the Governor's stay-at-home order.

5. PacifiCorp data shows an increase in home electricity in March and April 2020 compared to March and April 2019.

6. Average California residential electricity use, and therefore average California residential electric bills, are increasing as a result of the stay-at-home order.

7. It is not reasonable to expect residential electrical customers to not use more electricity at home than they normally do in order to assist the state in addressing a public health emergency.

8. Advancing the distribution of the Liberty (CalPeco) and PacifiCorp October 2020 California Climate Credits to June and July will help residential customers mitigate the impacts of higher home electricity bills and other financial hardships resulting from the COVID-19 stay-at-home order.

9. Advancing the distribution schedule of the 2020 California Climate Credit for Liberty (CalPeco) and PacifiCorp does not affect the underlying rates charged to electric customers and therefore no rate and bill impact analysis is required.

10. Californians are experiencing substantial losses of income as a result of business closures, the loss of hours or wages, or layoffs related to COVID-19, hindering their ability to keep up with their rents, mortgages, and utility bills.

11. Cal Advocates supports changing the California Climate Credit disbursement schedule as a means to provide relief to customers who may be facing economic hardship due to the impact of COVID-19.

12. In addition to mitigating the impact of potential utility bill increases, advancing the California Climate Credit disbursement schedule will provide some relief to customers who are experiencing losses of income related to COVID-19.

13. The amount of the 2020 California Climate Credits will be determined by decision in the individual utility ECAC forecast proceedings for 2020.

14. The amount of the 2021 California Climate Credits cannot be calculated at this time.

15. Because Liberty (CalPeco) and PacifiCorp require time to modify their billing systems to accelerate the California Climate Credit, and because a proposed decision regarding the Liberty/PacifiCorp Motion was published in May 2020, it is not reasonable to require Liberty (CalPeco) and PacifiCorp to apply the credit prior to June 2020.

### **Conclusions of Law**

1. It is equitable to blunt some of the impact of the higher electric bills that can be expected to result from higher residential electricity usage given that most residential customers are required to stay at home.

2. It is reasonable to apply the California Climate Credit at a time when residential customers are facing significant financial hardship due to COVID-19.



3. It is reasonable to attempt to mitigate higher electric bills that can be expected as a result of the stay-at-home order in June and July 2020 instead of October 2020.

4. The request to accelerate distribution of the October 2020 California Climate Credit for residential customers of Liberty (CalPeco) and PacifiCorp should be granted on the schedule and terms set forth in this decision.

5. This decision only modifies the orders of D.13-12-003 as they relate to the timing of the distribution of the California Climate Credit. There is no intent to modify any of the other orders in D.13-12-003 and D.19-12-002.

## **O R D E R**

### **IT IS ORDERED** that:

1. The request to accelerate distribution of the PacifiCorp d/b/a Pacific Power and Liberty Utilities (CalPeco) LLC October 2020 California Climate Credits is granted, on the terms and schedule set forth herein. The request was made in the April 1, 2020 Emergency Motion of the Public Advocates Office to Provide Customer Relief Related to COVID-19 and for an Order Shortening Time to Respond; [Proposed Order] and applies to PacifiCorp d/b/a Pacific Power and Liberty Utilities (CalPeco) LLC.

2. PacifiCorp d/b/a Pacific Power shall advance its October 2020 California Climate Credit distribution for its California residential electric customers by splitting the amount of the October 2020 California Climate Credit as evenly as possible and applying the credit to June and July 2020 bills or, if operationally necessary, to the July and August 2020 bills.

3. Liberty Utilities (CalPeco Electric) LLC shall advance its October 2020 California Climate Credit distribution for its residential electric customers by applying the full amount of the October 2020 California Climate Credit to either the June or July 2020 bill or, if operationally necessary, to the August 2020 bill.

4. Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power shall consult with Energy Division staff on an appropriate customer messaging strategy to convey these changes to ratepayers.

5. PacifiCorp d/b/a Pacific Power shall seek the advice of the director of the Commission's Energy Division in the event a conflict arises between the orders of this decision and Decision 13-12-003. An authorizing letter from the director of the Commission's Energy Division shall be sufficient to release PacifiCorp d/b/a Pacific Power from the responsibility to comply with any orders that conflict with the orders of this decision.

6. Liberty Utilities (CalPeco Electric) LLC shall seek the advice of the director of the Commission's Energy Division in the event a conflict arises between the orders of this decision and Decision (D.) 13-12-003 and D.19-12-002. An authorizing letter from the director of the Commission's Energy Division shall be sufficient to release Liberty Utilities (CalPeco Electric) LLC from the responsibility to comply with any orders that conflict with the orders of this decision.

7. The director of the Commission's Energy Division is authorized to resolve any conflicts between today's decision and prior Commission decision or orders that may arise. In the event Liberty Utilities (CalPeco Electric) LLC or PacifiCorp d/b/a Pacific Power is unable to complete the distribution by July 2020, the

director of the Commission's Energy Division is authorized to extend the California Climate Credit distribution date to no later than August 2020.

8. In the event that an authorizing letter is issued pursuant to Ordering Paragraphs 5, 6, or 7, the utility that is the subject of the letter shall serve it on the service list for this proceeding.

9. Rulemaking 11-03-012 remains open.

This order is effective today.

Dated May 28, 2020, at San Francisco, California.

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners