

Decision 25-03-007 March 13, 2025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PacifiCorp (U 901 E) for
Approval of its 2025 Energy Cost
Adjustment Clause and Greenhouse
Gas-Related Forecast and Reconciliation
of Costs and Revenue.

Application 24-08-002

**DECISION APPROVING SETTLEMENT REGARDING PACIFICORP'S
2025 GREENHOUSE GAS EMISSIONS ALLOWANCE
PROGRAM COSTS AND CLIMATE CREDITS**

Summary

This decision approves the January 27, 2025 Joint Motion for Approval of Written Settlement filed by PacifiCorp d/b/a Pacific Power, the California Farm Bureau Federation, and the Public Advocates Office at the California Public Utilities Commission, requesting Commission approval and adoption of the attached all-party Partial Settlement regarding PacifiCorp's 2025 Energy Cost Adjustment Clause Application (Settlement). The Settlement resolves all the issues raised with respect to the California Greenhouse Gas Emissions Allowance program costs and Climate Credits in PacifiCorp's 2025 ECAC Application. This proceeding remains open to address all other issues within the scope of PacifiCorp's Energy Cost Adjustment Clause filing.

This decision approves a semi-annual California Climate Credit for 2025 for residential and small business customers of \$259.36, an increase of 48.8% from \$174.25, the 2024 semi-annual amount.

This proceeding remains open.

1. Background

PacifiCorp d/b/a Pacific Power (PacifiCorp) is an investor-owned utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington and Wyoming. As a California electric utility, PacifiCorp is annually allocated Greenhouse Gas (GHG) Emissions Allowances to consign to auction as part of California's Cap-and-Trade Program. PacifiCorp is required to consign all of its allocated GHG allowances in the year they are allocated and return the net proceeds from their consignment to eligible California ratepayers.¹ After program expenses and funding for clean energy and energy efficiency programs, the remaining net revenue is returned to residential and small business customers through the California Climate Credit, which is applied to bills twice a year (in April and October).² PacifiCorp and other California electric utilities must also surrender or make contractual arrangements for other parties to surrender a sufficient number of GHG Compliance Instruments (allowances and/or offsets) to cover their annual GHG emissions under the Cap-and-Trade Program. In Decision (D.) 12-12-033, the Commission adopted a methodology for allocating proceeds from the consignment of GHG allowances to eligible

¹ See Joint Motion for Approval of Written Settlement (hereinafter "Motion") Attachment A at 1.

² *Id.* at 3.

customers and directed utilities to record GHG allowance proceeds and compliance costs in certain accounts, which are then reviewed annually within an Energy Cost Adjustment Clause (ECAC) and GHG-Related Forecast and Reconciliation of Costs and Revenue proceeding.³ This methodology was updated in D.21-08-026 to remove the volumetric small business return and replace it with a flat credit equal in size to the residential California Climate Credit.⁴

On August 1, 2024, PacifiCorp filed Application (A.) 24-08-002 requesting Commission approval of new rates and credits for: (i) PacifiCorp's Schedule ECAC-94 Energy Cost Adjustment Clause Tariff Rate Rider; (ii) Schedule GHG-92 Surcharge to Recover Greenhouse Gas Carbon Pollution Permit Costs (GHG Surcharge); (iii) Schedule GHG-93 California Climate Credit (California Climate Credit); and (iv) to continue allocations under Schedule No. NEMVS-139 Virtual Net Energy Metering for Solar on Multifamily Affordable Housing Program (SOMAH).⁵ On September 6, 2024, both the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and the California Farm Bureau Federation (Farm Bureau) filed timely protests to PacifiCorp's Application. A prehearing conference was held on October 3, 2024, to address the issues of law and fact, determine the need for hearing, set the schedule for

³ See D.12-12-033 at 213.

⁴ See D.21-08-026 at 34.

⁵ See Application of PacifiCorp for Approval of Its 2025 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue (hereinafter "Application") at 1.

resolving the matter, and address other matters as necessary. An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on January 8, 2025.

The parties held a settlement conference on January 24, 2025, as required by Rule 12.1(b) of the Commission's Rules of Practice and Procedure (Rules) with due notice to all parties to the proceeding. On January 27, 2025, all parties to this proceeding, including PacifiCorp, the Farm Bureau, and Cal Advocates (the Settling Parties) jointly filed the Motion for approval of their Partial Settlement regarding PacifiCorp's 2025 ECAC Application (the Settlement) and for the admission of documents into evidence supporting the Settlement (Request for Admission of Documents).⁶ The Settlement resolves all the issues raised with respect to the GHG Emissions Allowance program costs and California Climate Credits in PacifiCorp's 2025 ECAC Application. The Settlement is appended as Attachment A. On January 31, 2025, PacifiCorp moved for confidential treatment for certain exhibits admitted into evidence supporting the Settlement (Motion for Confidential Treatment). This matter was submitted on January 31, 2025, upon PacifiCorp's Motion for Confidential Treatment.

In its Application, PacifiCorp requests authorization to update both the surcharge that recovers the costs for procurement of GHG allowances for its retail compliance obligation under California's Cap-and-Trade Program (GHG Surcharge), and the California Climate Credit that returns proceeds from the consignment to auction of allocated GHG allowances to residential and small

⁶ See Motion at 1-2.

business customers.⁷ The GHG Surcharge consists of a true-up related to actual GHG allowance costs and related interest set forth in PacifiCorp's 2024 A.23-09-008 and a forecast of 2025 GHG allowance costs.⁸ The impact of the proposed change to the GHG Surcharge is an overall rate increase of \$1.7 million, to a total of approximately \$18.2 million in 2025.⁹ The change in the California Climate Credit is an increase of 48.8% from \$174.25, the 2024 semi-annual amount, to \$259.36 in 2025.¹⁰ The Settling Parties seek approval of the Settlement as soon as possible in order to effectuate the GHG Surcharge and avoid delays in distribution of California Climate Credits. Timely distribution would not be possible if approval of the GHG costs and credits was delayed until the conclusion of the proceeding on other issues in the 2025 ECAC Application.

2. Settlement

The Settling Parties agree that the GHG Emission Allowance auction proceeds, less GHG Administration Expenses, Customer Outreach Costs, and funding for energy efficiency programs, will be returned to residential and small business customers through the semi-annual California Climate Credit distributed in customer bills in April and October of 2025. The total amount of the proposed residential and small business California Climate Credit to be distributed in 2025 is approximately \$23.3 million.¹¹ The proposed semi-annual

⁷ See Application at 1.

⁸ *Id.* at 7.

⁹ See PacifiCorp's Exhibit PAC/702 at 2.

¹⁰ See Settlement at 3.

¹¹ *Id.*

residential and small business per-customer California Climate Credit for California PacifiCorp customers in 2024 is \$259.36,¹² or a total for 2025 of \$518.72.

The Settling Parties agree that approval of PacifiCorp's update to both the GHG Surcharge and the California Climate Credit is in the public interest and request that PacifiCorp's updated GHG Surcharge be effective upon the filing of a Tier 1 Advice Letter by PacifiCorp within 30 days of a Commission decision approving the Settlement.¹³

3. Discussion

3.1. Settlement Agreement Standard of Review

The Settlement is uncontested and is evaluated under the criteria set forth in Rule 12.1(d). Rule 12.1(d) states, "The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with the law, and in the public interest." As explained below, the Settlement meets the standard of review established in Rule 12.1(d) and is approved.

3.2. Reasonable in Light of the Whole Record

Rule 12.1(d) requires a settlement to be reasonable in light of the whole record. The record in this proceeding consists of the exhibits and testimony filed with PacifiCorp's Application and the instant Settlement. The evidentiary record and this decision admitting exhibits into evidence and granting confidential treatment to certain exhibits provide sufficient evidence to support the Settling

¹² *Id.*

¹³ *Id.* at 5.

Parties' determination that the proposed GHG Surcharge and California Climate Credit are accurate and to enable the Commission to implement the Settlement and to discharge the Commission's regulatory obligations. Therefore, the Settlement is reasonable in light of the whole record before the Commission.

3.3. Consistent with the Law

Rule 12.1(d) requires a settlement to be consistent with applicable law. The applicable law includes state and federal law and Commission decisions. Relevant Commission decisions are those establishing the methodologies used to arrive at the GHG Surcharge and the California Climate Credit as well as ECAC calculations established in previous PacifiCorp ECAC decisions. We find that the Settlement is consistent with relevant statutes, rules and Commission decisions.

3.4. In the Public Interest

Rule 12.1(d) requires a settlement to be in the public interest. The impact of the proposed change to the GHG Surcharge is an overall increase of \$1.7 million to be recovered in PacifiCorp's rates in 2025. This amount is reasonable because it is based on forecast 2025 costs for the procurement of GHG Emission Allowances for PacifiCorp's retail compliance obligation under California's Cap-and-Trade Program, plus a true-up related to actual costs for prior years, and adjustments for franchise fees and uncollectibles.¹⁴ The Settlement is in the public interest because it fully addresses the GHG-related issues raised in this case without the need for hearing, provides an accurate price signal to ratepayers of the cost of

¹⁴ *Id.* at 4.

compliance with California’s Cap-and-Trade Program, and provides a semi-annual California Climate Credit to ratepayers.

4. Summary of Public Comment

Rule 1.18 of the Commission’s Rules of Practice and Procedure (Rules) allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no public comments on the Docket Card of this proceeding that are relevant to this decision.

5. Procedural Matters

PacifiCorp, the Farm Bureau, and Cal Advocates jointly filed a Motion for Approval of Written Settlement on January 27, 2025, including a request that the following documents be admitted as evidence and entered into the record of this proceeding:¹⁵

Table 1

Exhibit Type	Document Description
Testimony and exhibits	Testimony of Michael G. Wilding, Exhibit PAC/400-C, including supporting exhibits PAC/401-C, PAC/402-C, PAC/403-C, PAC/404-C, PAC/405-C, PAC/406-C, PAC/407-C, PAC/408-C, and PAC/409-C.

¹⁵ *Id.* at 4-5.

Testimony and exhibits	Testimony of Omar Granados, Exhibit PAC/500, including supporting exhibits PAC/501, PAC/502, PAC/503, and PAC/504.
Testimony and exhibits	Testimony of Andrew C. Lillie, Exhibit PAC/600, including supporting exhibits PAC/601, PAC/602, and PAC/603.
Testimony and exhibits	Testimony of Judith M. Ridenour, Exhibit PAC/700, including supporting exhibits PAC/701, PAC/702-C, PAC/703, PAC/704, PAC/705-C, PAC/706, PAC/707.
Settlement	The Partial Settlement Regarding Proposed GHG Program Costs and Related Customer Climate Credits, Attachment A to the January 27, 2025 Joint Motion.

PacifiCorp subsequently filed a motion on January 31, 2025, for confidential treatment of certain exhibits supporting the Partial Settlement Regarding Proposed GHG Program Costs and Related Customer Climate Credits in this proceeding pursuant to Rules 11.1 and 11.4 of the Rules of Practice and Procedure of the Commission, because these exhibits contained market-sensitive information. PacifiCorp identified the following confidential exhibits:

Table 2

Exhibit	Witness
Exhibit PAC/400-C	Michael G. Wilding

Exhibit PAC/401-C	Michael G. Wilding
Exhibit PAC/402-C	Michael G. Wilding
Exhibit PAC/403-C	Michael G. Wilding
Exhibit PAC/404-C	Michael G. Wilding
Exhibit PAC/405-C	Michael G. Wilding
Exhibit PAC/406-C	Michael G. Wilding
Exhibit PAC/407-C	Michael G. Wilding
Exhibit PAC/408-C	Michael G. Wilding
Exhibit PAC/409-C	Michael G. Wilding
Exhibit PAC/702-C	Judith M. Ridenour
Exhibit PAC/705-C	Judith M. Ridenour

In accordance with the Commission's Rules, the Commission has considered 1) the request for the listed documents included in Table 1 to be admitted as evidence and entered into the record of this proceeding, and 2) PacifiCorp's motion for confidential treatment of exhibits listed in Table 2. The Commission finds the requested relief appropriate, and the above exhibits listed in Table 1 are hereby marked, identified, and received into the evidentiary record and PacifiCorp's motion for confidential treatment of the exhibits in Table 2 is granted for a period of three years and may be extended if necessary. During this three-year period, information subject to confidential treatment shall not be publicly disclosed except on further Commission order or ALJ ruling. If any party believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for

extending confidential treatment by not later than 30 days before the expiration of this confidentiality treatment.

6. Conclusion

The Settlement addressing the GHG Surcharge and California Climate Credit satisfies all of the requirements for a settlement pursuant to Rule 12.1(d) and therefore should be approved. This proceeding remains open. All remaining issues identified in the Scoping Memo will be addressed through a subsequent decision.

7. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Jonathan Lakey in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. 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 and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

8. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Jonathan Lakey is the assigned ALJ in this proceeding.

Findings of Fact

1. The Settling Parties held a settlement conference on January 24, 2025, as required by Rule 12.1(b) of the Commission's Rules of Practice and Procedure with due notice to all parties to the proceeding.

2. The total amount of the residential and small business California Climate Credit to be distributed in 2025 is approximately \$23.3 million.

3. The proposed semi-annual residential and small business per-customer California Climate Credit for California PacifiCorp customers in 2025 is \$259.36.

4. The proposed 2025 GHG Surcharge is \$18.158 million. The impact of the proposed change to the GHG Surcharge is an overall rate increase of \$1.7 million. This amount is reasonably based on forecast 2025 costs for the procurement of GHG Emission Allowances for PacifiCorp's retail compliance obligation under California's Cap-and-Trade Program, plus a true-up related to actual costs for prior years, and adjustments for franchise fees and uncollectibles.

5. On January 27, 2025, the Settling Parties jointly moved for approval of their Settlement regarding PacifiCorp's 2025 GHG Allowance Program Costs and Climate Credits and requested the admission of documents into evidence, and PacifiCorp moved for confidential treatment of exhibits admitted into evidence on January 31, 2025.

6. No party has stated any opposition to the Settling Parties' proposed partial settlement.

Conclusions of Law

1. The GHG Emissions Allowance program costs and California Climate Credits determined in this proceeding are consistent with the methodologies set forth in prior Commission decisions.

2. The Settling Parties appropriately calculated the amounts of the GHG Emissions Allowance Program Costs determined in this proceeding and California Climate Credits to be returned to customers in 2025.

3. The Settling Parties' all-party Settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

4. It is reasonable to approve the Settlement.
5. Hearings on the issues the Settling Parties agreed to in the Settlement are not necessary.
6. This proceeding should remain open to address the remaining issues identified in the Scoping Memo.
7. It is reasonable to mark, identify, and receive exhibits in Section 5 Table 1 into the evidentiary record.
8. It is reasonable to grant PacifiCorp's motion for confidential treatment and identify the information in Section 5 Table 2 as confidential for a period of three years and receive it into the evidentiary record under seal. During this three-year period, information subject to confidential treatment shall not be publicly disclosed except on further Commission order or ALJ ruling. If any party believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for extending confidential treatment by not later than 30 days before the expiration of this confidentiality treatment.

O R D E R

IT IS ORDERED that:

1. The Settlement of PacifiCorp d/b/a Pacific Power, the California Farm Bureau Federation, and the Public Advocates Office at the California Public Utilities Commission dated January 27, 2025, and attached to this decision as Attachment A, is approved, and the Settling Parties' Motion for approval of the Settlement is granted.

2. Within five days of the effective date of this decision, PacifiCorp d/b/a Pacific Power (PacifiCorp) shall file a Tier 1 Advice Letter with tariffs to distribute approximately \$23.3 million through issuance of the semi-annual California Climate Credit for PacifiCorp California residential and small business customers in 2025 of \$259.36.

3. Within 30 days of the effective date of this decision, PacifiCorp d/b/a Pacific Power (PacifiCorp) shall file a Tier 1 Advice Letter to update its surcharge that recovers the costs for the procurement of Greenhouse Gas allowances for its retail compliance obligation under California's Cap-and-Trade Program in accordance with the Settlement of PacifiCorp, the California Farm Bureau Federation, and the Public Advocates Office at the California Public Utilities Commission dated January 27, 2025, and attached to this decision as Attachment A.

4. All Greenhouse Gas (GHG) related forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. GHG outreach and administrative expenses are subject to further review at the time of reconciliation.

Application 24-08-002 remains open.

This order is effective today.

Dated March 13, 2025, at Santa Clara, California.

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

MATTHEW BAKER

Commissioners