PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID# 23959

ENERGY DIVISION **RESOLUTION E-5396**

February 26, 2026

R E S O L U T I O N

Resolution E-5396. Implementation of PacifiCorp's d/b/a Pacific Power (PacifiCorp, Pacific Power, or Company) (U 901-E) Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(b) of Decision (D.) 24-05-028.

PROPOSED OUTCOME:

- Approves with modifications PacifiCorp's request to implement the Base Services Charge (BSC) pursuant to D. 24-05-028.
- Orders PacifiCorp to file a Tier 2 Advice Letter at least 60 days before the implementation of the BSC with updated total rates, tariff sheets, applicability, and bill analysis information.
- Affirms PacifiCorp's draft marketing plan as proposed.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

- Authorizes up to $196,500 of actual incremental implementation and Marketing Education and Outreach (ME&O) costs to be recorded in the Income Graduated Fixed Charge (IGFCMA) Memorandum Account.

By Advice Letter 744-E, submitted September 12, 2024 to service list (R.22-07-005), and Advice Letter 744-E-A, submitted November 6, 2024, and Advice Letter 744-E-B, submitted October 1, 2025.

SUMMARY

This Resolution approves with modifications PacifiCorp's (U 901-E) Advice Letter (AL) 744-E, AL 744-E-A, AL 744-E-B to implement an Income-Graduated Fixed Charge (IGFC, fixed charge, Base Services Charge, or BSC) for residential customers pursuant to Decision (D.) 24-05-028 (Decision) to accelerate the state's clean energy transition.

That Decision changes how investor-owned utilities (IOUs) bill residential customers for infrastructure-related costs. We anticipate the fixed charge not only lowers the price for a unit of electricity for all customers but also makes it more affordable to electrify homes and vehicles, regardless of income or where someone lives.

The BSC will be applied based on income tiers, with lower-income customers paying a lower charge and higher-income customers paying a higher charge. This approach means that the burden of the fixed charge is distributed more fairly and does not disproportionately affect lower-income households, including customers participating in the California Alternate Rates for Energy (CARE) program.[1] CARE customers who earn 100% of federal poverty guidelines or less are now eligible for additional savings through the new CARE Plus designation, which offers the lowest fixed charge level.

PacifiCorp's Advice Letters and supplements have demonstrated sufficient detail for a reasonableness review consistent with the Decision.

BACKGROUND

On June 30, 2022, California Assembly Bill (AB) 205 (Committee on Budget, Stats. 2022, ch. 61) became law, paving the way for the Commission to adopt a more equitable rate structure for residential customers and to direct the electric IOUs to collect a reasonable portion of the fixed costs of providing electric service for residential customers through a fixed charge. AB 205 required that the fixed charge be established on an income-graduated basis, with no fewer than three income thresholds.

On July 14, 2022, the Commission initiated Rulemaking (R.) 22-07-005 to establish demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California's electric system; (b) make electric bills more affordable and equitable; (c) reduce the curtailment of renewable energy and greenhouse gas emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of

[1] Qualifying low-income PacifiCorp households currently receive a 25% discount on electric bills from CARE.

electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers. Phase 1 of R.22-07-005 was organized into two concurrent tracks, and Track A established the fixed charge for residential rates for all electric IOUs in accordance with AB 205, including small and multi-jurisdictional electric utilities.

Whereas the fixed charge tier structure that was adopted for Pacific Gas and Electric (PG&E), Southern California Edison (SCE), San Diego Gas & Electric (SDG&E) (collectively, the Large Utilities) relied on enrollment in the CARE and Family Electric Rate Assistance (FERA) programs, a different tier structure was required for Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp d/b/a Pacific Power (collectively, the Small Utilities or SMJUs). Because the Small Utilities do not operate a FERA program, CARE is currently the only income-qualified rate discount available to customers served by the Small Utilities. Therefore, a different data collection and tier assignment process needed to be designed, developed, communicated, and implemented to comply with the three-income threshold requirement of AB 205. PacifiCorp, doing business as Pacific Power (PacifiCorp), is a multi-jurisdictional utility providing retail electric service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves approximately 47,800 customers in California, across more than 11,000 square miles in portions of Del Norte, Modoc, Shasta, and Siskiyou counties.[2]

On January 16, 2024, the Small Utilities and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a joint motion (Settlement Motion) for adoption of a Track A settlement agreement (Settlement Agreement). On February 14, 2024, CforAT, the Large Utilities, Sierra Club/California Environmental Justice Alliance (CEJA), the Solar Energy Industries Association (SEIA), and The Utility Reform Network (TURN), and the Natural Resources Defense Council (NRDC) (Collectively TURN/NRDC) filed comments on the Settlement Motion. On March 1, 2024, the Small Utilities, CEJA, and the Large Utilities filed replies to comments on the Settlement Motion.

On May 15, 2024, the Commission adopted Decision (D.)24-05-028 (the Decision) authorizing all electric IOUs—Large Utilities and the Small Utilities—to change the structure of residential customer bills in accordance with AB 205. The Decision generally requires the IOUs to change the structure of residential customer bills by shifting the recovery of a portion of fixed costs from volumetric rates to a separate, fixed

[2] D.23-12-016, Decision on Test Year 2023 General Rate Case for PacifiCorp, dba Pacific Power.

amount on bills without changing the total costs that utilities may recover from customers.

D.24-05-028 adopted a gradual, incremental approach to implementing AB 205 requirements, including the requirement that the fixed charge be "established on an income-graduated basis with no fewer than three income thresholds."[3] For the Large Utilities, the adopted billing structure was aligned with income-graduated fixed charges, built upon the existing income-verification processes of the utilities' existing income-qualified programs, which are already divided into three groups:

1) CARE for customers whose household income falls below 200% of the Federal Poverty Level (FPL),[4]
2) FERA, which offers an 18% discount on customer electricity bills for households with incomes between 200% and 250% of FPL, and
3) all other customers, who pay the default electric rate.

D.24-05-028 also approved some components the Settlement Agreement[5] filed by the Small Utilities and Cal Advocates on January 16, 2024, while noting that the record of the proceeding lacked sufficient evidence regarding which portion of each Small Utilities' base revenues are fixed costs. This Settlement Agreement summarized the agreed-upon PacifiCorp-specific Base Revenue IGFC amounts, below:[6]

a. **Tier 1** will be assigned to CARE customers with incomes of 0 to 100 percent of the Federal Poverty Guideline levels. Customers will need to attest to having eligible incomes; the initial base revenue fixed charge would be no more than $5.00/month for Single-Family Customers and $2.99/month for Multi-Family Customers.

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[3] AB 205.

[4] The Federal Poverty Level or Federal Poverty Guideline (FPG) Level is determined by the Department of Health and Human Services. Required by Section 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (42 U.S.C. 9902(2)) to be adjusted on at least an annual basis, based on the Consumer Price Index for All Urban Consumers. The poverty guidelines are used as an eligibility criterion for a number of need-based federal, state, and local programs.

[5] The Settlement Agreement is included as Attachment C of the Decision and included as the following link on the CPUC website. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M531/K686/531686022.pdf

[6] The settlement at page 9 included "Total Adjustment Rates Converted to a Fixed Charge" of $0.77 for Tiers 1-2, and $2.02 for Tier 3. This Advice letter only approves the base fixed charge, and not the "Total IGFC" which includes the adjustment component based on the recovery of specific revenue requirements.

b. **Tier 2** will be assigned to CARE customers with incomes above 100 percent and at or below 200 percent of the Federal Poverty Guideline levels; customers can continue to self-attest using existing certification methods. The initial base revenue fixed charge would be no more than $13.43/month for Single-Family Customers and $8.04/month for Multi-Family Customers.
c. **Tier 3** will be assigned to customers who do not qualify for the first or second tiers and are not enrolled in CARE. The initial base revenue fixed charge would be no more than $26.35 /month for Single-Family Customers and $15.77 /month for Multi-Family Customers.

The Settlement Agreement identified the "first version" of the total IGFC as consisting of two components: 1) a base revenue fixed charge, and 2) adjustment schedules that will be converted from volumetric rates to a fixed monthly charge.[7] In Conclusion of Law (COL) 46, the Decision (D. 24-05-028) approved of the Settlement Agreement, except for the fixed charge levels proposed by the Small Utilities.[8]

COL 58 of the Decision directed each of the Small Utilities to file a subsequent Tier 3 AL proposing fixed charges, including a list of base revenue cost categories to be recovered through the fixed charge, and an explanation of why each base revenue category is a fixed cost.[9]

The price table as included in the Settlement is excerpted below.[10]

[7] Settlement Agreement at page 14.
[8] D. 24-05-028 at pages 156.
[9] D. 24-05-028 at pages 158-159.
[10] Settlement Agreement at pages 9-10.

Table 1: Settled Fixed Charges

PacifiCorp			
Income Tier	**Base Revenue IGFC**	**Total Adjustment Rates Converted to a Fixed Charge**	**Total IGFC**
Single Family Tier 1: Up to 100% FPL	$5.00	$2.21	$7.21
Single Family Tier 2: 100-200% FPL	$13.43	$2.21	$15.64
Single Family Tier 3: >200% FPL	$26.35	$7.63	$33.98
Multi-Family Tier 1: Up to 100% FPL	$2.99	$2.21	$5.20
Multi-Family Tier 2: 100-200% FPL	$8.04	$2.21	$10.25
Multi-Family Tier 3: >200% FPL	$15.77	$7.63	$23.40

The reasonableness of the "Base Revenue IGFC" is to be determined through this Advice Letter process, which will be addressed in Section 1 of the Discussion, covering Rate Design. D.24-05-028 directed the SMJUs to provide details on the costs proposed for recovery through the base fixed charge, hence this resolution will only approve that component of the fixed charge.

While no specific methodology for calculating the base revenue fixed charges is described in the Settlement Agreement, the base revenue fixed charge for the first version total IGFC is set at a level that the settling parties asserted reasonably balances the interests and considerations of the parties. The adjustment schedules, the second component of the IGFC, are based on the recovery of specific revenue requirements that represent fixed costs for the SMJUs which include costs for CARE, Energy Savings Assistance, and Catastrophic Events that are incurred regardless of customer energy usage.[11]

As noted elsewhere in this document, The "Adjustment Rate" component, and thus the "Total IGFC", will be reviewed in the pending Tier 2 Advice Letter described in Ordering Paragraph (OP) 2.

Section 739.9(d)(1) of the Pub. Util. Code requires the IGFC to "[r]easonably reflect an appropriate portion of the different costs of serving small and large customers." The

[11] Settlement Agreement at page 14.

scope of this proceeding included an inquiry into whether IGFCs should be differentiated by the different costs of serving customers in single-or multi-family homes based on the number of meters at a property or whether the property has shared or dedicated line drops. While this concept had broad appeal amongst intervenors, PG&E and SDG&E claimed to not have this data, and would require substantial additional time and costs to collect and add it to their billing systems.[12]

In contrast, PacifiCorp proposed that its Base Service Charge[13] be lower for customers who live in multi-family dwellings. PacifiCorp noted that "This structure is easy for customers to understand and for the Company to implement, because it presently has basic charges differentiated by multi-family and single family in its Oregon service area that is contiguous with its service area in California."[14]

Accordingly, the Decision ordered the large utilities to each prepare a study on the collection and use of data to inform the design of income-graduated fixed charges that differentiate between single- and multi- family households and did not require the Large Utilities or Small Utilities, other than PacifiCorp, to differentiate its fixed charges based on customer size at this time.[15]

The Small Utilities Settlement Agreement proposed lower fixed charges for multi-family housing customers of PacifiCorp than single-family housing customers. No party opposed this provision of the Settlement Agreement, and the Decision approved the Settlement Agreement provision for PacifiCorp to reflect the different costs of serving small and large customers by imposing a lower fixed charge on customers in multi-family housing compared with customers in single-family housing.[16]

The new billing structure will apply to all residential rates of the electric IOUs, except for master-metered rates that are not sub-metered, separately metered electric vehicle rates for customers whose primary meter has a fixed charge, or rate schedules that are scheduled to be eliminated by the second quarter of 2026. The revenues from fixed charges will be applied to reduce volumetric rates equally across all time-of-use (TOU) periods.

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[12] D.24-05-028 at page 78.

[13] PacifiCorp residential customers served by the default Schedule D Residential Service tariff currently pay a $10.87/month Basic Charge. Customers served by the DL-6 CARE tariff receive a 25% CARE discount and pay $8.15/month.

[14] Direct Testimony of Robert M. Meredith, Director, Pricing and Tariff Policy in Rulemaking No. 22-07-005, Exhibit PAC/100. April 2023.

[15] D.24-05-028 OP 5 at page 163.

[16] D.24-05-028 at page 130.

D.24-05-028 established an Implementation Working Group (IWG) that is facilitated by the Commission's staff to assess and evaluate fixed charges to: (a) identify problems with implementation and ME&O efforts and suggest solutions at meetings, and (b) provide written recommendations to the Commission's staff about how lessons learned from the implementation of the fixed charge should influence the design of future fixed charges or alternative rate mechanisms.[17]

As directed in D.24-05-028 for implementation of the fixed charge, PacifiCorp (1) submitted a Tier 1 AL (AL 245-E) on June 28, 2024, to establish a new IGFC memorandum account (IGFCMA) and a new IGFC balancing account (IGFCBA);[18] (2) participated in the Large utilities' Fixed Charge ME&O Workshop on July 10, 2024,[19] and (3) filed this timely Tier 3 advice letter.[20]
This advice letter must contain:

(i) a list of all base revenue cost categories that the utility proposes to recover through its income-graduated fixed charges and the revenue requirement associated with each cost category;
(ii) an explanation of why each listed base revenue cost category is a fixed cost similar to a category approved for recovery through this decision;
(iii) the revenue requirement for each of the fixed cost categories approved in this decision, if applicable to the utility;
(iv) an explanation of how each base revenue cost category was converted from the current volumetric rate to a new per customer rate, if it is incremental to the current fixed charges;
(v) proposed fixed charge levels;
(vi) a bill impact analysis demonstrating that both Tier 1 and Tier 2 customers with average electricity usage in each baseline territory will realize a bill savings compared to currently effective rates;

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[17] D.24-05-028 at page 101.
[18] PacifiCorp submitted AL 741-E, which was supplemented by AL 741-E-A, which accepts the recommendation brought forward by Cal Advocates to incorporate the term 'incremental' in the definition of the preliminary statement. The filing made the recommended modification: it provides clarity and better aligns the Company's IGFCMA with the other IOUs. Energy Division approved the unprotested AL on September 30, 2024.
[19] Ibid., OP 10 (a). At this workshop, the Joint Utilities proposed an aligned terminology and messaging strategy which renamed the Income Graduated Fixed Charge (IGFC) to a Base Services Charge (BSC). This naming convention was adopted by the Commission through Resolutions SCE Res E-5356, SDG&E Res E-5355, PG&E Res E-5354.
[20] D.24-05-028 OP 10 (b).

(vii) a proposed implementation and administrative costs budget, with a breakdown by line-item and a justification for each line-item[21]; and

(viii) information about how and when customers will be informed about the opportunity to be placed in Tier 1 and how to reduce barriers to enrolling in Tier 1.[22]

PacifiCorp has filed two supplements: the first, AL 744-E-A, refined aspects of its Marketing, Education & Outreach (ME&O) plan based on feedback from the Public Advocates Office to provide additional detail and supporting information used to develop the proposed ME&O plan in the following areas: 1) Reach and potential impact, 2) Budget / costs (including refinements), 3) Cost description / justification, and 4) Cost assumption notes. It also refined expenses for ME&O activities to $167,000, which is slightly below the original proposal made in Advice Letter 744-E.

AL 744-E-B, filed October 1st 2025, incorporated feedback from Energy Division Staff to refine aspects of its CARE program application, providing additional detail explaining changes made to PacifiCorp's CARE application regarding the collection of customer income information as it relates to the IGFC tiers. The filing featured a new CARE Application Form, which introduces the CARE Plus program and its benefits, and introduces what information is necessary to qualify for enrollment in CARE Plus or CARE. Additionally, PacifiCorp provides notification regarding changes in the timing of its marketing plan and the IGFC roll out to account for the modifications, review and approval of these advice letters.

NOTICE

Notice of AL 744-E was made by publication in the Commission's Daily Calendar. PacifiCorp states that a copy of the AL and its supplements were mailed and distributed in accordance with Section 4 of General Order (GO) 96-B on the following dates:

September 12, 2024	AL 744-E
November 6, 2024	AL 744-E-A
October 1, 2025	AL 744-E-B

[21] D.24-05-028 OP 10(b).

[22] D.24-05-028 COL 51.

PROTESTS

PacifiCorp's AL 744-E was timely protested on October 2, 2024 by Cal Advocates. Cal Advocates argued that PacifiCorp's proposed ME&O plan failed to provide sufficient justification for each of the line-items in its proposed ME&O budget and therefore did not provide the level of detail required under D. 24-05-028. Cal Advocates sent a data request to PacifiCorp on September 18, 2024 asking PacifiCorp to provide additional information on how it calculated each budget-line, including any sub-costs and historical cost data that PacifiCorp used to inform its budget-lines. PacifiCorp provided a response on the afternoon of October 2, 2024; however, this was not received in time to incorporate and review before Cal Advocates submitted its protest on the same day.

Cal Advocates recommended that the Commission require PacifiCorp to submit a supplemental advice letter with revised ME&O budget line-item justifications. The budget line-item justifications in this supplemental advice letter should clearly explain how PacifiCorp arrived at each of its budget lines, including (1) identification of all sub-costs and how they were calculated, and (2) documentation of previously incurred costs which PacifiCorp used to inform its cost estimates, and the submission of a supplement allows all parties to properly review PacifiCorp's proposal.

On November 6, 2024, PacifiCorp submitted supplemental AL 744-E-A, which provided additional detail on its ME&O budget. Cal Advocates subsequently withdrew its protest of AL 744-E on November 14, 2024.

DISCUSSION

The Commission has reviewed the AL, protest, withdrawal, supplemental ALs, and PacifiCorp's responses to data requests submitted by Cal Advocates and Energy Division staff.

1. Rate Design

In Decision (D.) 24-05-028 (Decision), OP 8, the Commission approved the majority of the Rulemaking (R.) 22-07-005 Settlement Agreement between the Small Utilities and the California Public Utilities Commission's Public Advocates Office (Cal Advocates) including the IGFC income tiers and rate design, income verification methodology, recovery of implementation and administration costs, and balancing of revenue methodology.

The Commission determined that in the Settlement, specific base fixed charge levels were established, but a specific methodology for determining which cost categories were included in those values, was not defined. The Decision did not approve the Settlement's proposal for each of the Small Utilities base revenues and proposed fixed charge levels. However, the Commission did grant an opportunity for the Small Utilities to justify the base revenue requirement levels and OP 10 required each Small Utility to include the following information in a Tier 3 advice letter:

a. a list of all base revenue cost categories that the utility proposes to recover through its income-graduated fixed charges and the revenue requirement associated with each cost category;
b. an explanation of why each listed base revenue cost category is a fixed cost similar to a category approved for recovery through D.24-05-028;
c. the revenue requirement for each of the fixed cost categories approved in D.24-05-028, if applicable to the utility;
d. an explanation of how each base revenue cost category was converted from the current volumetric rate to a new per customer rate, if it is incremental to the current fixed charges;
e. proposed fixed charge levels; and
f. a bill impact analysis demonstrating that both Tier 1 and Tier 2 customers with average electricity usage in each baseline territory will realize bill savings compared to currently effective rates.

In AL 744-E PacifiCorp provided details on each of these elements.

1.1. Base Revenue Cost Categories and Fixed Costs

OP 10 of D.24-05-028 requested each of the SMJUs to provide a list of all base revenue cost categories intended to be recovered through their respective income-graduated fixed charges, and an explanation of why each listed base revenue cost category is a fixed cost similar to a category approved for recovery through D.24-05-028. The Decision identified fixed cost categories as Marginal Customer Access Costs, Public Purpose Program non-by passable charges, New System Generation charges, Local Generation charges, and Nuclear Decommissioning non-by passable charges.

In compliance with OP 10, PacifiCorp proposes to include Marginal Customer Access Costs in its fixed charge, which are made up of transformer (100%), service drop (59.5%), meter (59.5%), and customer accounting costs (59.5%). However, PacifiCorp argues that Marginal Customer Access Costs are the only fixed cost category mentioned in the Decision that is applicable to PacifiCorp. As a result, it argued that FERC Account 593 (Maintenance of Overhead Lines) expenses should also be considered a fixed cost, of which 46.75% are included in the fixed charge. FERC Account 593 expenses encapsulate the cost of performing routine maintenance on distribution poles and conductor and tree trimming. PacifiCorp notes that these costs primarily consist of third-party and labor costs and are driven by the number of miles of overhead circuit that exist to connect customers to service, not customer volumetric energy usage. Thus, PacifiCorp argues that these expenses should rightfully be considered non-by passable and similar to Marginal Customer Access Costs for inclusion in fixed charges. PacifiCorp included only a portion of these costs enabling it to set rates at levels that were in the Settlement Agreement thereby moderating bill impacts for individual customers. This proposal was uncontested, and the Commission finds PacifiCorp's approach reasonable and compliant with OP 10 of D.24-05-028.

1.2. Volumetric Rate Conversion to Customer Rates

PacifiCorp proposes to convert volumetric rates to fixed charges in a revenue-neutral manner. They determined the increase in fixed charge revenue from the proposed fixed charges and reduced volumetric charges by the average per kilowatt-hour rate that offsets the increased fixed charge revenue. This results in an offsetting volumetric charge reduction of 1.144 c/kWh. PacifiCorp provided a table (included below) in AL 744-E demonstrating its calculations.

Table 2: Calculating Proposed Income Graduated Fixed Charges by Customer Type and Offsetting Volumetric Rate Reduction.

	Tier 3 Default Non-Low-Income	Tier 2 100% - 200% of Federal Poverty Level	Tier 1 ≤ 100% of Federal Poverty Level	Total
Total Customer Count	24,949	7,146	4,501	36,596
Single Family Customer Count	21,628	6,202	3,906	31,736
Multi-Family Customer Count	3,321	944	595	4,860
Discount	0%	49.01%	81.02%	
Single Family Base Services Charge	**$26.34**	**$13.43**	**$5.00**	
Multi-Family Base Services Charge	**$15.77**	**$8.04**	**$2.99**	
Prop. Base Services Charge Rev.	$7,464,644	$1,090,632	$255,709	$8,810,985
Present Basic Charge Revenue				$4,459,598
Energy Usage (kWh)	257,254,174	75,494,856	47,548,634	380,297,664
Reduction to Energy Charge (¢/kWh)				**1.144**

PacifiCorp also described how current adjustment schedule rates would be converted from volumetric to fixed charges, specifically the CARE program surcharge, Energy Savings Assistance Program surcharge, the Public Purpose Program surcharge, and the Catastrophic Event Memorandum Account adjustment. To calculate the conversion to the fixed charge, the total revenues collected from each rate schedule on the updated test period was taken and divided by the number of customers in the updated test period. A "net fixed charge" (total fixed charge) would therefore include "adjustment rates" or residential surcharges converted from a volumetric rate to a fixed monthly charge. The total fixed charges are the sum of the base fixed charges and adjustment rates.

The Commission does not believe this Resolution is the right venue to approve PacifiCorp's conversion of volumetric adjustment schedules to monthly charges because the revenue requirements associated with these costs will continue to change prior to implementation of the fixed charge. The Commission will direct PacifiCorp to file a Tier 2 AL at least 60 days prior to the implementation of the BSC to finalize its adjustment schedule conversion and total fixed charge.

1.3. Proposed Base Fixed Charge Levels

In AL 744-E PacifiCorp proposes base fixed charge levels that are almost identical to those it agreed to in the Settlement Agreement. After updating the test period to its most recently approved general rate case, PacifiCorp notes the base revenue requirement in its proposed fixed charge levels is only very slightly different due to rounding and the complexities of using three income tiers and two dwelling categories (single family and multi-family). Table 3 below provides PacifiCorp's newly proposed fixed charges from AL 744-E-A, which are very similar to those it proposed in the Settlement Agreement:

Table 3: Proposed Fixed Charges

	Tier 3 standard/default	**Tier 2 - CARE** 100-200% FPL	**Tier 1 - CARE Plus** ≤ 100% FPL
Single Family	$26.34	$13.43	$5.00
Multifamily	$15.77	$8.04	$2.99

This proposal was uncontested, and the Commission finds PacifiCorp's proposed base monthly fixed charges reasonable and compliant with OP 10 of D.24-05-028.

1.4. Bill Impact Analysis

PacifiCorp also included analysis of present rates and proposed base fixed charges for residential customers and the subsequent bill impacts. It included a Table (copied below) that summarized the rates for an average residential customer using 850 kWh/month, showing the percentage change in the average customer's monthly bill.

Table 4: Bill Impact Analysis by Income-Graduated Fixed Charge

Tier 3 - Non-CARE Customers			Percentage Change in Monthly Bill	
Schedule D Single Family			Summer	Winter
	Del Norte County	Basic Use	3.69%	3.80%
		All Electric	3.69%	3.87%
	Outside Del Norte County	Basic Use	3.67%	3.78%
		All Electric	3.69%	3.87%
Schedule D Multi-Family				
	Del Norte County	Basic Use	-2.26%	-2.33%
		All Electric	-2.27%	-2.38%
	Outside Del Norte County	Basic Use	-2.25%	-2.32%
		All Electric	-2.27%	-2.38%

Tier 2 - CARE Customers, Income 101%-200% FPL				
Schedule DL-6 Single Family			Summer	Winter
	Del Norte County	Basic Use	-1.11%	-1.15%
		All Electric	-1.11%	-1.17%
	Outside Del Norte County	Basic Use	-1.11%	-1.14%
		All Electric	-1.11%	-1.17%
Schedule DL-6 Multi-Family				
	Del Norte County	Basic Use	-5.27%	-5.44%
		All Electric	-5.29%	-5.54%
	Outside Del Norte County	Basic Use	-5.25%	-5.41%
		All Electric	-5.28%	-5.54%

Tier 1 - CARE Customers, Income <= 100% FPL				
Schedule DL-6 Single Family			Summer	Winter
	Del Norte County	Basic Use	-7.62%	-7.86%
		All Electric	-7.64%	-8.01%
	Outside Del Norte County	Basic Use	-7.58%	-7.81%
		All Electric	-7.63%	-8.01%
Schedule DL-6 Multi-Family				
	Del Norte County	Basic Use	-9.17%	-9.46%
		All Electric	-9.19%	-9.64%
	Outside Del Norte County	Basic Use	-9.13%	-9.40%
		All Electric	-9.18%	-9.64%

In Appendix A of AL 744-E, PacifiCorp also detailed how the proposed fixed charge rates would lead to revenue neutrality of the proposed changes and bill impacts at various usage levels. This proposal was uncontested, and the Commission finds PacifiCorp's approach reasonable and compliant with OP 10 of D.24-05-028.

Since ALs 744-E and 744-E-A only provided bill impact analysis using the BSC base rate design (rather than the total fixed charge), the Commission directs PacifiCorp to file an additional bill analysis in a Tier 2 AL at least 60 days prior to the implementation of the BSC. This subsequent Tier 2 AL will use the BSC total fixed charge, which comprises the base fixed charge and most current adjustment schedule rates converted to a monthly charge.

2. Tier Assignments

AB 205 requires that the "fixed charge shall be established on an income-graduated basis with no fewer than three income thresholds."[23] The Decision thus required each utility to design its IGFCs accordingly. The large IOUs assigned their customers to three tiers based on their two existing income-qualified programs, CARE and FERA.

It would not be possible to apply the same criteria to PacifiCorp, because the small utilities do not administer a FERA program.[24] Therefore, a different rate structure was adopted, as proposed by the Settlement Agreement:

a. **Tier 1**, marketed as "CARE Plus[25]" will be assigned to CARE customers with incomes of 0 to 100 percent of the federal poverty guidelines (FPG). Most current customers on CARE who qualify for the Tier 1 CARE Plus rate must take additional action to be assigned to the lowest Base Services Charge[26].
b. **Tier 2,** marketed as CARE**,** will be assigned to CARE customers with incomes above 100 percent or below 200 percent of FPG levels. Like CARE customers served by the Large Utilities, these customers will not need to take action to remain on the CARE rate and qualify for the middle-tier Base Services Charge.
c. **Tier 3** will be assigned to non-CARE customers who do not qualify for the first or second tiers.[27]

[23] AB 205 amending Cal. Pub. Util. Code § 739.9(e)(1).
[24] D.24-05-028 Finding of Fact (FOF) 23.
[25] CARE Plus was introduced in Supplemental Filing 744-E-A.
[26] PacifiCorp started to collect income information from CARE participants beginning in late 2024, per 744-E-A at page 9
[27] D.24-05-028 at 120.

While TURN/NRDC did not oppose the Settlement Agreement, they did express concerns about the method of assigning customers between the two low-income tiers. Specifically, they noted that the Settlement Agreement did not provide clear guidance on how CARE customers would be assigned to one of the two low-income tiers. According to the Joint Motion, "SMJUs will verify income using the existing California Alternative Rates for Energy (CARE) application process, as amended to obtain information for the additional 0-100% of FPL level." Until the CARE application process is amended, it does not appear that the SMJUs will have adequate income data to reasonably determine to which low-income tier CARE customers should be assigned."[28] The Commission echoed this concern, and in response, required each Small Utility to provide information in their Tier 3 implementation advice letter about when and how customers will be informed about the opportunity to be placed in Tier 1 and how to reduce barriers to enrolling in Tier 1.[29]

AL 744-E did not initially provide this information, but PacifiCorp did subsequently provide a draft CARE Application as a part of Supplemental Filing AL 744-E-B. The Commission has reviewed this information, and finds it consistent with the Decision, as detailed below. The Commission does note that updated DL-6 CARE Tariff sheets should also be updated to be consistent with the changes submitted with the CARE Application revised through AL 744-E-B, and orders PacifiCorp to update them accordingly in the Tier 2 AL described in OP 2.

2.1. Tier Assignment by Income

As noted in the Settlement Agreement, PacifiCorp proposes to assign customers to their appropriate tiers according to their CARE status.

Accordingly, PacifiCorp proposes the following tier assignment processes:

- CARE Plus: (Tier 1) PacifiCorp will assign customers who attest to having eligible incomes through the revised CARE application process.
- CARE: (Tier 2) PacifiCorp will assign all customers currently enrolled in CARE to Tier 2 without the need for the customer to take any action. Going forward, customers who enroll in CARE and do not attest to earning a household income level that would qualify them for CARE Plus will automatically be enrolled in this tier.

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[28] Response of NRDC and TURN to the Joint Motion for Adoption of the Track A Settlement Regarding First Version Income-Graduated Fixed Charges for the Small IOUs, No. R.22-07-00, at 2.
[29] D.24-05-028 at page 121.

- Non-CARE: (Tier 3) all other customers are defaulted to this rate.

2.1.1. Tier 1 – CARE Plus Tier Assignment

The Commission had already found it "reasonable for the Small Utilities' income-graduated fixed charges to rely on their existing CARE income verification processes as amended to obtain income information from customers with incomes between 0 to 100 percent of Federal Poverty Guideline levels."[30] However, "even for low-income program customers, the SMJUs do not collect and store income and household size for CARE participants,"[31] so it is unclear how these eligible customers would be assigned to the appropriate, lowest BSC by PacifiCorp if the Company has not stored the requisite income data, as claimed.

In its Advice Letter filing, PacificCorp noted that it would communicate to customers that "as a CARE participant, a lower Base Services Charge (Tier 1 or 2) will automatically be applied to your account, based on recent income information you submitted as part of your CARE application or recertification."[32] Energy Division review of PacifiCorp's current CARE application[33] shows that the existing CARE application does not indicate to customers that they would need to provide income information in order to qualify for this future CARE Plus program.

So while PacifiCorp claims that now, "Pacific Power is starting to collect income information from CARE participants beginning in late 2024 that will be used to determine whether customers qualify for Tier 2 (CARE) or Tier 1 (CARE Plus),[34]" it isn't clear to customers that providing this income information could, in the near-future, qualify them for the substantial bill savings afforded to CARE Plus customers. Furthermore, CARE renewal is only required every four years[35] so these households are unlikely to renew their eligibility soon.

The Advice Letter also did not include an amended CARE application which would demonstrate consistency with the Decision or the declared claim above. Customers who had previously qualified for CARE through their participation in other Public Assistance Programs, also known as categorical eligibility, would not know that there

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[30] D.24-05-028, COL 48 at page 157.
[31] Settlement Agreement at 16, citing Opening Testimony of PacifiCorp, Exhibit PAC-01 at 21:13-24:3.
[32] AL 744-E at page 10.
[33] Pacific Power CARE Print Application Form (2025, June).
Available at https://www.pacificpower.net/my-account/payments/bill-payment-assistance/california-care-program.html
[34] PacificCorp AL 744-E-A at page 9.
[35] "For households on a fixed-income, renewal is every four years." https://www.pacificpower.net/my-account/payments/bill-payment-assistance/california-care-program.html, accessed October 2025.

may be a benefit to now share their income. Furthermore, the revised Tariff Sheets submitted with the Advice Letter[36] did not include the income thresholds for 100% of FPG. Instead, it states "Low-Income Households may qualify instead for Tier 1 Base Services Charges if the total gross income from all sources is half of the income shown on the table in Special Condition 1 above based on the number of persons in the household." Staff expressed concerns that this would be confusing to potential CARE Plus customers, especially because there are no other references to "CARE Plus" on the proposed DL-6 (CARE) Tariff Sheet revisions.

Energy Division recommended PacifiCorp file a supplement including a modified CARE application, which was filed as AL 744-E-B on October 1, 2025. The revised CARE Application provides information about why income data is being collected but does not obligate standard CARE customers to provide income information if they qualify through categorical eligibility. It clarifies that "Customers whose income falls below 100% of FPL, as shown in the CARE Plus column in the table to the right, will receive an ***additional discount*** on their Base Services Charge."[37]

It further explains that for customers "**to qualify for CARE Plus, please provide your annual income and household size in the boxes below** so we can also apply the lowest Base Services Charge on your monthly bill beginning in 2026." This additional direction makes it clear to new and recertifying CARE applicants that household income information is not optional to qualify for the lowest Basic Service Charge and effectively reduces barriers to Tier 1 adoption.

2.1.2. Tier 2 – CARE Tier Assignment

CARE customers, including those who qualify for CARE through categorical eligibility, are automatically defaulted to the Tier 2 CARE Base Services Charge unless they qualify for Tier 1 by providing specific income information through the revised CARE/CARE Plus application as described in the prior section.

In section three of this resolution describing the ME&O plan, we note that PacifiCorp will provide direct mail targeting CARE-eligible customers who are not currently enrolled in CARE, enrolled CARE Customers, and Medical Baseline & Access and Functional Needs (AFN) customers with targeted messages to inform them of the new BSC. It assures current CARE customers that no additional action will be required to remain in CARE, but additional action is required to enroll in CARE Plus.

[36] AL 744-E at page 52, Schedule DL-6 (CARE), Special Condition 6.
[37] AL 744-E-B at page 8, Attachment A.

2.1.3. Tier 3 Placement – Default Assignment

PacifiCorp notes that all other residential customers not assigned to Tier 1 or Tier 2 as described above will be assigned to Tier 3. These customers will pay a higher base services charge than before, but a lower volumetric rate.

2.2. Tier Assignments by Housing Type

2.2.1. Applicability to Optional Rates and Master Metered Rates

D.24-05-028 states that "[i]n balancing administrative efficiency while minimizing rate shopping and equity and consistent with the Decision, the Commission continues to find it reasonable to authorize IGFCs for all of the Small Utilities' default and optional residential rate schedules, with the following exceptions: master-metered rates that are not sub-metered, separately-metered electric vehicle rates for customers whose primary meter has an income- graduated fixed charge, and rate schedules that are scheduled to be eliminated by the second quarter of 2026."[38] PacifiCorp's Advice Letter filing[39] included updated Tariff Sheets for each affected residential rate and proposed updates, which helped clarify the applicability of the BSC to these specialized rates. Energy Division has reviewed the proposed tariff sheets, particularly Schedule D and DS-8 for Multi-Family Residential Service and find their applicability sections to be consistent with the Decision.

2.2.2. Multi-Family Housing

As discussed in Section 1 of this Resolution as it relates to Rate Design, PacifiCorp has proposed differentiated fixed charges for multi-family, separately-metered dwelling units. Pursuant to OP 5 of the Decision, the Large IOUs were required to jointly host a public workshop and present their findings on methods and results of IOU studies regarding residential single and multi-family housing as it relates to the Base Services Charge.

In this workshop, held February 26th, 2025, PacifiCorp explained that it already has a code in its billing system that designates and maintains dwelling type. Consistent with PacifiCorp's existing Energy Service Requirements (ESR) manual, a Multi-Family Home is a residential building that contains *three or more dwelling units*, so the only improvements needed were billing enhancements to display the differences on the PacifiCorp California energy statement, or electric bill.

[38] D.24-05-028 at 133.
[39] PacifiCorp AL 744-E, Attachment C.

However, these clarifications are not included in the proposed updated Tariff Sheets.[40] Instead, the proposed new language notes the following: "11. Single Family and Multi-Family Base Services Charges shall apply to Single Family Residential Customers and Multi-Family Residential Customers as defined in Rule 1 of this tariff."
The afore-mentioned Tariff does not include a Rule 1, and Special Condition 1[41] of the Schedule D Tariff relates to motor size.[42] Energy Division believes that PacifiCorp intended to reference the Multiple Dwelling Units Definition in Rule No. 1 of PacifiCorp's Tariff Book.[43] Here, multiple dwelling units are defined as:

> MULTIPLE DWELLING UNITS: An apartment building, duplex, court group or any other combination of *two or more residential units* located upon a single premises, providing the residential units therein meet the requirements for a single family dwelling.

The Commission orders PacifiCorp to clarify and resubmit its tariff sheets in a Tier 2 AL as defined in OP 2 of this resolution to align the tariff sheets with the CARE application approved though this resolution. This AL should be filed 60 days prior to implementation of the BSC.

PacifiCorp provided a line-item budget of $29,500 for customer billing system enhancements to make a change to its billing system to accommodate the multi-family basic charge in the bill message box. These expenses would be recorded to the IGFCMA.[44]

3. Proposed ME&O Plan

PacifiCorp points out differentiating factors that make the Company's ME&O Approach unique. Primarily, "PacifiCorp is not starting at a place where its fixed charge is zero like the Large Utilities. Presently, PacifiCorp's residential Basic Charge (which will be renamed Base Services Charge to align with the terminology used by the other

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[40] PacifiCorp AL 744-E-A at page 53, Schedule D Residential Service Special Condition 11.
[41] PacifiCorp AL 744-E-A at page 52.
[42] AL 744-E at page 49. "Special Condition 1: No motor load shall exceed a total of 7 1/2 horsepower connected at one time."
[43] Accessed at: https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/california/rules/01_Definitions.pdf (pg. 4)
[44] PacifiCorp AL 744-E at page 2.

California electric IOUs) is $10.16 per month.[45] The concept of a fixed charge will not be new to PacifiCorp customers, so the communications objectives are simply to:

- Increase awareness of the new rate structure among all customers and encourage all CARE-eligible customers who are not currently enrolled to apply.
- Explain why the changes are happening, how their rates will be affected, and direct customers to additional resources for savings opportunities.

PacifiCorp proposed a two-phased ME&O plan. The first phase, originally intended to begin 120 days prior to implementation, focuses on preliminary outreach regarding the coming rate changes and encourages all CARE-eligible customers who are not currently enrolled to apply. The second phase adds enhancements to visuals and messages. Appropriately, PacifiCorp identified four target audiences with differentiated highlighted messages:

- **Residential customers**: PacifiCorp is implementing changes to residential customer rates in 2026 to include an adjusted BSC and a lower energy charge.
- **CARE-eligible customers who are not currently enrolled:** PacifiCorp is implementing changes to residential customer rates in 2026. Customers with qualifying incomes will pay a lower BSC.
- **CARE customers**: A lower BSC for CARE or CARE Plus will automatically be applied, based on recent income information submitted as part of CARE application or recertification.
- **Multifamily customers:** Customers who live in apartments or multifamily properties with three or more housing units will automatically pay a lower Base Services Charge.

PacifiCorp AL 744-E-A provided additional detail and supporting information to develop the proposed ME&O plan in the following areas: 1) Reach and potential impact, 2) Budget / costs (including refinements), 3) Cost description / justification, and 4) Cost assumption notes. It also updated the marketing term for its Tier 1 services charge eligibility to "CARE Plus[46]" to align with the other IOUs evolving marketing plans.

It further refined its Target Audiences to include two additional target groups with customized messaging:

- **CARE Plus customers**: CARE Plus participants will automatically pay the lowest Base Services Charge starting in 2026.

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[45] Advice Letter 744-E-A at page 22. This Basic Charge has since been raised to $10.87/month. Customers served by the DL-6 CARE tariff receive a 25% CARE discount and pay $8.15/month

[46] Advice Letter 744-E at page 9 referenced the Tier 1 rate as "CARE Enhanced".

- **Medical Baseline & Access and Functional Needs (AFN) customers**: These customers rely on affordable electricity to power their homes and medical equipment. They are being informed about important changes to residential customer rates.

Estimated costs for ME&O activities were further refined and reduced to $167,000, as summarized below.[47]

Table 5: ME&O Budget

	Budget / Costs
Budget Phase 1 (2025)	$61,900
Budget Phase 2 (2026)	$105,100
Marketing, Education & Outreach	$167,000

Lastly, PacifiCorp incorporated Energy Division lessons learned and feedback to provide updates to its CARE program application filing AL 744-E-B. While PacifiCorp previously anticipated initiating Phase 1 of its BSC marketing plan at least 120 days prior to the fixed charge becoming effective, this is no longer feasible given the required implementation date for the BSC; accordingly, PacifiCorp requests that the final order authorize the Company to begin marketing and submit necessary tariff updates at least 60 days prior to the BSC's effective date. The modification is granted.
The Commission appreciates the extra work PacifiCorp has engaged in to clarify its Base Services Charge messaging in its supplemental filings and finds it to be reasonable and consistent with the Decision.

4. Total Budget

The Settlement Agreement did not propose a budget for the Small Utilities' implementation costs. As directed in D.24-05-028, PacifiCorp has proposed the following costs, which shall be recorded to the IGFCMA established through Energy Division's approval of PacifiCorp AL 741 AL, 741-E-A, and 741-E-B. The Commission has reviewed the proposed implementation costs below, and finds them to be consistent with the Decision and PacifiCorp AL 741 AL, 741-E-A and 741-E-B.

[47] AL 744-E-A at page 15, slightly below the original proposal of $180,000 made in Advice Letter 744-E.

Table 6: Total BSC Implementation Budget

	Budget / Costs
Multi-family BSC billing system enhancement	$29,500
Marketing, Education & Outreach	$167,000
Total Budget	$196,500

COMMENTS

"Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today."

FINDINGS

1. AB 205 (Committee on Budget, Stats. 2022, ch. 61) authorized the California Public Utilities Commission (Commission) to adopt an equitable rate structure for residential customers and to direct the electric investor-owned utilities to collect a reasonable portion of the fixed costs of providing electric services for residential customers.
2. Decision (D.) 24-05-028 authorized all electric investor-owned utilities to change the structure of residential bills in accordance with AB 205.
3. D. 24-05-028 adopted a three-tier structure for the income graduated fixed charge for each investor-owned utility to adopt and set specific rate design guidelines addressing which revenues may be collected through the fixed charge.
4. Implementing a three-tier rate structure for the income-graduated fixed charge requires an amendment to PacifiCorp's existing CARE application income verification process.

5. It is reasonable for PacifiCorp to include the listed base revenue cost categories it proposed in AL 744-E to be recovered through its income-graduated fixed charges. The Commission finds the explanation of why these base revenue cost categories should be considered fixed charges to be reasonable.
6. It is reasonable for PacifiCorp to use its proposed methodology in AL 744-E to convert the adjustment schedules listed from volumetric rates to fixed charges.
7. It is reasonable for PacifiCorp to update all eligible residential rate schedules and tariffs to include its proposed Tier 3, Tier 2, and Tier 1 fixed charges. The Commission also finds PacifiCorp's bill analysis demonstrating the bill savings of Tier 1 and 2 customers under the proposed fixed charge in each baseline territory to be satisfactory.
8. PacifiCorp anticipates filing a Tier 2 advice letter in 2026 to update rates as part of the Base Services Charge implementation.
9. Most Customers who are eligible for the Tier 1 CARE Plus rate must take additional action to be assigned to this lowest Base Services Charge.
10. Customers who qualify for CARE under categorical eligibility criteria must provide additional household size and income information to qualify for CARE Plus.
11. Through its supplemental filings, PacifiCorp provided sufficient information to show that it intends to reduce barriers to CARE Plus enrollment by providing targeted, specific information about the additional steps needed to enroll in CARE Plus and by supplementing with a revised CARE and CARE Plus application.
12. PacifiCorp's line-item budget of $29,500 to implement an enhancement to its customer billing system to accommodate the multi-family basic charge in the bill message box is reasonable.
13. PacifiCorp's line-item budget totaling no more than an incremental approved budget of $167,000 to cover IGFC ME&O expenses is reasonable.

<u>THEREFORE, IT IS ORDERED THAT:</u>

1. The request of PacifiCorp to implement the fixed charge for residential customers as proposed in Advice Letter 744-E, Advice Letter 744-E-A, and Advice Letter 744-E-B is approved with modifications.
2. PacifiCorp shall file a Tier 2 Advice Letter at least 60 days before the implementation of the fixed charge with changes to the volumetric rate components of all residential tariffs active in 2025 (excluding legacy rates), which must include the following:

a. Specification of the proposed loading order and cost component breakdown for each tier of the fixed charge utilizing the latest revenue requirement data.
b. Updated Bill Impact Rate Analysis workpapers with the updated total Base Services Charge, including converted adjustment rates.
c. Plans to convert volumetric adjustment rates to monthly tiered fixed charges to be layered on top of the base fixed charge to create a total fixed charge, using the most current values and revenue requirements.
d. Clarification of Special Condition 11 in Schedule D and Rule 1 in PacifiCorp's Tariff Books to consistently and clearly define Single and Multi-Family dwellings.
e. Clarification of the DS-6 CARE rate to include references to CARE Plus, including CARE Plus income limits.

This Resolution is effective today.

Commissioner Signature blocks to be added upon adoption of the resolution

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 26, 2026; the following Commissioners voting favorably thereon:

Dated February 26, 2026, at_________, California