Decision 26-02-041 February 26, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PacifiCorp (U 901 E) for Approval of its 2026 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue.	Application 25-08-001

DECISION APPROVING SETTLEMENT REGARDING PACIFICORP'S 2026 GREENHOUSE GAS EMISSIONS ALLOWANCE PROGRAM COSTS AND CLIMATE CREDITS

Summary

This decision approves the December 5, 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. The Settlement resolves all the issues raised with respect to the California Greenhouse Gase Emissions Allowance program costs and Climate Credits in PacifiCorp's 2026 Energy Cost Adjustment Clause Application.

This decision approves a semi-annual California Climate Credit for 2026 for residential and small business customers of $111.83, a decrease from the 2025 semi-annual amount of $259.36.

This proceeding remains open to address all other issues within the scope of PacifiCorp's Energy Cost Adjustment Clause Application.

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 customer 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 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

[1] Joint Motion for Approval of Written Settlement (Motion) Attachment A at 1, *citing* The California Global Warming Solutions Act of 2006, Assembly Bill (AB) 32, Statutes of 2006, Chapter 488.

[2] Motion, Attachment A at 3.

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, 2025, PacifiCorp filed Application (A.) 25-08-001 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) continue allocations under Schedule No. NEMVS-139 Virtual Net Energy Metering for Solar on Multifamily Affordable Housing Program (SOMAH).[5] On September 8, 2025, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a motion for party status that was granted in a Ruling on September 9, 2025. On September 11, 2025, the California Farm Bureau Federation (Farm Bureau) filed a timely protest to PacifiCorp's Application. A Joint Prehearing Conference Statement was filed on September 25, 2025. A prehearing conference was held on October 7, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was

[3] D.12-12-033 at 213, OP 20.

[4] D.21-08-026 at 34-37, 64, OP 6.

[5] Application of PacifiCorp for Approval of its 2026 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue (Application) at 1.

issued on October 21, 2025. The schedule was amended in a Ruling issued on November 25, 2025, to extend the deadline for parties to file a joint written settlement agreement on GHG costs and credits.

The parties held a settlement conference over the period of November 19-21, 2025, with all parties expressly waiving the seven-day advance notice requirement.[6] On December 5, 2025, all parties to this proceeding, PacifiCorp, the Farm Bureau, and Cal Advocates (the Settling Parties) jointly filed the Motion for approval of their Partial Settlement regarding PacifiCorp's 2026 ECAC Application (Motion) and for the admission of documents into evidence supporting the settlement (Request for Admission of Documents).[7] The Partial Settlement Regarding Proposed GHG Program Costs and Related Customer Climate Credits (Settlement) resolves all the issues raised with respect to the GHG Emissions Allowance program costs and California Climate Credits in PacifiCorp's 2026 ECAC Application. The Settlement is appended as Attachment A. On January 16, 2026, PacifiCorp moved for confidential treatment for certain exhibits admitted into evidence supporting the Settlement (Motion for Confidential Treatment).[8]

In its Application PacifiCorp requests authorization to update both the surcharge that recovers the costs for procurement of GHG allowances for its

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[6] Motion for approval of their Partial Settlement regarding PacifiCorp's 2026 ECAC Application at 2 (Motion), *citing* Rule 12.1(b) of the Commission's Rules of Practice and Procedure. Any future reference to Rules refers to the Commission's Rules of Practice and Procedure, unless otherwise stated.

[7] Motion at 1-2, and Fn. 1.

[8] *See also*, Motion at 2.

retail compliance obligation under California' Cap-and-Trade Program (GHG Surcharge), and the California Climate Credit that returns proceeds from the consignment to auction allocated GHG allowances to residential and small business customers.[9] The GHG Surcharge consists of a true-up related to actual GHG allowance costs and related interest set forth in PacifiCorp's 2025 ECAC Application, A.24-08-002, and a forecast of PacifiCorp's GHG allowance costs and revenues for the remainder of 2025 and 2026.[10] The impact of the proposed change to the GHG Surcharge is an overall rate decrease of $9.3 million, to a total of approximately $8.8 million in 2026.[11] The change in the California Climate Credit is a decrease from $259.36, the 2025 semi-annual amount, to $111.83 in 2026.[12] 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 is delayed until the conclusion of the proceeding on other issues in the 2026 ECAC Application.

[9] Application at 1-3.

[10] Application at 8, Motion at 3.

[11] Settlement at 3-4.

[12] *Cf*. Historically the value of the California Climate Credit approved for PacifiCorp has shown a great deal of year-to-year volatility as shown here:

Year	2022	2023	2024	2025
Amount	$132.85	$268.56	$174.25	$259.36

1.1. Submission Date

This matter was submitted on January 16, 2026, upon PacifiCorp's Motion for Confidential Treatment.

2. Settlement Agreement

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 2026.[13] The total amount of the proposed residential and small business California Climate Credit to be distributed in 2026 is approximately $10.1 million.[14] The proposed semi-annual residential and small business per-customer California Climate Credit for California PacifiCorp customers in 2026 is $111.83.[15]

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.[16]

[13] Motion at 5.

[14] Settlement at 4.

[15] *Id.*

[16] *Id.* at 6.

2.1. Standard of Review

Our Rules contemplate that parties may propose to settle any material issue of law or fact or a mutually agreeable outcome to the proceeding.[17] 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 law, and in the public interest." As explained below, the proposed settlement of PacifiCorp's 2026 GHG Program Costs and Related Climate Credits meets the standard of review established in Rule 12.1(d) and is approved.

2.2. 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 submitted with PacifiCorp's Application and the 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 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.

[17] Rule 12.1.

2.3. 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.

2.4. 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 decrease of $9.3 million to be recovered in PacifiCorp's rates in 2026. This amount is reasonable because it is based on forecast 2026 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.[18] 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 compliance with California's Cap-and-Trade Program, and provides a semi-annual California Climate Credit to ratepayers.

3. Summary of Public Comment

Rule 1.18 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)

[18] Motion at 3, 7; Settlement at 3.

requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Five members of the public submitted comments using the Public Comment feature, all of which opposed any rate increase associated with this proceeding. None of the public comments on the Docket Card of this proceeding are relevant to this decision.

4. Procedural Matters

The Request for Admission of Documents jointly filed by PacifiCorp, the Farm Bureau, and Cal Advocates as part of the Settlement Motion seeks to have the following documents admitted as evidence and entered into the record of this proceeding:

Table 1

Exhibit Type	Document Description
Testimony and exhibits	Testimony of Kieran O'Donnell: Exhibit PAC/400 and PAC/400-C, including supporting exhibits PAC/401, PAC/401-C, PAC/402, PAC/402-C, PAC/403, PAC/403-C, PAC/404, PAC/404-C, PAC/405, PAC/405-C, PAC/406, PAC/406-C, PAC/407, PAC/407-C, PAC/408, PAC/408-C, PAC/409, and PAC/409-C.
Testimony and exhibits	Testimony of Christian Marble:

	Exhibit PAC/500, including supporting exhibits PAC/501, PAC/502, PAC/503, and PAC/504.
Testimony and exhibits	Testimony of Marty J. Lopas: 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, PAC/702-C, PAC/703, PAC/704, PAC/705, PAC/705-C, PAC/706, and 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 16, 2026, for confidential treatment of certain exhibits supporting the Settlement pursuant to Rules 11.1 and 11.4 because these exhibits contained market-sensitive information. PacifCorp identified the following confidential exhibits:

Table 2

Exhibit	Witness
Exhibit PAC/400-C	Kieran O'Donnell
Exhibit PAC/401-C	Kieran O'Donnell

Exhibit PAC/402-C	Kieran O'Donnell
Exhibit PAC/403-C	Kieran O'Donnell
Exhibit PAC/404-C	Kieran O'Donnell
Exhibit PAC/405-C	Kieran O'Donnell
Exhibit PAC/406-C	Kieran O'Donnell
Exhibit PAC/407-C	Kieran O'Donnell
Exhibit PAC/408-C	Kieran O'Donnell
Exhibit PAC/409-C	Kieran O'Donnell
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.

Finally, this decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

5. Conclusion

The Settlement addressing the GHG Surcharge and California Climate Credit satisfies all 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.

6. Comments on Proposed Decision

The proposed decision of ALJ Robert Haga 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 it waived.

7. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Robert Haga is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Settling Parties held a settlement conference over the period of November 19-21, 2025, with all parties expressly waiving the seven-day advance

notice requirement, as required by Rule 12.1(b) of the Commission's Rules of Practice and Procedure.

2. The total amount of the residential and small business California Climate Credit to be distributed in 2026 is approximately $10.1 million.

3. The proposed semi-annual residential and small business per-customer California Climate Credit for California PacifiCorp customers in 2026 is $111.83.

4. The proposed 2026 GHG Surcharge is $8.8 million. The impact of the proposed change to the GHG Surcharge is an overall rate decrease of $9.3 million. The amount is reasonably based on forecast 2026 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 December 5, 2025, the Settling Parties jointly moved for approval of their Settlement regarding PacifiCorp's 2026 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 16, 2026.

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 2026.

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 4 Table 1 into the evidentiary record.

8. It is reasonable to grant PacifiCorp's motion for confidential treatment and identify the information in Section 4 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 December 5, 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 $10.1 million through the issuance of the semi-annual California Climate Credit for PacifiCorp California residential and small business customers in 2026 of $111.83.

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 December 5, 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.

5. Application 25-08-001 remains open.

This order is effective today.

Dated February 26, 2026, at Santa Maria, California

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners