

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFICORP (U901E) for Authority to
Recover Costs Recorded in the
Catastrophic Event Memorandum
Account.

Application 24-09-004

**DECISION TO APPROVE ALL-PARTY SETTLEMENT MOTION
TO RECOVER COSTS DUE TO THE 2023 SMITH RIVER
COMPLEX AND HAPPY CAMP COMPLEX FIRES**

Summary

This Decision approves the uncontested all-party Joint Motion of PacifiCorp, the Public Advocates Office at the California Public Utilities Commission and Small Business Utility Advocates for Adoption of a Settlement Agreement (Settlement Agreement) that resolves all matters in this proceeding. The Settlement Agreement provides that PacifiCorp will recover \$29,053,195 reflecting costs recorded in its Catastrophic Event Memorandum Account associated with the 2023 Happy Camp Complex and Smith River Complex Fires in rates over a three-year amortization period, resulting in a 6.7% overall rate increase.

This proceeding is closed.

1. Background

On September 16, 2024, PacifiCorp d/b/a Pacific Power (PacifiCorp) filed Application (A.) 24-09-004 (Application) with the California Public Utilities Commission (Commission) to recover eligible wildfire response costs in its Catastrophic Event Memorandum Account (CEMA).

PacifiCorp is a public utility that provides electric retail service to customers in Idaho, Oregon, Utah, Washington, Wyoming, and California, including approximately 45,000 customers in Del Norte, Modoc, Shasta, and Siskiyou Counties.¹

On August 15, 2023, lightning caused two catastrophic fires in California. The Happy Camp Complex Fires (Happy Fires) were a series of fires in Klamath National Forest in Siskiyou County, California. The second series of fires were the Smith River Complex Fires (Smith Fires), comprised of multiple fires in Six Rivers National Forest in Del Norte County, California.

On August 29, 2023, California Governor Newsom declared states of emergency in Siskiyou County because of the Happy Fires and in Del Norte County because of the Smith Fires.²

The Application seeks Commission approval to recover \$29.6 million in CEMA California-customer allocated costs, which corresponds to \$25.9 million in revenue requirement (exclusive of interest).³ PacifiCorp incurred these costs for emergency responses and facilities repair to electrical infrastructure damaged in

¹ Application at 2.

² *Id.* at 5.

³ *Id.* at 4 and 7.

the Smith Fires and Happy Fires. These costs include approximately \$25.3 million in operating and maintenance expenses and \$4.4 million in capital costs. The Application seeks CEMA cost recovery pursuant to California Public Utilities Code (Pub. Util. Code) Section 454.9(b) and Commission Resolution (Res.) E-3238.

On October 18, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a Protest to the Application.

On December 5, 2024, the prehearing conference (PHC) was held. At the PHC, Small Business Utility Advocates (SBUA) made an oral motion for party status. The motion for party status was granted on the record by the assigned Administrative Law Judge (ALJ).

On January 24, 2025, the assigned Commissioner's Scoping Memo and Ruling was issued setting forth the issues, need for evidentiary hearings, schedule, and categorization for the proceeding.

On August 7, 2025, PacifiCorp, Cal Advocates, and SBUA (collectively the Parties) filed an uncontested Joint Motion for Adoption of Settlement Agreement (Settlement Motion) requesting that the Commission adopt the Parties' settlement agreement (Settlement Agreement).

On August 7, 2025, the Parties filed a Joint Motion to Identify and Mark Exhibits for the Record (Exhibits Motion).

On December 8, 2025, an ALJ Ruling granted the Exhibits Motion.

1.1. Submission Date

This matter was submitted on December 8, 2025, upon the ALJ Ruling granting the Exhibits Motion.

2. The Settlement Agreement

The table below compares the Settlement Agreement with PacifiCorp's requests in the Application.

	A	B	C (A+B)	D	E
	Total Incremental Revenue Requirement (Before Interest)	Estimated Interest Accrual	Total Recovery Amount	Amortization Period (Years)	Annual Amortization
Application	\$25,850,849	\$3,780,964	\$29,631,813	2	\$14,815,907
Settlement Agreement	(\$25,850,849-1,500,000) \$24,350,849	\$4,702,346	\$29,053,195	3	\$9,684,398

In the Settlement Agreement, PacifiCorp agrees to reduce its cost recovery by \$1,500,000 from the amount requested in the Application, for a new revised cost recovery of \$29,053,195. Second, PacifiCorp will amortize the approved costs over three years rather than two years, which will result in an annual recovery of \$9,684,398 and an overall rate increase of 6.7 percent. Lastly, PacifiCorp agrees to document in testimony supporting future CEMA applications that the costs for capital infrastructure placed in service and recorded in the CEMA are incremental to the capital costs being recovered from rates approved in its most recent general rate case.

Attachments A and B to the Settlement Agreement contain calculations of the proposed surcharge to recover costs in Schedule S-96, Surcharge to Recover Costs Recorded in the Catastrophic Event Memorandum Account.⁴

⁴ See Appendix A to this Decision.

3. The Settlement Meets Commission Criteria

The Commission evaluates proposed settlements under the criteria set forth in Rule 12.1(d) of the Commission's Rules of Practice and Procedure (Rules). Rule 12.1(d) states the Commission will not approve settlements unless the settlement is reasonable in light of the whole record, consistent with the law and in the public interest.

Pub. Util. Code Section 454.9(a) provides that the Commission shall authorize public utilities to establish catastrophic event memorandum accounts and to record in those accounts the costs of the following:

- (1) Restoring utility services to customers.
- (2) Repairing, replacing, or restoring damaged utility facilities.
- (3) Complying with governmental agency orders in connection with events declared disasters by competent state or federal authorities.

The evidentiary record provides sufficient evidence to support the determination that PacifiCorp's costs in the amount of the revised request were reasonably incurred to restore utility service to customers. For example, Cal Advocates presented evidence that PacifiCorp's claims for straight-time labor costs to restore service were not reasonable and should be reduced.⁵ PacifiCorp submitted rebuttal evidence to support the reasonableness of its claim for straight time labor costs.⁶

⁵ Exhibit (Exh.) CA-01 at 11 -13.

⁶ Exh. PAC/400 at 3-4.

Cal Advocates and PacifiCorp also disputed the claimed costs for preemptive vegetation removal before the Smith Fires and Happy Fires and costs for Community Resource Centers (CRCs). Cal Advocates presented evidence that the preemptive vegetation removal costs and CRC costs are not recoverable in CEMA.^{7,8} PacifiCorp presented rebuttal evidence that the preemptive vegetation removal and CRCs were properly recoverable CEMA costs.⁹ The Settlement Agreement, including the \$1,500,000 reduction of the incremental revenue requirement from PacifiCorp's Application, reflects a compromise of those positions by all parties that is reasonable in light of the entire evidentiary record in this proceeding.

Rule 12.1(d) requires settlements to be consistent with applicable law. Our review of the Settlement Agreement reflects that all of its provisions comport with the applicable statutes, resolutions and Commission decisions.¹⁰ PacifiCorp satisfied the criteria of a declared emergency with undisputed evidence that the Governor of California made emergency disaster declarations for the Happy Fires and Smith Fires.¹¹ PacifiCorp also provided declarations¹² demonstrating compliance with the requirement¹³ of notifying the Commission's executive

⁷ Exh. CA-01 at 14-16.

⁸ *Id.* at 13-14.

⁹ Exh. PAC/500 at 3 and 5.

¹⁰ *See* Pub. Util. Code Sections 451, 454, 491, 701 and 728 and Commission Res. E-3238.

¹¹ Exh. PAC/100 at 6-7 and Application at Appendix C (state of emergency declared August 29, 2023).

¹² Application, Appendices A, B and C.

¹³ Res. E-3238.

director of a catastrophic event by letter within 30 days of the event if PacifiCorp records costs in its CEMA. Furthermore, no evidence was presented that the Settlement Agreement terms conflict with any law. Thus, the Settlement Agreement is consistent with applicable law.

We also find that the Settlement Agreement is in the public interest. The Settlement Agreement, which will increase rates 6.7 percent overall, properly allocates costs to PacifiCorp's California customers that are not recoverable from insurance. In addition, resolution of this proceeding by approval of the Settlement Agreement will save the Commission and the parties significant expense and avoid undue expenditure of resources by all, compared to the risk, expense, complexity, and likely duration of evidentiary hearings, while still protecting the public interest.¹⁴

4. Waiver of Comment Period

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

5. 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) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. In this proceeding, 10

¹⁴ Southern California Gas Co. (1999) Decision 00-09-034, 2000 Cal. PUC LEXIS 694, at 29.

comments were filed. The comments stated in essence that PacifiCorp's customers suffer from financial hardships and that PacifiCorp should bear the costs. PacifiCorp's customers already experience high rates that raise affordability issues and that the Commission should reduce or deny PacifiCorp's request.

6. Conclusion

The Settlement Agreement meets the Commission's criteria for approval under Rule 12.1(d) because it is reasonable in light of the whole record, consistent with law, and in the public interest. As a result, the Settlement Motion is granted, and the Settlement Agreement providing for the recovery of \$29,053,195 reflecting recorded CEMA costs associated with the Happy Fires and Smith Fires is adopted. PacifiCorp shall submit a Tier 1 Advice Letter to the Commission's Energy Division within 60 days of the issuance of this Decision with a revised Schedule S-96, Surcharge to Recover Costs Recorded in the Catastrophic Event Memorandum Account, to implement this Decision.

7. Procedural Matters

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

8. Assignment of Proceeding

Christine Harada is the assigned Commissioner and Patrick Petersen is the assigned ALJ in this proceeding.

Findings of Fact

1. On September 16, 2024, PacifiCorp filed A.24-09-004 to recover approximately \$29.6 million in California-allocated costs incurred to restore power and repair facilities impacted by the 2023 Smith Fires and Happy Fires.

2. The Governor of California declared states of emergency in August 2023 in Siskiyou County, California due to the Happy Fires and Del Norte County for the Smith Fires.

3. On August 7, 2025, PacifiCorp, Cal Advocates and SBUA filed an uncontested all-party Joint Motion for Adoption of Settlement Agreement.

4. CEMA-eligible costs were not paid for by PacifiCorp's insurance coverage.

5. PacifiCorp properly notified the Commission of its plan to record costs for each of the CEMA-eligible events that are the subject of the Application.

6. The Settlement Agreement represents a savings for ratepayers of approximately \$1,500,000 in comparison to the cost recovery PacifiCorp requested in the Application.

7. The Settlement Agreement will spare the Commission and the Parties the time, effort, and costs required to litigate disputed issues.

8. The Settlement Agreement is an uncontested all-party agreement.

9. The Settlement Agreement is the result of a negotiated compromise of the positions of PacifiCorp, Cal Advocates and SBUA.

Conclusions of Law

1. The Settlement Agreement is reasonable in light of the whole record of this proceeding.

2. The Settlement Agreement is consistent with all applicable laws.

3. The Settlement Agreement is in the public interest.

4. The Settlement Agreement meets the requirements of Rule 12.1(d) and should be approved.

5. It is reasonable to modify the Schedule S-96, Surcharge to Recover Costs Recovered in the Catastrophic Event Memorandum Account.

6. It is reasonable for PacifiCorp to submit a Tier 1 Advice Letter to the Commission's Energy Division within 60 days of the issuance of this Decision with a revised Schedule S-96, Surcharge to Recover Costs Recorded in the Catastrophic Event Memorandum Account, to implement this Decision.

O R D E R

IT IS ORDERED that:

1. The uncontested all party Joint Motion for Adoption of Settlement Agreement by PacifiCorp, the Public Advocates Office at the California Public Utilities Commission, and the Small Business Utility Advocates is granted, and the Settlement Agreement attached to this Decision as Appendix A is adopted.

2. PacifiCorp shall submit a Tier 1 Advice Letter to the Commission's Energy Division within 60 days of the issuance of this Decision with a revised Schedule S-96, Surcharge to Recover Costs Recorded in the Catastrophic Event Memorandum Account, to implement this Decision.

3. Application 24-09-004 is closed.

This order is effective today.

Dated _____, at Sacramento, California.

APPENDIX A
Settlement Agreement