

ATTACHMENT A

**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
(Filed August 1, 2024)

**PARTIAL SETTLEMENT OF ISSUES
IN THE 2025 PACIFICORP ECAC**

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**PARTIAL SETTLEMENT OF ISSUES
IN THE 2025 PACIFICORP ECAC**

PacifiCorp d/b/a Pacific Power ("PacifiCorp"), the California Farm Bureau Federation ("CFBF") and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) (together "Settling Parties") offer to settle the all but one of the issues remaining in the *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," hereinafter referred to as "the Application"), on the following terms and conditions, which will become effective on the date of a Final Order by the California Public Utilities Commission ("CPUC" or "Commission") approving this Partial Settlement Of Issues in the 2025 PacifiCorp ECAC ("Settlement").

DEFINITIONS

The following definitions are provided to allow the Commission and the Parties to understand the nature of the events that gave rise to the Application and the resulting Settlement.

"Account 158.1"- Established by FERC Order No. 552, FERC Account 158.1 includes the cost of allowances owned by the utility that the Environmental Protection Agency does not withhold.

"Account 509"- Established by FERC Order No. 552, FERC Account 509 includes the cost of allowances expensed concurrently with the monthly emissions.

"Account 509.1"- FERC Order No. 898 renumbered FERC Account 509 to 509.1 and made other changes to FERC's Uniform System of Accounts.

"Adjusted Actual Net Power Cost"- As currently defined by Schedule ECAC-94, Adjusted Actual Net Power Cost is the sum of the total Company amounts recorded in Account Numbers: 501, 503 and 547 (Steam Production-Fuel Expense) for coal, steam and natural gas purchased and or sold; 555 (Purchased Power), 565 (Wheeling); and 447 (Sales for Resale). Adjustments will be made to these accounts so adjusted actual costs are consistent with costs modeled in the Company's production cost model, prior period accounting entries made during the accrual period will be removed, and Commission-adopted adjustments will be included from the most recent general rate case.

"Application" - PacifiCorp's application for CPUC approval of its 2025 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue, docketed as Application ("A.") 24-08-002.

"Balancing Account" - In 2006, the Commission granted PacifiCorp authority to establish a Balancing Account to track net power costs.

"Balancing Period" - The Balancing Period is a 24-month period, beginning January 1, 2025 and extending through December 31, 2026.

"Balancing Rate" - The Balancing Rate either returns to, or recovers from, customers the difference between the actual Net Power Cost ("NPC") and the forecasted NPC reflected in PacifiCorp's ECAC Balancing Account from the previous tracking period.

"Energy Cost Adjustment Clause" ("ECAC") - The Commission granted PacifiCorp authority to implement an ECAC starting in 2007, in order to allow for timely and efficient recovery of its net power costs. The ECAC application is filed annually on August 1, and to date, the Commission has approved PacifiCorp's annual ECAC applications.

"Net Power Cost" ("NPC") - Net Power Cost is the sum of fuel expenses and wholesale purchase power expenses, less wholesale sales revenue.

"Offset Rate" - The Offset Rate accounts for forecasted Net Power Costs and fuel stock carrying charges that are anticipated for the upcoming tracking period. The Offset Rate is an unbundled rate established either during the most recent California general rate case or between general rate cases if the new Offset Rate changes by more than 5% and is equal to the Offset Period's California-allocated Projected Net Power Costs plus Other Costs For Recovery all divided by California projected sales and adjusted for the ECAC Billing Factor. PacifiCorp may update the Offset Rate annually if it varies by five percent or more from current rates.

"Other Costs For Recovery" - Relevant to PacifiCorp's Balancing and Offset Rate, Other Costs For Recovery are costs other than Net Power Cost, and typically include, on a California allocated basis as necessary, any payments or bill credits for: (1) net surplus compensation expense from Schedule NEM-35; (2) renewable energy production tax credits; (3) California Air Resources Board (CARB) implementation and reporting verification fees and costs; (4) fuel stock carrying charges; (5) purchases of renewable energy certifications for RPS compliance; (6) start-up fuel costs and mandatory reporting; (7) Energy Imbalance Market body of state regulatory fees; and (8) Western Power Pool Western Resource Adequacy Program costs.

"Projected Net Power Cost" - Projected Net Power Cost is the sum of net power cost components during the Intermediate Period and the Offset Period calculated either between or during general rate cases by the Company's production cost model. PacifiCorp's Projected Net Power Cost includes various inputs, such as: (1) forward price curves for electricity and natural gas products; (2) new wholesale electricity and natural transactions (physical and

financial); (3) wheeling contracts and updated transmission paths and capacity; (4) updated wholesale electricity and natural gas contracts and wheeling expenses; (5) new and updated coal supply and transportation contracts; (6) updates to Company-owned generation resource capabilities and renewable generation integration costs; and (7) updated load forecasts, among others.

"Uniform System of Accounts" - Electric Public Utilities & Licensees, Natural Gas, and Oil Pipeline companies within FERC jurisdiction must maintain their books and records in accordance with the Uniform System of Accounts. The Uniform System of Accounts provides basic account descriptions, instructions, and accounting definitions.

Washington State Climate Change Act ("WA CCA")- an emission reduction program enacted by the State of Washington that requires the purchase of Greenhouse Gas Allowances to offset emissions from fossil fuel generation produced within the State of Washington and exported to serve customers located outside of the State. PacifiCorp has incurred compliance costs under this program due to the generation of its Chehalis generation facility in Washington.

RECITALS

The following recitals are provided to allow the Commission and the Parties to understand the nature of the events that gave rise to the Application and the resulting Settlement.

1. On June 29, 2023, FERC issued a final rule that amended the Uniform System of Accounts that became effective on January 1, 2025. Relevant to the current proceedings, FERC clarified that utilities must credit Account 158.1 and debit Account 509 concurrently with the monthly remittance of the allowances to be charged to expenses based on each month's emissions. In the final rule, FERC renumbered Account 509 to Account 509.1. Utilities subject to FERC's jurisdiction would use Account 509.1 to track and report for allowances associated with monthly emissions. FERC also created additional expense and inventory accounts for bundled and unbundled Renewable Energy Credits.
2. On August 1, 2025, PacifiCorp filed A.24-08-002 requesting approval of its 2025 ECAC rates, authorized as part of PacifiCorp's 2005 general rate case (approved by D.06-12011). The 2025 ECAC Application requested, among other things, approval to authorize a Balancing Rate of \$7.87 per MWh and an Offset Rate of \$45.76 per MWh for rates effective January 1, 2025, and a change to the definition of Adjusted Actual NPC to incorporate recent amendments to FERC Uniform System of Accounts.

3. On January 27, 2025, the Settling Parties filed a Joint Motion for Approval of Written Settlement to resolve all issues raised concerning the Greenhouse Gas (GHG) Emissions Allowance program costs and Climate Credits in PacifiCorp's 2025 ECAC Application (GHG Settlement).
4. On March 13, 2025, in D.25-03-007, the Commission approved the GHG Settlement and resolved issues pertaining to GHG Emissions Allowance program costs and Climate Credits in PacifiCorp's 2025 ECAC Application. The proceeding remains open to address other issues raised in PacifiCorp's Application.
5. PacifiCorp, Cal Advocates, and the CFBF (collectively, "the Settling Parties") have reached consensus on all but one of the remaining issues in the proceeding and agree to support this Settlement.
6. The Settling Parties agree that this Settlement does not address PacifiCorp's proposed recovery of its WA CCA compliance costs. The ratemaking treatment of the WA CCA compliance costs will be addressed in the 2026 ECAC proceeding.
7. The Settling Parties held a settlement conference call on November 7, 2025 as required by Rule 12.1(b), with all parties having waived in advance the requirement for seven days' notice of the conference.
8. The Settling Parties request that the Commission approve this Settlement to resolve issues in the 2025 ECAC Proceeding.
9. The Settling Parties request that the Commission adopt a procedure for the Parties to present their recommendations on the remaining issue in dispute, the treatment of 2025 WA CCA compliance costs in this proceeding.

ARTICLE I

RECORD OF PROCEEDING

- 1.1 In support of this settlement agreement, the Settling Parties request that the following documents be admitted as evidence and entered into the record of this proceeding:
 - a. The Application, and the testimony and exhibits of PacifiCorp and intervening parties served in this proceeding, specifically identified as the following Exhibits:

PAC/100: Direct Testimony of Eshwar Rao - Net Power Costs

PAC/100-C: Direct Testimony of Eshwar Rao - Net Power Costs (Confidential)

PAC/101: Projected 2025 Net Power Costs

- PAC/102: Prior ECAC's Projected 2024 Net Power Costs
- PAC/103: Projected Net Power Costs Comparison to Prior ECAC
- PAC/103-C: Projected Net Power Costs Comparison to Prior ECAC (Confidential)
- PAC/104: 2025 California-Allocated Net Power Costs
- PAC/105: Coal Cycling Scenario
- PAC/105-C: Coal Cycling Scenarios (Confidential)
- PAC/106: Coal Volumes
- PAC/106-C: Coal Volumes (Confidential)
- PAC/200: Direct Testimony of Jack Painter - Offset and Balancing Rate
- PAC/200-C: Direct Testimony of Jack Painter - Offset and Balancing Rate (Confidential)
- PAC/201: California ECAC Offset/Balancing Rate Calculation
- PAC/202: Adjusted Actual 2023 Net Power Costs
- PAC/203: Adjusted Actual/Projected 2024 Net Power Costs
- PAC/203-C: Adjusted Actual/Projected 2024 Net Power Costs (Confidential)
- PAC/204: Projected 2025 Net Power Costs
- PAC/204-C: Projected 2025 Net Power Costs (Confidential)
- PAC/205: ARB Administrative Costs
- PAC/205-C: ARB Administrative Costs (Confidential)
- PAC/300: Direct Testimony of James C. Owen - Coal Fuel Procurement
- PAC/300-C: Direct Testimony of James C. Owen - Coal Fuel Procurement (Confidential)
- PAC/301: Hunter-Gentry CSA Amendment and Spot Amendment Analysis
- PAC/301-HC: Hunter-Gentry CSA Amendment and Spot Amendment Analysis (Highly Confidential)
- PAC/302: Hunter-Wolverine CSA and Huntington-Wolverine CSA Amendments Analysis
- PAC/302-HC: Hunter-Wolverine CSA and Huntington-Wolverine CSA Amendments Analysis (Highly Confidential)
- PAC/303: Fueling Analysis for the Hunter and Huntington Plants
- PAC/303-HC: Fueling Analysis for the Hunter and Huntington Plants (Highly Confidential)
- PAC/304: Jim Bridger-Peabody Energy CSA First Amendment Analysis
- PAC/304-HC: Jim Bridger-Peabody Energy CSA First Amendment Analysis (Highly Confidential)
- PAC/305: Jim Bridger-Peabody Energy Spot Agreement Analysis
- PAC/305-HC: Jim Bridger-Peabody Energy Spot Agreement Analysis (Highly Confidential)

- PAC/306: Naughton-Kemmerer CSA First Amendment Analysis
- PAC/306-HC: Naughton-Kemmerer CSA First Amendment Analysis (Highly Confidential)
- PAC/307: Naughton-Kemmerer Spot Agreement Analysis
- PAC/307-HC: Naughton-Kemmerer Spot Agreement Analysis
- PAC/800: Rebuttal Testimony of Ramon J. Mitchell
- PAC/800-C: Rebuttal Testimony of Ramon J. Mitchell (Confidential)
- PAC/801: Compliance Costs
- PAC/801-C: Compliance Costs (Confidential)
- PAC/900: Rebuttal Testimony of Kieran O'Donnell
- CFBF-01: Direct Testimony of Lloyd C. Reed on Behalf of the California Farm Bureau Federation Concerning PacifiCorp's 2025 ECAC
- CA-01: Testimony of Scott Logan on Remaining Issues

b. This Settlement

ARTICLE II
TERMS OF THE SETTLEMENT

- 2.1. An ECAC Offset Rate of \$45.76 per MWh, effective January 1, 2025, is reasonable;
- 2.2. A Balancing Rate at \$7.87 per MWh, effective January 1, 2025, is reasonable;
- 2.3. The rate design and rate spread proposed in PacifiCorp's 2025 ECAC Application is reasonable;
- 2.4. The Commission should modify the ECAC mechanism to amend the "Adjusted Actual Net Power Cost" definition by adding FERC Account 509 as a cost category for recovery in rates. This change will allow PacifiCorp to recover Account 509 costs in future ECAC proceedings;
- 2.5. This Settlement addresses and resolves all but one of the scoped issues at dispute in this proceeding;
- 2.6. The Settling Parties agree that the ultimate disposition of PacifiCorp's WA CCA compliance costs will be addressed in the 2026 ECAC Proceeding;

- 2.7. The Settling Parties request that the Commission grant their previously filed Motions to Admit Evidence and admit into evidence the documents identified in Article I, Section 1.1 of this Settlement.
- 2.8. The Settling Parties request that the Commission approve this Settlement by issuance of a Final Order, authorizing the specific actions set forth above.
- 2.9 The Settling Parties request that the Commission adopt a procedure for the Parties to present their recommendations on the remaining issue in dispute, the treatment of 2025 WA CCA compliance costs in this proceeding.

ARTICLE III APPROVALS

3.1 Settlement Effective Date

This Settlement will become effective upon the Commission's issuance of a Final Order approving this Settlement without modification or condition or, if modified or conditioned, upon its acceptance as so modified by the Settling Parties as provided further below. For purposes of this Settlement, a Commission order will be deemed a Final Order when the last date for filing an application for rehearing has expired and no application is filed by that date, or if any request for rehearing is filed, as of the date on which rehearing is denied.

3.2 Confidentiality of Settlement Communications

This Settlement is submitted on the condition that, if the Settlement does not become effective in accordance with this Article III, it will not constitute any part of the record in this proceeding or be used for any other purpose. The communications among the Settling Parties that have produced this Settlement have been conducted on the explicit understanding that they were undertaken subject to Rule 12.6 of the Commission's Rules of Practice and Procedure, and the rights of the Parties with respect thereto are not impaired by this Settlement.

3.3 Rejection or Modification

If this Settlement is rejected or modified in any material respect, the Settlement Party(ies) adversely affected thereby may, upon written notice to the other Parties within twenty (20) days thereafter, withdraw from this Settlement. If any Settlement Party exercises its right of withdrawal under this section, any other Settlement Party may, upon written notice to the other Parties within twenty (20) days thereafter, withdraw from this Settlement. If the Commission's approval of this Settlement is conditioned on the modification of this Settlement or on any other condition, such modification or condition will be considered to be accepted

or not opposed unless any Settlement Party provides such written notice within the twenty-day period.

ARTICLE IV MISCELLANEOUS TERMS

4.1 No Admissions

Agreement to or acquiescence in this Settlement does not constitute an admission by any Settlement Party that any allegation or contention made by any Settlement Party in this proceeding is true or valid. This Settlement is made upon the express understanding that it constitutes a negotiated offer of settlement and, except as otherwise expressly provided for herein, no Settlement Party or the Commission will be deemed to have approved, accepted, agreed to, or consented to any ratemaking or other legal principle or policy associated with this Settlement.

4.2 No Change to Regulatory Requirements or Obligations

Nothing contained in this Settlement relieves PacifiCorp of any requirements or obligations set forth in past, current, or future Commission orders or regulations.

4.3 Not Precedential in Any Further Proceedings

This Settlement will not be cited as an example of precedent, nor will it be deemed to bind any Settlement Party (except in any proceeding to enforce this Settlement or as otherwise expressly provided for herein), in any future proceeding, including, but not limited to, any CPUC proceeding or any other public utility commission proceeding in another state, and will not be deemed precedential or prejudicial to any Settlement Party's rights.

4.4 Applicable Standard of Review

CPUC Rule of Practice and Procedure 12.1(d) provides that the Commission will not approve a settlement, whether contested or not, unless the settlement is "reasonable in light of the whole record, consistent with law, and in the public interest." The Settling Parties agree that this standard applies to the Commission's review of this Settlement.

4.5 Counterparties

This Settlement may be executed by the use of separate signature pages for each counterparty.

Dated: November 10, 2025

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