

APPENDIX A
Settlement Agreement

SETTLEMENT AGREEMENT

**SETTLEMENT AGREEMENT ON A.24-09-004
PACIFICORP 2024 CEMA APPLICATION**

PacifiCorp d/b/a Pacific Power (PacifiCorp), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and the Small Business Utility Advocates (SBUA) (together, Settling Parties) offer to settle the *Application of PacifiCorp (U 901 E) for Authority to Recover Costs Recorded in the Catastrophic Event Memorandum Account* (Application 24-09-004), on the following terms and conditions, which will become effective on the date of a Final Order by the California Public Utilities Commission approving this Settlement Agreement.

RECITALS

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

1. Commission Resolution E-3238 authorized utilities to establish catastrophic event memorandwn accounts and to record in those accounts the costs related to: (1) restoring utility service to customers; (2) repairing, replacing, or restoring damaged utility facilities; and (3) complying with governmental agency orders resulting from declared disasters. Resolution E-3238 authorizes utilities to record capital-related costs, such as depreciation and return on capitalized plant additions resulting from restoration activities. Resolution E-3238 also provides that a utility's recovery may be limited by insurance recoveries, the extent to which losses are already built into rates, and potentially other factors relevant to the utility and event.
2. PacifiCorp established its Catastrophic Event Memorandum Account (CEMA) through Advice Letter 238-E.
3. On August 15, 2023, lightning ignited a series of fires on the western side of Klamath National Forest. Those fires are collectively known as the Happy Camp Complex. In the following days, the County of Siskiyou declared a local emergency and Governor Newsom declared a state of emergency in the County due to the fires, which grew substantially and caused evacuation orders for several nearby communities.
4. On August 15, 2023, lightning ignited multiple fires in the Six Rivers National Forest, which became collectively known as the Smith River Complex.
5. On September 15, 2023, PacifiCorp notified the Commission of its plan to record costs incurred to restore power and repair damaged facilities resulting from the Smith River Complex and Happy Camp Complex fires in Northern California.
6. On September 16, 2024, PacifiCorp filed A.24-09-004, seeking to recover \$29.6 million on a California-allocated basis, inclusive of estimated interest accrual, of CEMA-eligible operating and capital costs incurred responding to the Smith River Complex and Happy Camp Complex fires over two years.

7. On April 25, 2025, Cal Advocates served its Report on the Results of Operations for PacifiCorp's requests in A.24-09-004. Cal Advocates recommended that the Commission approve approximately \$27 million in cost recovery, or an approximate 9 percent reduction from PacifiCorp's requested recovery. Cal Advocates also recommended that the Commission approve a three-year amortization for the costs, rather than the two-year period PacifiCorp requested.
8. On April 25, 2025, SBUA served its Direct Testimony addressing PacifiCorp's requests in A.24-09-004. SBUA argued that PacifiCorp did not provide sufficient information to support various aspects of its requested cost recovery, including how CEMA costs relate to previously-approved costs for routine infrastructure maintenance and replacement. SBUA also argued for an amortization period longer than two years to reduce customer rate impact.
9. On May 15, 2025, the Parties began settlement discussions.
10. On May 23, 2025, PacifiCorp served its rebuttal testimony, which addressed the concerns raised by Cal Advocates and SBUA, and agreed to accept a three-year amortization period for any awarded cost recovery.
11. On July 10, 2025, the Parties reached an agreement in principle to settle all disputed issues in A.24-09-004.
12. The Parties held a settlement conference on July 29, 2025, as required by Rule 12.1(b). All Parties agreed to waive the requirement for seven days' notice of the settlement conference.

ARTICLE I

TERMS OF THE SETTLEMENT

- I.1. PacifiCorp agrees to reduce its requested cost recovery by \$1,500,000. PacifiCorp's revised cost recovery request is \$29,053,195.
- I.2. The Parties agree to a September 1, 2025 effective date for the new rates.
- I.3. The Parties agree to a three-year amortization of the approved costs, which will result in an annual recovery of \$9,684,398 and an overall rate increase of 6.7 percent. Refer to Attachment A for details of the requested cost recovery and amortization. Refer to Attachment B for the calculation of rates and the estimated customer rate impact by schedule.
- I.4. 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 PacifiCorp's most recent general rate case.

- 1.5. The Parties agree that this Settlement addresses and resolves all disputed issues in this proceeding.
- 1.6. The Parties affirm that settlements are non-precedential under the Commission's Rules.
- 1.7. The Parties request that the Commission approve this Settlement by issuance of a Final Order authorizing the specific terms set forth above.

ARTICLE II

APPROVALS

2.1. 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 the Parties' acceptance of the conditions or modifications, as provided in Section 2.2 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.

2.2. Rejection or Modification

If the Commission rejects or modifies this Settlement in any material respect, the Party(ies) adversely affected may, upon written notice to the other Parties within 20 days of the Commission's action, withdraw from this Settlement. If any Party exercises its right of withdrawal under this section, any other Party may, upon written notice to the other Parties within 20 days thereafter, withdraw from this Settlement. If the Commission's approval of the Settlement is dependent on the modification of this Settlement or any other condition, that modification or condition will be considered accepted or not opposed unless any Party provides written notice of withdrawal.

2.3. Confidentiality of Settlement Communications

This Settlement is submitted on the condition that, if the Settlement is rejected or if all Parties withdraw, it will not constitute any part of the record of this proceeding or be used for any other purpose. The communications among the Parties that produced this Settlement have been conducted on the express understanding that they were 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.

ARTICLE III

MISCELLANEOUS TERMS

3.1. No Admissions

Agreement to or acquiescence in this Settlement does not constitute an admission by any Party that any allegation or contention made by any other Party in this proceeding is true or valid. This Settlement is made on the express understanding that it constitutes a negotiated offer of settlement and, except as otherwise expressly provided for herein, no 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.

3.2. 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.

3.3. Not Precedential in Any Future Proceedings

Consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, unless the Commission expressly provides otherwise, adoption of this Settlement Agreement does not constitute Commission approval of or precedent regarding any issue or principle in this proceeding or in any future proceeding, nor will it be deemed to bind any 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 Commission proceeding or any other public utility commission proceeding in another state, and will not be deemed precedential or prejudicial to any Party's rights.

3.4. Applicable Standard of Review

Commission 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 Parties agree that this standard applies to the Commission's review of this Settlement.

3.5. Counterparts

This Settlement may be executed in counterparts.

[Signatures on following page.]

PACIFICORP

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Joelle Steward, Senior Vice President,
Regulation

Date: August 7, 2025

SMALL BUSINESS UTILITY
ADJUCATES

D.f □

Britt K. Marra, Executive Director

Date: August 7, 2025

THE PUBLIC ADVOCATES OFFICE at the
California Public Utilities Commission

M.C. □
Michael Campbell, Deputy Director

Date: August 7, 2025

ATTACHMENT A
COST RECOVERY AND AMORTIZATION

PacifiCorp
 California
 Catastrophic Event Memorandum Account (CEMA) Application
 Smith River Complex & Head Complex Fires

2024CEMA

	12 Months Ended Aua 2024	
	Total Comoanv	California Allocated
Incremental Capital Costs	8,177,829	4,304,158
Incremental O&M Expense	30 756,888	25,339,591

Total Incremental Revenue Requirement **25,850,849**

(Less) Settlement Adjustment **(1,500,000)**

Estimated Interest Accrual 4,702,346

Proposed Amortization Period
 (Years) 3

Proposed Annual Amortization Amount **9,684,398**

ATTACHMENT B

RATE CALCULATIONS AND ESTIMATED RATE IMPACTS

PACIFICORP
STATE OF CALIFORNIA
Calculation of Proposed Surcharge to Recover Costs Recorded in CEMA, Schedule S-96

Forecast 12 Months Ending December 2023

Line No.

-1- Target Annual Collection Amount \$ 9,684,398 !

Line No.	Description	Sch.	KWH ¹	Dist.+ State Trans. Revenues	Rate Seread	Pro22sed S-96	
						Rates E eer kwh	Revenue i
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential							
2	Residential Service	D	255,351,777	\$24,877,218		1.405	\$3,587,628
3	Residential Service - CARE	DL-6	123,043,490	\$11,831,069		1.405	\$1,728,761
4	Multi-Family- Master Metered	DM-9	194,676	\$17,799		1.405	\$2,735
5	Multi-Family- Submetered	DS-8	1,707,721	\$118,917		1.405	\$23,993
6	Total Residential		<u>380,297,664</u>	<u>\$36,845,003</u>	55.17%	1.405	<u>\$5,343,117</u>
Commercial & Industrial							
7	General Service - < 20 kW	A-25	56,165,080	\$7,114,550	10.65%	1.838	\$1,032,313
8	General Service - 20 kW & Over	A-32	95,469,9B6	\$8,239,622	12.34%	1.252	\$1,195,254
9	General Service - 100 kW & Over	A-36	63,993,857	\$3,794,746	5.68%	0.860	\$550,2B3
10	Large General Service - 500 kW & Over	AT-48	74,174,940	\$2,431,022	3.64%	0.475	\$351,321
11	Agricultural Pumping Service	PA-20	91,000,720	\$7,917,048	11.85%	1.262	\$1,148,429
12	Total Commercial & Industrial		<u>380,804,583</u>	<u>\$29,496,988</u>			<u>\$4,277,600</u>
Lighting							
13	Outdoor Area Lighting Service	OL-15	221,964	\$197,557	0.30%	12.911	\$28,629
14	Airway & Athletic Lighting	OL-42	116,468	\$21,170	0.03%	2.637	\$3,071
15	Street Lighting, Utility Owned	LS-51	172,306	\$151,596	0.23%	12.763	\$21,965
16	Street Lighting, Cust. Owned Energy Only	LS-53	818,579	\$71,795	0.11%	1.272	\$10,418
17	Total Lighting		<u>1,329,317</u>	<u>\$442,118</u>			<u>\$64,083</u>
18	Total Sales to Ultimate Consumers		<u>762,431,564</u>	<u>\$66,784,109</u>			<u>\$9,684,800</u>
19	Total Employee Discount		992,733	(\$23,723)			(\$3,487)
20	Total Sales (incl. Employee Discount)		<u>762,431,564</u>	<u>\$66,760,386</u>			<u>\$9,681,313</u>

1 Includes lighting tariff kWh.

(END OF APPENDIX A)