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Exhibit Number : CA-01
Commissioner : J. Reynolds
ALJ : P. Gruending
Witness : M. Sierra



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

PUBLIC

Report on the Results of Operations
for
PacifiCorp's 2026

Energy Cost Adjustment Clause and
Greenhouse Gas-Related Forecast and
Reconciliation of Costs and Revenue

San Francisco, California
March 12, 2026

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1 **PART 1: EXECUTIVE SUMMARY**

2 **I. INTRODUCTION**

3 The Public Advocates Office at the California Public Utilities Commission
4 (Cal Advocates) submits this report in response to PacifiCorp’s Application
5 (A.) 25-08-001. This application seeks approval of its 2026 Energy Cost Adjustment
6 Clause (ECAC) and Greenhouse Gas (GHG)-related forecast and reconciliation of
7 costs pursuant to Public Utilities Code §§ 451, 454, and 701 and prior Commission
8 decisions authorizing the ECAC mechanism.¹

9 PacifiCorp seeks authorization from the California Public Utilities Commission
10 (CPUC) to approve the 2026 ECAC² and the associated greenhouse gas (GHG) costs
11 through the submission of an application.

12 Part one of this exhibit presents Cal Advocates’ executive summary regarding
13 PacifiCorp’s ECAC and Greenhouse Gas (GHG) Surcharge for 2026.

14 PacifiCorp’s proposal includes the following:³

- 15 1. An ECAC Balancing Rate of \$33.47 per megawatt hour (MWh),
16 which would result in an increase of approximately \$13.0 million
17 compared to current rates.
- 18 2. An ECAC Offset Rate of \$41.99 per MWh, leading to a
19 decrease of about \$2.0 million from current rates.
- 20 3. A reduction in the GHG Surcharge of approximately \$9.3 million.

21 Additionally, the proposal includes a semi-annual California Climate Credit of \$111.83
22 for small business and residential customers, and requests to continue support for the
23 Solar on Multifamily Affordable Housing (SOMAH) programs.⁴

24 PacifiCorp is requesting the Commission's approval to eliminate the requirement
25 for providing additional coal cycling scenarios in future ECAC proceedings. Additionally,

¹ Application, p. 12.

² PacifiCorp’s ECAC “provides dollar-for-dollar recovery of net power costs (NPC) and fuel stock carrying charges, and is trued-up monthly for actual NPC compared to forecasted NPC that are reflected in current ECAC rates.” Application, p. 2.

³ Application, pp. 1-2.

⁴ Exhibit (Ex.) PAC/705-C witness, Judith M. Ridenour, page (p.) 1 of 1:14.

1 PacifiCorp seeks authorization to recover compliance costs associated with
2 Washington’s Climate Commitment Act (CCA) Cap-and-Invest program. PacifiCorp’s
3 proposal includes the ability to pursue California Cap-and-Trade Offsets, with the
4 recovered costs allocated for future ECAC proceedings.⁵

5 **II. SUMMARY OF RECOMMENDATIONS**

6 This section provides an overview of PacifiCorp's request and Cal Advocates’
7 recommendation regarding the ECAC and GHG Surcharge. PacifiCorp proposes rates
8 effective January 1, 2026, that produce an overall rate increase of \$1.7 million (1.0
9 percent) based on the combined ECAC and GHG Surcharge.⁶

10 The Commission should order an audit of PacifiCorp's NPC for 2026.
11 Additionally, PacifiCorp should be directed to allocate ██████████ SOMAH Program
12 funds⁷ to the California Climate Credit for 2026.

13 The Commission should deny PacifiCorp's request to recover compliance costs
14 associated with the Washington Climate Act, as well as its intention to pursue California
15 Cap-and-Trade offsets, which include a request for cost recovery in future Energy Cost
16 Adjustment Clause (ECAC) proceedings.

17 PacifiCorp has requested the removal of the Supplemental Coal Cycling
18 Analyses from future ECAC proceedings; however, PacifiCorp acknowledged that this
19 request was mistakenly included in its application.

20 **III. OVERVIEW OF CAL ADVOCATES’ ANALYSES**

21 Cal Advocates performed an independent analysis of PacifiCorp’s ECAC and
22 GHG-related costs by examining its Application, public and confidential exhibits,
23 confidential supporting workpapers, and data request responses provided by
24 PacifiCorp.

25 **IV. JOINT MOTION FOR APPROVAL OF WRITTEN SETTLEMENT**

26 On December 5, 2025, Cal Advocates, in accordance with Rule 12 of the
27 Commission’s Rules of Practice and Procedure, submitted a Joint Motion for Approval

⁵ Application, p. 1.

⁶ Application, p. 1.

1 of Written Settlement (“Motion”) with PacifiCorp d/b/a Pacific Power (“PacifiCorp”), and
2 the California Farm Bureau Federation (“CFBF”), (collectively the “Settling Parties”) The
3 motion seeks the Commission’s approval of a Partial Settlement regarding PacifiCorp’s
4 2026 Energy Cost Adjustment Clause (“ECAC”) Application (“Settlement”). The
5 Settlement addresses all issues related to California Greenhouse Gas (“GHG”)
6 Emissions Allowance program costs and Climate Credits within PacifiCorp’s 2026
7 ECAC Application. This Motion outlines the relevant legal and factual considerations for
8 the Commission’s decision. The Commission issued a proposed decision approving the
9 partial settlement on February 13, 2026. It is important to note that the Settlement
10 applies only to the issues in Application “A.” 25-08-001, without affecting any other
11 current or future proceedings.⁸

12 **V. PROCEDURAL BACKGROUND AND SCHEDULE**

13 PacifiCorp filed the Application on August 1, 2025. Cal Advocates filed a motion
14 for party status on September 8, 2025 (granted September 9, 2025). The California
15 Farm Bureau Federation filed a protest on September 11, 2025. The parties filed a joint
16 prehearing conference statement on September 25, 2025. The Assigned Administrative
17 Law Judge held a virtual prehearing conference on October 7, 2025. The Assigned
18 Commissioner issued the Scoping Memo and Ruling on October 21, 2025, which set
19 the procedural schedule and determined that evidentiary hearings are needed. The
20 proceeding was reassigned to ALJ Robert Haga on November 6, 2025. On November
21 25, 2025, the ALJ amended the schedule to extend the deadline for a joint settlement
22 agreement on GHG costs and credit to December 5, 2025. The parties filed the joint
23 motion for approval of the written settlement on December 5, 2025. A proposed
24 decision approving the settlement was issued on February 13, 2026. The established
25 procedural schedule for PacifiCorp’s 2026 ECAC is shown below in Table 1.

26

(continued from previous page)

⁷ Ex. PAC/705-C witness, Judith M. Ridenour, page (p.) 1 of 1 line 14.

⁸ Joint Motion For Approval Of Written Settlement with Respect to The California GHG Emissions Allowance Program Costs and Climate Credits in PacifiCorp’s 2026 ECAC Application.

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Table 1
Procedural Schedule for PacifiCorp’s 2026 ECAC⁹

| EVENT | DATE |
|---|---|
| Deadline for parties to jointly file that they have reached a complete settlement in principal on GHG costs and credits. OR for intervenors to submit direct testimony on GHG costs and credits if parties cannot reach settlement. | November 12, 2025 |
| Deadline for parties to file a written joint settlement agreement on GHG costs and credit with motion to adopt settlement if they have timely reported they have reached a complete settlement in principal on that issue. OR ALL THREE OF THE FOLLOWING PacifiCorp’s rebuttal testimony on California GHG costs and credits if settlement not reached. Opening Briefs on California GHG costs and credits if settlement not reached; and Reply Briefs on California GHG costs and credits if settlement not reached. | November 21, 2025 November 21, 2026 December 5, 2026 December 12, 2026 |
| Intervenors’ direct testimony on remaining issues | March 11, 2026 |
| PacifiCorp rebuttal testimony on remaining issues | May 1, 2026 |
| Status Conference on whether there are material issues of fact, and if so, what they are. | May 7, 2026 |
| Motion for Evidentiary Hearing (if any); Motion for Settlement (if any); Motion for Admission of Evidence (if no motion for Evidentiary Hearing). | May 8, 2026 |
| Response to Motion for Evidentiary Hearing, Settlement, or Admission of Evidence | May 15, 2026 |
| Evidentiary Hearing | June 3 - 4, 2026 |
| Opening briefs | June 23, 2026 |
| Reply briefs | July 8, 2026 |
| Proposed decision | October, 2026 |

4

⁹ Scoping Memo and Ruling (Scoping Memo), pp. 6-7 (October 21, 2025).

1 **PART 2: 2026 ENERGY COST ADJUSTMENT CLAUSE AND GREENHOUSE**
2 **GAS-RELATED FORECAST AND RECONCILIATION OF COSTS AND REVENUE**

3 **I. INTRODUCTION**

4 Part two of this exhibit presents the analyses and recommendations of
5 Cal Advocates regarding PacifiCorp’s 2026 Energy Cost Adjustment Clause (ECAC)
6 and greenhouse gas (GHG)-related costs in PacifiCorp’s Application filed on
7 August 1, 2025.

8 The ECAC offers a dollar-for-dollar recovery of net power costs (NPC) and
9 charges for carrying fuel stocks.¹⁰ This recovery is adjusted monthly based on the
10 actual NPC compared to the forecast NPC reflected in the current ECAC rates. NPC
11 typically includes expenses related to fuel, wholesale power purchases, and wheeling
12 costs, minus any revenue from wholesale sales. The rates for NPC are separated from
13 other charges and are collected through PacifiCorp’s ECAC (Schedule ECAC-94).¹¹
14 PacifiCorp’s proposed rates and calculations are built upon the outcome of the 2024
15 and 2025 ECAC cases, which are not yet final.

16 This exhibit reviews PacifiCorp’s request for approval of its 2026 ECAC and GHG
17 costs through new rates and credits. PacifiCorp is requesting an overall rate increase of
18 \$1.7 million, which represents a 1.0 percent increase, based on the combined ECAC
19 and GHG Surcharge. This rate change is proposed to take effect on January 1, 2026.

20 The details of the proposal include:

- 21 (1) An ECAC Balancing Rate of \$33.47 per megawatt hour
22 (MWh), which would result in an increase of approximately
23 \$13.0 million compared to current rates.
- 24 (2) An ECAC Offset Rate of \$41.99 per MWh, leading to a
25 decrease of about \$2.0 million from current rates. (3) A
26 reduction in the GHG Surcharge of approximately \$9.3 million.

¹⁰ Application, p. 2.

¹¹ Application, p. 2.

1 Additionally, the proposal includes a semi-annual California Climate Credit of
2 \$111.83 for small business and residential customers, and requests to continue support
3 for the Solar on Multifamily Affordable Housing (SOMAH) programs.¹² PacifiCorp also
4 seeks approval to eliminate the requirement to provide additional coal cycling scenarios
5 for future ECAC proceedings.¹³

6 Furthermore, PacifiCorp requests approval to recover compliance costs
7 associated with Washington’s Climate Commitment Act (CCA) Cap-and-Invest program
8 and to pursue California Cap-and-Trade Offsets, with cost recovery to be addressed in
9 future ECAC proceedings.¹⁴

10 **II. SUMMARY OF RECOMMENDATIONS**

11 The following summarizes Cal Advocates’ recommendations regarding
12 PacifiCorp’s ECAC for TY 2026:

- 13 • Cal Advocates opposes PacifiCorp's NPC for 2026 and
14 recommends an audit.
- 15 • Cal Advocates opposes PacifiCorp's forecasts for the SOMAH
16 Program, which estimate costs of [REDACTED] for 2026 and
17 recommend reallocating the set-aside to the California Climate
18 Credit for 2026.
- 19 • Cal Advocates does not take issue with PacifiCorp's request for
20 removal of the Supplemental Coal Cycling Analyses in future
21 ECAC proceedings.
- 22 • Cal Advocates opposes PacifiCorp's request to recover
23 compliance costs associated with the Washington Climate
24 Commitment Act (CCA).
- 25 • Cal Advocates opposes PacifiCorp policy confirmation to pursue
26 California Cap-and-Trade Offsets, with cost recovery in future
27 ECAC proceedings.

28 **III. DISCUSSION/ANALYSIS**

29 Cal Advocates performed an independent analysis of PacifiCorp’s ECAC and
30 GHG-related costs by examining its Application, public and confidential exhibits, along

¹² Application, pp. 1-2.

¹³ Application, p. 1.

¹⁴ Application, p. 1.

1 with confidential supporting workpapers and data request responses. The commission
2 should order an audit to verify that no retroactive compliance costs and no costs
3 incurred under the Washington CCA are embedded in the NPC for 2026. The
4 Commission should deny PacifiCorp's request to extend the SOMAH program.
5 PacifiCorp's request for the recovery of retroactive compliance costs (2023-2025) for
6 greenhouse gas (GHG) allowance costs incurred under the Washington Cap-and-Invest
7 program should be rejected. The Commission should deny recovery and remove the
8 compliance costs related to the Washington CCA from this application. PacifiCorp's
9 proposal to pursue California Cap-and-Trade offsets in future ECAC proceedings should
10 be rejected.

11 **A. Net Power Costs Request**

12 The Net Power Costs (NPC) are defined as the sum of fuel expenses, wholesale
13 purchase power expenses, and wheeling expenses, minus wholesale sales revenue.¹⁵
14 PacifiCorp's proposed rates and calculations are based on the outcomes of the 2024
15 and 2025 ECAC cases, which have not yet been finalized. Key components of the 2025
16 ECAC, such as the Balancing Rate and Offset Rate, are still being negotiated by the
17 parties involved and have not yet received Commission approval. PacifiCorp states in
18 its application that its proposed rates will need to be updated once the final outcomes of
19 the 2024 and 2025 ECACs are known, creating uncertainty for California ratepayers.¹⁶

20 Cal Advocates recommends that the Commission conduct an audit of
21 PacifiCorp's NPC to verify that there are no retroactive compliance costs and no costs
22 incurred under the Washington CCA included in the NPC for 2026.

23

¹⁵ Exhibit (Ex.) PAC/200-C, witness, Jack Painter, p. 3.

¹⁶ Application, p. 5.

1 **B. Semi-Annual California Climate Credit**

2 PacifiCorp has requested approval for a semi-annual California Climate Credit of
3 \$111.83 for small businesses and residential customers.¹⁷ A motion for the approval of
4 a written settlement was filed on December 5, 2025. The settling parties agree that the
5 settlement will take effect on January 1, 2026, or as soon thereafter as the Commission
6 is able to approve it.¹⁸

7 **C. Solar on Multifamily Affordable Housing (SOMAH) Program**

8 PacifiCorp has requested to maintain the allocation of [REDACTED] for the SOMAH
9 program forecasted for 2026. Cal Advocates requested additional information on the
10 SOMAH and asked PacifiCorp to provide evidence of the program's effectiveness.¹⁹ In
11 response, PacifiCorp stated, "To date, the Company has zero SOMAH projects."²⁰
12 Cal Advocates recommends that the Commission deny the continuation of the SOMAH
13 program and reallocate the [REDACTED] set-aside to the California Climate Credit.

14 **D. Supplemental Coal Cycling Analyses in future ECAC**
15 **proceedings.**

16 PacifiCorp's application included a request to eliminate the requirement for
17 providing Supplemental Coal Cycling Analysis in future ECAC proceedings.²¹
18 PacifiCorp acknowledged that the request was mistakenly included in its application.²²
19 Decision (D.) 24-11-007 already concluded that it was in the public interest to remove
20 the coal cycling requirement going forward and resolved this issue.

¹⁷ Application, p. 1-2.

¹⁸ A.25-08-001, Joint Motion For Approval Of Written Settlement with Respect to The California GHG Emissions Allowance Program Costs and Climate Credits in PacifiCorp's 2026 ECAC Application.

¹⁹ PacifiCorp's response to Cal Advocates Data Request PubAdv-Pacificorp-MPS-01, Q. 1.8.(a).

²⁰ PacifiCorp's response to Cal Advocates Data Request PubAdv-Pacificorp-MPS-01, Q. 1.8.(a).

²¹ Application, p. 1.

²² PacifiCorp's response to Cal Advocates Data Request PubAdv-Pacificorp-MPS-01, Q. 1.7.(a).

1 **E. Washington’s Climate Commitment Act**

2 PacifiCorp is seeking approval to recover California’s share of GHG allowance
3 costs incurred under Washington state’s Cap-and-Invest program (WA CCA) for the
4 Chehalis natural gas generating facility.²³ The WA CCA requires operators to purchase
5 a carbon offset credit for each metric ton of greenhouse gas emissions produced by a
6 generating facility. As a natural gas facility, PacifiCorp must purchase offset credits for
7 emissions produced by the Chehalis plant. The costs of purchasing these credits are
8 then passed on to ratepayers. Currently, California ratepayers are paying two separate
9 sets of GHG compliance costs on the exact same units of electricity. They are charged
10 once for the generation at the Chehalis plant under the Washington Cap-and-Invest
11 program, and a second time when that electricity is consumed under California’s own
12 Cap-and-Trade program. This duplication effectively imposes a "double burden" on
13 California ratepayers, and inappropriately forces them to subsidize two distinct state-
14 specific carbon taxing mechanisms for the same energy supply. This situation unfairly
15 penalizes California ratepayers for PacifiCorp’s operations across state lines. Cal
16 Advocates recommends that the Commission deny PacifiCorp’s recovery of [REDACTED]
17 retroactive compliance costs for (2023-2025), consisting of [REDACTED] for 2023,
18 [REDACTED] for 2024, and [REDACTED] for 2025.²⁴ These costs are included in the ECAC
19 Balancing Rate calculation as part of the Adjusted Actual NPC. For 2026, PacifiCorp’s
20 Balancing Rate includes a sur-credit of [REDACTED].²⁵ This sur-credit is due to
21 overcollection of Washington CCA and GHG costs forecast in the 2024 ECAC Offset
22 Rate, which reduces the 2026 Balancing Rate.

23 Washington ratepayers do not incur costs related to the purchase of these offset
24 credits, as operators are given “no-cost” allowances to cover emissions from facilities
25 that generate power allocated to Washington state. PacifiCorp is not allowed to
26 distribute the benefits of these “no-cost allowances” to customers in other states. The

²³ Ex. PAC/200-C witness, Jack Painter, p. 14.

²⁴ Ex. PAC/200-C witness, Jack Painter, p. 15.

²⁵ Ex. PAC/200 witness, Jack Painter, p. 22.

1 Department of Ecology ruled that these no-cost allowances are strictly intended to
2 benefit Washington retail customers and cannot be applied to energy "exported" to
3 serve customers in other states.²⁶ It is fundamentally inequitable to force California
4 ratepayers to pay the gross compliance costs of Washington's environmental
5 regulations while explicitly excluding them from the subsidy (no-cost allowances) that
6 Washington grants to its own residents to offset those very same costs.

7 PacifiCorp admits that the 2024 ECAC "did not provide for adequate notice or an
8 opportunity to be heard prior to reaching the CCA issue." ²⁷ It is not reasonable or
9 appropriate to penalize California ratepayers with three years of stacked, retroactive
10 compliance costs due to PacifiCorp's failure to properly notice and litigate the issue in
11 previous periods. Further, PacifiCorp did not include WA CCA within its NPC
12 calculations for 2023, and it would be inequitable to allow them to recover those costs
13 now.²⁸

14 PacifiCorp's own 2020 Inter-Jurisdictional Allocation Protocol explicitly mandates
15 that costs for state-specific policies must be assigned exclusively to the state that
16 enacted them (referred to as "situs" allocation).²⁹

17 **State-Specific Initiatives:**

18 Costs and benefits associated with Interim Period Resources acquired in
19 accordance with a State-specific initiative will be allocated and assigned
20 on a situs basis to the State adopting the initiative.³⁰

21 **Washington CCA is clearly a "State-specific initiative":**

22 According to this rule, the costs of complying with Washington's carbon
23 program must be allocated on a "situs basis," meaning 100% assigned to
24 Washington, and not variably shared with California.

²⁶ Ex. PAC/200-C witness, Jack Painter, pp. 16-17.

²⁷ Application, p. 10.

²⁸ Ex. CFBF-01, witness, Lloyd C. Reed, p. 2, line 8.

²⁹ Ex. PAC/101 witness, Lockey/1, 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, p. 8
Section 3.1.2.1 Interim Period State Resources-State Specific Initiatives.

³⁰ Ex. PAC/101 witness, Lockey/1, 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, p. 8
Section 3.1.2.1 Interim Period State Resources-State Specific Initiatives.

1 **Portfolio Standards:**

2 The portion of costs associated with Interim Period Resources acquired to
3 comply with a State’s Portfolio Standard adopted, either through legislative
4 enactment or by a State’s Commission, that exceed the costs PacifiCorp
5 would have otherwise incurred, will be allocated on a situs basis to the
6 Jurisdiction adopting the Portfolio Standard.³¹

7 Washington's environmental mandates were adopted through state
8 legislation. PacifiCorp is legally required to allocate the excess costs of
9 complying with these specific Washington standards only to the
10 jurisdiction that enacted them (Washington).

11 **State-Specific Initiatives:**

12 Costs and benefits resulting from a State-specific initiative will continue to
13 be allocated and assigned on a situs basis to the State adopting the
14 initiative.³²

15 Section 5.8 reaffirms the policy for the “Post-Interim Period,”
16 demonstrating that PacifiCorp's long-term, agreed-upon cost allocation
17 framework strictly forbids forcing ratepayers in one state to subsidize the
18 legislative and environmental policy initiatives of another state.

19 Moreover, Draft Resolution E-5398 was considered for adoption at a California
20 Public Utilities Commission (CPUC) voting meeting in the summer of 2025. The
21 resolution instructs PacifiCorp to exclude costs related to Washington's Cap-and-Invest
22 Program from California rate recovery, along with additional directives.

23 Other Public Utilities Commissions, such as those in Oregon and Idaho, have set
24 a precedent by explicitly prohibiting PacifiCorp from recovering Washington CCA costs
25 from their ratepayers. They have classified the CCA as a “state-specific initiative” for
26 Washington. California is the only state that has not rejected these costs. Similar to
27 decisions adopted in Oregon and Idaho, Cal Advocates recommends that the
28 Commission deny PacifiCorp’s request to recover Washington CCA costs from
29 California ratepayers. Allowing the recovery of these expenses could lead to

³¹ Ex. PAC/101 witness, Lockey/1, 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, p. 8
Section 3.1.2.1 Interim Period State Resources-Portfolio Standards.

³² Ex. PAC/101 witness, Lockey/1, 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, p. 37
Section 5.8. State-Specific Initiatives.

1 unintended cost shifts, resulting in California ratepayers unfairly subsidizing costs that
2 other states have appropriately chosen not to cover.

3 In Order No. 36274, the Idaho Public Utilities Commission reviews its prior ruling,
4 Order No. 36207, which denied PacifiCorp's request to pass on the costs associated
5 with the Washington Climate Commitment Act (WCCA) to Idaho ratepayers. The
6 Commission highlights several key points from Order 36207 in its summary.

7 **Violation of the 2020 Inter-Jurisdictional Allocation Protocol:**

8 We conclude that allowing recovery of costs incurred to comply with the
9 WCCA from Idaho customers would violate the 2020 [PacifiCorp Inter-
10 Jurisdictional Allocation] Protocol, which governs the allocation of costs
11 and benefits of Company resources (including Company-owned
12 generating facilities like the Chehalis facility) across the jurisdictions in
13 which the Company operates.³³

14 **WCCA Acts as a “Portfolio Standard”:**

15 We reject the Company’s argument that the costs it incurred to comply
16 with the WCCA are like other taxes imposed on the Company... Rather,
17 we conclude the WCCA is more akin to [a Renewable Portfolio Standard]
18 as it is designed to reduce the use of fossil fuel generation to serve load.”

19 The costs of resource procurement standards like this are situs-assigned
20 under the 2020 [PacifiCorp Inter-Jurisdictional Allocation] Protocol. Thus,
21 the costs the Company incurred to comply with the WCCA are
22 appropriately assigned to customers in Washington State.³⁴

23 **Inequity of Washington’s “No-Cost Allowances”:**

24 ..despite acknowledging the resemblance of isolated WCCA provisions to
25 a tax or generation-dispatch costs, the Commission reasoned that the
26 complete statutory scheme surpassed this by providing no-cost
27 allowances only to Washington State customers.³⁵

28 **WCCA and Clean Energy Transformation Act (CETA) Constitute a**
29 **"State-Specific Initiative":**

30 Order No. 36207 reasoned that the portfolio standards established under
31 CETA and the provision of no-cost allowances under WCCA combined to

³³ Idaho PUC Order No. 36274, p. 1:
https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/PAC/PACE2405/OrdNotc/20240719Interlocutory_Order_No_36274.pdf

³⁴ Idaho PUC Order No. 36274, pp. 1-2.

³⁵ Idaho PUC Order No. 36274, p. 2.

1 implement a state-specific initiative that Idaho customers should not be
2 responsible for.³⁶

3 The Commission noted that one purpose of the 2020 PacifiCorp Inter-
4 Jurisdictional Allocation Protocol (“2020 Protocol”) is to isolate such state-
5 specific policy costs for recovery from customers where the policies are
6 created.³⁷

7 The Oregon Public Utilities Commission explicitly denied PacifiCorp’s request to
8 recover Washington CCA costs from Oregon ratepayers. The Commission concluded
9 that Washington’s CCA is a state-specific program and, according to PacifiCorp’s own
10 cost-allocation rules, those costs must be strictly assigned (“situs assigned”) to the state
11 that enacted the policy. The Oregon Commission Key points in Order No. 23-404 are
12 as follow:

13 **Disallowance as a State-Specific Initiative:**

14 We disallow the Washington CCA costs as a state-specific initiative that is
15 properly allocated to Washington under PacifiCorp’s Multi-State Process.

16 We agree with Staff that the costs of the Washington CCA should be situs
17 assigned under the Multi-State Process (MSP).³⁸

18 **Inequity of Washington’s “No-Cost Allowances”:**

19 The Commission highlighted the inherent unfairness of forcing Oregon
20 ratepayers to pay for Washington’s environmental compliance while the
21 Washington Department of Ecology (Ecology) actively shields Washington
22 customers from those exact same costs.

23 PacifiCorp also receives no-cost allowances from Ecology, which it has
24 been directed by Ecology to allocate only to Washington state retail
25 customers. Therefore, Oregon customers are paying for the costs of
26 complying with the Washington CCA but not receiving a share of the
27 allowances that Washington customers receive to mitigate the costs of
28 that compliance.³⁹

29 **Washington’s Explicit Legislative Intent:**

30 The Order notes that the Washington Department of Ecology has clearly
31 stated in federal court that the mitigating benefits of the program are

³⁶ Idaho PUC Order No. 36274, p. 2.

³⁷ Idaho PUC Order No. 36274, p. 2.

³⁸ Oregon PUC Order No. 23-404, pp. 2 & 9.

³⁹ Oregon PUC Order No. 23-404, p. 7.

1 exclusively for Washington customers, to prevent double-charging them
2 during the transition mandated by Washington's Clean Energy
3 Transformation Act (CETA).

4 Ecology stated that "the plain language of the law and legislative intent is
5 clear that the concept of cost burden relates to how the costs associated
6 with covered emissions are passed on to customers in the State of
7 Washington".

8 Critically, these requirements do not apply to generation for out-of-state
9 customers. Thus, the function of the no-cost allowances in the Climate
10 Commitment Act is to avoid double-charging Washington customers for
11 the costs of the energy transition to non-emitting generation.⁴⁰

12 **Interaction Between CCA and CETA:**

13 The Commission reasoned that because the CCA allowances are directly
14 tied to CETA (a portfolio standard), they combine to form a state-specific
15 policy that the Multi-State Process (MSP) was expressly designed to
16 isolate.

17 The end result is a program that implements a state-specific initiative by
18 creating portfolio standards under CETA and then distributing allowances
19 to CETA-obligated utilities under the CCA. The MSP is designed to isolate
20 state-specific electricity policy costs like this one.⁴¹

21 **Rejection of Cross-Subsidization:**

22 While acknowledging that PacifiCorp is caught between conflicting state
23 mandates, the Commission firmly ruled that this does not justify shifting
24 the financial burden to out-of-state ratepayers.

25 Accordingly, PacifiCorp is faced with conflicting instructions about cost
26 allocation. However, that does not mean that it becomes appropriate to
27 charge Oregon retail customers for those costs instead. The remedy for
28 this issue falls in the Washington legislature, in the courts, or in the MSP
29 process.⁴²

30 Furthermore, Final Order 08 from the Washington Utilities and Transportation
31 Commission adopts PacifiCorp's 2026 Resource Allocation Protocol, which assigns
32 100% of power generation from the Chehalis facility to Washington state. This removes
33 all costs associated with the WA CCA from California's Net Power Costs. This

⁴⁰ Oregon PUC Order No. 23-404, p. 9.

⁴¹ Oregon PUC Order No. 23-404, p. 10.

⁴² Oregon PUC Order No. 23-404, p. 10.

1 arrangement would help avoid higher-cost market purchases and generate revenue
2 through market sales.⁴³ Because Chehalis is being recognized moving forward as a
3 Washington-exclusive resource to resolve these exact cross-jurisdictional compliance
4 issues, California ratepayers should not be forced to pay a retroactive true-up for the
5 plant's 2023–2025 environmental compliance liabilities. The costs of operating a plant
6 located in Washington, subject to Washington-specific environmental laws, should be
7 borne by Washington ratepayers.

8 PacifiCorp could have avoided out-of-state costs associated with the WA CCA if
9 it had updated the resource allocation protocol in a timely manner. PacifiCorp did not
10 act prudently and should not now be allowed to recover these costs from California
11 ratepayers. The Commission should require PacifiCorp to remove all costs related to
12 the Chehalis natural gas plant from the California allocated Net Power Cost (NCP) for
13 the 2026 forecast period to avoid double recovery in this proceeding.

14 **F. California Cap-and-Trade Offsets**

15 PacifiCorp is requesting approval of policy confirmation to pursue California Cap-
16 and-Trade offsets, with plans for cost recovery to be discussed in future ECAC
17 proceedings. PacifiCorp argues that the Commission has already authorized the three
18 major California investor-owned utilities (PG&E, SCE, and SDG&E) to procure offsets
19 and recover costs under Decision (D.) 12-04-046, provided the offsets are certified by
20 the Air Resources Board (ARB) and the seller assumes the risk of invalidation.
21 However, (D.) 12-04-046 only permitted limited offset procurement by California IOUs in
22 a specific context and did not automatically grant all utilities the right to recover offset
23 costs through ECAC.

24 PacifiCorp's request to classify Cap-and-Trade offsets as a valid ECAC cost
25 category could limit review, potentially lead to unnecessary costs for California
26 ratepayers, and exceed the scope of (D.) 12-04-046. Since offsets are optional under

⁴³ Washington Utilities and Transportation Commission ORDER 08, (Docket UE-250224), Decision assigns the Chehalis natural gas plant to Washington effective January 1, 2026. Consequently, Chehalis costs (fuel, O&M, capital) and generation benefits should typically be removed from the California-allocated Net Power Costs (NPC) for the 2026 forecast period to avoid double recovery, as Washington ratepayers will cover the full cost of the facility (Final Order 08, pp. 1, 28, 40).

- 1 ARB regulations and no clear benefits for ratepayers have been demonstrated, the
- 2 Commission should deny this request.
- 3

1 **IV. WITNESS QUALIFICATIONS – MARICELA SIERRA**

2 My name is Maricela Sierra, and I am affiliated with the Public Advocates Office
3 at the California Public Utilities Commission, where I serve as a Public Utilities
4 Regulatory Analyst in the Energy Cost of Service and Natural Gas Branch. My
5 professional office is located at 505 Van Ness Avenue, San Francisco, California.

6 I earned a Bachelor of Arts in Economics from California State University,
7 Sacramento, in 2000. Throughout my tenure with the Commission, I have prepared
8 testimony and testify as an expert witness in the following subject matters and
9 proceedings, including General Rate Cases (GRC), the Biennial Cost Allocation
10 Proceeding (BCAP), the Triennial Cost Allocation Proceeding (TCAP), the Cost
11 Allocation Proceeding (CAP), the Energy Cost Adjustment Clause (ECAC), and
12 Greenhouse Gas (GHG), Gas Transmission and Storage (GT&S), as well as the
13 Track 3 Recovery of Costs associated with Wildfire Mitigation. My responsibilities
14 encompass conducting thorough cost-benefit analyses, analyzing cost allocation and
15 rate design models, and evaluating results of operations (RO), revenue requirements,
16 capital expenditures, plant additions, rate base, and other operating revenues.

17 Furthermore, as an expert witness, I have undertaken econometric sales and
18 customer forecasts, actively engaged in both econometric and non-econometric
19 forecasting, and performed linear and non-linear regression analyses, along with
20 statistical analyses, for various proceedings involving electric, natural gas, and water
21 utilities.

22 This statement concludes my prepared testimony.