

Application No. 25-08-001
Exhibit No. PAC/900
Witness: Jack Painter

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Rebuttal Testimony of Jack Painter

May 2026

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1 **I. PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. Are you the same Jack Painter who previously submitted direct testimony in this**
3 **proceeding on behalf of PacifiCorp d/b/a Pacific Power (PacifiCorp)?**

4 A. Yes.

5 **Q. Please summarize your rebuttal testimony.**

6 A. I respond to issues related to Washington’s Cap-and-Invest program, known as the
7 Washington Climate Commitment Act (CCA) in the direct testimony of witness
8 Maricela Sierra, filed on behalf of the Public Advocates Office at the California
9 Public Utilities Commission (Cal Advocates). I also respond to issues related to cost
10 allocation in the direct testimony of witness Lloyd C. Reed, filed on behalf of the
11 California Farm Bureau Federation (Farm Bureau).

12 **II. WASHINGTON CCA COSTS**

13 **Q. Do you agree with Cal Advocates’ assertion that “California ratepayers are**
14 **paying two separate sets of GHG compliance costs on the exact same units of**
15 **electricity”?**¹

16 A. No. Cal Advocates’ characterization improperly conflates two distinct costs, both
17 incurred prudently as a result of serving California customers. First, the Washington
18 CCA cost is a real, incremental cost of generating electricity from the Chehalis
19 natural gas generating plant located in Washington. As I explained in my direct
20 testimony, PacifiCorp must retire Washington Greenhouse Gas (GHG) allowances for

¹ *In re 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, A.25-08-001, Public Advocates Office Report on the Result of Operations for PacifiCorp’s 2026 ECAC at 9 (Mar. 12, 2026) (hereinafter, “Cal Advocates Testimony”).*

1 emissions from Chehalis even when the output is exported outside Washington.² That
2 compliance obligation is attached to the operation of the Chehalis plant itself and is
3 therefore an actual cost of producing energy at Chehalis. Conversely, to the extent
4 California separately imposes GHG consumption-related obligations for the
5 customers' consumption of energy within California, California's policy does not
6 eliminate or negate the company's underlying Washington compliance obligation at
7 the point of generation. These are different requirements that arise under different
8 state programs. The existence of multiple applicable requirements does not make
9 PacifiCorp's cost of generation under Washington CCA unreasonable, duplicative, or
10 imprudent. PacifiCorp is simply requesting to recover prudently incurred NPC to
11 serve California customers.³

12 **Q. Why is recovery appropriate even though California customers also pay their**
13 **allocated share of California GHG program costs?**

14 A. Recovery remains appropriate because the Washington CCA costs at issue are
15 generation-related costs incurred to serve customers. Chehalis generation was
16 allocated to California and the associated Washington allowance costs were allocated
17 proportionately to that California share. Those costs were not avoidable simply
18 because California has its own GHG regulatory program. PacifiCorp is required to
19 comply with the Washington CCA, and the company acted prudently by doing so. In
20 addition, California customers received the benefit of Chehalis generation. As I

² *In re 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*, A.25-08-001, Jack Painter Direct Testimony, Ex. PAC/200 at 14 (Aug. 1, 2025) (hereinafter, "Painter Direct Testimony").

³ Painter Direct Testimony, Ex. PAC/200 at 15–16.

1 explained in my direct testimony, Chehalis is frequently dispatched in the Western
2 Energy Imbalance Market (WEIM). If Chehalis were not economic to dispatch, it
3 would not have been dispatched. California customers therefore received the benefits,
4 including reduced NPC, of energy supplied from Chehalis and should bear their
5 allocated share of the prudently incurred costs associated with that generation.

6 **Q. How do you respond to Cal Advocates' reliance on a 2026 Washington-specific**
7 **allocation protocol and its argument that Chehalis is now treated as a**
8 **Washington-exclusive resource?**⁴

9 A. The argument is simply irrelevant to the 2023, 2024, and 2025 allowance costs
10 included in this proceeding. The 2026 Washington-specific allocation protocol
11 referenced by Cal Advocates is for costs incurred beginning in 2026. As explained
12 below, PacifiCorp has not included 2026 Washington CCA costs in its NPC, and the
13 new allocation methodology, specific to and adopted only in Washington, does not
14 impact prudently incurred Washington CCA costs for 2023, 2024, and 2025.
15 Additionally, use of the 2020 Protocol in California does not have an automatic
16 sunset date; rather, PacifiCorp will continue to use the 2020 Protocol in all rate
17 proceedings until a new protocol is proposed and accepted in California.⁵

18 **Q. Please respond to Cal Advocates' argument that the Washington CCA should be**
19 **treated as a situs cost to the state of Washington.**⁶

20 A. I disagree with Cal Advocates that the Washington CCA is a state-specific initiative
21 under the 2020 Protocol. The company's generation resources incur various types of

⁴ Cal Advocates Testimony at 15.

⁵ See *In the Matter of the Application of PACIFICORP (U-901E)*, for an Order Authorizing a General Rate Increase Effective January 1, 2023, A.22-05-006, Exh. PAC/100 at 13.

⁶ Cal Advocates Testimony at 10–14.

1 environmental compliance costs and generation taxes, many of which are imposed by
2 the state where the resource is located. These include costs like the Wyoming wind
3 tax and the cost of emission control equipment installed at the company’s Wyoming
4 and Utah coal plants. These direct impacts to generation are consistently system
5 allocated, and California customers pay these environmental compliance costs and
6 generation taxes incurred by resources that are used to serve California customers.

7 Section 3.1.7 of the 2020 Protocol applies to the generally applicable
8 compliance costs associated with purchasing GHG allowances for the Chehalis
9 plant.⁷ Section 3.1.7 states that generation-related dispatch costs and generation- and
10 fuel-related taxes are allocated using the System Generation, or SG, allocation factor.
11 Here, the Washington CCA is a generation tax because there is no compliance
12 obligation if there is no generation, and the amount of the compliance obligation is
13 determined by the amount of generation.⁸ Because the Washington CCA costs are
14 appropriately characterized as a generation-related tax, or a dispatch cost, imposed by
15 Washington on generation from the Chehalis plant, the emission allowance costs are
16 appropriately allocated using the SG allocation factor. In this way, the Washington
17 emission allowances are treated the same as other state-imposed generation taxes, like
18 the Wyoming wind tax.

⁷ See *In the Matter of the Application of PACIFICORP (U-901E), for an Order Authorizing a General Rate Increase Effective January 1, 2023*, A.22-05-006, Exh. PAC/902.

⁸ See RCW 70A.65.010(1) (defining “Allowance” as “an authorization to emit up to one metric ton of carbon dioxide equivalent”).

1 **Q. How do you respond to Cal Advocates’ argument that PacifiCorp is seeking**
2 **improper retroactive recovery of the Washington CCA costs for 2023, 2024, and**
3 **2025?⁹**

4 A. Cal Advocates’ retroactive recovery argument is without merit. As an initial matter,
5 prohibited retroactive ratemaking occurs only where a utility seeks to recover costs
6 already incurred that it failed to seek recovery for in a timely or appropriate manner
7 or seeks to revise rates for a closed period in which recovery was neither sought nor
8 reasonably contemplated.

9 The Commission has explained that previously incurred costs can be
10 recovered in a future proceeding if they are part of an authorized ratemaking
11 mechanism, such as the ECAC. In D.07-07-041, the Commission stated,

12 It is a well established tenet of the Commission that ratemaking is
13 done on a prospective basis. The Commission's practice is not to
14 authorize increased utility rates to account for previously incurred
15 expenses, unless, before the utility incurs those expenses, the
16 Commission has authorized the utility to book those expenses into
17 a memorandum or balancing account for possible future recovery
18 in rates. This practice is consistent with the rule against retroactive
19 ratemaking.¹⁰

20 Finally, any perceived “retroactive” characterization of recovery for 2023,
21 2024, and 2025 Washington CCA costs is not attributable to PacifiCorp. To the
22 contrary, PacifiCorp sought timely recovery of these costs in the relevant ECAC
23 proceedings. The Commission itself determined that it would be more efficient and
24 appropriate to consolidate consideration of multiple years of Washington CCA costs

⁹ Cal Advocates Testimony at 15.

¹⁰ *Application of PACIFIC GAS AND ELECTRIC COMPANY to Recover Incremental Costs Related to the 2005-2006 New Year’s Storms and July 2006 Heat Storm Recorded in the Catastrophic Event Memorandum Account (CEMA) Pursuant to Public Utility Code Section 454.9, A.06-11-005 D.07-07-041 at 5–6 (Jul. 30, 2007) (citing 43 CPUC 2d 596, 600).*

1 into a single proceeding to allow for full briefing and review. Specifically, in
2 Decision 25-08-013, the Commission granted PacifiCorp’s Petition for Modification,
3 and struck the provisions of the 2024 ECAC Decision, D.24-11-007, which ordered
4 PacifiCorp to remove the Washington CCA costs from its 2024 ECAC NPC. In
5 addition, the Commission explained that the ultimate disposition of the Washington
6 CCA costs would be determined in a subsequent ECAC, stating, “PacifiCorp should
7 be allowed to show that the California and Washington Chehalis Facility compliance
8 costs, which are currently being incurred, are independent and recoverable. A future
9 ECAC proceeding will determine if Washinton compliance costs are recoverable
10 going forward as well as how already collected costs should be disposed of.”¹¹

11 It would be inequitable to penalize PacifiCorp for adhering to the procedural
12 framework established by Decision 25-08-013. Denying recovery simply because of
13 timing dictated by the novelty of the program or the Commission’s procedural
14 decisions would be neither just nor reasonable.

¹¹ *In the Matter of the Application of PacifiCorp (U901E) for Approval of its 2024 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue*, A.23-09-008, DECISION GRANTING PETITION FOR MODIFICATION OF DECISION 24-11-007, D.25-08-013 at 10 (Aug. 15, 2025). It should also be noted that the Assigned Administrative Law Judge in the 2025 PacifiCorp ECAC ruled that the Washington CCA costs were not within the scope of that proceeding. Oct. 13, 2025 Email Ruling Regarding Scoping of Washington Cap-and-Invest Issue in Application 24-08-002. Therefore, the 2026 PacifiCorp ECAC is the appropriate proceeding for PacifiCorp to demonstrate that these costs are “independent and recoverable.”

1 **Q. Cal Advocates suggests that, “PacifiCorp admits that the 2024 ECAC did not**
2 **provide for adequate notice or an opportunity to be heard prior to reaching the**
3 **CCA issue” and further states that, “it is not reasonable or appropriate to**
4 **penalize California ratepayers with three years of stacked, retroactive**
5 **compliance costs due to PacifiCorp’s failure to properly notice or litigate the**
6 **issue in previous periods.”¹² What is your response to Cal Advocates’ assertions?**

7 A. Cal Advocates has misconstrued PacifiCorp’s discussion in the 2026 ECAC
8 Application of how the WA CCA issues were handled in previous ECAC
9 proceedings. The 2026 ECAC Application stated that “the 2024 ECAC did not
10 provide for adequate notice or an opportunity to be heard prior to reaching the CCA
11 issue.”¹³ PacifiCorp’s Petition to Modify makes clear that the failure to provide notice
12 or an opportunity to be heard was not a failure on PacifiCorp’s part. Instead the
13 failure was on the part of the Commission in adopting the 2024 ECAC decision
14 mandating removal of WA CCA costs from rates without record evidence or any
15 opportunity for any party to introduce evidence or testimony to the contrary.¹⁴

16 For that reason, PacifiCorp reasonably suggested in its Petition to Modify that
17 the issue of WA CCA cost recovery be addressed in PacifiCorp’s next annual ECAC
18 proceeding.¹⁵ The Commission agreed and issued D. 24-08-013, which modified the
19 2024 ECAC Decision (D.24-11-007) to delete the requirement that order PacifiCorp
20 to remove WA CCA costs from rates. D.24-08-013 instead ordered that the issue of
21 the recovery of such costs will be considered in a future PacifiCorp ECAC

¹² Exh. CA-01-C at p. 10 (citing a footnote in the 2026 PacifiCorp ECAC Application at p. 10).

¹³ Application at p. 10; citing PacifiCorp’s Petition to Modify Decision 24-11-007, at p. 6.

¹⁴ Petition to Modify Decision 24-11-007 at pp. 6-7.

¹⁵ Petition to Modify, pp. 15-16.

1 proceeding.¹⁶ Therefore, the procedural inadequacy surrounding the issuance of D.24-
2 11-007 has no bearing on whether PacifiCorp should be permitted to recover WA
3 CCA costs from 2023, 2024, or 2025, and the Commission has plainly stated that the
4 issue is appropriately addressed in an ECAC proceeding. As the WA CCA costs were
5 excluded from the scope of the 2025 ECAC proceeding, the appropriate place to
6 address the recovery of the WA CCA costs is this proceeding, the 2026 ECAC.

7 Additionally, Cal Advocates identifies, at most, an alleged notice issue related
8 solely to 2023, the first year of Washington CCA compliance. That year presents
9 unique circumstances. The Washington Department of Ecology did not issue formal
10 guidance on treatment of electricity exports from Washington to California until
11 January 2023; therefore, forecasting these costs in the company's August 2022 ECAC
12 filing would have been premature. These facts undermine any suggestion that
13 PacifiCorp intentionally delayed seeking recovery or failed to provide reasonable
14 notice.

15 **Q. Is PacifiCorp seeking recovery of any projected Washington CCA allowance**
16 **costs for calendar year 2026 in this proceeding?**

17 A. No. PacifiCorp is not seeking Washington CCA allowance costs for calendar year
18 2026 in this proceeding.

¹⁶ D.25-08-013, pp. 10-11.

1 **Q. How do you respond to Cal Advocates’ request for “an audit to verify no**
2 **retroactive compliance costs and no costs incurred under the Washington CCA**
3 **are embedded in the NPC for 2026.”¹⁷**

4 A. As stated above, PacifiCorp is seeking recovery of prudently incurred Washington
5 CCA costs for calendar years 2023, 2024, and 2025, not 2026. PacifiCorp’s request to
6 recover these costs does not constitute retroactive rulemaking as discussed above, but
7 rather Cal Advocates’ mischaracterization of PacifiCorp’s request. Accordingly, no
8 audit of the NPC will reveal that retroactive costs were or were not incurred.
9 Additionally, PacifiCorp’s power cost forecasting model did not apply any 2026
10 Washington CCA costs to its 2026 forecast. As shown in Figure 1 below, the yellow
11 highlighted Var Cost Mod1 column in the Aurora model is blank. When this column
12 is blank, there are no WA CCA costs applied to Chehalis. PacifiCorp is not seeking
13 2026 Washington CCA costs. Cal Advocates has identified no contrary evidence
14 suggesting that 2026 Washington CCA costs were included in the 2026 NPC and it
15 has not pointed to any flaw in the company’s modeling, inputs, or testimony that
16 would call that showing into question. In the absence of an evidentiary dispute, an
17 audit is not warranted. Commission-ordered audits are extensive, and resource- and
18 time-intensive processes that should not be employed to investigate speculative
19 concerns unsupported by the record. It is therefore unnecessary for the Commission
20 to order an audit as requested by Cal Advocates.

¹⁷ Cal Advocates Testimony at 7.

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Figure 1

	Reporting	ID	Name	Utility	Heat Rate	Capacity	Nameplate Capacity	Fuel	Area	Variable O&M	Fixed O&M	Var Cost Mod1
					Btu/kWh	MW	MW			\$/MWh	\$/MW-Week	\$/MWh
1	FALSE	Chehalis	GS_Chehalis	PacifiCorp	hrd_Chehal	mn_Cheha	476.97283	Chehalis Gas	5	2		

2 **Q. Do the orders by Oregon and Idaho to disallow PacifiCorp’s recovery of the**
 3 **prudently incurred Washington CCA costs affect the Commission’s decision in**
 4 **this proceeding?**¹⁸

5 A. No. The Oregon and Idaho outcomes cited by Cal Advocates do not control the
 6 outcome in this California proceeding because they are distinct jurisdictions with
 7 their own individual decision-making authorities. Furthermore, PacifiCorp
 8 emphasizes that it is not asking California customers to bear costs that should be
 9 allocated to other states. PacifiCorp is seeking recovery only of California’s allocated
 10 share of Washington CCA costs associated with Chehalis.

11 **Q. How do you respond to Cal Advocates’ suggestion that PacifiCorp acted**
 12 **imprudently by not changing the way in which the company allocated Chehalis**
 13 **to each state as soon as the Washington CCA went into effect?**¹⁹

14 A. I disagree with that suggestion. PacifiCorp did not act imprudently. The company had
 15 no reason to assume that prudently incurred costs for serving customers in the
 16 respective states, even if incurred based on Washington’s state policy, would be
 17 disallowed. Accordingly, it was not unreasonable to seek recovery of WA CCA costs
 18 in PacifiCorp’s states according to the relevant multi-jurisdictional allocation
 19 protocol.

¹⁸ Cal Advocates Testimony at 11.

¹⁹ Cal Advocates Testimony at 15.

1 protocol with use of the 2020 Protocol in California. The Washington 2026 Protocol
2 addresses how costs and benefits are allocated to Washington customers beginning in
3 2026. It does not, by its own terms, establish revised allocation factors for California.
4 Additionally, the Washington 2026 Protocol does not require PacifiCorp to redo or
5 update its filing to mirror Washington-specific allocation. Put differently, Farm
6 Bureau assumes that because Washington adopted a Washington-specific allocation
7 for Chehalis and certain other resources beginning January 1, 2026, PacifiCorp must
8 therefore immediately apply that same treatment in California. This assumption is
9 incorrect. California ratemaking is governed by what this Commission has approved
10 for California (the 2020 Protocol), not by a Washington-specific allocation protocol
11 approved in a different jurisdiction for different retail customers.

12 **Q. When did PacifiCorp file the 2026 ECAC and when did the WUTC approve the**
13 **Washington 2026 Protocol?**

14 A. The 2026 ECAC was filed by PacifiCorp on August 1, 2025. The Washington 2026
15 Protocol was approved by the WUTC more than 4 months later on December 22,
16 2025.

17 **Q. Do you agree with Farm Bureau’s claim that the Chehalis plant is being**
18 **“double-counted”²¹ in PacifiCorp’s 2026 ECAC in California and in**
19 **Washington?**

20 A. No, that claim is incorrect. Farm Bureau’s “double-counting” argument is premised
21 on the mistaken assumption that the Washington 2026 Protocol governs California
22 allocation. The Washington 2026 Protocol assigns Chehalis to Washington for

²¹ Farm Bureau Testimony at 5.

1 purposes of Washington’s ratemaking treatment. That does not mean that the
2 allocation of Chehalis in this proceeding somehow becomes incorrect or duplicative
3 merely because Washington has adopted a Washington-specific protocol. Farm
4 Bureau is effectively attempting to import Washington’s state-specific protocol into
5 California without Commission approval and then labeling the result of not doing so
6 as “double-counting.” It bears repeating that PacifiCorp is not seeking 2026
7 Washington CCA costs, so the changes made by the adoption of the Washington 2026
8 Protocol—i.e., the situs-assignment of Chehalis to Washington retail customers and
9 their rates—is entirely irrelevant to the company’s recovery of 2023, 2024, and 2025
10 Washington CCA costs.

11 **Q. How do you respond to Farm Bureau’s recommendation that PacifiCorp make**
12 **an erratum filing to incorporate the Washington 2026 Protocol’s reassignment of**
13 **Chehalis, Hermiston, Jim Bridger Units 1 and 2, and Rolling Hills?**

14 A. I do not agree that such a filing is required or appropriate. As explained above, Farm
15 Bureau’s recommendation again assumes that a Washington-specific protocol must
16 be applied in California. Additionally, as I stated above, Chehalis provides benefits to
17 California customers through lower NPC. Removing the benefits of Chehalis would
18 increase NPC to California customers.

19 **Q. If PacifiCorp’s Washington jurisdiction allocates costs under the 2026 Protocol**
20 **and the other five jurisdictions allocate costs under the 2020 Protocol, how is the**
21 **company’s recovery of costs affected?**

22 A. For many years, different methodologies have been used for allocating PacifiCorp’s
23 system costs to Washington and its other five states. This has resulted in more than

1 100 percent of the cost of some items being allocated to the six states, while other
2 items have been less than 100 percent allocated.

3 **Q. How do you respond to Farm Bureau’s testimony concerning the future sale of**
4 **the Washington service territory and certain Washington generating facilities?**

5 A. Farm Bureau’s testimony is speculative and does not establish any error in
6 PacifiCorp’s current filings. As Farm Bureau acknowledges, the closing date of that
7 proposed transaction is not expected before 2027.²² A proposed future transaction
8 with an uncertain closing date does not render PacifiCorp’s filings incorrect. Until
9 such a transaction closes and the relevant assets are no longer part of PacifiCorp’s
10 system, Farm Bureau’s assertions about future ownership and possible implications
11 remain hypothetical. Those hypothetical concerns are not a basis to require an
12 erratum filing or reject PacifiCorp’s 2026 ECAC.

13 **Q. Is this proceeding appropriate to replace or revise the allocation methodology**
14 **applicable in California?**

15 A. No. It is my understanding that 2020 Protocol can be used in California until a new
16 allocation methodology is proposed. As Farm Bureau itself notes, the Commission
17 approved the 2020 Protocol for use in California in PacifiCorp’s 2023 General Rate
18 Case, and PacifiCorp has not requested, nor has the Commission authorized the use of
19 a new allocation protocol. In short, interjurisdictional cost allocation methodologies
20 are addressed in the company’s general rate cases.

²² Farm Bureau Testimony at 6.

1 **Q. What is your recommendation to the Commission regarding Farm Bureau's**
2 **testimony?**

3 A. I recommend that the Commission reject Farm Bureau's recommendations to require
4 any errata filings or otherwise revise the allocation protocol currently approved in
5 California (2020 Protocol).

6 **IV. CONCLUSION**

7 **Q. Please summarize your testimony.**

8 A. With respect to Washington CCA costs, PacifiCorp is seeking recovery of prudently
9 incurred allowance costs only for calendar years 2023, 2024, and 2025 associated
10 with Chehalis generation and allocated to California customers proportionately.
11 Washington CCA costs represent the actual cost of operating the Chehalis generating
12 facility in Washington, which has benefited California customers each year. The fact
13 that California has its own GHG regulatory requirements does not eliminate
14 PacifiCorp's separate obligation to comply with Washington law, nor does it make
15 those costs duplicative or imprudent. PacifiCorp is not seeking recovery of any
16 Washington CCA costs for calendar year 2026 in this proceeding.

17 With respect to the Washington 2026 Protocol, Farm Bureau incorrectly
18 assumes that a Washington-specific allocation protocol automatically changes the
19 allocation methodology applicable to California. It does not. The Washington 2026
20 Protocol applies to Washington ratemaking and does not revise the allocation
21 framework currently approved for use in California. Farm Bureau's testimony
22 therefore confuses Washington-specific ratemaking treatment with the allocation
23 methodology applicable in this California proceeding. For these reasons, I

1 recommend that the Commission allow recovery of PacifiCorp's prudently incurred
2 Washington CCA costs for 2023, 2024, and 2025 and reject proposals to revise
3 allocation treatment in this proceeding based on the Washington specific allocation
4 protocol.

5 **Q. Does this conclude your rebuttal testimony?**

6 A. Yes.