

1407 W. North Temple Salt Lake City, UT 84116

April 12, 2023

VIA ELECTRONIC FILING

Public Service Commission of Utah Heber M. Wells Building, 4th Floor 160 East 300 South Salt Lake City, UT 84114

Attention: Gary Widerburg Commission Administrator

Re: Docket No. 23-035-20

In the Matter of the Application of Rocky Mountain Power to Extend the 2020 Protocol through December 31, 2025

Rocky Mountain Power hereby submits its application in the above-referenced matter.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred):	datarequest@pacificorp.com jana.saba@pacificorp.com ajay.kumar@pacificorp.com
By regular mail:	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000

Informal inquiries may be directed to Jana Saba, Regulatory Affairs Manager, at (801) 220-2823.

Sincerely,

ille tward

Joelle Steward Senior Vice President, Regulation/Customer and Community Solutions

Portland, OR 97232

Enclosures

Cc: Service List – Docket No. 19-035-42

Ajay Kumar Rocky Mountain Power 825 NE Multnomah Street, Suite 2000 Portland, OR 97232 (503) 813-5161

Attorney for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky	DOCKET NO. 23-035-20
Mountain Power for an Extension to the 2020))
Inter-Jurisdictional Cost Allocation Agreement)	APPLICATION OF ROCKY
)	MOUNTAIN POWER
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Rocky Mountain Power, a division of PacifiCorp ("Rocky Mountain Power" or the "Company"), hereby respectfully submits this application ("Application") in accordance with Utah Code Ann. §§ 54-4-1, 54-4-21, and 54-4-23 to the Public Service Commission of Utah ("Commission") and requests approval of an extension to PacifiCorp's 2020 inter-jurisdictional cost allocation agreement (the "2020 Protocol"). In support of this

Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, which is an electrical corporation and public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its public utility operations. PacifiCorp also provides retail electric service in the states of Idaho and Wyoming under the name Rocky Mountain Power, and in the states of Oregon, Washington and California under the name Pacific Power.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 948,000 customers in Utah. Rocky

Mountain Power's principal place of business in Utah is 1407 W. North Temple, Suite 330, Salt Lake City, Utah 84116.

I. BACKGROUND

3. On April 15, 2020, the Commission issued its Order¹ adopting the 2020 Protocol. Section 2 of the 2020 Protocol provided the effective period through December 31, 2023, for the 2020 Protocol.

4. PacifiCorp provides retail electric service to more than 2.0 million customers in the western states of California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp owns substantial generation and transmission facilities. Augmented with wholesale power purchases and long-term transmission contracts, these facilities operate as a single system on an integrated basis to provide service to customers in a cost-effective manner. PacifiCorp recovers costs of owning and operating its generation and transmission system in retail prices established from time to time in state regulatory proceedings.

5. In such state regulatory proceedings, it is customary to first determine what assets are used and useful in providing service to customers and the prudence of associated costs to be included in the Company's revenue requirement in the state conducting the proceeding. Because the Company's generation and transmission resources and other common or general functions are used to serve the Company's customers in all of its state jurisdictions, it is necessary to determine what portion of these costs should be allocated to customers in the state for which prices are being established. If different state commissions make different decisions regarding what resources should be included in PacifiCorp's rates or if different state commissions adopt different policies for allocating the costs of resources

¹ Docket No. 19-035-42.

among states, the Company may not be afforded a reasonable opportunity to recover its full cost of providing electric service.

6. Each of PacifiCorp's state regulatory commissions has the ability to pursue policies that it believes are in the public interest in its state. It is also important, however, for PacifiCorp to be able to make business decisions in an environment where differing state policies do not result in preemptively denying the Company a reasonable opportunity to recover its prudently incurred costs. This would create a disincentive for PacifiCorp to invest in its system.

7. Negotiations on the 2020 Protocol began in 2017, and an agreement was executed by stakeholders in November of 2019. Through the negotiations leading up to the 2020 Protocol, the Multi-State Process Workgroup also worked on a more durable allocation methodology that would allow for greater flexibility among the states to integrate state energy policies while maintaining the benefits of operating as a single system.

8. After the execution of the 2020 Protocol, the signatory parties to the 2020 Protocol (known as the "Framework Issues Workgroup") began investigating and working through the Framework Issues to develop the successor to the 2020 Protocol. PacifiCorp and the Framework Issues Workgroup has been discussing and considering those issues in meetings every other month. These negotiations are confidential as the meetings involve analysis of proprietary company information and also promote the free-flow of discussion and compromise among stakeholders.

9. After approximately three years of discussions and negotiations, the Framework Issues Group needs additional time to complete the work on developing a successor to the 2020 Protocol, and as a result, the parties have entered into the First

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Amendment and Extension to the 2020 Protocol ("First Amendment") to extend the 2020 Protocol to December 31, 2025. The First Amendment is included as Attachment A to this Petition.

II. REQUEST FOR APPROVAL OF THE 2020 PROTOCOL

10. As the negotiations to develop a successor to the 2020 Protocol have progressed, new regulatory actions from federal agencies, along with operational and market considerations, have impacted negotiations in the Framework Issues Workgroup. Specifically, new federal legislation and environmental rule changes are expected to impact the costs and benefits of PacifiCorp's generation fleet.

11. At the same time, the Parties began considering alternative resource allocation methodologies, and the Parties would like to continue to explore these options. Accordingly, the Parties are requesting a two-year extension to the 2020 Protocol.

12. The First Amendment has been executed by nearly all the Utah stakeholders that are signatories to the 2020 Protocol. These stakeholders are the Utah Division of Public Utilities, the Utah Office of Consumer Services, the Utah Association of Energy Users, Utah Clean Energy, and Western Resource Advocates. Nucor has indicated that they do not oppose this extension. Rocky Mountain Power has contacted Wolverine Fuels, but they have not responded to the Company's communications.

13. In support of this Petition the Company provides a report developed by the Company that provides an update on the current status of these discussions and an explanation of the key provisions that amend the 2020 Protocol. This report is included as Attachment B to this Petition.

14. Communications regarding this Application should be addressed to:

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Jana Saba	Ajay Kumar
Manager, Utah Regulatory Affairs	Assistant General Counsel
Rocky Mountain Power	Rocky Mountain Power
1407 West North Temple, Suite 330	825 NE Multnomah Street, Suite 2000
Salt Lake City, Utah 84116	Portland, OR 97232
E-mail:	E-mail:
jana.saba@pacificorp.com	ajay.kumar@pacificorp.com

In addition, Rocky Mountain Power requests that all data requests regarding

this application be addressed to:

By email (preferred):	<u>datarequest@pacificorp.com</u> jana.saba@pacificorp.com ajay.kumar@pacificorp.com
By regular mail:	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

Informal inquiries related to this application may be directed to Jana Saba, (801) 220-2823.

III. PROPOSED COMMISSION PROCESS

15. The 2020 Protocol and the First Amendment have been developed and negotiated by the Parties as an integrated, interdependent whole. Support by any Party of the 2020 Protocol and the First Amendment is expressly conditioned upon approval without material alteration of the 2020 Protocol or First Amendment by all commissions in the states that PacifiCorp has sought approval. The Parties recommend that the Commission approve the First Amendment to the 2020 Protocol and that the approval be conditioned on the other commissions approving the First Amendment to the 2020 Protocol without change.

16. PacifiCorp respectfully requests that the Commission approve the extension of the 2020 Protocol for inter-jurisdictional cost-allocation purposes effective January 1, 2024.

17. IV. CONCLUSION

PacifiCorp respectfully requests that the Commission issue an order approving the

First Amendment to the 2020 Protocol as included in Attachment A.

DATED this 12th day of April, 2023.

Respectfully submitted,

ROCKY MOUNTAIN POWER

In the

Ajay KumarRocky Mountain Power825 NE Multnomah Street, Suite 2000Portland, OR 97232(503) 813-5161

Attorney for Rocky Mountain Power

Attachment A

First Amendment and Extension to the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol

1 1. Introduction

2 On November 22, 2019, the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol 3 Agreement (the "2020 Protocol" or this "Agreement") was executed. The 2020 Protocol reflects 4 the agreement among PacifiCorp (or the "Company"), state regulatory agencies, customers, 5 consumer advocates, conservation organizations, and other interested parties from California, Idaho, Oregon, Utah, Washington, and Wyoming (collectively referred to as the "States" or 6 individually as a "State") who have executed this Agreement (collectively referred to as the 7 8 "Parties" or individually as a "Party") on an interim allocation and assignment method and a 9 process for determining a long-term replacement of existing inter-jurisdictional allocation and 10 assignment methodologies. The 2020 Protocol was approved and adopted by the Commissions¹ as

11 identified in Table 1 below.

State	Docket Number	Order Date
California	A.22-05-006	TBD^2
Idaho	PAC-E-19-20	April 22, 2020
Oregon	UM 1050	January 23, 2020
Utah	19-035-42	April 15, 2020
Washington	UE-191024	December 14, 2020
Wyoming	20000-572-EA-19 (Record 15400)	December 3, 2020

12 The 2020 Protocol defined certain unresolved issues as "Framework Issues"³ and established a 13 "Framework Issues Workgroup"⁴ to address these unresolved issues. The Parties have engaged in 14 negotiations of the Framework Issues under the Framework Issues Workgroup. As these

¹ Capitalized terms in this First Amendment and Extension continue to be defined consistent with the definitions identified in the 2020 Protocol.

² PacifiCorp has requested approval of the 2020 Protocol in the most recent ongoing general rate case and an order has yet to be issued.

³ 2020 Protocol at 38:794-43:913.

⁴ 2020 Protocol at 44:926-929.

15 discussions have progressed, new regulatory actions from federal agencies, along with operational 16 and market considerations, have impacted discussions in the Framework Issues Workgroup. These events have resulted in the consideration of alternative resource allocation methods, and the Parties 17 18 would like to continue to explore these options. As a result, the Parties have agreed to amend and 19 extend the 2020 Protocol an additional two years to resolve the outstanding Framework Issues and 20 finalize a Post-Interim Period Method that can be presented to the Commissions for approval. This 21 amendment is not a new inter-jurisdictional protocol, it simply presents the necessary changes to 22 extend the existing 2020 Protocol.

The Parties have entered into this First Amendment and Extension to the 2020 Protocol ("First Amendment"). The modifications to the 2020 Protocol that are necessary to implement these changes are identified below. Consistent with section 8.4 of the 2020 Protocol, the First Amendment has been submitted to, discussed, and agreed to by the Parties participating in the Framework Issues Workgroup. Unless modified in the manner identified below, the provisions of the 2020 Protocol remain in force and will continue in effect for the extended duration of this agreement until December 31, 2025.

- 30 2. Modifications to the 2020 Protocol
- 31

2.1. Extension of the Agreement

As identified in Section 1, 2.1, and 2.2.1 (lines 21, 94, 103, 105, and 106), the termination date of the Interim Period will be extended from December 31, 2023 to December 31, 2025. The date, December 31, 2023, located in footnote 3, page 5 shall also be revised to be December 31, 2025.

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2.2. Clarification on Oregon Exit Dates

37 In section 4.1.3.2, a clarification will apply to Jim Bridger Units 1 and 2. For Jim Bridger

38	Unit 1, the 2020 Protocol will note that "Based on the settlement reached and adopted in Docket
39	No. UE 399 in Oregon, this Exit Order only applies to Jim Bridger 1 as a coal-fired Unit. ⁵ To the
40	extent that Jim Bridger Unit 1 is not converted to natural gas, PacifiCorp will make appropriate
41	filings in Oregon to change the date of the Exit Order." For Jim Bridger Unit 2, the 2020
42	Protocol will note that "PacifiCorp did not seek an Exit Order for Jim Bridger Unit 2 because of
43	the anticipated conversion to natural gas." Section 4.1.3.3. shall be amended to revise the date
44	located on line 458 from December 31, 2023, to December 31, 2025. Section 4.2.2 shall be
45	amended to revise the dates located on lines 503-504 from June 30, 2024, and December 31,
46	2023, to June 30, 2026, and December 31, 2025.
47	2.3. Changes to Appendix C
48	The Division Generation – Utah Factor located on page 5 of Appendix C shall be
49	modified to note that after the Interim Period, the factor is fixed by the average of the four-year

50 historical value immediately preceding the end of the Interim Period.

⁵ In the Matter of PacifiCorp, d/b/a Pacific Power, Request for a General Rate Revision, Docket No. UE 399, Order No. 22-491 (Dec. 16, 2022).

51 3. Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol

- 52 This First Amendment and Extension to the 2020 Protocol is entered into by each Party on
- 53 the date entered below such Party's signature.

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
By: Mangunand	By:
Senior Vice President, Regulation Title: and Customer/Community Solutions	Title:
Date: Men 31, 2023	Date:
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
Ву:	By:
Title:	Title:
Date:	Date:
IDAHO IRRIGATION PUMPERS ASSOCIATION	INTERWEST ENERGY ALLIANCE
By:	Ву:
Title:	Title:
Date:	Date:

- 51 **3.** Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol
- 52 This First Amendment and Extension to the 2020 Protocol is entered into by each Party on

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
By:Senior Vice President, Regulation Title: and Customer/Community Solutions Date:	By: $2w/$ Title: $coursel - AWEC$ Date: $3/27/23$
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
Ву:	By:
Title:	Title:
Date:	Date:
IDAHO IRRIGATION PUMPERS ASSOCIATION	INTERWEST ENERGY ALLIANCE
By:	By:
Title:	Title:
Date:	Date:

3. Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol

This First Amendment and Extension to the 2020 Protocol is entered into by each Party

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
Ву:	By:
Senior Vice President, Regulation Title: <u>and Customer/Community Solutions</u>	Title:
Date:	Date:
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
By: Jul Hume	By:
Title: ENERYA ASSOCIATE	Title:
Date: MARCL 27, 7023	Date:
IDAHO IRRIGATION PUMPERS ASSOCIATION	INTERWEST ENERGY ALLIANCE
By:	By:
Title:	Title:
Date:	Date:

51 3. Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol

52 This First Amendment and Extension to the 2020 Protocol is entered into by each Party on

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
Ву:	By:
Senior Vice President, Regulation Title: and Customer/Community Solutions	Title:
Date:	Date:
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
Ву:	By: Jerri Carlock
Title:	Title: Administrator Utilities
Date:	Date: March 27, 2023
IDAHO IRRIGATION PUMPERS ASSOCIATION	INTERWEST ENERGY ALLIANCE
Ву:	Ву:
Title:	Title:
Date:	Date:

51 3. Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol

52 This First Amendment and Extension to the 2020 Protocol is entered into by each Party on

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
Ву:	Ву:
Senior Vice President, Regulation Title: <u>and Customer/Community Solutions</u>	Title:
Date:	Date:
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
Ву:	By:
Title:	Title:
Date:	Date:
IDAHO IRRIGATION PUMPERS	INTERWEST ENERGY ALLIANCE
By: Jun Salsen	By:
Title: Attorney	Title:
Date: <u>4/11/23</u>	Date:

51 **3.** Signatures of the Parties to the First Amendment and Extension to the 2020 Protocol

52 This First Amendment and Extension to the 2020 Protocol is entered into by each Party on

PACIFICORP	ALLIANCE OF WESTERN ENERGY CONSUMERS
Ву:	By:
Senior Vice President, Regulation Title: <u>and Customer/Community Solutions</u>	Title:
Date:	Date:
IDAHO CONSERVATION LEAGUE	IDAHO PUBLIC UTILITIES COMMISSION STAFF
By:	By:
Title:	Title:
Date:	Date:
IDAHO IRRIGATION PUMPERS ASSOCIATION	INTERWEST ENERGY ALLIANCE
Ву:	Rikki Seguin
Title:	By:
Date:	Title: Executive Director Date: March 31, 2023

P4 Production, L.L.C	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS
By: Bral Oppurlate	By:
Title: <u>SITE LEADER</u>	Title:
Date: <u>4/1/23</u>	Date:
NORTHWEST ENERGY COALITION	NUCOR
Ву:	By:
Title:	Title:
Date:	Date:
OREGON CITIZENS' UTILITY BOARD	OREGON PUBLIC UTILITY COMMISSION STAFF
Ву:	Ву:
Title:	Title:
Date:	Date:
PACIFICORP IDAHO INDUSTRIAL CUSTOMERS	PACKAGING CORPORATION OF AMERICA
Ву:	By:
Title:	Title:
Date:	Date:

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MONSANTO COMPANY	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS
Ву:	By:
Title:	Title:
Date:	Date:
NORTHWEST ENERGY COALITION	NUCOR
Ву:	By:
Title:	Title:
Date:	Date:
OREGON CITIZENS' UTILITY BOARD	OREGON PUBLIC UTILITY COMMISSION STAFF
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Title: <u>General Counsel</u>	Title:
Date: <u>3/27/2023</u>	Date:
PACIFICORP IDAHO INDUSTRIAL CUSTOMERS	PACKAGING CORPORATION OF AMERICA
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Title:	Title:
Date:	Date:

MONSANTO COMPANY	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS
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Title:	Title:
Date:	Date:
NORTHWEST ENERGY COALITION	NUCOR
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Title:	Title:
Date:	Date:
OREGON CITIZENS' UTILITY BOARD	OREGON PUBLIC UTILITY COMMISSION STAFF
Ву:	By: <u>Stephanic Andrus</u>
Title:	Title: Sr. Assistant Attorney General
Date:	Date: March 27, 2023
PACIFICORP IDAHO INDUSTRIAL CUSTOMERS	PACKAGING CORPORATION OF AMERICA
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Date:	Date:

MONSANTO COMPANY	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS
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Date:	Date:
NORTHWEST ENERGY COALITION	NUCOR
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Date:	Date:
OREGON CITIZENS' UTILITY BOARD	OREGON PUBLIC UTILITY COMMISSION STAFF
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PACIFICORP IDAHO INDUSTRIAL CUSTOMERS	PACKAGING CORPORATION OF AMERICA
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Date:	Date: <u>3/24/23</u>

POWDER RIVER BASIN RESOURCE	RENEWABLE NORTHWEST
COUNCIL	
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Title: Staff Attorney	Title:
Date: 3/24/23	Date:
SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
Ву:	By:
	Title:
Date:	Date:
UTAH CLEAN ENERGY	UTAH DIVISION OF PUBLIC UTILITIES
By:	By:
Title:	Title:
Date:	Date:
UTAH INDUSTRIAL ENERGY CONSUMERS	UTAH OFFICE OF CONSUMER SERVICES
By:	By:
	Title:
_	Date:

POWDER RIVER BASIN RESOURCE COUNCIL	RENEWABLE NORTHWEST
COUNCIL	
By:	By:
Title:	Title:
Date:	Date:
SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
By: RMA	By:
Title:	Title:
Date:	Date:
UTAH CLEAN ENERGY	UTAH DIVISION OF PUBLIC UTILITIES
By:	By:
Title:	Title:
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UTAH INDUSTRIAL ENERGY CONSUMERS	UTAH OFFICE OF CONSUMER SERVICES
By:	By:
Title:	Title:
Date:	Date:

POWDER RIVER BASIN RESOURCE COUNCIL	RENEWABLE NORTHWEST
	D
By:	By:
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SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
Ву:	Prices Dunce
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Date:	Title: <u>Attorney</u>
	Date: <u>March 22, 2023</u>
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UTAH INDUSTRIAL ENERGY	UTAH OFFICE OF CONSUMER SERVICES
CONSUMERS	
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Date:	Date:

POWDER RIVER BASIN RESOURCE	RENEWABLE NORTHWEST
COUNCIL	
Ву:	By:
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Date:	Date:
SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
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Title:	Title:
Date:	Date:
UTAH CLEAN ENERGY	UTAH DIVISION OF PUBLIC UTILITIES
By: SIMM WAT	Ву:
Title: Whiet Executive Officer	Title:
Date: 3-28-2023	Date:
UTAH INDUSTRIAL ENERGY CONSUMERS	UTAH OFFICE OF CONSUMER SERVICES
By:	By:
Title:	Title:
Date:	Date:
8 T.	

POWDER RIVER BASIN RESOURCE COUNCIL	RENEWABLE NORTHWEST
By:	By:
Title:	Title:
Date:	Date:
SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
Ву:	By:
Title:	Title:
Date:	Date:
UTAH CLEAN ENERGY	UTAH DIVISION OF PUBLIC UTILITIES
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By:	By: Chil
Title:	Title: DIRECTOR
Date:	Date: 3/27/23
UTAH INDUSTRIAL ENERGY	UTAH OFFICE OF CONSUMER SERVICES
CONSUMERS	
Ву:	By:
Title:	Title:
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Title:	Title:
Date:	Date:
SIERRA CLUB	UTAH ASSOCIATION OF ENERGY USERS
By:	By:
Title:	Title:
Date:	Date:
UTAH CLEAN ENERGY	UTAH DIVISION OF PUBLIC UTILITIES
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Date:	Date:
UTAH INDUSTRIAL ENERGY CONSUMERS	UTAH OFFICE OF CONSUMER SERVICES
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Date:	Date: 3-28-23
VOTE SOLAR	WASHINGTON PUBLIC COUNSEL
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WOLVERINE FUELS	WYOMING INDUSTRIAL ENERGY CONSUMERS
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Date:	Date:March 24, 2023
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WOLVERINE FUELS	WYOMING INDUSTRIAL ENERGY CONSUMERS
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Date:	Date:
WYOMING OFFICE OF CONSUMER ADVOCATE	WYOMING PUBLIC SERVICE COMMISSION STAFF
By:	By:
Title: Asmentstrator	Title:
Title: <u>Asmanzstrator</u> Date: <u>3/27/2023</u>	Date:

VOTE SOLAR	WASHINGTON PUBLIC COUNSEL
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Title:	Title:
Date:	Date:
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION STAFF	WESTERN RESOURCE ADVOCATES
Ву:	By:
Title:	Title:
Date:	Date:
WOLVERINE FUELS	WYOMING INDUSTRIAL ENERGY CONSUMERS
Ву:	By:
Title:	Title:
Date:	Date:
WYOMING OFFICE OF CONSUMER ADVOCATE	WYOMING PUBLIC SERVICE COMMISSION STAFF
Ву:	By: A.B.
Title:	Title: <u>Secretary + Chief Course</u>] Date: 3:31:2023
Date:	Date: 3.31.2023

Attachment B

PacifiCorp Report on the First Amendment and Extension of the 2020 Protocol

Background:

PacifiCorp (or the Company) is a multi-jurisdictional electric utility operating in six states: California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves its customers in all six of these states as a single system, and can access resources across the West and multiple trading hubs to minimize off-system wheeling costs to provide value to our customers. To maximize these system efficiencies, however, a single agreement must govern the allocation of the costs and benefits of shared generation and transmission resources among the states to realize the benefits of planning and operating as one system. PacifiCorp utilizes an interjurisdictional cost allocation methodology to allocate these system costs and benefits. This methodology is negotiated among a diverse array of stakeholders representing interests in PacifiCorp's service territory. The currently approved methodology is the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol (2020 Protocol).

The 2020 Protocol was executed by stakeholders in November of 2019. Through the negotiations leading to the 2020 Protocol, the Multi-State Process Workgroup worked on a more durable allocation methodology that would allow for greater flexibility among the states to integrate state energy policies while maintaining the benefits of operating as a single system. During the negotiations for the 2020 Protocol, the Company and stakeholders investigated many approaches to address divergent state interests including:

- Restructuring PacifiCorp through a legal separation
- One-time Reassignment of all coal generation resources
- Limited Realignment of resources to address individual states
- Alternatives proposed by parties such as green tariffs or east-side assignment of all coal assets
- Phased-in approaches to assigning existing generation resources

The result of the negotiations was the 2020 Protocol. The 2020 Protocol was designed as a temporary cost allocation methodology that would expire on December 31, 2023, and it has four main sections: the Interim Allocation Methodology and three sections that detail categories of issues for the development of a future allocation methodology. Those three categories are: Implemented Issues, Resolved Issues, and Framework Issues. The Implemented Issues are matters to be implemented during the Interim Period and cover the following topics:

- The process for states' decisions to exclude costs and benefits of coal-fueled resources from their respective retail rates (*i.e.*, exit);
- The Reassignment of coal-fueled resources through an approval process;
- Decommissioning costs; and
- Power Purchase Agreements with Qualifying Facilities.

Resolved Issues are issues that were agreed to and were expected to be implemented as part of the new allocation methodology. These include:

- Allocation of generation costs;
- Assignment of costs of new resources;
- Transmission costs;
- System overhead costs; and
- Allocation of distribution resources, demand-side management programs, and statespecific initiatives.

Framework Issues are issues actively being discussed by the Framework Issues Workgroup, a workgroup consisting of all signatories to the 2020 Protocol. These include:

- Resource planning and new resource assignment;
- Net Power Costs (NPC)/Nodal Pricing Model (NPM);
- Special contracts with large industrial customers;
- Limited Realignment; and
- Allocation and recovery of Post-Interim Period capital additions to coal-fueled generation resources.

After the execution of the 2020 Protocol, the Framework Issues Workgroup began investigating and working through the Framework Issues to develop the successor to the 2020 Protocol (identified as the Post-Interim Protocol Methodology). The Framework Issues Workgroup has been discussing and considering those issues in meetings every other month. These negotiations are confidential as the meetings involve analysis of proprietary company information and also promote the free-flow of discussion and compromise among stakeholders. As these discussions have progressed, new regulatory actions from federal agencies, along with operational and market considerations are impacting the costs and benefits of PacifiCorp's generation fleet. At the same time, the Framework Issues Workgroup has identified potenial alternative resource allocation methodologies, and the Parties would like to continue to explore these options. As a result, the Parties are requesting a two-year extension to the 2020 Protocol, and this report provides an update on the status of these discussions and an explanation of the key provisions that amend the 2020 Protocol.

Update on the Current Status of Negotiations:

This update represents the current status of negotiations and updates, but does not represent any agreed upon positions. The proposals that are discussed in this report could change when presented for approval to the utility commissions in the six states where PacifiCorp serves retail customers. Additionally, the topics below do not represent every topic that has been discussed, but provide an overview and update on some of the progress that has been made. This report presents the Company's view of the current status of negotiations and does not necessarily reflect the positions or opinions of any other individual stakeholder in the process.

The Move to a Partial Dynamic Allocation Methodology:

The 2020 Protocol contemplated fixing the allocation factors for all of PacifiCorp's existing and future generation assets. However, as discussions progressed, some stakeholders expressed concerns that this could create disparities in the cost and type of resources used to serve customers based on when an individual state's resource need arose, and add unnecessary complexity to the resource procurement process. Currently, stakeholders have been evaluating a partial dynamic allocation methodology, in which future resources would fall into one of three categories: System resources (shared by all six states), partially shared resources (resources shared by fewer than six states), and state-specific or situs resources. The distinctions between these categories could be drawn by state specific depreciable lives, fuel type, or other manner. However, these distinctions would need to fairly allocate costs and benefits so as not to disadvantage some states over others and continue to ensure reliability of the system and load service. Based on these three categories, certain stakeholders proposed a process by which system and partially shared resources would remain dynamically allocated based on the loads in individual states. Under this approach, the allocation of shared system resources would dynamically change with each state's actual load in proportion to system load. This partial dynamic allocation concept is intended retain the ability for states to share the costs and benefits of resources, when possible. Certain stakeholders identified this as a method to smooth out the disparities in cost and type of resource used to serve customers that occur solely based on the timing of an individual state's resource need. The Company and stakeholders are continuing to analyze data about various options and evaluating how such a methodology would be structured.

Under this potential allocation methodology, it is contemplated that PacifiCorp will continue to maintain a long-term resource planning approach that optimizes PacifiCorp's system for customers and the region. Planning would also incorporate analysis of customer choice initiatives, specific resource requirements, and state-specific policies and compliance to meet the needs and policies of all states.

Extended Day-Ahead Market (EDAM) and the NPM:

The NPM is a potential allocation methodology to be used for the inter-jurisdictional allocation of NPC that has been proposed by the Company, and is included as a Framework Issue in the 2020 Protocol. The 2020 Protocol defines the NPM as "a method for pricing electricity proposed by the Company that is based on the marginal cost (\$/MWh) of serving the next increment of demand at a given pricing node consistent with existing transmission constraints and the performance characteristics of resources." To have the information necessary (*i.e.*, day-ahead, hourly locational marginal price) to allocate actual NPC using the NPM, the Company contracted with the California Indendent System Operator (CAISO) to receive optimized day-ahead advisory schedules that are used to inform the Company's day-ahead dispatch schedules. In other words, the NPM consists of two components: (1) the operational, "dispatch", or day-ahead schedules from the CAISO; and (2) the allocation methodology. In January of 2021, PacifiCorp began receiving the operational "dispatch" schedules from the CAISO and incorporating them into the dispatch process used by PacifiCorp's energy supply management team. Meanwhile, PacifiCorp has been using the information provided through that process to inform ongoing discussions for the allocation of NPC.

On December 7, 2022, PacifiCorp announced its plan to join the EDAM to be operated by the CAISO, which builds on the current Energy Imbalance Market. Much of the work that has been completed for the implementation of the NPM will be leveraged for entrance into the EDAM. Additionally, the implementation of the EDAM is expected to replace the NPM as the EDAM would provide the necessary settlement information to facilitate the net power cost allocation that was envisioned as part of the NPM. Stakeholders are in the process of evaluating how, or if, the EDAM might be used to allocate actual NPC.

Limited Realignment:

Stakeholders are still considering Limited Realignment as described in the 2020 Protocol. The Limited Realignment of certain thermal resources in Washington and Oregon rates could present an opportunity to support the policy objectives in those states. However, significant analysis and work remains to assess these options.

Overview of the First Amendment and Extension to the 2020 Protocol:

The First Amendment and Extension to the 2020 Protocol contains three substantive sections: the Extension of the Agreement, Updated Exit Order Dates, and certain changes to Appendix C.

Extension of the Agreement:

This section simply extends the sunset date of the agreement from December 31, 2023, to December 31, 2025. The Framework Issues Workgroup anticipates that a filing will be made in early to mid-2025 to ensure that a new allocation protocol is in place when this agreement expires.

Updated Exit Order Dates:

While not specifically addressed in this Amendment, there have been updates to certain common coal plant closure dates based on revised information regarding certain jointly owned plants. Many of the units that had been anticipated for state Exit and Reassignment in the Interim Period now have common closure dates. As a result, no Reassignment filings have been necessary to this point. Attached to this Report as Exhibit 1 is a revised table that provides PacifiCorp's latest information on depreciable lives, closure dates, and Exit order dates. Based on more recent economics and environmental requirements, the 2023 Integrated Resource Plan is evaluating other potential changes to current system resources, including closure or fuel conversion dates. Additionally, with regards to the Colstrip generating facility, PacifiCorp is in discussions with the joint owners to modify the participation agreement and exit the project on January 1, 2030. PacifiCorp will still remove all costs and benefits associated with coal-fired resources from Washington rates by December 31, 2025.¹ Once an agreement is reached through those discussions, PacifiCorp will work with Oregon parties to determine if any revisions to the Exit order are necessary.

Additionally, based on the settlement agreement that has been reached and adopted by the Public Utility Commission of Oregon in PacifiCorp's 2022 general rate case in Oregon (Docket UE 399), PacifiCorp has clarified that the Exit order for Jim Bridger Unit 1 only applies to that unit

¹ See §7.2 of Appendix F of the 2020 Protocol; RCW 19.405.030.

as a coal-fired unit (and not as a gas-fired unit), and that PacifiCorp will not be seeking an exit order for Jim Bridger Unit 2 because of the anticipated conversion to natural gas. Finally, this section extends the dates for the Reassignment process for coal-fired units based on the overall extension of this agreement.

Changes to Appendix C:

This change updates the definition of the Division Generation – Utah Factor to revise the calculation of that factor so that it is no longer dependent on specific dates and can be appropriately calculated based on the extension of this agreement.

Exhibit 1 to the Report on the Amendment and Extension to the 2020 Protocol

Unit	2018 Depr Study Lives	OR Adj Life – 2018 Depr Study	2019 IRP Lives (P-45CNW)	2021 IRP Lives	OR Exit Dates	Capacities (MW)	Comments
Colstrip - 3	2027		2027	2025	2027	74	See Report
Colstrip - 4	2027		2027	2025	2027	74	See Report
Craig - 1	2025		2025	2025	2025	82	Common Closure
Craig - 2	2026		2026	2028	September 2028	79	Joint owner closure in Sept 2028
Dave Johnston - 1	2027		2027	2027	2027	93	Common Closure
Dave Johnston - 2	2027		2027	2027	2027	102	Common Closure
Dave Johnston - 3	2027		2027	2027	2027	220	Common Closure
Dave Johnston - 4	2027		2027	2027	2027	330	Common Closure
Hayden - 1	2030	2023	2030	2028	2028	44	Joint owner closure in 2028
Hayden - 2	2030	2023	2030	2027	2027	33	Joint owner closure in 2027
Hunter - 1	2042	2029	2042	2042		418	
Hunter - 2	2042	2029	2042	2042		269	
Hunter - 3	2042	2029	2042	2042		471	
Huntington - 1	2036	2029	2036	2036		459	
Huntington - 2	2036	2029	2036	2036		450	
Jim Bridger - 1	2028	2023	2023	2037	2023 (if coal)	354	Convert to gas in 2023
Jim Bridger - 2	2032	2025	2028	2037		359	Convert to gas in 2023
Jim Bridger - 3	2037	2025	2037	2037		349	
Jim Bridger - 4	2037	2025	2037	2037		351	
Naughton - 1	2029	2025	2025	2025	2025	156	Common Closure
Naughton - 2	2029	2025	2025	2025	2025	201	Common Closure
Wyodak - 1	2039	2029	2039	2039		266	

CERTIFICATE OF SERVICE

Docket No. 19-035-42

I hereby certify that on April 12, 2023, a true and correct copy of the foregoing was served by electronic mail to the following:

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