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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
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Date: May 11, 2023

Re: **Docket No. 23-035-20**, Application of Rocky Mountain Power to Extend the 2020 Protocol through December 31, 2025

Recommendation (Approval)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve Rocky Mountain Power's (RMP) First Amendment and Extension to the 2020 Protocol (First Amendment) effective January 1, 2024.

Issue

RMP filed for approval of the First Amendment of the 2020 Protocol on April 12, 2023, to move the sunset date from December 31, 2023, to December 31, 2025, make related amendments to accommodate the new expiration date, and update certain coal plant exit orders.

Division of Public Utilities

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Background

The Division is a member of the Multi-State Process Workgroup (Workgroup) established to explore allocation agreement between PacifiCorp and the states where it serves customers. Negotiations between PacifiCorp and the Workgroup (Parties) began in 2017, leading to the November 2019 execution of a temporary cost allocation method (2020 Protocol). On April 15, 2020, the Commission issued its order adopting the 2020 Protocol with an interim negotiation period for Parties through December 31, 2023.¹ Parties contemplated perhaps achieving a long-term solution by then.

Regular confidential discussions have progressed in good faith to meet the December 31, 2023 expiration to establish a successor allocation protocol, but new federal agency actions, diverging state policies, and market considerations have resulted in the consideration of alternative resource allocation methods, and the Parties require additional time to continue to explore these options. As a result, the Parties have agreed to the First Amendment that amends and extends the 2020 Protocol through December 31, 2025, to consider and resolve the outstanding issues and finalize a method to be presented to the Commissions for approval.

On April 12, 2023, RMP filed for Commission approval of the First Amendment after approximately three years of progressive discussions and negotiations. The First Amendment has been developed and negotiated by the Parties as an integrated, interdependent whole and has been executed by nearly all the Utah signatories to the 2020 Protocol. The Parties' support of the First Amendment is conditioned on its approval by all commissions in the states that PacifiCorp has sought approval without material alteration.

The Division, the Utah Office of Consumer Services, the Utah Association of Energy Users, Utah Clean Energy, and Western Resource Advocates have signed the First Amendment. Nucor has indicated that it does not oppose this extension. RMP has contacted Wolverine Fuels, but it has not responded to the RMP's communications. Utah Industrial Energy

¹ Public Service Commission of Utah, Report and Order, Docket Number 19-035-42.

Consumers was not a signatory to the 2020 Protocol and has not signed the First Amendment.

In summary, the Parties have agreed to:

- Extend the 2020 Protocol through December 31, 2025²
- Change the deadline for exit orders issued by the Oregon commission from December 31, 2023, to December 31, 2025³ and update the target date for PacifiCorp's analysis and recommendation filing from June 30, 2024, to June 30, 2026,⁴ for exit orders received by the revised December 31, 2025 date
- Update the definition and calculation of the Division Generation – Utah Factor in Appendix C to correctly calculate based on the extension of this agreement.

In addition to the above amendments, RMP included Exhibit 1 providing updates to coal fueled facilities since the execution of the 2020 Protocol.

² Rocky Mountain Power, Application for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement, Exhibit RMP_JRS-1, Lines 21, 94, 103, 105, 106, 411, 504, and footnote page 5, Docket Number 19-035-42.

³ Ibid, Line 458.

⁴ Ibid, Lines 501 – 504.

The following is a summary of the updated Oregon exit order information in the 2020 Protocol:

DPU SUMMARY TABLE 1⁵

Unit	OR Exit Date 2020 Protocol ⁶	Line Number 2020 Protocol ⁷	OR Exit Dates 1st Amendment Exhibit 1 ⁸	Comments (Reason for Modification) ⁹
Craig - 2	2026	421	September 2028	Joint owner closure in Sept 2028
Jim Bridger - 1	2023	445	2023 (if coal)	Convert to gas in 2023
Jim Bridger - 2	2025	445		Convert to gas in 2023
Craig - 1	2025	421	2025	Common Closure
Naughton - 1	2025	445	2025	Common Closure
Naughton - 2	2025	445	2025	Common Closure
Dave Johnston - 1	2027	445	2027	Common Closure
Dave Johnston - 2	2027	445	2027	Common Closure
Dave Johnston - 3	2027	445	2027	Common Closure
Dave Johnston - 4	2027	445	2027	Common Closure

Conclusion

The Division has reviewed RMP’s application to amend and extend the 2020 Protocol and recommends that the Commission approve the First Amendment to the 2020 Protocol, effective January 1, 2024. The Division also recommends that the approval be conditioned on the other commissions approving the First Amendment to the 2020 Protocol without material change.

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

⁵ Rocky Mountain Power’s Report on the Amendment and Extension to the 2020 Protocol, Exhibit 1, provides information on coal fueled resources beyond the information originally included in the 2020 protocol. DPU Summary Table 1 (Summary Table) provides a clarifying summary of updates to the 2020 Protocol Oregon exit dates due to events since the Protocol’s execution. Of note, but not listed in the Summary Table, PacifiCorp is in discussions to exit the Colstrip facility by January 2030.

⁶ Rocky Mountain Power, Application for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement, Exhibit RMP_JRS-1, Docket Number 19-035-42. See above.

⁷ Ibid.

⁸ Rocky Mountain Power, Report on the Amendment and Extension to the 2020 Protocol, Exhibit 1, Docket Number 23-035-20. See above.

⁹ Ibid.