

Docket No. 25-035-01

DPU EXHIBIT 1.1 Dir – PUBLIC
EXECUTIVE SUMMARY

January 1, 2024 – December 31, 2024

2025 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of
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EXECUTIVE SUMMARY – NON-CONFIDENTIAL

The Utah Division of Public Utilities (Division or DPU) and its outside consultant, Daymark Energy Advisors, Inc. (Daymark), completed the 2025 audit of Rocky Mountain Power's (RMP or Company) Energy Balancing Account (EBA) for the calendar year 2024 (2024 Deferral or Deferral Period). The EBA deferral amount is calculated as the difference between the actual Net Power Costs (NPC), Production Tax Credits (PTCs), and wheeling revenue allocated to Utah based on the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, and the Base amount of NPC, PTCs, and wheeling revenue, authorized in the 2020 General Rate Case (2020 GRC).

The Company's application reported and requested a large Total Company 2024 EBA deferral of \$1.3 billion in unallocated and unadjusted NPC above the base set in the 2020 GRC. On a Utah allocated adjusted basis, the Company requests \$471.6 million in deferred 2024 expenses from Utah customers through the EBA mechanism.

After its review, the Division recommends a recovery amount of \$462.6 million for the 2024 Deferral Period. This recommended recovery includes the removal of Daymark's approximate \$9 million recommended adjustments described below.

The following is an overview of the Company's application and the Division's review:

1. Other than the large, requested deferral, inclusion of \$12.2 million of added interest for July 1, 2025, through June 30, 2026, and the Company's inclusion of Electric Service Schedule 60 (Electric Vehicle Infrastructure Program) revenues, the Company's application was generally comparable to that provided in prior filings.
2. The Company's application included a level of documentation that was generally comparable to that of prior filings.
3. The Company was generally complete and timely in its Data Request responses.
4. The \$1.3 billion Total Company, unadjusted EBA deferrable amount (Actual NPC – Base NPC) was due to:
 - \$116.5 million decrease from sales for resale,
 - \$915.6 million increase from purchased power,
 - \$30.7 million increase from wheeling expense,
 - \$75.2 million decrease from coal fuel expense,
 - \$272.7 million increase from natural gas expense,
 - \$1.4 million increase in other (wind) expenses.
5. The Utah-allocated portion of the 2024 EBA deferral totaled \$551.2 million in unadjusted NPC above the base set in the 2020 GRC (Actual NPC – Base NPC). This amount includes the interest that was forecast to accrue during the proposed collection period

from July 2025 through June 2026.

6. The Company adjusted the \$551.2 million Utah-allocated NPC deferrable amount (Actual NPC – Base NPC) with the inclusion of wheeling revenues, PTCs, and NPC Collection adjustments:

\$38.4 million in Wheeling Revenues Variance (Actual – Base),
\$14.1 million in PTC Variance (even with the increased tax credit rate),
\$23.8 million in Base NPC Collection Variance.

After the Company's inclusion of the Utah allocated Wheeling Revenues, PTCs and NPC Collection variance adjustments, the combined impact on the Total unadjusted Deferrable (Actual NPC – Base NPC) EBA equaled \$474.9 million according to RMP.

7. The \$474.9 million Utah-allocated EBA deferrable amount was further adjusted to the Company's requested EBA recovery of \$471.6 million due to the following adjustments:¹

\$24.9 million decrease from a special contract customer adjustment,
\$9.2 million increase from Utah Situs Resource adjustment,
\$0.2 million increase from 2023 EBA Collection True Up,
\$24.2 million decrease from 2024 EBA Final Order Adjustment,
\$12.3 million increase from accrued interest through December 31, 2024,
\$6 million increase from accrued interest January 1, 2025 through March 31, 2025,
\$6.1 million increase from accrued interest April 1, 2025 through June 30, 2025.
\$12.4 million increase from accrued interest from Rate Effective Period July 1, 2025 through June 30, 2026.

The \$471.6 million requested deferral recovery is the largest EBA recovery to date and significantly higher than the Company's requested net deferral recovery of \$90.6 million for EBA deferral year 2021, the lowest requested deferral since the 2020 GRC.

¹ CONFIDENTIAL RMP Attachment 6 – Painter Workpapers of Exhibit JP-1 5-1-2025, tab TABLE 1.

EBA DEFERRAL HISTORY

Calendar Year	Docket Number	RMP Requested Recovery
2024	25-035-01	\$471,615,000
2023	24-035-01	\$455,000,000
2022	23-035-01	\$175,029,815
2021	22-035-01	\$90,617,662
2020	21-035-01	\$6,606,074
2019	20-035-01	\$36,820,057
2018	19-035-01	\$23,877,352
2017	18-035-01	\$2,766,676
2016	17-035-01	(\$6,542,837)
2015	16-035-01	\$18,948,273
2014	15-035-03	\$30,871,465
2013	14-035-31	\$28,339,553
2012	13-035-32	\$17,394,963
2011	12-035-67	\$29,286,005
2010	10-035-124	

8. As a result of the 2021 General Session of the 64th Legislature, Utah Code section 54-7-13.5 was revised to expressly authorize the Commission to allow interim rate treatment of Energy Balancing Account Costs (EBAC) subject to the Commission’s authority to later order a refund or surcharge.² The statute also requires the Commission to issue its final Commission order within 300 days after the Company’s annual application filing date, limiting the time for parties to review each EBA filing.³ The Company filed its annual EBA report on May 1, 2024.

² H.B. 32, 64th Leg., Gen. Sess. (Utah 2021), Utah Code Ann. § 54-7-13.5.

³ Utah Code Ann. § 54-7-13.5(2)(l).

On June 30, 2025, the Commission approved the Company's request for an interim rate amount of \$471.6 million in allowed EBAC, effective July 1, 2025.⁴

9. The Company included PTCs in its confidential workpapers presented with Mr. Painter's direct testimony, as allowed by Commission order in the 2020 GRC, Docket No. 20-035-04. The 2024 deferral year was the fourth year with PTCs included in the EBA and the fourth year of unrealized wind generation. As detailed in Daymark's report, lower than expected wind generation and fewer associated PTCs increased the Company's recovery by an estimated \$20 million (relative to the associated P50 forecast). The continued under-performance of the Company's variable wind facilities demonstrates an overreliance on its forecast of PTCs expected to offset capital costs. The Division is not recommending disallowance; rather, it recommends that wind plant generation performance continue to be monitored and evaluated for forecast inaccuracies of PTC benefits. Future applications for similar projects should be evaluated using these results, with incentives to allocate the risk of inaccurate forecasts considered and equitably established.
10. The Division provided Daymark with a scope of work to perform. The Division asked Daymark to review variants of actual NPC versus Base NPC, outages, PTCs, natural gas and power transactions, a high-level review of Energy Imbalance Market (EIM) benefits, and changes to energy risk management policies. The results of this review are provided in Daymark's separately issued testimony, executive summary, and 2025 EBA Audit Report.⁵
11. The Company reported that coal supply issues that began in 2022 continued through 2024. The Company adjusted its overall system operations due to the lack of coal supply in Utah by increasing market purchases and natural gas output. The decrease in plant generation resulted in a decrease in wholesale sales. Purchased power expenses were the highest ever recorded, causing the largest deferral to date.
12. As presented in Jack Painter's testimony, the Company changed the EBA deferral calculation by including Electric Service Schedule 60 (EVIP) revenue and the inclusion of interest expected to accrue through the rate effective period of July 1, 2025, through June 30, 2026.
13. Based on its report, Daymark recommends a \$9,018,316 reduction, including accrued interest, to the Company's requested deferral on a Utah allocated basis for power physical transactions executed in violation of corporate governance policy.

⁴ Order Approving Interim Rates (June 30, 2025).

⁵ Daymark Exhibits 2.0, 2.2, and Confidential Exhibit 2.3.

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The Division recommends reducing the Company’s requested recovery of \$471.6 million by \$9,018,316 from the interim rate approved amount, resulting in a recommended adjusted total recovery of \$462,596,993, as follows:

May 2025 Requested Deferral	\$471,615,308
Interim Ordered Recovery (subject to adjustment and true-up)	\$471,615,308
Total Corporate Governance Policy Trade Adjustment	(8,568,086)
Total Corporate Governance Policy Trade Adjustment - Accrued Interest	(450,230)
Net Adjustment (Post Interim Rate)	(\$9,018,316)
Net Adjusted DPU Total Recommended Recovery	\$462,596,993