

February 27, 2026

VIA ELECTRONIC FILING

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

Attention: Gary Widerburg
Commission Administration

RE: **Docket No. 25-035-01, Rocky Mountain Power’s Application for Approval of the 2025 Energy Balancing Account**
Rocky Mountain Power’s Governance Improvements

Per paragraph six of the December 5, 2025 Settlement Stipulation with the Division of Public Utilities (“Division”), approved by the Public Service Commission of Utah (“Commission”) on February 23, 2026, PacifiCorp, d.b.a. Rocky Mountain Power (“Company”), hereby files this report detailing the Company’s efforts “to ensure that appropriate documentation is created and archived and PacifiCorp employees obtain pre-approval of power physical transactions that require pre-approval.”¹

Background

In its Energy Balancing Account Audit Report for Calendar Year 2024, prepared by Daymark Energy Advisors, the Division identified ten power physical transactions settling in the 2024 Energy Balancing Account deferral period that were executed without obtaining the pre-approvals required under PacifiCorp’s Corporate Governance and Approvals Policy.

As described in the report, each of these transactions exceeded the executing trader’s delegated authority at the time of execution. The report further found that the Company’s reliance on retroactive approvals was inconsistent with the requirements of its governance policies and that weaknesses in independent governance review processes allowed missing approvals to remain undetected for extended periods.

In the Energy Balancing Account Filing (Docket No. 25-035-01) Settlement Stipulation, the Company agreed to provide a report on progress made to improve its pre-approval and independent governance review processes and committed to filing with the Public Service Commission of Utah by March 1, 2026, describing the actions taken to strengthen governance review and pre-approval controls. Specifically, the Company agreed to report on improvements intended to ensure that appropriate documentation is created and archived and that required pre-approvals are obtained prior to execution of power physical transactions subject to approval requirements.

¹ Rocky Mountain Power’s Settlement Stipulation with the Division of Public Utilities, filed December 5, 2025, at 3.

This report is submitted in fulfillment of that commitment and describes the steps the Company has taken to respond to the findings and recommendations set forth in the Daymark report.

Governance and Preapproval Process Enhancements

1. Ensuring Transactions Requiring Preapproval Are Approved Prior to Execution

PacifiCorp has taken steps to reinforce front office employees' understanding of transaction authority limits and the requirement that transactions exceeding individual trader authority receive approval prior to execution. Following identification of documentation and review gaps during the 2024 EBA review, the Company reviewed the Corporate Governance and Approvals Policy and related procedures with front office trading personnel and risk management staff. This review emphasized the obligation to assess transaction notional value prior to execution, to understand applicable authorization thresholds, and to obtain documented approval from an individual with sufficient authority before executing transactions that exceed delegated limits. This review will be conducted on an annual basis to ensure continued awareness and compliance with the Corporate Governance and Approvals Policy. In addition as new traders are brought into the group, part of the training process includes the corporate governance policy and the importance of understanding the trade authorization process.

To support compliance with these requirements, the Company has clarified authorization request expectations, including the information to be provided when seeking approval (e.g., transaction type, volume, tenor, pricing structure, and notional value). This involved redeveloping the tool that is used to calculate notional values of trades. This tool now allows a trader to more directly calculate the notional value of their trades which allows for immediate tracking against the appropriate limits in the Corporate Governance and Approvals Policy. This provides a direct and immediate pre-trade check to ensure compliance with the policy.

2. Recording and Archiving Preapproval Documentation

To ensure that required approvals are consistently documented and retrievable, the Company has enhanced its practices for recording and retaining transaction authorization documentation. Email approvals are now saved on the Company's network drive and tagged with the corresponding Endur deal number, allowing approvals to be readily linked to individual transactions and efficiently retrieved for audit or regulatory review.

In addition, improvements to governance review files now include explicit indicators identifying whether required authorizations have been located for each transaction, along with summary statistics comparing the number of transactions requiring verification against the number and type of authorizations identified. These enhancements reduce the risk that documentation gaps go unnoticed and provide greater transparency into review completeness.

3. Weekly Risk Management Review of Transactions for Governance Compliance

The risk management group conducts a comprehensive weekly review of energy supply power and gas transactions to verify compliance with the Corporate Governance and Approvals Policy. This

review includes transaction-by-transaction comparisons of calculated notional values against individual trader authorization limits, with specific verification that transactions exceeding delegated authority are supported by documented approval from an appropriately authorized individual.

Following personnel changes in early-to-mid 2024, the reconstituted risk management group identified that this review had not been performed at a regular cadence by the previous group members, but the current risk management group understands the criticality of timely, regular, and thorough governance review.

As part of its process improvements, an SAP extract displaying the notional value, tenor, and effective transaction period authorization levels for each individual is now refreshed on a weekly basis for all employees subject to the risk management policy, rather than through a periodic or exception-based approach. While not a contributing factor to the identified issues, this enhancement improves ongoing accuracy and reduces the risk of misalignment between authorization records and actual delegated limits.

4. Communication of Review Results to Risk and Commercial Management

Previously, governance review results were communicated to management only when exceptions were identified. To improve transparency and accountability, the Company has enhanced its weekly reporting process so that completion and results of governance reviews are affirmatively communicated to the Director of Credit, Contracts, and Risk Management, regardless of whether exceptions are identified. This communication occurs via email and includes confirmation of review completion and identification of any items requiring follow up.

This change ensures consistent management visibility into governance review activity and ensures that silence is not mistaken for compliance.

5. Vice President of Energy Supply Management Review and Oversight

In addition to risk management review, the Company has implemented an added layer of management oversight by the Vice President of Energy Supply Management (VP of ESM). On a regular basis, all trades and the results of the governance review are provided to the VP of ESM for review, allowing for oversight of both individual transaction compliance and overall trading activity relative to commercial strategy and governance limits.

Upon completion of this review, the VP of ESM forwards confirmation to the centralized authorization archive, ensuring that management review records are retained alongside other transaction approval documentation.

6. Additional Enhancements and Ongoing Improvements

The Company has made targeted enhancements to governance review tools to reduce the risk of incomplete reviews, including formal check fields and summary metrics that prevent a review from being marked complete while open items remain. Training and communication efforts have

reinforced the importance of governance compliance across front office and risk management functions.

The Company recognizes that current governance reviews are primarily detective controls performed after execution. To supplement these controls, PacifiCorp is working with its information technology organization to develop an automated, preventative control within the trade capture system. This initiative is intended to calculate transaction notional value prior to trade capture and alert traders when proposed transactions exceed their SAP authorization limits. While implementation presents technical challenge, particularly with system integration and imported transactions, work continues on this enhancement. This initiative is intended to complement, not replace, existing weekly governance reviews.

Conclusion

The enhancements described above are directly responsive to the Division's findings and recommendations regarding the timeliness of transaction approvals, the adequacy of approval documentation, and the effectiveness of governance detection processes. Collectively, these measures reinforce expectations that transactions requiring preapproval are identified and escalated prior to execution, ensure that approvals are consistently documented and archived in a retrievable manner, and provide multiple layers of post-execution review to promptly identify and address any deviations from governance requirements.

Through strengthened front office guidance, improved documentation and record retention practices, expanded and more transparent risk management review processes, and additional senior management oversight, the Company has enhanced both preventative and detective controls supporting compliance with its Corporate Governance and Approvals Policy. PacifiCorp will continue to monitor the effectiveness of these controls and pursue further improvements, including system based preventative solutions, to promote timely approval, complete documentation, and reliable detection going forward.

Sincerely,



Jana Saba

Director, Regulation and Regulatory Operations

CERTIFICATE OF SERVICE

Docket No. 25-035-01

I hereby certify that on February 27, 2026, a true and correct copy of the foregoing was served by electronic mail to the following:

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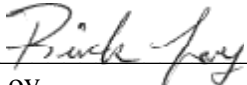
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