



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Public Service Commission

JERRY D. FENN
Chair

DAVID R. CLARK
Commissioner

JOHN S. HARVEY, Ph.D.
Commissioner

May 16, 2025

Mr. Chris Parker
Director, Division of Public Utilities
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

Re: *Division of Public Utilities' Audit of PacifiCorp's 2024 Fuel Inventory Policies and Practices*; Docket No. 25-035-17

Dear Mr. Parker:

The Public Service Commission (PSC) reviewed the Division of Public Utilities' (DPU) March 31, 2025 memorandum summarizing the results of its annual audit¹ ("Audit Summary") of PacifiCorp's 2024 fuel inventory practices and policies. The PSC has also reviewed Rocky Mountain Power's (RMP) responsive comments² filed on May 2, 2025 ("RMP Responsive Comments"). We note that significant portions of the Audit Summary and of the RMP Responsive Comments are designated confidential or highly confidential, which our review and observations contemplate fully.

DPU asserts in the Audit Summary that PacifiCorp is in general compliance with the PSC's directives in its Order in Docket No. 09-035-23. It concludes that PacifiCorp has pursued a reasonable coal inventory strategy, and has plausible reasons for plants with inventories that deviated from the target ranges. DPU offered two recommendations.

¹ See *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 09-035-23, Report and Order on Revenue Requirement, Cost of Service[, and Spread of Rates, at 106, issued February 18, 2010 (stating: "[w]e direct [DPU], beginning in 2011, to conduct an annual audit of [PacifiCorp]'s fuel inventory management policies, procedures, and actual practices and provide a summary of its audit and associated findings to the [PSC] by no later than March 31 of each year for the previous year's activity.").

² RMP filed comments on May 2, 2025.

First, DPU comments that because it will have been five years since a third-party review of the fuel inventory practices and policies, it recommends a third-party review and update of the appropriate targets for PacifiCorp's coal fleet. In addition to issues considered in its previous audits, DPU recommends the third-party review consider whether: (a) any onsite or off-site storage locations could be expanded, and whether any such expansion would be cost-beneficial; (b) various recent force majeure incidents and the possibility of similar future events impact the recommended ranges; (c) changes in storage policy are appropriate given the highly confidential situation that occurred in 2023 and 2024; and (d) recent Utah legislative changes affect the prioritization of coal supply and should affect inventory levels.

Second, DPU recommends PacifiCorp update the cost-benefit analysis discussed in its highly confidential response to DPU's 1st Set of Data Requests to RMP, In the Matter of Undocketed, March 18, 2024.

According to the RMP Responsive Comments, RMP agrees with DPU's first recommendation and has already engaged a third-party to update PacifiCorp's prior coal study. RMP commits to providing the update as part of DPU's next audit review. RMP comments that DPU's second recommendation likely refers to a 2024 Utah Fueling Analysis³ engineering study ("Engineering Study"), which PacifiCorp used as an input in one alternative fuel supply option. RMP explains the Engineering Study considered six fueling options to identify the least-cost, least-risk fuel supply for the Utah Plants through 2032, the anticipated retirement dates of the Utah Plants at that time. RMP opposes DPU's cost-benefit update recommendation, commenting it has already acted on the findings of the Engineering Study.

The PSC appreciates DPU's ongoing efforts to monitor and audit PacifiCorp's fuel inventory policies and practices and to identify coal inventory-related issues. The PSC is satisfied with RMP's reasoning and explanations about why an update to the referenced cost-benefit analysis is not necessary at this time. DPU may, however, file a request for agency action setting forth additional arguments for the PSC to consider in its determination on whether it is necessary for RMP to file an updated Engineering Study at this time.

Sincerely,

/s/ Gary L. Widerburg
PSC Secretary
DW#339809

³ RMP states the 2024 Utah Fueling Analysis was performed due to challenges PacifiCorp faced in securing an adequate and reliable coal supply for the Hunter and Huntington plants in Utah.