

## **SLC Corp Exhibit 2**

### **RMP Response to WRA's Third Set of Data Requests**

August 14, 2025

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RE: UT Docket No. 25-035-22  
WRA 3<sup>rd</sup> Set Data Request (1-2)

Please find enclosed Rocky Mountain Power's Responses to WRA 3<sup>rd</sup> Set Data Requests 3.1-3.2.

If you have any questions, please call me at (801) 220-2823.

Sincerely,

\_\_\_\_/s/\_\_\_\_  
Jana Saba  
Manager, Regulation

Enclosures:

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### **WRA Data Request 3.1**

**End Effects.** In the 2023 IRP, the Company did not present comparative metrics for end effects (i.e. a portfolio valuation and risk assessment that projects costs of the selected portfolio beyond the planning horizon). However, in the 2025 IRP, the Company presented end effects in Table 9.34.

- (a) Define end effects.
- (b) In the selection of the preferred portfolio, is the consideration of end effects required by any state jurisdictional IRP standards, guidelines, or statutes?
- (c) In detail, explain the method used to calculate end effects in the 2025 IRP. Include a description of all relevant qualitative and quantitative assumptions made by the Company in the calculation of end effects. Explain whether end effects are modeled based on static assumptions from the final year of the planning horizon or from dynamic assumptions and cost escalations after the planning horizon.
- (d) Explain how the calculation of end effects was factored into the Company's ranking of integrated portfolios as shown in Table 9.34.
- (e) Please provide the workpapers showing calculations of end effects for each integrated portfolio variant shown in Tables 9.34, 9.35, 9.36, and 9.37 of the 2025 IRP. If already provided, please explain where to find this information in the Company's work papers.
- (f) Did the Company calculate and/or consider end effects in the 2023 IRP?
- (g) If so, please explain whether and how the end effect calculation methodology changed between the 2023 IRP and the 2025 IRP.

### **Response to WRA Data Request 3.1**

- (a) "End effects" evaluates performance of a portfolio beyond the study horizon.
- (b) No. Consideration of end effects is not specifically required in the selection of the preferred portfolio. However, Oregon standards require that "The planning horizon for analyzing resource choices should be at least 20 years and account for end effects. Utilities should consider all costs with a reasonable likelihood of being included in rates over the long term, which extends beyond the planning horizon and the life of the resource". A list of all state-specific standards and guidelines is included in Appendix B of PacifiCorp's 2025 Integrated Resource Plan (IRP).

- (c) In the 2025 IRP, end effects are based on a static continuation of the costs in the final year of the study horizon, which is the same way end effects is considered in PLEXOS long-term (LT) planning when used. Rather than take a perpetuity approach, as PLEXOS would, PacifiCorp calculated the net present value (NPV) of the final year's revenue requirement as if they continued at a static level for an additional five years.
- (d) Calculation of end effects allowed PacifiCorp to evaluate if a portfolio performed particularly well or poorly in early years of the horizon. If a portfolio was more expensive in early years of the horizon, but much less expensive later this would be important information to consider when evaluating the risk to customers. A portfolio which was less expensive early due to tax credits could become very expensive when tax credits expire, posing a risk to customers.
- (e) The calculation of end effects is contained in cell C79 of all integrated variant short-term (ST) cost summaries evaluated under the "MN" price curve. These files include 2409MN after either .EP., .HH., .SC., .MR. or .LN. in their names.
- (f) No.
- (g) Not applicable.

### **WRA Data Request 3.2**

**Integrated portfolio metrics and selection.** Refer to Tables 9.34, 9.35, 9.36, and 9.37 of the 2025 IRP.

- (a) On a PVRR basis, confirm that the Integrated Base HH portfolio outperforms the Integrated Base MN portfolio under all price-policy scenarios as shown in tables 9.34-9.37 of the 2025 IRP.
- (b) On a risk-adjusted PVRR basis, confirm that the Integrated Base HH portfolio is the top performing portfolio under the MN price-policy scenario.
- (c) Confirm that the PVRR of the Integrated Base HH portfolio only exceeds the PVRR of the Integrated Base MN portfolio when including the five years beyond the planning horizon.
- (d) Based on its performance relative to the Integrated Base MN portfolio in all PVRR and risk-adjusted PVRR metrics across all price-policy scenarios, explain why the Company did not select the Integrated Base HH portfolio as the preferred portfolio.

### **Response to WRA Data Request 3.2**

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed. Due to the expiration of high levels of production tax credits (PTC), the high gas price/high carbon dioxide (CO<sub>2</sub>) cost (HH) portfolio becomes significantly more expensive over the final five years of the 21-year horizon, and this higher cost extends into the future. In the past analysis, end effects were considered as either zero or unlimited, where either extreme could have an overlarge effect on portfolio selection. Rather than adopt PLEXOS's extreme unlimited end effects impacts, PacifiCorp used a conservative approach in between zero and unlimited. This inclusion was prompted by stakeholder feedback which was discussed in PacifiCorp's 2025 IRP public input meetings.
- (d) The "MN" price-policy scenario was primarily selected because the final analysis resulted in the "MN" being least-cost least-risk. In addition, other considerations in the 2025 IRP aligned with the selection of the "MN" study as the preferred portfolio.

The value of tax credits was overstated in two ways in the 2025 IRP, impacting the risks associated with the "HH" derived portfolio.

- (1) The “HH” price-policy outcomes include unmodeled risks not directly discussed in the 2025 IRP results. The Company assumed that the investment tax credits (ITC) would be available forever and that the PTCs would be available at the fully expanded Inflation Reduction Act (IRA) level until 2040.
- (2) The 2025 IRP included the full value of the PTCs, rather than using the levelized value of the PTC over the life of the asset. Since the life of wind or solar assets built in 2027 (or later) extends beyond 2045, PacifiCorp did not include the additional years where that asset continues to operate without any tax credits.

Portfolios that include more PTC resources derive a greater portion of their value from the inflated value of tax credits used in the 2025 IRP. This is why the “HH” portfolio is riskier than the “MN” portfolio. As evidenced by recently passed federal law, selecting the “HH” price-policy-driven portfolio due to an assumption that PacifiCorp would capture all the benefits of these tax credits could lead to significantly higher costs for customers.

PacifiCorp partially corrected for this second overstatement by linearly reducing by 20 percent the value of the PTC in each year starting in 2040 (100 percent in 2040, 80 percent in 2041, etc. until it was 0 in 2045). The end effects methodology provided a fuller correction by including the 2045 value of resources, where there are no PTCs, for a further five years.

Finally, in the first five years of the study horizon, inclusive of the near-term action plan window, the portfolios are not materially different regarding selections or annual costs. Please refer to the 2025 IRP, Volume I, Chapter 9 Figure 9.35 and Figure 9.36. Actions and portfolios will continue to be evaluated in the 2025 IRP Update and future IRP cycles.