Docket No. 25-035-47
Witness: Cindy A. Crane

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Cindy A. Crane

August 2025

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name, business address and present position with the PacifiCorp dba Rocky Mountain Power ("Company").

A. My name is Cindy A. Crane, and my business address is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232. I am currently employed as Chief Executive Officer and Board Chair of the Company.

Q. Please describe your professional experience.

A. I joined the Company in 1990. Since then I have served as Director of Business Systems Integration, Managing Director of Business Planning and Strategic Analysis, Vice President of Strategy and Division Services, and Vice President of Interwest Mining Company and Fuel Resources. My responsibilities in these positions included the management and development of the Company's 10-year business plan, managing the construction of the Company's Wyoming wind plants, directing operations of the Energy West Mining and Bridger Coal companies, and coal supply acquisition and fuel management for the Company's coal-fired generating plants. From October 2014 until my retirement in 2018, I served as President and Chief Executive Officer ("CEO") of Rocky Mountain Power. In that position, I was responsible for the Company's business affairs in the states of Idaho, Utah, and Wyoming. I was accountable for managing the Company's infrastructure investments and operations to deliver safe and reliable electric service to our customers at reasonable prices, which included a reasonable return to investors. Following my retirement from the Company in 2018, I remained active in the energy industry, most recently serving as board chair and CEO of Enchant Energy Corporation, an emerging environmental services company focused on decarbonization for customers and communities. In September 2023, I was appointed CEO and Board Chair of the Company.

Q. Have you testified in other regulatory proceedings?

A. Yes. I have testified on various matters in the states of Utah, Idaho, Wyoming, California, Oregon, and Washington.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. I provide an overview of the Company, followed by a brief history of the Company's previous cost-allocation methodology development and introduce the driving factors leading to the 2026 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2026 Protocol"). Finally, I introduce Company witnesses providing direct testimony in support of the Company's Application for Approval of the 2026 Protocol ("Application").

III. DESCRIPTION OF THE COMPANY AND UTAH SERVICE AREA

Q. Please provide a description of the Company.

A. As an investor-owned, multi-jurisdictional electric utility, the Company serves approximately two million customers in six western states: Utah, Idaho, Wyoming, California, Oregon, and Washington. The Company does business as Rocky Mountain Power in Utah, Idaho, and Wyoming and as Pacific Power in California, Oregon, and Washington.

The Company serves its customers with a vast, integrated system of generation and transmission that spans ten states and connects customers and communities across the West. The Company's integrated system provides benefits to customers in all six states and includes generation, transmission, and distribution assets. The Company owns, or has interests in, thermal, hydroelectric, wind-powered, solar, and geothermal generating facilities. The Company buys and sells electricity on the wholesale market with other utilities, energy marketing companies, financial institutions, and other market participants to balance and optimize the economic benefits of electricity generation, retail customer loads, and existing wholesale transactions.

The Company provides wholesale transmission service under its open access transmission tariff approved by the Federal Energy Regulatory Commission and owns or has interests in approximately 17,700 miles of transmission lines. The Company operates two balancing authority areas—PacifiCorp Balancing Authority Area East and PacifiCorp Balancing Authority Area West—that together comprise the largest privately owned and operated grid in the Western United States.

Q. Please describe the Company's Utah service area.

A. In Utah, the Company serves over 1,000,000 customers. The Company is the largest electricity provider in the state. In Utah, the Company operates and maintains five coal-fueled generation units comprising 2,067 megawatts ("MW") of capacity,[1] nine natural gas-fueled plants with 2,155 MW of capacity,[2] and a 34 MW geothermal plant. The Company also has contracts with a number of independent power producers in the state of Utah.

The Company's sales and revenues are distributed among residential customers, small businesses, and large businesses served under retail tariffs subject to the jurisdiction of the Public Service Commission of Utah ("Commission"). The Company's Utah service area is comprised of urban and rural communities across varied geographic regions.

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[1] *PacifiCorp's Integrated Resource Plan (IRP) for 2025*, Docket No. 25-035-22, IRP at Table 6.2. PacifiCorp power plants located in Utah include Hunter (three units) and Huntington (two units).
[2] *Id.* at Table 6.3.

Q. What is the Company's core principle in providing electric service to its customers?

A. The Company's core principle is to provide energy solutions in the form of safe, reliable, and affordable energy to all its customers. The Company has upheld this ideal for over 110 years and remains steadfast in this commitment despite increasingly challenging conditions associated with changing economics, public policies, emerging and maturing technologies, increased severity and frequency of wildfires, and unprecedented large load growth.

Q. Why does the Company need a new allocation methodology?

A. States are implementing energy policies that make it increasingly difficult for the Company to operate and maintain a single resource portfolio for customers across all jurisdictions while meeting its legal obligations in each state. The 2026 Protocol implements a transition from a cost-allocation methodology that contemplates the operation of a single resource portfolio to a cost-allocation methodology that acknowledges the need for state or regional resource portfolios to meet load obligations on a least-cost basis, while complying with state energy policies and preventing cross-subsidization among jurisdictions. This transition will allow the Company the opportunity to fully recover its costs, supporting its financial health and reducing costs to customers over the long term.

Q. You mention the need to fully recover costs to support the financial health of the utility and protect customers. What is an example of that risk?

A. On July 9, 2025, Moody's Ratings ("Moody's") downgraded the Company's ratings, including its senior unsecured rating to Baa2 from Baa1, its first mortgage bond rating to A3 from A2, and its junior subordinated notes to Baa3 from Baa2. Moody's based the downgrade, in part, on the Commission's July 3, 2025 decision denying the Company's petition to reconsider a credit negative rate case decision earlier this year.[3] Moody's cited to, among other things, the Commission's disallowance of $106 million of wildfire mitigation capital expenditures, $63 million in excess liability insurance premiums, and $13 million related to Washington's Climate Commitment Act ("CCA") allowances, finding those costs were related to developments in other states.[4] Moody's press release summarizing its rating action is Exhibit RMP___(CAC-1) to my testimony.

On July 28, 2025, S&P Global downgraded the Company's credit rating from BBB+ to BBB with a negative outlook, and reduced the Company's debt ratings on first mortgage bonds, junior-subordinated notes. and senior unsecured debt.[5] S&P Global also pointed to the unfavorable outcome of the Company's Utah rate case —recovery of approximately one-quarter of the amount requested—as well as legal developments related to wildfires. S&P Global's press release summarizing its rating action is Exhibit RMP___(CAC-2) to my testimony.

The 2026 Protocol initiates a multi-phase process to transition the Company's cost-allocation methodology to accommodate diverging resource portfolios and changes to operations needed to address individual state energy policies—all of which helps avoid similar outcomes and resulting downgrades, which increase the cost of debt and, thus, customer rates.

[3] Moody's Rating Action Press Release at 1-2 (July 9, 2025) (Exhibit RMP___(CAC-1) at 1-2); see *In the Matters 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, et al.*, Docket Nos. 24-035-04, et al., Order Denying Request for Review (July 3, 2025).
[4] Exhibit RMP___(CAC-1) at 1.
[5] S&P Global's Rating Action Press Release at 1, 5-6 (July 28, 2025) (Exhibit RMP___(CAC-2) at 1 and 5-6).

IV. COMPANY COST ALLOCATION HISTORY

Q. Why is inter-jurisdictional cost allocation necessary for the Company?

A. As mentioned above, the Company provides retail electric service to approximately two million customers in the western states of Utah, Idaho, Wyoming, California, Oregon, and Washington. The Company serves customers with generation, transmission, and distribution facilities located across the western United States.

For over a century, the Company has operated as an integrated system, providing customers the benefits of economies of scale and the reach of a large western footprint. The Company recovers the costs of providing retail electric service to customers through rates established in regulatory proceedings in each state. To ensure states receive the appropriate allocation of costs and benefits from the Company's integrated system, and to provide an opportunity for the Company to reasonably recover its cost of serving customers, a cost allocation methodology is necessary.

Q. How has cost allocation been handled in the past?

A. The Company has used agreed-upon inter-jurisdictional cost-allocation methods for over 35 years. These methods have evolved and been refined over time, with each cost-allocation method allocating to each state a portion of the Company's total system costs through a combination of both dynamic system factors and state-specific or situs factors.

The Company has used the collaborative Multi-State Process ("MSP") to address allocation issues since 2002. Before 2002, there was the PacifiCorp Inter-jurisdictional Taskforce on Allocation, which established a series of agreements and subsequent modifications. These collaborative processes have led to the development and adoption of a series of inter-jurisdictional cost-allocation methods over time. The most recent approved agreement is the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol"), which I describe below.

Q. Has the Company recently faced new challenges related to cost allocations?

A. Yes. For decades, the Company has relied on cost-allocation methods that dynamically allocate total-system costs to states. A bedrock of these cost-allocation protocols has been the use of the Company's system as a single whole. Except for distribution assets, all states have been served from a common portfolio of assets, including generation assets, which has enabled the Company to cost effectively plan for, and operate as, an integrated whole, resulting in cost savings for all customers. However, divergent state policies across the Company's six-state service territory are increasingly challenging this structure. For example, Utah Senate Bill ("SB") 224 (2024)[6] establishing a preference for dispatchable generation to serve Utah, House Bill ("HB") 411 (2019)[7] allows for Utah communities to opt-in to programs to reach 100 percent renewable generation by 2030, Oregon's HB 2021[8] and SB 1547[9] set resource and emissions targets starting in 2030, and Wyoming requires that a portion of load in the state to be served by carbon capture technology by July 1, 2033.[10]

Q. When did these challenges begin to emerge regarding the Company's cost-allocation methodology?

A. As early as 2015, the parties to the MSP were discussing these challenges. In fact, the predecessor to the 2020 Protocol, the 2017 PacifiCorp Inter-Jurisdictional Allocation

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[6] UTAH CODE ANN. § 54-17-1001.
[7] UTAH CODE ANN. § 54-17-901 et. seq.
[8] OR. REV. STAT. §469A.400 et. seq.
[9] OR. REV. STAT. §757.518 et. seq.
[10] WYO. STAT. ANN. §37-18-102(a)(ii).

Protocol, was negotiated as an interim and time-limited cost-allocation protocol, designed to provide cost-allocation stability while allowing time for parties to the MSP to continue to explore alternative cost-allocation protocols to better align with changing state policies. The 2020 Protocol similarly included an interim period, during which the allocations agreed to in the 2020 Protocol would apply and parties would continue to negotiate means to address various issues arising from diverging state policies.

Q. How are the challenges of diverging state policies addressed in the 2026 Protocol?

A. States' energy policies continue to develop and are being implemented in ways that make it increasingly difficult for the Company to operate and dispatch a single resource portfolio for all customers across all jurisdictions while meeting its legal obligations in each state. The 2026 Protocol lays the groundwork for defining state-specific resource portfolios, implemented through use of fixed allocation factors for existing generation resources. The 2026 Protocol also provides flexibility when allocating new resources to these state-specific portfolios.

Q. What is the 2020 Protocol?

A. While more fully discussed in the direct testimony of Company witness Rick T. Link, the 2020 Protocol is an agreement between the Company and certain parties, including regulatory agency staff, consumer advocates, and other stakeholders in Utah, Idaho, Wyoming, Oregon, and Washington, identifying the specific allocation methodology for all the Company costs in rate proceedings. The Utah,[11] Idaho,[12] Wyoming,[13] Oregon,[14] and Washington[15] commissions approved the 2020 Protocol in 2020, and the California Public Utilities Commission approved the 2020 Protocol in the Company's 2022 California general rate case.[16] In 2023, these commissions extended the 2020 Protocol through 2025.[17]

The 2020 Protocol established the allocation methodology currently being used and provided an outline for a future methodology. That outline included certain agreed upon components of the future methodology called the "Resolved Issues" and identified certain unresolved issues as "Framework Issues" for negotiation in the "Interim Period" before agreement on a new cost-allocation methodology.

Prior to the extension, the parties (including Washington parties that were signatories to the 2020 Protocol) engaged in negotiations on the Framework Issues through the Framework Issues Workgroup. In those negotiations, the parties considered alternative

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[11] *In the Matter of the Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 19-035-42, Order Approving 2020 Protocol (Apr. 14, 2020).

[12] *In the Matter of Rocky Mountain Power's Application for Approval of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol*, Case No. PAC-E-19-20, Order No. 34640 (Apr. 22, 2020).

[13] *In the Matter of the Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 20000-572-EA-19 (Record No. 15400), Order No. 26740 (Dec. 3, 2020).

[14] *In the Matter of PacifiCorp d/b/a Pacific Power, Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol*, Docket No. UM 1050, Order No. 20-024 (Jan. 23, 2020).

[15] *In the Matter of Washington Utilities and Transportation Commission v. PacifiCorp d/b/a Pacific Power and Light Co.*, Docket Nos. UE-191024, et al., Final Order 09 / 07 / 12 (Dec. 14, 2020).

[16] *In the Matter of the Application of PacifiCorp (U901E), for an Order Authorizing a General Rate Increase Effective January 1, 2023*, Application 22-05-006, Decision 23-12-016 (Dec. 14, 2023).

[17] 2020 Protocol extension orders: Utah, *Application of Rocky Mountain Power for Approval of an Extension to the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 23-035-20, Order Approving Extension of the 2020 Protocol (July 27, 2023); Idaho, *In the Matter of Rocky Mountain Power's Petition for Approval of an Extension of the 2020 Inter-Jurisdictional Allocation Protocol*, Case No. PAC-E-23-13, Order No. 35984 (Nov. 2, 2023).; Wyoming, *In the Matter of the Application of Rocky Mountain Power for Authority to Extend the 2020 Inter-Jurisdictional Cost Allocation Agreement Through December 31, 2025*, Docket No. 20000-641-EA-23 (Record No. 17280), Order (Feb. 6, 2024); and Oregon, *In the Matter of PacifiCorp, dba Pacific Power, Request to Initiate an Investigation of the Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol*, Docket No. UM 1050, Order No. 23-229 (June 30, 2023).

resource allocation methods, which they agreed warranted further review. The extension allowed the parties to continue discussions seeking to resolve the Framework Issues and agree on a cost-allocation methodology to propose for the post-Interim Period.

Q. Was the Framework Issues Workgroup able to reach consensus on the Framework Issues?

A. No. While discussions with the Framework Issues Workgroup over the last several years were positive – reaching consensus on some issues, making progress on others, and identifying alternative options to explore – the Workgroup was not able to reach consensus on a further extension of the 2020 Protocol or the terms of a replacement cost-allocation methodology by the end of the extended Interim Period.

Q. In developing the 2020 Protocol, did the Company identify principles to help evaluate development of a transitional approach to cost allocations?

A. Yes. The Company's guiding principles established that a new cost-allocation protocol should:

- Provide a long-term, durable solution;
- Follow cost-causation principles;
- Minimize rate impacts at implementation;
- Allow for state autonomy for new resource portfolio selection;
- Maintain and optimize system-wide benefits and joint dispatch to the extent possible;
- Enable compliance with state policies;
- Ensure credit-supportive financial outcomes; and
- Provide the Company with a reasonable opportunity to recover its costs.

Q. Did the Company consider these principles in developing the 2026 Protocol?

A. Yes, these guiding principles remain helpful and relevant. In Utah, however, the importance of maintaining and optimizing system-wide benefits must be balanced with complying with various state policies and allowing for state autonomy for new resource portfolio selection.

V. PATH FORWARD

Q. What is proposed in the 2026 Protocol?

A. The 2026 Protocol is the first phase in a multi-phase process to transition the Company's cost-allocation methodology to accommodate diverging resource portfolios and changes to operations needed to address individual state energy policies (Phase 1). The 2026 Protocol will work in conjunction with the Washington 2026 Protocol.

Q. What is the Washington 2026 Protocol?

A. The Company proposed the Washington 2026 Protocol on April 1, 2025, in the Company's Washington Power Cost Only Rate Case ("PCORC") docket.[18] The Washington 2026 Protocol is a separate allocation methodology intended to address specific, near-term energy policy in Washington by creating a defined resource portfolio that can be managed to meet compliance requirements. It establishes fixed allocation shares of certain Company generation resources to serve Washington load. Accordingly, Washington will not receive a dynamic allocation of generation costs based on its load relative to system load on a year-to-year basis but instead will pay the full cost of its share of assigned resources. Washington customers will, however, continue to pay their relative share of transmission and other Company costs.

[18] *Washington Utilities and Transportation Commission v. PacifiCorp dba Pacific Power and Light Co.*, Docket No. UE-250224, Initial Filing (April 1, 2025).

Q. Is the 2026 Protocol the final cost-allocation methodology for Utah, Idaho, Wyoming, California, and Oregon, referred to collectively as the "Five States"?

A. No. The 2026 Protocol marks an initial step to transition the allocation of costs to align with changes in operations and to establish rate base in a manner that aligns costs and benefits consistent with state energy policies in those states. As discussed more fully in Company witness Link's testimony, the 2026 Protocol provides a path to transition to more state-specific future resources to comply with upcoming state energy policy and legal obligations. It also provides a path for a second phase transition to further support the Company's ability to meet upcoming legal obligations and enable different resource portfolios to comply with individual state or regional energy policies (Phase 2).

Q. Why is the Company proposing that there be a Phase 2?

A. The scope of this filing was to address the expiration of the 2020 Protocol and Washington's exit from coal. The Company anticipates that the scope in Phase 2 will be significantly broader, which will include addressing complex operational and planning issues necessary to unwind a system that has been built over the course of a century. This is a much more expansive and complicated scope that cannot be addressed in a few months. The Company needs additional time to develop a comprehensive proposal. Approving this 2026 Protocol and these Phase 1 changes are necessary to replace the 2020 Protocol, and provide a principled allocation methodology until Phase 2.

Q. When will the Company make the Phase 2 filing?

A. The Company intends to make that filing so that rates effective on January 1, 2030, will comply with applicable resource requirements, including Oregon SB 1547's restriction on coal-fueled thermal resources.

Q. Will the delay in implementation until Phase 2 harm Utah customers?

A. No, to the contrary, it protects Utah customers from unintended consequences. Cost allocation issues are heavily interrelated and extremely complex. Thus, despite continued discussions with the Framework Issues Workgroup, a consensus could not be reached in that context. The state energy policies listed above are still being implemented, and the effects are not yet known. Additionally, this industry is rapidly changing, unlike anything we have experienced before, with new large load growth potentially doubling current resource needs in some states. It will take time to determine how to address the associated costs to maintain reliability and affordability. There are also anticipated near-term benefits to customers from remaining part of an integrated system, as the Company enters into an expanded organized wholesale market, as discussed further by Company witness Micheal G. Wilding.[19] Accordingly, it is premature to propose a cost allocation methodology now to address the necessary resource portfolio changes in 2030 and beyond at this time.

VI. INTRODUCTION OF COMPANY WITNESSES

Q. How is the Company supporting its application?

A. The Company is presenting the following direct testimony in support of its application:

- **Rick T. Link**, Senior Vice President, Resource Planning and Procurement, describes and supports the Company's new inter-jurisdictional cost-allocation methodology for Utah, the 2026 Protocol.
- **Ramon J. Mitchell**, Director of Net Power Costs ("NPC"), presents the impact of the 2026 Protocol on the Company's NPC forecast.

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[19] *See* Direct Testimony of Michael G. Wilding.

- **Shelley E. McCoy**, Director of Revenue Requirement, calculates impacts to the Company's revenue requirement from the 2026 Protocol.
- **Michael G. Wilding**, Vice President, Energy Supply Management, explains how the 2026 Protocol supports resource adequacy for Utah and for the Five States, describes the Company's proposed changes to its hedging program and Western Resource Adequacy Program compliance, and explains the Company's participation in organized markets.

VII. RECOMMENDATION

Q. What action do you recommend the Commission take with respect to the Company's application?

A. I recommend that the Commission approve the 2026 Protocol for the reasons provided here and in the Company's supporting testimony.

Q. Does this conclude your direct testimony?

A. Yes.

Rocky Mountain Power
Exhibit RMP___(CAC-1)
Docket No. 25-035-47
Witness: Cindy A. Crane

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Cindy A. Crane

Moody's Rating Action Press Release (July 9, 2025)

August 2025

MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades PacifiCorp to Baa2; outlook stable

09 Jul 2025

Approximately $14.4 billion of debt securities affected

New York, July 09, 2025 -- Moody's Ratings (Moody's) today downgraded PacifiCorp's ratings, including its senior unsecured rating to Baa2 from Baa1, its first mortgage bond rating to A3 from A2, and its junior subordinated notes to Baa3 from Baa2. The company's short-term rating for commercial paper rating was affirmed at P-2. The outlook is stable.

A full list of affected ratings appears towards the end of this press release.

RATINGS RATIONALE

"The downgrade of PacifiCorp follows the Utah Public Service Commission's (UPSC) findings and conclusion on its July 3, 2025 decision to deny the company's petition to reconsider a credit negative rate case decision earlier this year," said Toby Shea, Vice President – Senior Credit Officer. "PacifiCorp's credit profile has been under pressure, driven by rising costs and debt associated with wildfire litigation and mitigation efforts, that the rate case outcome will not sufficiently alleviate, a key reason for the downgrade."

The UPSC issued a rate order in late April that approved an $87.2 million increase to PacifiCorp's Utah base rate, representing only 26.4% of the company's request for a $330.2 million increase. The UPSC also premised its revenue requirement calculation on an authorized return on equity (ROE) of 9.375% and an equity ratio of 44.43%—both well below industry averages.

In particular, the UPSC disallowed, among other things, $106 million of wildfire mitigation capital expenditures, $63 million in excess liability insurance premiums after reconsideration, and $13 million related to the state of Washington's carbon emission allowance requirements. The UPSC may have viewed that some of these costs are related to developments in other states within PacifiCorp's service territory, such as the 2020 Labor Day wildfires in Oregon and policy-driven costs stemming from the state of Washington. The Commission concluded that Utah ratepayers should not bear the financial burden of cost escalations originating in other states.

In addition, PacifiCorp continues to face mounting wildfire-related litigation expenses and liabilities. As of the first quarter of 2025, the company has accrued $2.75 billion in estimated probable losses and has paid $1.33 billion in settlements. To bolster its balance sheet and liquidity, PacifiCorp has suspended annual dividends and reduced capital expenditures, enabling it to retain more cash to help absorb the financial impact of wildfire liabilities. Nevertheless, the strain on its credit metrics remains significant. For example, the company's CFO pre-WC to debt ratio averaged only around 10% in 2023 and 2024, while its debt-to-capitalization ratio rose to 56.7% at the end of Q1 2025, up from 47.4% at year-end 2022.

As a result of these cost pressures and the adverse rate case outcome, we expect the company's CFO pre-WC to debt ratio to stabilize in the 14%–16% range—a level we consider more consistent with a Baa2 senior unsecured rating.

Outlook

PacifiCorp's stable outlook reflects the strength and resilience of its large and diversified operations across the Northwestern U.S. While the company faces headwinds from significant wildfire-related litigation and challenges recovering rising insurance premiums and other costs in Utah, we expect credit supportive regulation to continue in the other five states in which it operates. As a result, PacifiCorp is projected to maintain a CFO pre-WC to debt ratio in the 14% to 16% range—a level consistent with its current rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Factors that could lead to an upgrade

We could take a positive rating action if the regulatory environment in Utah improves and the company's CFO pre-working capital to debt ratio rises to 16% or higher on a sustained basis.

A positive action could also be considered should there be additional clarity with regard to PacifiCorp's ultimate financial exposure to wildfire liabilities as settlements occur and pending litigation is resolved, which could take several years.

Factors that could lead to a downgrade

We could take a negative action on PacifiCorp's ratings if the company experiences additional cost disallowances or a deteriorating regulatory environment in its other material regulatory jurisdictions such as Oregon or Wyoming.

A negative rating action could also result if wildfire-related liabilities rise unexpectedly and threaten to deplete the company's cash reserves or result in significant additional debt. Additionally, a downgrade could be considered if PacifiCorp's CFO pre-working capital to debt ratio falls below 13% on a sustained basis.

Company Profile

PacifiCorp is one of the largest and most diversified operating utilities in the U.S. headquartered in Portland, Oregon. According to Energy Information Administration (EIA) data, it sold approximately 58 TWh of electricity to retail customers in 2024, ranking sixth among investor-owned utilities based on bundled sales. The company serves retail customers across six states—more than any other investor-owned utility in the U.S. It is an operating subsidiary of Berkshire Hathaway Energy.

LIST OF AFFECTED RATINGS

Issuer: PacifiCorp

..Downgrades:

.... LT Issuer Rating, Downgraded to Baa2 from Baa1

.... Junior Subordinated , Downgraded to Baa3 from Baa2

.... Preferred Stock, Downgraded to Ba1 from Baa3

.... Senior Secured First Mortgage Bonds, Downgraded to A3 from A2

.... Backed Senior Secured First Mortgage Bonds, Downgraded to A3 from A2

.... Underlying Senior Secured First Mortgage Bonds, Downgraded to A3 from A2

.... Senior Secured Shelf, Downgraded from (P)A3 to (P)A2

.... Senior Unsecured Bank Credit Facility, Downgraded to Baa2 from Baa1

..Affirmations:

.... Commercial Paper, Affirmed P-2

..Outlook Actions:

....Outlook, Remains Stable

Issuer: Converse (County of) WY

..Downgrades:

.... Backed Senior Secured Revenue Bonds, Downgraded to A3 from A2

..Affirmations:

.... Backed Other Short Term Senior Secured Revenue Bonds, Affirmed P-2

Issuer: Lincoln (County of) WY

..Downgrades

.... Senior Secured Revenue Bonds, Downgraded to A3 from A2

..Affirmations:

.... Other Short Term Senior Secured Revenue Bonds, Affirmed P-2

Issuer: Sweetwater (County of) WY

..Downgrades:

.... Senior Unsecured Revenue Bonds, Downgraded to Baa2 from Baa1

..Affirmations:

.... Other Short Term Senior Unsecured Revenue Bonds, Affirmed P-2

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2024 and available at https://ratings.moodys.com/rmc-documents/426183. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

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Rocky Mountain Power
Exhibit RMP___(CAC-2)
Docket No. 25-035-47
Witness: Cindy A. Crane

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Cindy A. Crane

S&P Global's Rating Action Press Release (July 28, 2025)

August 2025

PacifiCorp Downgraded To 'BBB' From 'BBB+' On Weaker Expected Financial Measures, Outlook Negative; Debt Ratings Lowered

- The Public Service Commission of Utah (PSC) recently authorized a rate increase for PacifiCorp's latest general rate case that was lower than what we previously expected.
- Prior to this rate order, the company's financial measures were already weak for the rating, including funds from operations (FFO) to debt of 11.3% for the 12-months ended March 2025. Given recent regulatory developments and the continued elevated costs stemming from its wildfire litigation, we do not expect PacifiCorp will improve its FFO to debt consistently above 13%.
- Therefore, S&P Global Ratings lowered its long-term issuer credit rating (ICR) on PacifiCorp to 'BBB' from 'BBB+'. At the same time, we lowered our issue-level rating on the company's first-mortgage bonds (FMB) to 'A-' from 'A', our issue-level rating on its junior-subordinated notes (JSN) to 'BB+' from 'BBB-', and our issue-level rating on its senior unsecured debt to 'BBB' from 'BBB+'. We also affirmed our 'A-2' short-term rating.
- The negative outlook reflects the likelihood that we could lower our ratings on PacifiCorp by one or more notches over the next 24 months depending on the legal developments related to the wildfires in its service territory or other regulatory or legislative developments concerning its credit quality. We expect the company's FFO to debt will be in the 10%-13% range over our outlook period.

NEW YORK (S&P Global Ratings) July 28, 2025--S&P Global Ratings today took the rating actions listed above.

The downgrade reflects our expectation that PacifiCorp's financial measures will be weaker than we previously forecast following its rate-case outcome in Utah. The PSC authorized the company to increase its rates by approximately $94 million, which is about a quarter of the approximately $394 million rate increase it requested under its amended rate application from August 2024. We had previously expected a more-favorable outcome. Prior to the order, we viewed PacifiCorp's forecast FFO to debt as weak for the 'BBB+' rating, given the increased operating expenses related to its ongoing wildfire litigation in Oregon, increased insurance premiums, as well as other inflationary cost pressures. In addition, the company's reported credit measures had been weak, including FFO to debt of 11.3% for the 12-months ended March 2025. We now expect PacifiCorp's FFO to debt will remain between 10% and 13% over our outlook period, assuming no dividends to its parent, capital spending averaging about $2.8 billion over the next five years, protracted litigation regarding the James case, and continued use of existing regulatory mechanisms. To account for our expectation of a continued weakening in the company's financial performance, we revised our stand-alone credit profile to 'bb' from 'bb+'.

We continue to assess PacifiCorp as strategically important to Berkshire Hathaway Energy Co. (BHE). This reflects our expectation that the company would receive extraordinary support from BHE under most foreseeable circumstances, though we have doubts around the extent of such support, which precludes us from assessing a higher support category. Furthermore, this reflects our view that PacifiCorp is unlikely to be sold, is important to BHE's long-term strategy, benefits from a long-term commitment from BHE, and has realistic medium-term prospects for success relative to BHE's expectations. Our assessment of PacifiCorp as strategically important to BHE provides three notches of uplift to the rating. We will continue to monitor BHE's explicit and implicit support for PacifiCorp. If we downwardly revise our assessment of PacifiCorp's group support from BHE, we would likely lower our long-term ICR on the company by more than one notch.

The negative outlook reflects the likelihood that we could lower our ratings on PacifiCorp by one or more notches over the next 24 months depending on the legal developments related to the wildfires in its service territory or other regulatory or legislative developments concerning its credit quality. We expect the company's FFO to debt will be in the 10%-13% range over our outlook period.

We could lower our ratings on PacifiCorp by one or more notches in the next 24 months if:

- The company continues to face legal challenges without receiving commensurate long-term support from its parent;
- Its business risk increases due to adverse legal, regulatory, or legislative developments;
- The estimated damages under the company's wildfire lawsuits, including the James case, expand significantly;
- The company's stand-alone FFO to debt falls consistently below 11%; or
- The company's actions contribute to another significant wildfire.

We could affirm our ratings on PacifiCorp and revise our outlook to stable in the next 24 months if:

- It achieves further favorable legal outcomes such that its wildfire liabilities remain limited;
- The company is not the cause of a materially significant wildfire; and
- It maintains FFO to debt of more than 11%.

Related Criteria

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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