

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Application of Rocky Mountain Power for)
Approval of the 2026 Inter-Jurisdictional) Docket No. 25-035-47
Cost Allocation Protocol)
)
)

DIRECT TESTIMONY OF
LEAH J. WELLBORN
FOR THE
OFFICE OF CONSUMER SERVICES

FEBRUARY 5, 2026

1 **Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?**

2 A. My name is Leah J. Wellborn. I am a Director of Consulting at J. Kennedy and
3 Associates, Inc. (“Kennedy and Associates”). My business address is 570 Colonial
4 Park Drive, Suite 305, Roswell, Georgia, 30075.

5 **Q. ON WHOSE BEHALF ARE YOU APPEARING?**

6 A. I am appearing on behalf of the Utah Office of Consumer Services (“OCS”).

7 **Q. PLEASE PROVIDE A SUMMARY OF YOUR QUALIFICATIONS AND**
8 **EXPERIENCE.**

9 A. I participated in the Multi-State Process (“MSP”) Framework Issues working group
10 sessions during the 2021-2024 period as part of the OCS team and have
11 supported key analysis in a number of Kennedy and Associates’ reviews of RMP’s
12 annual Energy Balancing Account (“EBA”) filings since 2014. This is my first time
13 testifying before the Utah Public Service Commission (“PSC”); however, I have
14 testified on several occasions in South Carolina, Kentucky, and Georgia on issues
15 related to resource adequacy, integrated resource planning, and cost-recovery. I
16 have included a summary of my education, experience, and expert testimony
17 appearances in Exhibit OCS 1.1D.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to discuss OCS’s review of Rocky Mountain
20 Power’s (“RMP” or “the Company”) proposed 2026 jurisdictional cost allocation
21 protocol (“2026 Protocol”). I discuss the insufficiency of the 2026 Protocol and
22 recommend that the Commission direct RMP to begin working on a comprehensive
23 allocation approach immediately, rather than adopting this interim measure.

24 Specifically, I discuss concerns related to the 2026 Protocol from a Resource
25 Adequacy and cost-allocation perspective as well as a Net Power Cost allocation
26 perspective. I emphasize the importance of expediting the comprehensive review
27 anticipated with Phase 2.

28 **Q. PLEASE PROVIDE A SUMMARY OF YOUR CONCLUSIONS AND**
29 **RECOMMENDATIONS.**

30 A. I recommend that the Commission reject RMP's proposed 2026 Protocol. The
31 proposed protocol provides for special fixed allocations for Washington,
32 specifically, the situs assignment of the Chehalis generation plant and an
33 increased allocation of the Rolling Hills Wind project. By creating a protocol that
34 fixes allocations for one state (Washington) but not others, the protocol introduces
35 significant risk of unbalanced resource adequacy, complicates future system
36 planning, and likely results in an unequitable cost allocation among the
37 jurisdictions.

38 Furthermore, the proposed 2026 Protocol does not sufficiently address the
39 risks associated with the introduced resource adequacy imbalances caused by
40 diverging state policies and merely contemplates a Phase 2 to fully address a
41 number of issues. RMP notes in its application that Phase 2 would likely include
42 an eventual move to a nodal pricing model ("NPM") construct and address
43 remaining allocation issues related to Oregon's exit from coal.¹ RMP's suggestion
44 that a Phase 2 cost-allocation protocol would be required to address certain policy
45 issues ahead of 2030 is a compelling reason in and of itself that approval of the

¹ Direct Testimony of Cindy Crane, ll. 230-250.

46 proposed 2026 protocol is unnecessary and inappropriate at this time. Indeed,
47 decisions made in this proceeding may need to be undone in the subsequent Phase
48 2 proceeding.

49 RMP's proposal for a 2026 Protocol is a temporary solution to a decades
50 long problem that requires comprehensive review. Continued use of the existing
51 2020 Protocol may be the only practical short-term solution. The Commission can
52 continue to rely on the 2020 Protocol for ratemaking so long as RMP initiates a
53 comprehensive approach with ample time to be adjudicated before the 2030
54 changes that need to be addressed.

55 **Q. PLEASE EXPLAIN THE COMPANY'S 2026 PROTOCOL PROPOSAL.**

56 A. RMP has proposed a protocol that creates a Washington Fixed Portfolio and a
57 Five-State Dynamic portfolio for Oregon, California, Idaho, Wyoming, and Utah.
58 RMP has generally categorized the existing resources in 4 resource subsets, as
59 described in the tables presented by RMP Witness Link and replicated below.

60

Table X: Allocation Summary ²

Plant Name/Resource Type	Five-State Portfolio (OR, CA, ID, UT, WY)	Washington Fixed Portfolio	Total
Resource Subset 1			
Jim Bridger 1 & 2	92.10%	7.90%	100%
Other Existing Non-Emitting Resources (non-QFs)	92.10%	7.90%	100%
Legacy Interruptible Contracts	92.10%	7.90%	100%
Resource Subset 2			
Other Natural Gas and Coal (non-QFs)	100%	0%	100%
Five State QFs	100%	0%	100%
Resource Subset 3			
Rolling Hills Wind (excluding OR)	65.13%	34.87%	100%
Resource Subset 4			
WA QFs	0%	100%	100%
Chehalis	0%	100%	100%

61

62 The Company is proposing to lock in the Washington share of Jim Bridger 1 & 2,

63 Legacy Interruptible Contracts, and Non-Emitting resources (Resource Subset 1)

64 at 7.9%. RMP is also proposing Washington be assigned 0% of other remaining

65 coal and gas resources, such as Hermiston and the non-Washington QFs

66 (resource subset 2). For Rolling Hills Wind, RMP is proposing to reassign Oregon's

67 disallowed 26% share to Washington for a total of 34.87% to Washington (resource

68 subset 3).³ Finally, RMP has proposed situs assignment of Chehalis and

69 Washington QFs (resource subset 4) directly to Washington. In addition to these

70 resource portfolio changes, RMP has also proposed other allocation approaches

71 for costs related to system overhead (Section 7.0), insurance, state imposed costs

72 and transmission.

² Direct Testimony of Rick Link, p. 18

³ Direct Testimony of Rick Link, ll. 309-411

73

74 **PRELIMINARY CONCERNS**

75 **Q. WHAT HAS RMP PROPOSED IN REGARD TO SYSTEM OVERHEAD COST**
76 **ALLOCATION?**

77 A. RMP has proposed a change in the allocation of system overhead (“SO”) costs.
78 The Company states it has proposed a change “because administrative and
79 general costs are dynamic, it follows that the allocation of these costs should also
80 remain dynamic and not be anchored to fixed shares of allocated generation
81 resource cost.”⁴ This is particularly interesting at this inflection point when the
82 Washington portfolio will become “fixed” and the Company will then be required to
83 create new planning processes to implement the two portfolios (5-state,
84 Washington). The Company states the allocation is necessary to reflect the fixed
85 allocations of resources.⁵ The 2026 Protocol proposed the SO Allocation factor be
86 based on one-third weightings of System Energy, System Capacity, and System
87 Gross Plant Distribution.⁶ I am concerned that the proposed allocations for System
88 Overhead cannot be reasonably determined in isolation without comprehensive
89 review all other allocation impacts (such as those related to insurance, or additional
90 overhead costs introduced by development of a fixed WA portfolio).

91 **Q. WHAT HAS RMP PROPOSED IN REGARD TO INSURANCE COST**
92 **ALLOCATION?**

⁴ Direct Testimony of Shelley McCoy, l. 171

⁵ Direct Testimony of Rick Link, l. 575

⁶ RMP response to UTLCG 2.68. The Company’s response also indicates “the SO calculation proposed in the 2026 Protocol is consistent with the SO allocation factor methodology as outlined in “Section 5.4 – Resolved Issues” of the 2020 Protocol.”

93 A. The Company separates out non-wildfire-related insurance premiums for excess
94 liability, costs for non-wildfire liability not covered by insurance, and wildfire related
95 insurance coverage for assets in states without retail customers as allocated with
96 the SO factor. The Company then considers the costs for wildfire-related insurance
97 coverage and liability in retail states to be addressed on a state by state basis.⁷
98 The Company goes on to note that wildfire liability and risk is not identical across
99 the system and policies continue to evolve. Given that the wildfire risk and
100 insurance cost issue has been a significant issue for both the Company and
101 individual states, the failure to adequately address this allocation method
102 represents a deficiency in the Company's proposal. Furthermore, it underscores
103 the importance of evaluation of the cost allocation results as more information and
104 state specific policies are developed.

105 **Q. WHAT HAS RMP PROPOSED IN REGARD TO TRANSMISSION COST**
106 **ALLOCATION?**

107 A. Generally, the Company has proposed continued reliance on the SG factor for
108 Transmission cost allocation, though the proposed protocol acknowledges large
109 load growth impacts and the need for separate allocators between the 5-state
110 portfolio and the Washington portfolio. RMP has contemplated additional
111 allocation changes for Transmission as a Phase 2 issue.⁸ I underscore the
112 importance of the issues deferred to the Phase 2 process and note that possible

⁷ Direct Testimony of Rick Link, l. 603-610

⁸ Direct Testimony of Rick Link, l. 547

113 impacts large loads would have on the system and allocation factors should be
114 provided in this proceeding.

115 **RESOURCE ADEQUACY CONCERNS**

116 **Q. WHAT IS YOUR PRIMARY CONCERN REGARDING THE PROPOSED**
117 **PROTOCOL?**

118 A. My primary concern is related to the direct assignment and fixed allocations of
119 existing capacity between Washington and the 5-state portfolio to address
120 resource adequacy needs, without a comprehensive evaluation of forward year
121 cost and resource adequacy impacts. RMP provides a 2024 cost analysis for
122 generation resource revenue requirement,⁹ and resource adequacy evaluation/
123 net power cost (“NPC”) analysis on forecast year 2026 but does not provide future
124 year impacts.

125 The analysis indicates a slight increase in net power costs on a forecasted
126 2026 basis.¹⁰ The overall generation and NPC impact is an increase of
127 approximately 1.04%, even after accounting for reduced System Overhead
128 assignments on a forecasted 2026 basis.¹¹ The resource adequacy assessment
129 concludes, “when compared to the 2020 Protocol, the Five-State Portfolio under
130 the 2026 Protocol provides a similar resource adequacy position.”¹² However, the
131 evaluation provided is conducted for the year 2026, using qualified capacity
132 contribution (“QCC”) metrics for each resource expected to serve load in 2026.

⁹ Direct Testimony of Shelley McCoy, ll. 97-107

¹⁰ Direct Testimony of Ramon Mitchell, l. 218

¹¹ Direct Testimony of Shelley McCoy, Table 1, l. 31

¹² Direct Testimony of Michael Wilding, l. 80

133 The evaluation assumes resource adequacy is maintained under the new
134 allocations, but doesn't consider the fact that direct assignment of Chehalis to
135 Washington will provide Washington this capacity until the end of its life, while the
136 direct assigned resources to the 5-state portfolio may have different units with
137 shorter lives leading to a future resource adequacy shortfall (e.g. Craig 2, Colstrip
138 4, Hayden 1-2, Dave Johnston 4 as noted in the 2025 IRP).¹³ It appears as if the
139 proposed allocation could increase costs and increase risk in future years to Utah
140 and the other states in the 5-state portfolio.

141 **Q. HAS RMP ADDRESSED THIS CONCERN?**

142 A. No. RMP did not perform a forward analysis and stated:

143 Furthermore, providing 10-year monthly load growth and capacity
144 positions would not change the conclusions of the Direct Testimony
145 of Company witness, Michael G. Wilding, because the resource
146 allocations from the 2020 Protocol and proposed 2026 Protocol use
147 the same load forecast and qualified capacity contributions (QCC)
148 for each resource. Therefore, the proposed 2026 Protocol would still
149 allocate resources in a way that provides a comparable level of
150 resource adequacy compared to the 2020 Protocol.¹⁴

151 The Company's conclusion is flawed because the primary difference in the 2020
152 Protocol and 2026 Protocol is the allocation of resources to Utah with different
153 expected lives, with impacts beyond the single year analysis presented.¹⁵ If phase
154 2 contemplates a new reallocation of existing resources to meet additional policy
155 goals and exit orders, the temporary Phase 1 protocol is unnecessary.

156 **Q. HOW SHOULD RMP EVALUATE RESOURCE ADEQUACY IMPACTS?**

¹³ Table 1.2 (p. 10) and Table 6.2 (p.115) in the 2025 IRP accessed
https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2025-irp/2025_IRP_Vol_1_Utah.pdf

¹⁴ RMP response to DPU 8.2

¹⁵ Washington Docket UE-250224, Final Order, Order 08, December 22, 2025, p. 39, para. 125

157 A. RMP should perform a projection of the various portfolios over a number of study
158 period years (e.g. 10 years, in order to see impacts beyond 2030 and various coal
159 retirement dates) to evaluate current and future resource adequacy and the value
160 of capacity. Each state should have right of first refusal of system resources that
161 other jurisdictions do not want to participate in (like Rolling Hills), and should not
162 be forced to give up a resource (e.g. Chehalis) because of another jurisdiction's
163 decision to opt out of a resource creating a short-position based on its policy
164 objectives. RMP's proposed direct assignments for the entirety of Chehalis and the
165 Oregon share of Rolling Hills is a convenience to address resource adequacy
166 needs stemming from Washington policy that requires exiting from coal (and future
167 gas) generation.¹⁶ Because, the proposed protocol is also designed to make the
168 Company whole in terms of current and future revenue requirements, solely due
169 to the statutory constraints imposed by a single jurisdiction, the relative economics
170 of the tradeoffs proposed were not of consequence to the Company. However,
171 adoption of the 2026 Protocol, and the fixed allocations to Washington, could have
172 a significant impact on the future resource requirements for each of the remaining
173 5 states. Again, an economic evaluation that considers the remaining life costs and
174 benefits under the new Protocol as compared to a market alternative is a valuable
175 analysis that should be provided by the Company to assess the reasonableness
176 of the 2026 Protocol proposal before any Commission approval of direct
177 assignment of specific capacity.

¹⁶ RMP response to Sierra Club 1.6 and 1.9

178 **Q. WHY IS ADDITIONAL DATA ANALYSIS AND FUTURE IMPACTS IMPORTANT**
179 **TO EVALUATE BEFORE APPROVAL OF A NEW PROTOCOL?**

180 A. Resource adequacy and resource allocation are not single year issues and
181 diverging state policies have been a recurring theme for many years. The
182 Company should have produced forward looking data for review in this proceeding,
183 especially knowing that Phase 2 would require additional steps to address
184 remaining resource allocation issues in the near-term. The Company regularly
185 performs integrated resource planning studies to evaluate the future impacts of
186 resource decisions, and the Company's 2026 Protocol proposal is essentially a
187 resource procurement activity, as it includes a reallocation of one set of resources
188 (e.g. Chehalis) in favor of a larger share of other resources (5-state portfolio). The
189 lack of data and cost-benefit analysis on a long-range basis creates a significant
190 transparency problem.¹⁷ RMP reported to the Commission in July 2024 that it
191 would file a proposal of its own making, with the understanding that the 2020
192 protocol sunset December 31, 2025.¹⁸ However RMP filed its application, with only
193 a partial Phase 1 proposal, August 5, 2025.

194 **Q. WHY HAS RMP ARGUED FOR A DIRECT ASSIGNMENT OF CHEHALIS TO**
195 **WASHINGTON?**

196 A. According to RMP, the NPC impacts related to Chehalis are significantly impacted
197 by the costs imposed by the Washington Climate Commitment Act ("CCA"). RMP
198 estimates that the total-company cost of the Washington CCA costs for 2026 would

¹⁷ RMP response to DPU 8.2 and UTLCG 7.12

¹⁸ Docket 23-035-20, July 11, 2024, <https://pscdocs.utah.gov/electric/23docs/2303520/334665RMPNtc7-11-2024.pdf>

199 be \$54.9 million.¹⁹ Assigning Chehalis to Washington is the Company's method of
200 shielding other states from these costs, while maintaining an avenue for full cost
201 recovery.²⁰ However, it removes a flexible gas resource from the system stack to
202 serve customers in all states.

203 RMP appears to argue that Chehalis would cost the 5-state portfolio (and
204 Utah) more in CCA taxes than it would save in NPC and therefore is not an
205 economic proposition, but that presumes the CCA tax is considered in the
206 valuation. The cost of new resource capacity is increasing and greatly exceeds the
207 cost of Chehalis (for new combined cycle capacity). Because market reliance for
208 energy remains a concern, it is unclear what impact the Chehalis assignment
209 would have in future years as the Company didn't do a formal valuation of capacity
210 value. RMP only asserted the 5-states are left in a similar resource adequacy
211 position. Furthermore, the value of Chehalis can only be determined over a
212 remaining life economic analysis, not a simplified calculation for a single year as
213 presented by the Company.

214 **Q. DO YOU HAVE ANY OTHER RESOURCE ADEQUACY CONCERNS?**

215 A. Yes. In addition to concerns related to the existing capacity allocations, I am
216 concerned that new generation will be required to serve new large loads and that
217 there isn't a process in place for such allocations. This appears to be a risk to Utah,
218 as the Company expects Utah load growth to outpace system load growth through
219 2035.²¹

¹⁹ Direct Testimony of Rick Link, l. 425

²⁰ RMP response to Sierra Club 1.6, "Therefore, allocating Chehalis to Washington will allow the Company the opportunity to fully recover its costs to operate the plant while aligning with state policies."

²¹ RMP confidential response to DPU 8.3

220 **Q. HOW ARE ALLOCATIONS OF NEW RESOURCES TREATED IN THE 2026**
221 **PROTOCOL? (SECTION 3.6)**

222 A. RMP states, “The Company will propose an allocation for new resources with a
223 term or depreciable life longer than three years at or before the time when a
224 prudence review occurs.”²² This vague language creates uncertainty regarding
225 how Utah customers will be allocated costs for resources procured to meet the
226 diverging policy needs of other states. This “flexible” treatment provides for
227 considerable uncertainty in the near-term, as the Company states the Protocol
228 allows for fixed or dynamic factors, and is not tied to an existing methodology.²³ If
229 resource adequacy shortfalls are created by rejection of existing or proposed units,
230 it opens up questions as to how incremental new resources should be allocated. If
231 the Company proposes allocations based on load ratio share, each jurisdiction
232 would be incentivized to take each resource as a slice of the system and to avoid
233 creating a need on an individual state basis. Conversely, if the Company proposes
234 a methodology based on need, it is possible a jurisdiction could opt out of one
235 incremental unit in favor of a larger share of a subsequent resource, which could
236 lead to a short-term short position for one jurisdiction, subsidized by another. This
237 could also impact the value of planning and procuring as a system, as the
238 procurement process could be manipulated by individual jurisdiction policy.²⁴ For

²² Direct Testimony of Rick Link, line 480-481

²³ RMP response to UTLCG 3.9

²⁴ Direct Testimony of Cindy Crane, l. 77-81 states, “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.”

239 example, Washington may desire a greater share of new “green” resources and if
240 allowed it may be to the detriment of the of the 5 states. The temporary nature of
241 proposed protocol may lead to resource allocation being driven by expediency,
242 rather than long term economics. Planning decisions have an impact spanning
243 decades, not just a single year or the 4 years contemplated for the 2026 Protocol.

244

245 **COST ALLOCATION AND NET POWER COST CONCERNS**

246 **Q. HOW ARE STATE-IMPOSED COSTS TREATED IN THE 2026 PROTOCOL?**
247 **(SECTION 3.7)**

248 A. The Company states, “State-imposed costs include, but are not limited to, taxes,
249 fees, and costs for environmental permitting imposed on a generation resource or
250 associated assets.”²⁵ The proposed treatment could lead to conflicting
251 interpretations and inconsistent treatment depending on the resources and costs
252 at issue.

253 RMP has noted in Section 8.0 (Allocation of Taxes and Fees) that some
254 taxes and fees would largely follow the 2020 Protocol and existing allocations, but
255 that there is now a separate carve out for State imposed costs (Section 3.7). For
256 example, the Company compares the Idaho Kilowatt Hour tax to property tax and
257 proposes the corresponding allocation factor (Gross Plant System, or “GPS”). The
258 Company also identifies the Wyoming Wind Tax with allocation factor of SG5A,
259 consistent with allocation of the underlying resource. Finally, the Company

²⁵ Direct Testimony of Rick Link, ll. 486-487

260 identifies the Washington Public Utility Tax allocation on System Overhead (“SO”),
261 in lieu of a Washington income tax.²⁶

262 I do not dispute that there are a number of factors that would make one
263 allocator more appropriate than another for a state-imposed cost, tax, or fee, but
264 the generic language introduced in Section 3.7 for state-imposed costs should be
265 more explicitly outlined, and the methods used for deriving and determining direct
266 or system allocations (energy-based, generation-based, system overhead, etc.)
267 should be considered in the comprehensive Phase 2 development. In the absence
268 of substantial support, there should be a default assumption that all such taxes are
269 allocated situs, particularly in the cases where taxes are “exported” across state
270 lines.

271 **Q. DOES THE 2026 PROTOCOL DIRECT ASSIGNMENT OF STATE-IMPOSED**
272 **COSTS ALLEVIATE CONCERNS AROUND THE WASHINGTON CCA COSTS**
273 **ASSOCIATED WITH CHEHALIS?**

274 A. No. Chehalis CCA costs are imposed differently depending on whether the
275 Chehalis generation is considered to be used in state, or exported. No CCA costs
276 are assigned to Washington if generation is used to serve Washington load, but
277 CCA costs are imposed for exports. This distinguishes CCA costs from a property
278 tax or other fee that is assessed equally for customers in-state and out of state.
279 The Company’s proposed situs assignment of Chehalis to Washington appears to
280 be a solution to the Company’s need for full cost recovery. The situs assignment
281 does not appear to be a direct assignment of state-imposed costs consistent with

²⁶ Direct Testimony of Rick Link, l. 205

282 the proposed 2026 Protocol methodology.²⁷ The 2026 Protocol is insufficient to
283 deal with future situs assignment of state-policy and places limitations on the
284 resources available to the 5 States in Phase 2.

285 **Q. HOW ARE NET POWER COSTS ASSIGNED UNDER THE PROPOSED 2026**
286 **PROTOCOL?**

287 A. RMP anticipates computing a “Net Position” for each portfolio comparing the
288 generation and market purchases to load and market sales, on an energy basis.²⁸
289 This procedure considers the Washington Portfolio and the 5-state portfolio
290 separate, while determining if one portfolio is leaning on the other on a monthly
291 energy basis. Based on the Company’s arguments for reassignment of capacity
292 between Washington and the remaining portfolio to address resource adequacy, it
293 appears as if the Company is anticipating a resource adequacy disparity between
294 the two portfolios. As Washington moves towards a portfolio that prioritizes serving
295 customers with non-emitting electricity, the likelihood of portfolio divergence on an
296 hourly basis and/or capacity basis could increase. The monthly average NPC net
297 position methodology is inappropriate to address different resource portfolios that
298 may be capacity heavy or energy heavy on an hourly basis. A monthly view
299 aggregates too much of the hourly dynamic of dispatching the system’s resources
300 to serve load and hides the impacts of an hourly mismatch of resource and loads
301 in the monthly total. Furthermore, in its current state, the proposed 2026 Protocol

²⁷ RMP response to DPU 8.13

²⁸ Direct Testimony of Ramon Mitchell, p. 5 lines 100-101

302 does not address individual State impacts sufficiently, as the Company proposes
303 only 2 portfolios be tracked, rather than each state individually.²⁹

304 **Q. DO YOU HAVE ANY OTHER CONCERNS RELATED TO THE COMPANY'S**
305 **PROPOSED NPC METHODOLOGY?**

306 A. Yes. I have two additional concerns. The first is related to RMP's practice to
307 maintain an open position and rely on short-term transactions, such as market
308 purchases to cover load and reserve margin. The second is related to the
309 Company's intention to track and perform hedging separately.

310 The Company concludes that the new protocol will result in less market
311 reliance and more price stability, based on a single year 2026 analysis.³⁰ This
312 evaluation only considers a single year for resource adequacy, and does not
313 consider future year impacts. It also relies on model year data and assumptions
314 which do not capture real-time market dynamics and impacts to hedged
315 positions.³¹ RMP generally confirms there are some market dynamics not captured
316 in the analysis provided, stating that near-term market purchases are not
317 considered.³²

318 The Company goes on to indicate that it will create separate power and gas
319 hedge books for the Washington and Five-State Portfolio to manage risk to NPC.³³

²⁹ RMP response to DPU 9.6

³⁰ Direct Testimony of Michael Wilding, ll. 135-138 and 219-222

³¹ In Washington PCORC Order 08, December 22, 2025, the Commission acknowledged intervenor concerns related to the differenced in modeling results based on modeling software Aurora Version 15 and 16.

³² RMP response to DPU 6.3(c) states, "PacifiCorp's participation in the extended day-ahead market (EDAM) does not factor into Utah's resource adequacy as the EDAM facilitates efficient scheduling of resources one day before the operating day. Resource adequacy is evaluated months or years in advance of the operating day. This is why near-term market purchases, which will happen in the EDAM, are not considered in the analysis provided in Michael Wilding's Direct Testimony."

³³ Direct Testimony of Michael Wilding, p. 8, ll. 223-260

320 This process will require existing hedges to be assigned and that future hedges to
321 consider the net positions of each portfolio. It is unclear how the Company
322 proposes to fairly assign transactions or hedges equitably between portfolios when
323 they might be necessary and beneficial to both.³⁴

324 **Q. DOES RMP ANTICIPATE CHANGES TO NPC ESTIMATES IN THE NEAR-**
325 **TERM?**

326 A. Yes. The Company contemplates impacts related to future participation in the
327 California Independent System Operator (“CAISO”) Extended Day Ahead Market
328 (“EDAM”) stating,

329 If the Company participates in EDAM, actual market settlement data
330 would be used to allocate costs and revenues more precisely to each
331 state. This would replace the current method of valuing the Net
332 Position based on average short-term firm prices with a more
333 granular approach. Actual market settlement data would also replace
334 the current “lower-of-cost-or-market” methodology with a more
335 comprehensive approach.³⁵
336

337 EDAM is expected to go live on May 1, 2026,³⁶ and as such, in just a few short
338 months comprehensive data will be available for analysis and development of the
339 Phase 2 protocol. The Company has indicated it will need time to develop
340 experience, but the data will be available for review.³⁷ Approving the 2026 Protocol
341 with NPC mechanics built on the existing system to address short-term impacts
342 related to Washington is inefficient. The Company should rely on the 2020 Protocol

³⁴ The Company held a Closed Technical Conference on Energy Risk Management October 29, 2025 in Docket 25-035-50.

³⁵ Direct Testimony of Ramon Mitchell, p. 13 lines 263-267

³⁶ Direct Testimony of Michael Wilding, p. 16, line 292

³⁷ RMP response to UTLCG 3.36

343 until a new comprehensive Phase 2 protocol can be developed, which can be
344 developed to take into account market data on an hourly basis.

345

346 **OTHER CONCERNS DEFERRED TO PHASE 2**

347 **Q. DOES THE COMPANY ANTICIPATE A FIXED ALLOCATION PROTOCOL AND**
348 **FURTHER NEGOTIATIONS AHEAD OF 2030?**

349 A. Yes. RMP anticipates Phase 2 addressing the possibility of fixed allocation factors.
350 The Company expects a Phase 2 methodology to be proposed and supported by
351 “appropriate analysis” in such a time to be effective no later than 2030.³⁸ RMP also
352 has not provided much indication for its intended strategy related to Phase 2
353 stating its proposal has not been established.³⁹ RMP also deferred development
354 of other issues until Phase 2, stating:

355 The scope of the 2026 Protocol primarily addresses the expiration of
356 the 2020 Protocol, Washington’s exit from coal, and state
357 disallowance of carbon costs. Phase 2 will be significantly broader
358 since it will address complex operational and planning issues. The
359 Company needs additional time to develop a comprehensive
360 proposal for Phase 2.⁴⁰

361
362 [W]ith new large load growth potentially doubling current resource
363 needs in some states. It will take time to determine how to address
364 the associated costs to maintain reliability and affordability.⁴¹

365
366 While the 2026 Protocol represents a significant step forward in
367 aligning cost allocation with the evolving energy landscape, it is not
368 the final step. It is anticipated that future developments—particularly
369 in regional energy markets—will provide opportunities to further
370 refine and improve the allocation of NPC.⁴²

371

³⁸ RMP response to UTLCG 2.69 and 2.67

³⁹ RMP response to DPU 6.3(d).

⁴⁰ Rick Link, p. 16 line 318-321:

⁴¹ Direct Testimony of Cindy Crane p.13 l. 257

⁴² Direct Testimony of Ramon Mitchell, ll. 253-256

372 For resources with a closure date of 2030 or later, the Company will
373 propose a methodology for the treatment of closure and
374 decommissioning costs in Phase 2 of the 2026 Protocol.⁴³

375
376 These arguments demonstrate that the Company has acknowledged the proposed
377 2026 Protocol does not address key issues identified today, such as the complexity
378 of system planning, load growth, plant closure, and the role of regional energy
379 markets. If the 2026 Protocol is approved, RMP may not be as motivated to pursue
380 a comprehensive Phase 2 solution until the Oregon policy requirements are
381 binding (by 2030). This could create a significant gap in state planning and
382 resource adequacy over the next 4 years (2026-2030), as large load growth and
383 state policies continue to change and differ state by state.

384 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

385 **A.** Yes.

⁴³ Direct Testimony of Rick Link, ll. 510-512