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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of the 2026 Inter-Jurisdictional Cost Allocation Protocol	DOCKET NO. 25-035-47
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PREFILED DIRECT TESTIMONY OF

NANCY L. KELLY

ON BEHALF OF

WESTERN RESOURCE ADVOCATES

February 5, 2026

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Exhibit WRA__(NK-2)	RMP's Data Request Responses to UTLCG, Sierra Club, & DPU
Exhibit WRA__(NK-3)	Utah Letter Agreement
Exhibit WRA__(NK-4)	Initial Comments of Western Resource Advocates in 2025 IRP, Docket No. 25-035-22 (filed September 25, 2025)
Exhibit WRA__(NK-5)	Prefiled Phase I Direct Testimony of Nancy L. Kelly in 2024 GRC, Docket No. 24-035-04 (filed October 17, 2024), Sections II. A.-E.

1 **I. INTRODUCTION**

2 **Q: Please state your name and business address.**

3 A: My name is Nancy L. Kelly. My business address is 307 West 200 South, Suite 2000,
4 Salt Lake City, UT 84101.

5 **Q: By whom are you employed and in what position?**

6 A: I am employed by Western Resource Advocates (WRA) in its Clean Energy Program as a
7 Senior Policy Advisor. WRA is a regional nonprofit advocacy organization that fights
8 climate change and its impacts in order to sustain the environment, economy, and people
9 of the West. WRA's Clean Energy Program develops and implements policies to reduce
10 the environmental impacts of utilities in the Interior West by advocating for a western
11 electric system that provides clean, affordable and reliable energy, reduces economic
12 risks, and protects the environment through the expanded use of energy efficiency,
13 renewable energy resources, and other clean energy technologies. WRA has offices in
14 Salt Lake City, Utah; Boulder and Denver, Colorado; Reno, Nevada; Phoenix, Arizona;
15 and Santa Fe, New Mexico.

16 **Q: On whose behalf are you testifying in this proceeding?**

17 A: I am testifying on behalf of WRA.

18 **Q: Please give a brief description of your professional experience and education.**

19 A: I provide policy analysis and regulatory support to WRA in electric-industry-related
20 matters, including issues of interjurisdictional allocation, integrated resource planning,

21 and regional transmission-related initiatives. I have worked in the industry for
22 approaching 30 years, and I have participated in regulatory dockets in Utah, Colorado,
23 Nevada, and New Mexico. Before joining WRA in 2008, I worked with the Utah Office
24 of Consumer Services as a consultant and Utility Economist. I began my professional
25 career as an academic economist at Idaho State University where I spent three years as a
26 faculty member in the Department of Economics and close to five years as the economist
27 in the Center for Business Research and Services. I received a B.S. in economics from
28 Idaho State University in 1983 and completed my fieldwork toward a PhD in economics
29 from the University of Utah in 1991. A more detailed description of my qualifications is
30 attached as Exhibit WRA___(NK-1).

31 **Q: Have you previously testified before the Public Service Commission of Utah (PSC or**
32 **Commission)?**

33 A: Yes. I have testified in a number of proceedings, including the 2004 proceeding that
34 approved the use of the Revised Protocol to determine Utah's share of system costs for
35 rate making purposes in docket number 02-035-04 and the 2019 proceeding that
36 approved the 2020 Protocol stipulation in docket number 19-035-42.

37 **Q: What is the purpose of your testimony in this case?**

38 A: My testimony provides WRA's evaluation of PacifiCorp's request that the Commission
39 approve the use of the 2026 PacifiCorp Inter-Jurisdictional Allocation Protocol (2026
40 Protocol) for inter-jurisdictional cost-allocation purposes to be effective January 1, 2026.

41 **Q: Please summarize your assessment of PacifiCorp’s proposal.**

42 A: The 2026 Protocol is an incomplete, stop-gap measure designed to meet PacifiCorp’s
43 legal requirements in Washington, fix PacifiCorp’s near-term cost-recovery shortfall
44 resulting from disallowances of PacifiCorp’s greenhouse gas (GHG) costs on the
45 operation of Chehalis, and rectify the ongoing shortfall resulting from Washington’s
46 adoption of a separate allocation method from the negotiated method used by the other
47 five states for nearly 20 years. The 2026 Protocol method benefits Washington and
48 PacifiCorp at the expense of Utah customers. Further, by addressing only PacifiCorp’s
49 cost recovery issues associated with Washington and not a comprehensive allocation
50 method to address policy divergence going forward, the 2026 Protocol presents unknown
51 risks for Utah customers.

52 The Company’s proposal shifts from shareholders to customers costs that PacifiCorp
53 previously committed to accept when it accepted the risk of interjurisdictional allocation
54 differences (Section II.B.). The proposal abrogates elements of the 2020 Protocol that are
55 critical for ensuring that assigning additional costs of coal-fueled resources to Utah is in
56 the public interest (Section II.C.). The proposal shifts future unknown costs and risks
57 associated with coal resources to Utah customers (Section II.D.) and shifts a
58 disproportionate share of lower-cost resources to Washington (Section II.E.). The
59 “benefits” associated with the Company’s proposal are illusory and uncertain (Section
60 II.F.), and the proposal could expose Utah customers to continued high and volatile net
61 power cost (Section II.G.). By shifting costs and multiple risks to Utah without a
62 demonstration of benefits, it is neither just nor reasonable and should be rejected.

63 **Q: What do you recommend?**

64 A: My recommendation has three components.

- 65 • The Commission should deny PacifiCorp’s application as not just and reasonable for
66 the reasons identified in my testimony.
- 67 • To allow for the completion of an interjurisdictional allocation method that is
68 currently being negotiated by Commission staff and stakeholders from Idaho, Oregon,
69 Utah, Washington, and Wyoming, the Commission should extend the use of the 2020
70 Protocol. The alternative under development provides a framework to address the
71 full range of diverging state policies, including Oregon’s exit from coal in 2030.
- 72 • To further this promising alternative to the 2026 Protocol, the Commission should
73 direct the Company to provide requested information to the multi-state stakeholder
74 collaboration.

75 **II. THE 2026 PROTOCOL PROPOSAL IS NEITHER JUST NOR REASONABLE**

76 *A. The 2026 Protocol is Designed to Meet PacifiCorp’s Legal Requirements in*
77 *Washington and Address PacifiCorp’s Cost Recovery Shortfalls*

78 **Q: Please describe PacifiCorp’s 2026 Protocol proposal.**

79 A: The 2026 Protocol is a companion filing to the Washington 2026 Protocol that PacifiCorp
80 filed in Washington in April of 2025 and that was approved by the Washington Utilities
81 and Transportation Commission (WUTC) on December 22, 2025. In combination, the
82 Washington 2026 Protocol and the proposed 2026 Protocol that PacifiCorp filed in Idaho,
83 Oregon, Utah, and Wyoming¹ in August 2025 are designed to recover 100% of
84 PacifiCorp’s system costs² while meeting Washinton’s legal requirements.

¹ PacifiCorp has not yet approached California for a change in allocation method.

² *Direct Testimony of Rick T. Link for Rocky Mountain Power*, Docket No. 25-035-47 (filed August 5, 2025) at lines 46-48 [hereinafter *Link Direct Testimony*].

85 To achieve this end, PacifiCorp proposes to create two resource portfolios, one for
86 Washington and one for the remaining five states: California, Oregon, Idaho, Utah, and
87 Wyoming. Both the Washington Portfolio and the Five-State Portfolio would be
88 comprised of the costs of shares of existing resources that would be permanently fixed.
89 The costs for the resources assigned to the Five-State Portfolio would be dynamically
90 allocated among the five states based on each state's relative load.³ The Company
91 expects to develop a second phase proposal that would fix Oregon's resource share, and
92 potentially Utah's, to be effective concurrent with Oregon's exit from coal-fired
93 generation on January 1, 2030.⁴

94 In parsing existing system resources, PacifiCorp proposes to situs assign the Chehalis gas
95 plant and Washington-based Qualifying Facilities (QFs) to Washington. In addition, they
96 aim to split between the Washington Portfolio and the Five-State Portfolio (1) legacy
97 interruptible contracts, (2) two converted natural gas units at Jim Bridger, and (3) all non-
98 emitting renewable resources other than the Rolling Hills wind facility. Finally,
99 PacifiCorp proposes to assign all other thermal system resources, including the
100 Hermiston gas plant that had previously been in Washington rates, as well as all non-
101 Washington QFs, to the Five-State Portfolio to be dynamically allocated.

³ *Id.* at lines 326-330.

⁴ *Id.* at lines 307-316.

102 **Q: How would you characterize the 2026 Protocol?**

103 A: The 2026 Protocol is an incomplete, stop-gap measure designed to meet PacifiCorp's
104 immediate legal requirements in Washington, fix PacifiCorp's near-term cost-recovery
105 shortfall resulting from state disallowances of PacifiCorp's GHG costs on the operation
106 of Chehalis, while also proposing to rectify its ongoing cost-recovery shortfall resulting
107 from Washington's adoption, two decades ago, of an allocation method that differs from
108 the negotiated method used by the other five states. The proposal benefits Washington
109 and PacifiCorp at the expense of Utah customers.

110 **Q: Why do you say the 2026 Protocol is designed to meet Washington's legal**
111 **requirements?**

112 A: Washington law requires removal of coal-fired generation from Washington rates by
113 January 1, 2026,⁵ greenhouse gas neutrality by 2030, and carbon free retail electricity by
114 2045.⁶ Under Washington's previous allocation method, the Washington Inter-
115 Jurisdictional Allocation Methodology (WIJAM), PacifiCorp could not have complied.
116 Washington rates have historically included costs for power from Colstrip Unit 4, a coal-
117 fired generating unit located in Montana,⁷ and the four coal-fired units at Jim Bridger,
118 located in Wyoming, as well as the Hermiston gas plant located in Oregon, and the
119 Chehalis gas plant located in Washington. While the Jim Bridger plant has historically

⁵ *Id.* at lines 49-61.

⁶ *Id.* at lines 69-72.

⁷ PacifiCorp is a minority owner in Colstrip and until recently had ownership shares in Units 3 and 4. However, PacifiCorp's share in Unit 3 was recently converted to additional capacity in Unit 4, so PacifiCorp's ownership is now consolidated in Unit 4.

120 operated on coal fueled by a company-owned mine, as part of a Regional Haze
121 agreement, Units 1 and 2 are in the process of being converted to natural gas.
122 Construction began in June of 2025 and is expected to be completed by May 1, 2026.⁸
123 PacifiCorp's proposal removes from Washington's cost responsibility the costs of
124 Colstrip Unit 4 and Jim Bridger Units 3 and 4, as well as the Hermiston gas plant, while
125 situs assigning the Chehalis gas plant to Washington. So, the only thermal generation that
126 will remain Washington's cost responsibility will be the full capacity of the Chehalis gas
127 plant and the two converted natural gas units at Jim Bridger that will likely dispatch
128 infrequently.⁹ These changes address PacifiCorp's immediate legal obligations while
129 positioning it to more easily comply with Washington's emission reduction requirements.

130 **Q: Why do you call the 2026 Protocol incomplete?**

131 A: The Company has proposed a "phased implementation of changes to its cost-allocation
132 methodology."¹⁰ PacifiCorp has explained that this filing is the first of two cost
133 allocation protocols they intend to file.¹¹ However, key concerns are saved for the second
134 phase, and PacifiCorp has provided no information regarding when to expect the second

⁸ Wyoming Public Service Commission, *In the Matter of the Application of Rocky Mountain Power for Authority to Convert the Primary Fuel Source for Naughton Power Plant Units 1 and 2 From Coal to Natural Gas*, Docket No. 20000-673-EN-24 (filed November 6, 2024), <https://www.rockymountainpower.net/about/rates-regulation/wyoming-regulatory-filings/docket-20000-673-en-24.html>.

⁹ In addition to the fact that converted coal units have a high heat rate and are costly to operate, Mr. Link says that the units can provide capacity and "be managed to meet energy policies of all states." *Link Direct Testimony*, *supra* note 2, at lines 367-372.

¹⁰ *Id.* at lines 50-51.

¹¹ *Id.* at lines 62-64.

135 filing or what will be in it,¹² just that it will be “effective no later than 2030.”¹³ As I
136 discuss further below, it is not possible to fully understand the proposal’s impact to Utah
137 without understanding these significant missing pieces.

138 **Q: How does the 2026 Protocol address state disallowances of GHG costs on the**
139 **operation of Chehalis?**

140 A: The Climate Commitment Act passed by Washington in 2021 requires the purchase of
141 allowances to emit carbon dioxide on all large emitters. While the Company receives
142 free allowances to cover its Washington retail load, it must purchase allowance to cover
143 any portion of its obligation not associated with this load. In recent rate cases, Idaho,
144 Utah, and Wyoming disallowed these costs.¹⁴ If the plant is situs assigned, PacifiCorp
145 will receive allowances sufficient to cover all of its generation.¹⁵

146 **Q: Does PacifiCorp’s seek to rectify any other state disallowance through its proposal?**

147 A: Yes. Oregon disallowed the costs of the Rolling Hills wind facility. PacifiCorp’s
148 proposal assigns Oregon’s share of system costs to Washington. California, Idaho, Utah,
149 and Wyoming as a group would be assigned the remainder, to be dynamically allocated
150 among them.

¹² See, e.g., RMP’s Response to UTLCG Data Requests 2.7, 2.69, and 3.12; DPU Data Requests 1.4 and 1.5, attached as Exhibit WRA__(NK-2).

¹³ Link Direct Testimony, *supra* note 2, at lines 311-313.

¹⁴ See RMP’s Response to UTLCG Data Request 7.15, attached as Exhibit WRA__(NK-2).

¹⁵ See RMP’s Response to UTLCG Data Request 1.8 and Sierra Club Data Request 2.3, attached as Exhibit WRA__(NK-2).

151 **Q: What are other cost recovery differences PacifiCorp attempts to address with the**
152 **2026 Protocol?**

153 A: PacifiCorp operates a single system and uses common resources to serve customers in six
154 states. When all states use a common cost apportionment method to determine their
155 share of system costs, PacifiCorp has the opportunity to recover 100% of its costs, no
156 more, no less. However, ever since Washington's rejection of the Revised Protocol
157 allocation method, negotiated through the initial Multi-State Process (MSP) and approved
158 by Utah in 2004,¹⁶ Washington has determined its revenue requirement using a method
159 that differs from the other five states,¹⁷ leaving open the likelihood that PacifiCorp's cost
160 recovery from six states does not sum to 100%.

161 Following Washington's rejection of the Revised Protocol, PacifiCorp worked with
162 Washington staff to develop the Western Control Area (WCA) method. This method
163 became effective in June of 2007 and included in rates only those generation and
164 transmission resources located in the west control area (balancing authority area or
165 BAA). However, as part of the 2020 Protocol, PacifiCorp negotiated a separate
166 agreement with Washington to replace the WCA with the WIJAM.¹⁸ The WIJAM

¹⁶ *In the Matter of the Application of PacifiCorp for an Investigation of Inter-jurisdictional Issues*, Docket 02-035-04, Report and Order (issued December 14, 2004) [hereinafter Revised Protocol Order]

¹⁷ See RMP Response to Sierra Club Data Request 1.4; UTLCG Data Request 2.10 and 2.16, attached as Exhibit WRA__(NK-2).

¹⁸ *Id.*

167 includes a system allocated share of all non-emitting resources, with supporting
168 transmission.¹⁹

169 So, from 2007 on, PacifiCorp has recovered more than 100% of its costs for some
170 resources, like the Jim Bridger plant, and under-recovered its costs of other generation
171 resources, like the Hunter and Huntington plants. On balance, PacifiCorp is understood
172 to have under-recovered, although in response to multiple data requests, PacifiCorp
173 declined to quantify this under-recovery or to provide the needed data to allow other
174 parties to do so.²⁰

175 **Q: How does the 2026 Protocol address PacifiCorp's allocation differences between**
176 **Washington and the other five states?**

177 A: By first defining the Washington 2026 Protocol Portfolio and then proposing to assign all
178 other resource costs not included in the Washington Portfolio to the other five states, all
179 costs will be fully assigned and cost allocations to all six states will sum to 100%, no
180 more, no less. In addition to shifting cost allocation of specific resources among its states,
181 the 2026 Protocol also adds to Utah rates costs that have historically been unallocated to
182 any state.

¹⁹ See RMP Redacted Response to DPU Data Request 1.2, attached as Exhibit WRA__(NK-2).

²⁰ See, e.g., RMP's Response to UTLCG Data Request 1.6, 2.5, 2.6, 2.7, 2.8, 2.70, 3.4, 7.2, 7.3, 7.5, and 7.9, attached as Exhibit WRA__(NK-2).

183 **Q: How would approval of the 2026 Protocol impact Utah’s revenue requirement?**

184 A: PacifiCorp estimates that Utah’s revenue requirement would increase by approximately
185 \$23.5 million for the year 2026.²¹ PacifiCorp did not provide data for any other year.
186 However, as I discuss below, in addition to the added cost as estimated for 2026, it would
187 also shift additional risk to Utah and set the stage for an assumption of even greater cost
188 and risk in a second phase.

189 **Q: Does PacifiCorp identify any benefit to Utah for accepting the cost of this proposed**
190 **allocation method?**

191 A: Company witness, Mr. Rick Link, addresses this in his testimony. He claims that
192 PacifiCorp’s proposal “benefits Utah customers by increasing Utah’s ability to meet its
193 future resource adequacy and energy needs,”²² presumably after Oregon exits its
194 participation in coal-fired generation in 2030 and customers in Utah, Idaho and Wyoming
195 are automatically assigned the costs of the remaining coal facilities in 2030. PacifiCorp
196 also claims that assigning costs in the way it proposes “better aligns” with cost
197 causation.²³

²¹ *Link Direct Testimony, supra* note 2, at line 275.

²² *Id.* at lines 266-268.

²³ *Id.* at lines 268-271.

198 **Q: How do you respond?**

199 A: As an initial matter, regardless of the cost allocation method used, PacifiCorp itself
200 retains the responsibility of meeting future resource adequacy and energy needs on behalf
201 of all its customers in a least-cost, least-risk manner.²⁴

202 Second, PacifiCorp's claim that assigning costs in the way it proposes better aligns with
203 cost causation is wholly undemonstrated by this filing and conflates cost allocation with
204 planning and operations. Indeed, Mr. Link's statement in testimony conflicts with other
205 information included in the filing. In response to discovery, PacifiCorp claims to still
206 operate and balance a single system:

- 207 • PacifiCorp currently operates system resources as one, single portfolio that is
208 dispatched on a least-cost basis.²⁵
- 209 • PacifiCorp operates all of its generation resources...to minimize system costs.
210 Operations are not affected by the WCA, WIJAM, or any other allocation
211 methodology.²⁶
- 212 • The Proposed 2026 Protocol only proposes a change in the method for allocating
213 resource costs, not how PacifiCorp will be operating its resource portfolio to meet
214 system load, reserve, or resource adequacy needs across its system.²⁷

215 This Commission has determined that "Rolled-In" is the principled cost-causative
216 allocation method consistent with single-system operation and planning and has
217 established it as the benchmark against which all other allocation methods should be

²⁴ *In the Matter of Analysis of an Integrated Resource Plan for PacifiCorp*, Docket No. 90-2035-01, Report and Order on Standards and Guidelines (issued June 18, 1992) at 36.

²⁵ RMP's Response to UTLCG Data Request 2.31, attached as Exhibit WRA__(NK-2).

²⁶ RMP's Response to UTLCG Data Request 3.34, attached as Exhibit WRA__(NK-2).

²⁷ RMP's Response to UTLCG Data Request 3.36, attached as Exhibit WRA__(NK-2).

218 evaluated. “Rolled-In” refers to a cost of service analysis whereby “customers in each
219 jurisdiction should bear the proportion of the total utility system costs those customers
220 cause the utility system to incur,”²⁸ no more, no less. Over the years, the Commission has
221 allowed additional costs be added to Utah’s Rolled-In allocation to achieve other
222 purposes, but Rolled-In has remained the adopted allocation method.²⁹ Therefore, until

²⁸ *In the Matter of the Application of Rocky Mountain Power for Approval of the 2017 Protocol*, Docket No. 15-035-86, Order (issued June 23, 2016) at 3 [hereinafter 2017 Protocol Order].

²⁹ Approving the use of the 2010 Protocol method in a February 2012 Order, the Commission incorporated its procedural history and detailed background of inter-jurisdictional cost allocation from the 2004 Revised Protocol Report & Order by reference, highlighting that “integrated system costs” were the basis of the 1989 merger of UP&L and Pacific Power, and reiterating: “[W]e find the principle-based, Rolled-In method and its current, rather than historical, cost-causation rationale, for determining Utah’s revenue requirement is in the public interest.” *In the Matter of the Application of PacifiCorp for an Investigation of Inter-Jurisdictional Issues*, Docket No. 02-035-04, Report and Order (issued February 3, 2012) at 18-19 [hereinafter 2010 Protocol Order] .

Approving the use of the 2017 Protocol method in a June 2016, Order, the Commission described “Rolled-In” this way:

This Commission has unwaveringly sought over the years to implement a method that treats the utility system as a whole and apportions costs and revenues among PacifiCorp’s jurisdictions using a cost-of-service analysis. In other words, the customers in each jurisdiction should bear the proportion of the total utility system costs those customers cause the utility system to incur. The Commission has historically referred to this as the ‘Rolled-In Method’ and deemed it the most suitable means for fairly apportioning costs among the jurisdictions.

2017 Protocol Order *supra* note 28, at 3; *see also* additional direction at 9 (“[T]his Commission has never wavered in its conviction that a Rolled-In Method represents the most equitable manner for allocating PacifiCorp’s costs.”).

In a March 2017 Order the Commission stated:

First and foremost, we have not deviated from our numerous prior declarations that a Rolled-In method is the appropriate cost allocation mechanism. PacifiCorp has been operating as a single, integrated whole on a least cost basis for many years. Utah ratepayers long ago compensated pre-merger Pacific Power customers for any cost advantage they enjoyed prior to the 1989 merger through the extensive merger fairness premiums (and other functionally equivalent payments) Utah ratepayers have made over nearly three decades.

In the Matter of the Application of Rocky Mountain Power to Extend the 2017 Protocol through December 31, 2019, Docket No. 17-035-06, Order (issued March 23, 2017) at 8.

223 such time as PacifiCorp can demonstrate how its operations have changed consistent with
224 its proposed cost assignments, it should avoid claiming that the 2026 Protocol better
225 reflects cost causation.

226 Finally, the idea that Utah should accept additional costs now for benefits to be received
227 in the future is reminiscent of past promises that never materialized. Ever since the 1989
228 merger of Utah Power and Light and PacifiCorp,³⁰ the Company has repeatedly promised
229 Utah future benefits for assuming near-term allocation costs to help it address allocation
230 shortfalls. But the future benefits repeatedly failed to materialize, and over the years
231 Utah continued to pay more than a cost causal share of system costs.³¹

232 This proposal is no different. PacifiCorp's current claim that Utah's assumption of an
233 additional \$23.5 million in 2026, with unknown costs thereafter, will benefit Utah in later
234 years by increasing Utah's ability to meet its future resource adequacy and energy needs
235 by absorbing an even greater share of the costs of aging thermal facilities that other states

Approving the use of the 2020 Protocol method in an April 2020 Order, the Commission concluded:

PacifiCorp must recover its costs in a manner sufficient to viably operate as a fully merged and integrated system, to the benefit of all Parties We also recognize that during the Interim Period the 2020 Protocol implements a rolled-in method, which we have approved and adopted.

Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement, Docket No. 19-035-42, Order Approving 2020 Protocol (issued April 15, 2020) at 8-9 [hereinafter 2020 Protocol Order].

³⁰ *Application of Utah Power and Light Company and PC/UP&L Merging Corp. (to be renamed PacifiCorp) for an Order Authorizing the Merger of Utah Power & Light Company and PacifiCorp into PC/UP&L Merging Corp. Authorizing the Issuance of Securities, Adoption of Tariffs and Transfer of Certificates of Public Convenience and Necessity and Authorities in Connection Therewith*, Docket No. 87-035-27, Report & Order (issued September 28, 1988) [hereinafter 1988 Merger Order].

³¹ See Revised Protocol Order, *supra* note 16; 2010 Protocol Order, *supra* note 29; and 2017 Protocol Order, *supra* note 28.

236 exit appears even weaker than past claims of future benefits. The Commission should be
237 skeptical of any such promises, particularly given PacifiCorp’s past assumption of the
238 risk of allocation differences among jurisdictions³² (see Section II.B.), and its more recent
239 agreement with Utah parties to provide analysis ahead of asking Utah to absorb
240 additional shares of coal-fired resource costs (see Section II.C.). PacifiCorp abrogates
241 these responsibilities with this request.

242 ***B. PacifiCorp’s Proposal Shifts from Shareholders to Utah Customers Costs that***
243 ***PacifiCorp Previously Agreed to Accept When it Accepted the Risk of***
244 ***Interjurisdictional Allocation Differences***

245 **Q: The testimony of PacifiCorp witnesses reference its proposal as incorporating a**
246 **“limited realignment,” to accommodate the requirement that coal be removed from**
247 **Washington rates.³³ Do you agree that the proposed realignment is limited?**

248 A: No. Because the proposal fully assigns the costs of all resources not specifically assigned
249 to Washington, the realignment is, in fact, quite extensive and “realigns” far more than
250 the costs of the three coal-fired units necessary to remove coal-fired generation from
251 Washington rates. Through this filing, PacifiCorp is requesting that the Commission
252 approve Utah’s assumption of costs that were previously unallocated because PacifiCorp
253 had a separate agreement with Washington. These include Washington’s unallocated

³² See 1988 Merger Order, *supra* note 30, at 62, Section E.5.; *In the Matter of the Application of PacifiCorp and ScottishPower plc for an Order Approving the Issuance of PacifiCorp Common Stock*, Docket No. 98-2035-04, Report and Order (November 23, 1999) at 8 [hereinafter *ScottishPower Order*].

³³ *Link Direct Testimony*, *supra* note 2, at lines 53-57; Exhibit_(RTL-1) at lines 48-49 and 58-61; *Direct Testimony of Michael G. Wilding for Rocky Mountain Power*, Docket No. 25-035-47 (filed August 5, 2025) at lines 40-52 [hereinafter *Wilding Direct Testimony*].

254 shares of Hunter, Huntington, Lakeside, Current Creek, Gadsby, Naughton, Dave
255 Johnston, Hayden, Wyodak, and QFs executed on or before December 31, 2019.³⁴

256 **Q: Have you estimated how many MWs of unallocated cost responsibility this proposal**
257 **would shift to the Five-State Portfolio, and to Utah?**

258 A: Partially. The unallocated shares of Hunter, Huntington, Lakeside, Current Creek,
259 Gadsby, Naughton, Dave Johnston, Hayden, and Wyodak, total roughly 460 MW.³⁵
260 PacifiCorp estimates that Utah’s share of the Five-State Portfolio is 49% or roughly half,
261 so the proposal shifts to Utah 225 MW of unallocated cost responsibility. This
262 calculation does not include the unallocated shares of system QFs that are also included
263 in the Five-State Portfolio.

264 **Q: Have you made a similar calculation for the resources PacifiCorp seeks to “realign”**
265 **from Washington?**

266 A: The current cost allocation methodology for the five states already includes a system
267 allocated share of the costs of Colstrip Unit 4 and Bridger Units 3 and 4 in rates, so over
268 what the five states are already paying, PacifiCorp’s proposal seeks to realign 64 MW of

³⁴ See RMP’s Response to UTLCG Data Request 2.3, 3.1, 3.18, attached as Exhibit WRA__(NK-2).

³⁵ Sum of the Net Continuous Plant Capability from FERC Form 1 for each plant multiplied by Washington’s 2024 SG factor.

269 cost responsibility to the Five-State Portfolio³⁶ and 31 MW of cost responsibility to
270 Utah.³⁷

271 **Q: How does the size of the unallocated cost responsibility PacifiCorp’s proposal shifts**
272 **to Utah compare with the cost responsibility PacifiCorp seeks to “realign” to comply**
273 **with Washington law?**

274 A: The unallocated cost responsibility PacifiCorp seeks to *shift* (225 MW) to Utah customers
275 through this proposal is significantly larger than the cost responsibility it seeks to *realign*
276 (31 MW) to comply with Washington law. This proposal is not a “limited realignment,”
277 but appears to be an attempt to dismantle past agreements, including the utility’s prior
278 twice acceptance of the risk of interjurisdictional allocation differences,³⁸ as well as its
279 more recent agreements stemming from approval of the 2020 Protocol.

280 **Q: What do you conclude about how the 2026 Protocol differs from Rolled-In cost**
281 **allocation?**

282 A: As highlighted by the Commission in its order approving the 2020 Protocol, the 2020
283 Protocol represents the closest to a Rolled-In allocation Utah has ever achieved.³⁹
284 Compared to the 2020 Protocol, the 2026 Protocol increases Utah’s costs by \$23.5

³⁶ Sum of the Net Continuous Plant Capability for the exited units multiplied by Washington’s 2024 SG factor.

³⁷ 31MW multiplied by Utah’s SG5B allocation factor.

³⁸ 1988 Merger Order, *supra* note 30, at E.5.; ScottishPower Order, *supra* note 32, at 8. *See also* ScottishPower Order, Appendix 1 (Stipulation) at page 2, ¶ 2 and page 9, ¶ 45.

³⁹ 2020 Protocol Order, *supra* note 29, at 8 (“We also recognize that during the Interim Period the 2020 Protocol implements a rolled-in method, which we have approved and adopted.”).

285 million by including and “realigning” costs that have previously not been approved in
286 Utah’s rates as just and reasonable. The Company has not attempted to economically
287 justify including these costs in Utah rates except to suggest a future resource adequacy
288 benefit. I conclude that this is insufficient justification for approving the 2026 Protocol
289 and the associated cost shifts to Utah customers.

290 ***C. By Proposing to Increase Utah’s Allocation of Coal-Fired Generation Without***
291 ***Analysis, PacifiCorp Unilaterally Abrogates Elements of the 2020 Protocol and***
292 ***its Associated Letter Agreement with Utah Parties and Undermines Public***
293 ***Interest Analysis.***

294 **Q: Please describe what the 2020 Protocol and the Utah Letter Agreement require with**
295 **respect to allocating additional coal-fired generation to Utah customers.**

296 A: The 2020 Protocol and Utah Letter Agreement, which was executed and filed with the
297 2020 Protocol, outlined a process analogous to a resource acquisition filing, triggered by
298 one state’s Exit Order,⁴⁰ for the Company to evaluate and justify the acquisition of
299 additional cost responsibility for coal-fired generation by Utah customers. As described
300 in Company witness Link’s testimony:

301 Under Section 4.2 of the 2020 Protocol, after receipt of an exit order from
302 one state, the Company must analyze whether it is reasonable to continue to
303 operate the affected coal fueled resource for customers in one or more of
304 the states without exit orders. The Company may then propose reassignment
305 of a greater share of the coal-fueled resource to such state(s) to match state
306 load and resource balance, or request issuance of an exit order.⁴¹

⁴⁰ According to the 2020 Protocol, an Exit Order “means an order entered by a Commission establishing an Exit Date consistent with the 2020 Protocol.” Application Exhibit RMP___(JRS-1), 2020 Protocol – Appendix A, Docket 19-035-42 (filed December 3, 2019) [hereinafter 2020 Protocol]. Because Exit Order is a defined term in the 2020 Protocol, it is capitalized within this testimony.

⁴¹ *Link Direct Testimony, supra* note 2, at lines 220-224.

307 In other words, Section 4.2 prevented the automatic reassignment of an exiting state's
308 coal resource costs to customers in other states. In order to assign more coal costs to
309 Utah, for example, the Company would first need to evaluate if such a proposal was
310 reasonable for customers.

311 The Utah Letter Agreement supplemented this process with specific timelines, filing
312 requirements, and analyses that Utah parties agreed were necessary to evaluate whether
313 additional cost responsibility for coal-fueled generation was just and reasonable and in
314 the public interest: "the Parties intend that this Utah Agreement modify and expand
315 PacifiCorp's integrated resource planning and energy resource procurement analysis by
316 incorporating the requirements contained herein."⁴² Significantly, the Utah Letter
317 Agreement states:

318 PacifiCorp shall file data, analysis, and justifications sufficient for the [Utah
319 Commission] to determine whether a proposed Reassignment is just and
320 reasonable, in the public interest, and in the interest of its Utah retail
321 ratepayers. The Parties believe that the information provided in the filing
322 requirements identified in Section 2(c) of this Agreement should provide a
323 sufficient basis for the [Utah Commission] to make such findings.⁴³

324 The filing requirements include, for example, descriptions and comparisons of other
325 alternatives (besides reassignment) that were considered, including information about
326 assumptions used; all information, data, models, and analysis used by PacifiCorp to
327 evaluate the reassignment; and sufficient data, information, spreadsheets, and models to

⁴² Utah Letter Agreement, at 1, attached as Exhibit WRA__ (NK-3).

⁴³ *Id.* at 2 (Section 2(b). Public Interest Determination).

328 permit analysis and verification of the Company’s conclusions, among a robust list of
329 other things.⁴⁴

330 **Q: With respect to allocating additional coal-fired generation to Utah, PacifiCorp has**
331 **proposed the “limited realignment”⁴⁵ of Washington’s share of Colstrip 4 and Jim**
332 **Bridger 3 and 4 to the five states and has additionally proposed allocating**
333 **historically un-allocated costs associated with Hunter, Huntington, Naughton, Dave**
334 **Johnston, Hayden, and Wyodak to the five states. Has PacifiCorp proposed to**
335 **allocate these costs consistent with the reassignment process and analysis obligations**
336 **under the 2020 Protocol and the Utah Letter Agreement?**

337 A: No. Notably, Company witness Mr. Link states, “the Company is not assigning coal
338 facilities under Section 4.2 of the 2020 Protocol” and he further asserts that, as a result,
339 the Utah Letter Agreement does not apply to the allocation of coal resource costs
340 proposed in this docket.⁴⁶

341 **Q: With respect to Washington’s shares of Colstrip 4 and Jim Bridger 3 and 4, do you**
342 **agree that the requirements of Section 4.2 of the 2020 Protocol and the Utah Letter**
343 **Agreement do not apply?**

344 A: No. The Reassignment process and the requirements of the Utah Letter Agreement are
345 triggered by an Exit Order. Washington has Exit Orders for Colstrip 4 and Jim Bridger 3

⁴⁴ *Id.* at 3 (Section 2(c). Filing Requirements).

⁴⁵ Realignment is not a defined term in either the 2020 Protocol or the 2026 Protocol.

⁴⁶ *Link Direct Testimony, supra* note 2, at lines 249-250.

346 and 4 (effective December 31, 2025).⁴⁷ When asked in discovery for the “analysis
347 requested in the Letter Agreement,” the Company (after objection) referenced the part of
348 Mr. Link’s testimony that argued the Letter Agreement does not apply and stated, “The
349 analysis has not been completed.”⁴⁸

350 In my view, the Company should not be able to absolve itself of the Reassignment
351 process under the 2020 Protocol and Letter Agreement and associated public interest
352 analysis by saying they have not done it and, effectively, don’t want to do it. This
353 approach is also concerning regarding future cost shifts. The 2026 Protocol shifts
354 Washington costs to the remaining five states, including Oregon, but Oregon will be
355 exiting roughly 1,120 MW⁴⁹ of coal costs by January 1, 2030. The Company’s rejection
356 of the Reassignment process, which is not part of the 2026 Protocol, before Oregon exits
357 a much greater share of coal is another significant shortcoming of the 2026 Protocol.

358 The Company has presented no analysis in this proceeding to demonstrate that Utah
359 customers assuming Washington’s coal costs is just and reasonable or in the public
360 interest. This lack of analysis is even more of a defect in combination with the additional,
361 historically un-allocated coal costs proposed to be allocated to Utah customers under the
362 2026 Protocol.

⁴⁷ RMP’s Response to UTLCG Data Request 2.32, attached as Exhibit WRA__(NK-2).

⁴⁸ RMP’s Response to UTLCG Data Request 7.10, attached as Exhibit WRA__(NK-2).

⁴⁹ Sum of Continuous Plant Capability from FERC Form 1 for PacifiCorp’s coal fleet multiplied by Oregon’s 2024 SG5B factor of 28.28%.

363 **Q: With respect to the historically unallocated shares of PacifiCorp’s other coal**
364 **resources, do you agree that the requirements of Section 4.2 of the 2020 Protocol**
365 **and the Utah Letter Agreement do not apply?**

366 A: The 2020 Protocol did not explicitly address historically unallocated shares of coal
367 resources, for which there can be no commission-issued Exit Order, by virtue of not
368 having been allocated to any state in the first place. The 2020 Protocol also did not
369 address proposed reallocations of gas or other resources. However, the principles
370 outlined in Section 4.2 and the Utah Letter Agreement certainly apply to this situation:
371 the Commission cannot make a finding that a changed or increased allocation of resource
372 costs to Utah customers is in the public interest without the type of analysis called for in
373 Section 4.2 and the Utah Letter Agreement. Nor can PacifiCorp reasonably expect Utah
374 parties to accept the utility’s complete lack of any attempt to justify a significant
375 reallocation of resource costs from a resource acquisition perspective.

376 The mere existence of the Utah Letter Agreement indicates that Utah signatories to the
377 2020 Protocol have already given significant thought to the matter of demonstrating the
378 public interest of an additional allocation of coal resource costs to Utah customers,
379 including the type of data, analysis, and process necessary. The 2020 Protocol, as
380 supplemented by the Utah Letter Agreement, was the result of years of negotiations and
381 clearly indicates the interest of Utah signatories in ensuring a public interest
382 demonstration, akin to a resource acquisition proceeding, before any additional allocation
383 of coal-resource costs to Utah customers. In my opinion, there is no basis for the
384 Commission to approve the proposed additional allocation of resource costs to Utah, as

385 contained within the 2026 Protocol, without the analysis outlined in the Utah Letter
386 Agreement—much less without any analysis whatsoever.

387 The 2026 Protocol, if approved, would counteract years of multi-party negotiations by
388 allocating new costs associated with existing resources without any demonstration that
389 such increased costs are just and reasonable and in the public interest. Avoiding such an
390 “automatic” reassignment was WRA’s primary interest in negotiating the 2020 Protocol.

391 **Q: Please explain what you mean when you say avoiding automatic reassignment was**
392 **WRA’s primary interest in negotiating the 2020 Protocol.**

393 **A:** As explained in my testimony in the 2020 Protocol approval docket:

394 WRA’s interest in these MSP discussions and negotiations has been to
395 ensure that the costs and risks of coal being abandoned by any of
396 PacifiCorp’s states are not automatically assigned to Utah. The costs
397 and risks attendant with continued coal plant operations are too high to
398 accept an additional allocation of coal without a much more thorough
399 public interest review.

400 ...It would be an unreasonable risk to Utah ratepayers to accept an
401 additional coal allocation without taking a hard look at the economics
402 of the ongoing costs and the environmental and regulatory risks. It is
403 critical that Utah has the opportunity to make intentional, risk-aware
404 decisions about its energy future. The 2020 Protocol provides a process
405 for doing that.⁵⁰

406 WRA supported approval of the 2020 Protocol, in part, because it provided for a
407 deliberate and transparent process rather than an automatic, un-examined reassignment of

⁵⁰ *Direct Testimony of Nancy L. Kelly on behalf of Western Resource Advocates*, Docket No. 19-035-42 (filed February 25, 2020) at lines 70-74 and 118-122.

408 resource costs. The 2026 Protocol undermines years of work to ensure resource cost
409 allocation is economically justified.

410 **Q: The political climate has changed since 2019; are your concerns about the economic,**
411 **and environmental and regulatory risks associated with coal still relevant?**

412 A: Yes. While federal policies and mandates are currently favorable to running coal plants
413 (e.g. “emergency” orders to keep coal plants open), those policies do not consider costs to
414 ratepayers. As an economic regulator, it remains the Commission’s job to evaluate the
415 economic and regulatory risks of all resource types.

416 **Q: Has Utah law changed in a way that is relevant for a re-allocation of costs associated**
417 **with coal resources?**

418 A: Yes, since approval of the 2020 Protocol, the Utah legislature enacted Utah Code 54-17-
419 1001 and 1002 (“acquiring excess proven dispatchable generation capacity” and “cost
420 recovery for proven dispatchable generation capacity,” respectively), which apply to
421 proven dispatchable generation resources (i.e. coal and gas resources) located within
422 Utah. Section 1001 specifically directs the Commission to consider nine factors as well
423 as “any other factors the commission determines relevant” when reviewing an affected
424 utility’s “application seeking approval of an agreement to allocate another state’s existing
425 share of proven dispatchable generation capacity.”⁵¹

⁵¹ Utah Code § 54-17-1001(6).

426 Washington is not currently allocated any shares of coal or gas resources located in Utah
427 (Hunter, Huntington, Lakeside, Current Creek, Gadsby), so my understanding is that this
428 statute would not apply to the limited realignment proposal. I am not an attorney and
429 cannot speak to whether the Company's 2026 Protocol proposal to allocate additional,
430 previously unallocated costs of those resources to Utah customers invokes this statute.

431 **Q: What do you conclude with respect to PacifiCorp's proposal to allocate to Utah**
432 **additional Washington shares of Colstrip 4 and Jim Bridger 3 and 4 and the**
433 **historically un-allocated costs associated with Hunter, Huntington, Naughton, Dave**
434 **Johnston, Hayden, and Wyodak to Utah?**

435 A: A changed (i.e. increased) allocation of existing resource costs to Utah customers is a
436 type of resource acquisition and should be evaluated as such. That is, the acquisition of a
437 greater share of coal (and gas) resources as part of Utah's resource portfolio should be
438 evaluated in light of Utah's resource mix, its load and resource balance, and available
439 resource alternatives. Acquiring additional coal, for example, means participating less in
440 other resource types. Just because additional shares of coal resources are available for
441 cost allocation does not mean they are a cost-effective acquisition for Utah customers,
442 especially when considering other resource options that may be lower cost and/or reduce
443 net power costs. In this proceeding, the Company has not attempted to demonstrate the
444 economic costs or benefits of reallocating more coal to Utah customers and thereby
445 changing the diversity, cost, and risk profile of Utah's resource mix. The 2026 Protocol
446 would add roughly 250 MW of thermal generation to Utah's rates, without any
447 transparency or public interest evaluation, and the Commission should not approve it.

448 ***D. PacifiCorp’s Proposal Shifts to Utah Customers Future Unknown Costs***
449 ***Associated with Coal-Fired Generation.***

450 **Q: Despite Oregon law requiring removal of coal-fired generation from Oregon’s rates**
451 **by 2030 and other emissions reduction policies, the 2026 Portfolio includes Oregon**
452 **in the Five-State Portfolio and assigns to it an increased share of thermal**
453 **generation, including coal-fired generation. Does the 2026 Protocol acknowledge**
454 **Oregon’s pending exit from coal-fired generation?**

455 A: Yes. Section 3.8 addresses the “Allocation of Decommissioning and Closure Costs,” and
456 Section 3.9 addresses “Capital Additions to Coal-Fired Resources Before 2030.” These
457 sections recognize that Oregon will be exiting from coal by 2030.

458 **Q: How does the 2026 Protocol address the “Allocation of Decommissioning and**
459 **Closure Costs”?**

460 A: Section 3.8 distinguishes between coal closures that happen prior to 2030 and those that
461 happen in 2030 and beyond. For a closure that occurs before 2030, PacifiCorp proposes
462 allocating remaining costs, including any remaining rate base and associated expenses,
463 including decommissioning costs, consistent with the dynamic allocation of the resource
464 as part of the Five-State Portfolio. The Company acknowledges that the proposal does not
465 address the allocation of decommissioning costs for resources that retire after 2030 but
466 says that it will propose a method in its Phase 2 proposal.⁵²

⁵² Link Direct Testimony, *supra* note 2, at lines 507-512; *See also* RMP’s Response to UTLCG Data Request 7.13, attached as Exhibit WRA__(NK-2).

467 **Q: Did PacifiCorp include an estimate of decommissioning costs for coal-fired**
468 **generation that is slated for retirement after 2030?**

469 A: It did not. The latest decommissioning study available is from the 2018 depreciation
470 case.⁵³ Typically, depreciation studies are conducted every five years, but on October 2,
471 2025, PacifiCorp alerted the Commission that it was delaying its 2025 depreciation case
472 until 2026, because the Company needed additional time for a new decommissioning
473 study to be completed.⁵⁴

474 **Q: How does the 2026 Protocol address capital additions to coal fired resources?**

475 A: The 2026 Protocol only addresses capital additions to coal-fired resources that occur prior
476 to Oregon's exit from coal in 2030. PacifiCorp proposes to allocate to Oregon customers
477 a time-based *pro rata* share of the costs. Section 3.9 specifies how the *pro rata* share
478 would be calculated. Most significantly, PacifiCorp proposes that these costs be
479 *automatically* reallocated using dynamic factors to the remaining states following
480 Oregon's exit.

481 **Q: What is your assessment of PacifiCorp's proposal regarding its treatment of plant**
482 **closure and decommissioning costs as well as its treatment of the costs of capital**
483 **additions?**

⁵³ Docket No. 18-035-36.

⁵⁴ *Application of Rocky Mountain Power for Authority to Change its Depreciation Rates Effective January 1, 2021*, Docket No. 18-035-36, Rocky Mountain Power's Notice of Depreciation Study (filed October 2, 2025).

484 A: In my view, PacifiCorp's proposal is extraordinarily risky for Utah customers. By
485 leaving to a second phase the allocation of unknown costs, and by signaling its intention
486 to automatically reassign Oregon's share of costs to Utah, Wyoming, and Idaho in the
487 second phase without the type of analysis required by the Letter Agreement puts Utah
488 customers at a significant risk.

489 Utah's current share of system costs is just under 45 percent. Its share of the costs of a
490 Five-State Portfolio increases to almost 49 percent, but after the exit of Oregon, and
491 assuming California is also removed from participation in coal-fired generation, Utah
492 would become responsible for over 71 percent of the costs related to coal-fired
493 generation.

494 It is unreasonable to propose that Utah customers accept cost responsibility for greater
495 shares of thermal resources without analysis and with the allocation of unknown future
496 costs undecided.

497 *E. PacifiCorp's Proposal Shifts a Disproportionate Share of Low-Cost Resources*
498 *to Washington While Shifting Higher-Cost Resources to Utah*

499 **Q: Please identify the resources that are split between the Washington Portfolio and the**
500 **Five-state Portfolio and explain how the split was determined.**

501 A: Legacy interruptible contracts, all non-emitting generation (no matter the location), and
502 Jim Bridger Units 1 and 2 are permanently assigned to either the Washington Portfolio or
503 the Five-State Portfolio using fixed factors. PacifiCorp first assigned shares to
504 Washington, and then the remainder to the Five-State Portfolio.

505 In determining Washington's assigned share, PacifiCorp used a fixed allocation factor of
506 7.897 percent that is based on an average of four-years of historical system generation
507 (SG) factors from 2020-2023.⁵⁵ The 7.897 percent fixed factor based on four years is
508 greater than Washington's 2023 SG factor of 7.681% and its 2024 SG factor of 7.526%.
509 Washington's share of the system has been shrinking, which is not reflected in the fixed
510 factor. So, by using an average of four years, Washington gets a larger share of the
511 system's more valuable resources, leaving the remaining five states with a lesser share.

512 **Q: Why do you reference these resources as valuable?**

513 A: Both interruptible contracts and non-emitting generation reduce net power cost. Through
514 the dispatch of interruptible contracts, PacifiCorp is able to avoid purchasing power in
515 hours when need is high and power prices exorbitant, while the dispatch of renewable
516 resources avoids the burning of fossil fuels that come with a cost.

517 **Q: As opposed to the resources whose costs are *shifted* to Utah, which resources are**
518 ***realigned* to meet Washington's legal requirements?**

519 A: As discussed above, Washington exited Bridger Units 3 and 4 and Colstrip 4, so shares of
520 these coal-fired facilities are realigned to the Five-State Portfolio and to Utah.

⁵⁵ RMP's Response to UTLCG Data Request 2.29, and Sierra Club Data Request 1.3, Attach 1.3. *See also*, RMP's Response to UTLCG Data Request 2.42, 2.67, and 3.41, attached as Exhibit WRA__(NK-2).

521 **Q: Please describe the economics of these resources.**

522 A: Jim Bridger Units 3 and 4 are likely among PacifiCorp's most expensive operating units.
523 The Selective Catalytic Reduction emissions controls that were installed roughly a
524 decade ago act as parasitic load lowering the output per unit of heat input. Because they
525 are inefficient, they do not provide cost-effective energy, although they can provide
526 capacity value. Their capacity value would depend on the availability and pricing of
527 other alternatives available to provide these services.

528 **Q: How would you characterize PacifiCorp's proposed portfolio assignments and**
529 **realignment (separate from the reallocation of historically unallocated cost shares)?**

530 A: PacifiCorp's proposal appears to shift a disproportionate share of relatively more
531 valuable resources (both energy and capacity) to Washington while realigning to the
532 Five-State Portfolio relatively inefficient energy resources. Without analysis of relative
533 resource costs and resource values there is no way to tell if PacifiCorp's proposed
534 resource assignments and realignment are just or reasonable.

535 ***F. PacifiCorp's Resource Adequacy Analysis is Misleading.***

536 **Q: Mr. Link identified future resource adequacy as the benefit to Utah for accepting**
537 **the additional costs of the 2026 Protocol, and a significant portion of Mr. Wilding's**
538 **testimony is dedicated to examining the capacity and energy positions for the Five-**
539 **State Portfolio and for Utah under the 2026 Protocol as compared to the 2020**
540 **Protocol. Please describe the resource adequacy analysis the Company conducted.**

541 A: PacifiCorp used the Western Resource Adequacy Program’s (WRAP) resource adequacy
542 standard to evaluate the Five-State Portfolio under the resource cost allocations of the
543 2020 Protocol and the 2026 Protocol for the five states included in the Five-State
544 Portfolio.

545 The WRAP methodology is basically a counting exercise for two seasons, summer and
546 winter. As Mr. Wilding explains:

547 Each resource is assigned a qualified capacity contribution (“QCC”),
548 which is a measure of how much of the generation capacity can be
549 expected to be available for dispatch during the peak load...To be
550 considered resource adequate, the sum of the QCCs of all generation
551 resources must be greater than or equal to peak load plus the planning
552 reserve margin each month.

553 PacifiCorp undertook this analysis to demonstrate that the 2026 Protocol resource
554 allocation does not leave states in an unfavorable position relative to the 2020 Protocol.⁵⁶

555 **Q: What did the analysis show?**

556 A: The analysis revealed significant market exposure in the summer months, particularly for
557 Utah,⁵⁷ however, the 2020 Protocol cost allocation shares and the 2026 Protocol cost
558 allocation shares provided a “similar resource adequacy position.”⁵⁸

559 **Q: Mr. Wilding’s testimony, filed in August of 2025, stated that “each WRAP**
560 **participant must decide whether to become part of the financially binding WRAP**

⁵⁶ See RMP’s Response to Sierra Club Data Request 1.22, attached as Exhibit WRA__(NK-2).

⁵⁷ *Wilding Direct Testimony, supra* note 33, at lines 121-144, 180-196, 213-222.

⁵⁸ *Id.* at 81.

561 **by October 31, 2025.”⁵⁹ Is PacifiCorp still planning to participate in the binding**
562 **phase of the program?**

563 A: On October 30, 2025, PacifiCorp submitted its withdrawal notice,⁶⁰ so PacifiCorp no
564 longer has a Resource Adequacy Standard in place.

565 **Q: Please provide your assessment of PacifiCorp’s resource adequacy analyses. Are**
566 **these resource adequacy analyses meaningful?**

567 A: I do not find them meaningful. I have several issues:

568 First, the analyses conflate operations and cost allocation. *Differences in cost allocation*
569 *do not change system need.* PacifiCorp still operates a single system for the benefit of all
570 of its customers.⁶¹ It still plans to meet its resource adequacy⁶² needs for the system as a
571 whole,⁶³ and the available resources are unchanged.

572 Second, the comparisons of the 2026 Protocol with the 2020 Protocol appear
573 disingenuous to me. Utah parties have wanted to understand the resource adequacy
574 implications of fixed assignments after Oregon’s exit from coal generation, but this

⁵⁹*Id.* at lines 103-104.

⁶⁰ PacifiCorp, *Withdrawal From Western Resource Adequacy Program Agreement*, (October 30, 2025), https://www.westernpowerpool.org/private-media/documents/WRAP_Withdrawal_Letter_-_Oct_30_2025.pdf.

⁶¹ See RMP’s Response to UTLCG Data Request 2.31 and 3.34, attached as Exhibit WRA__(NK-2).

⁶² As defined in the operational time period. See *Wilding Direct Testimony*, *supra* note 33, at lines 84-85.

⁶³ “The Proposed 2026 Protocol only proposes a change in the method for allocating resource costs, not how PacifiCorp will be operating its resource portfolio to meet system load, reserve, or resource adequacy needs across its system”. RMP’s Response to UTLCG Data Request 3.36, attached as Exhibit WRA__(NK-2).

575 analysis accomplishes something different. The transfer of Washington's previously
576 unallocated shares of system costs to the five states to offset the loss of Chehalis from its
577 permanent assignment to Washington seems misleading.

578 The 2026 Protocol makes three significant changes from the Rolled-In approach of the
579 2020 Protocol, which, as discussed above (see Section II.A., specifically footnote 29), the
580 Commission has identified as the principled allocation method consistent with single
581 system operation.

- 582 • First, by assigning to Washington the full 518 MW of the Chehalis gas plant,⁶⁴ it
583 removes from the five states their summed allocated share of 479 MW⁶⁵ (234 MW⁶⁶
584 for Utah).
- 585 • Second, as discussed previously in my testimony (see Section II.B.), it shifts to the
586 Five-State Portfolio 459 MW of cost responsibility that was previously unallocated
587 (224 MW for Utah) due to Washington having adopted a cost allocation proposal that
588 differs from the other five states.
- 589 • Finally, it reassigns from Washington to the Five-State Portfolio 64 MW of coal-fired
590 generation in order to comply with Washington law (31 MW for Utah) (see Section
591 II.B.).

592 The net effect is an increase of 45 MW for the Five-State portfolio (22 MW for Utah)
593 over the cost shares included in the 2020 Protocol. So, it is not surprising that the
594 resource adequacy analysis shows little change in position; the total MW of cost
595 responsibility PacifiCorp proposes that Utah and the other four states assume is little
596 changed. But this apparent parity results from expecting California, Idaho, Oregon

⁶⁴ Continuous Plant Capability from FERC Form 1.

⁶⁵ 518 MW multiplied by 92.53% (the sum of California, Idaho, Oregon, Utah and Wyoming 2024 SG factor).

⁶⁶ 518 MW multiplied by 45.12% (Utah's 2024 SG factor).

597 (temporarily), Utah, and Wyoming to relinquish their cost share of Chehalis in
598 determining revenue requirement in exchange for shares of system costs refused by
599 Washington—i.e. to take on more than a fair share⁶⁷ of the costs of all assets but
600 Chehalis! PacifiCorp is essentially asking Utah to give up power from a cost-effective
601 gas plant so that it can meet its obligations in Washington without incurring GHG cost
602 disallowances, and, in exchange, PacifiCorp will allocate to Utah shares of costs that
603 were previously unallocated because Washington refused them.

604 **Q: When fixing resource assignments, isn't it reasonable to expect Utah to accept the**
605 **cost responsibility for the previously unallocated shares of east-side resources, since**
606 **Utah customers would receive the benefit of these resources?**

607 A: It is not reasonable without a demonstration that the assumption of these additional costs
608 will produce benefits. Indeed, the evidence in this case for the single year, 2026,
609 demonstrates that Utah would pay more under the 2026 Protocol resource cost allocation
610 than under a Rolled-In approach. PacifiCorp estimates that net power cost will increase
611 by \$8.2 million and other costs by \$15.3 million.⁶⁸ PacifiCorp has not demonstrated
612 benefits, and it has not analyzed years other than 2026. It certainly has not followed the
613 process it agreed to as part of the 2020 Protocol. It is PacifiCorp's job to ensure resource
614 adequacy in a least-cost, least-risk manner; it is not Utah's job to plug a cost allocation
615 hole it didn't cause.

⁶⁷ Fair share as defined by Rolled-In.

⁶⁸ *Link Direct Testimony, supra* note 2, at lines 272-279.

616 **Q: What do you conclude from your review of the resource adequacy analyses?**

617 A: The resource adequacy comparisons are misleading and should not be relied upon to
618 conclude that Utah would not be made worse off by PacifiCorp's proposed 2026 Protocol
619 cost allocation method.

620 **Q: Is this your only conclusion?**

621 A: The analyses underscore PacifiCorp's market exposure in the summer months, the
622 corresponding risk of high and volatile net power costs, and the need to cover this
623 position with sound planning.

624 ***G. PacifiCorp's Proposal with Respect to the Allocation of New Resources Could***
625 ***Expose Utah to Continued High and Volatile Net Power Cost.***

626 **Q: How does the 2026 Protocol address the allocation of new resources?**

627 A: Section 3.6 of the 2026 Protocol addresses the "Allocation of New Resources." It defines
628 a new resource as any non-QF facility procured after April 1, 2025, having a life longer
629 than three years that is procured when a contract is effective, and leaves the allocation up
630 to the Company to propose at or before a prudence review.⁶⁹ Mr. Link says "the 2026
631 Protocol proposes flexibility when allocating costs for new resources to allow for state
632 autonomy when procuring new resources needed to achieve state-specific policy
633 objectives."⁷⁰

⁶⁹ *Link Direct Testimony, supra* note 2, at lines 126-130.

⁷⁰ *Id.* at lines 180-183.

634 **Q: Does the 2026 Protocol address resource planning?**

635 A: No, and this differs from the 2020 Protocol. The 2020 Protocol contained language
636 committing the Company “to continue to plan for capacity and operating needs, both for
637 the entire interstate system and for each state.”⁷¹ It also committed the Company to work
638 with parties to develop a planning process that optimizes risk-adjusted, least-cost
639 resource portfolios on a system basis to the extent practicable, while meeting individual
640 State requirements and maintaining system reliability; and a process that assigns benefits
641 and allocates costs of specific new resources added in order to meet an individual state’s
642 needs.⁷²

643 **Q: What happened to those commitments?**

644 A: PacifiCorp withdrew from negotiations.

645 **Q: Is PacifiCorp currently soliciting new resources?**

646 A: Yes, PacifiCorp is soliciting resources through three RFPs: an Oregon small scale
647 renewable RFP, an Oregon situs RFP, and a Washington situs RFP.

648 **Q: Are you aware of activities by PacifiCorp to procure cost effective resources that
649 would lower and stabilize Utah’s net power cost?**

650 A: Not through an RFP. PacifiCorp appears to be waiting to reallocate the costs of its
651 thermal facilities to Utah in its Phase 2 filing without the type of analysis it had

⁷¹ 2020 Protocol, *supra* note 40, at lines 816-817.

⁷² *Id.* at lines 818-822.

652 previously agreed to. Indeed, by abrogating the terms of both the 2020 Protocol and the
653 Utah letter agreement, PacifiCorp’s proposal sets the stage to automatically reassign the
654 costs of the thermal facilities to Utah without a demonstration that this is in the public
655 interest or cost-effective in the face of alternatives.

656 This intention is apparent from Mr. Link’s statement that this proposal will benefit Utah
657 from improved future resource adequacy, as well as from other of PacifiCorp’s responses
658 in discovery. For example, in responding to a question regarding why PacifiCorp had not
659 issued an RFP that would serve Utah’s customers, given the need shown in Mr. Wilding’s
660 resource adequacy presentation, PacifiCorp replied, “while Utah has a short-term
661 resource need in the summer, it is possible that Utah’s shortfall would be significantly
662 reduced once Oregon exits all coal-fired resources by 2030.”⁷³

663 However, this intention is perhaps most strongly signaled through PacifiCorp’s filed
664 2025 IRP. In conducting the IRP, PacifiCorp undertook a jurisdictional approach, and
665 *automatically reassigned* coal-fired generation exited by Oregon to Utah, Wyoming and
666 Idaho *without analysis*. It then limited new resource selections by location, planning for a
667 bifurcated system. This approach is detailed in WRA’s comments to the Commission
668 regarding the 2025 IRP, attached as Exhibit WRA_(NK- 4). As we demonstrated
669 through our comments, this is not in the public interest.

670 **Q: Did reassignment of the coal-fired generation from Oregon to Utah, Idaho, and**
671 **Wyoming in the 2025 IRP remove Utah’s need for new resources?**

⁷³ See e.g., RMP’s Redacted Response to DPU Data Request 3.1, attached as Exhibit WRA__(NK-2).

672 It did not.⁷⁴ Despite the continued need, PacifiCorp does not appear to be planning to
673 meet Utah's need in a least-cost, least-risk manner, instead leaving this summer peak to
674 future market purchases. This approach exposes PacifiCorp, and through the functioning
675 of the Energy Balancing Account, Utah customers, to sustained high and volatile NPC as
676 PacifiCorp procures firm resources for its west-side loads and continues to purchase
677 power to meet its summer peaking loads.

678 In many ways, this situation is reminiscent of the late 1990's when PacifiCorp failed to
679 procure firm resources for its growing Utah loads given uncertainties resulting from
680 Oregon's deregulation and its fears regarding its ability to recover the costs of new
681 resources on the east side of the system from its west-side jurisdictions. The debacle that
682 followed led to the MSP. I recounted this history in my testimony filed in Docket No 24-
683 35-04. An excerpt from that testimony addressing the linkages between company
684 incentives, interjurisdictional cost recovery risk, and market risk is attached as Exhibit
685 WRA_(NK-5).

686 In the current situation, it appears that fears of not receiving full cost recovery for
687 existing resources may be driving PacifiCorp's approach to interjurisdictional allocation,
688 but PacifiCorp's approach is not in Utah's interest. There is a better way under
689 development that I believe would better serve the public interest.

⁷⁴ See *Utah Clean Energy's Request for Expedited Investigatory Docket and Agency Action*, Docket No. 25-035-52, Request (filed August 29, 2025) at 3 (specifically, the analysis outlined in "Section III. Near-Term Resource Need").

690 **Q: Do you have a recommendation?**

691 A: The Commission should deny the application, extend the 2020-Protocol, and provide
692 multi-state stakeholders time to complete development of an alternative that is in Utah's
693 interest.

694 ***H. The 2026 Protocol is Unjust and Unreasonable and Should be Rejected***

695 **Q: Should the Commission approve the Company's Application for Approval of the**
696 **2026 Inter-jurisdictional Allocation Protocol?**

697 A: No. The application should be rejected as not just and reasonable for all of the reasons
698 outlined above.

699 **III. THE 2020 PROTOCOL SHOULD BE EXTENDED**

700 ***A. Phase 1 and Phase 2 Issues Must Be Addressed as a Comprehensive Whole***

701 **Q: Please distinguish the issues PacifiCorp will seek to address in a second phase from**
702 **the issues it sought to address with this proposal.**

703 A: PacifiCorp's primary objective for this filing appears to be ensuring the full cost recovery
704 of its existing resources by remedying Idaho, Oregon, Utah, and Wyoming's
705 disallowance of GHG costs on the operation of the Chehalis gas plant, Oregon's
706 disallowance of its Rolling Hills wind facility, and, most significantly for this filing,
707 plugging the allocation hole caused by Washington's rejection of a system share of east-
708 side thermal resources (decades ago). Removing coal-fired generation from Washington
709 rates to comply with Washington law appears to have been a lesser matter, although

710 PacifiCorp's approach to Washington's exit from coal-fired generation reveals its likely
711 approach to addressing Oregon's exit in what is now under four years.

712 In the second phase, PacifiCorp must address Oregon's exit from coal as well as all the
713 issues that it has saved for a second phase, including the determination and allocation of
714 coal-fired generation closure costs. These are not small issues, and it is not possible to
715 understand the impact to Utah customers of assuming additional cost responsibility for
716 these aging facilities *in this phase* without knowledge of the full set of costs and
717 allocation of those costs that *will not be known until the second phase*, as well as the
718 alternatives available, as was anticipated by the 2020 Protocol and the Utah Letter
719 Agreement.

720 The Company's two-phase approach masks the cost and risks to Utah, and the
721 Commission should reject this approach so that the full cost impact to Utah of any new
722 allocation methodology can be understood as a whole.

723 **Q: What is your recommendation?**

724 A: The Commission should reject the 2026 Protocol, extend the 2020 Protocol, and provide
725 time to complete a promising cost allocation methodology alternative that multi-state
726 stakeholders have been meeting to negotiate.

727 ***B. Continuation of the 2020 Protocol While an Alternative is Developed Will Not***
728 ***Harm PacifiCorp's Financial Health***

729 **Q: The WUTC approved the Washington 2026 Protocol on December 22, 2025. If the**
730 **Commission rejects PacifiCorp's proposal and extends the 2020 Protocol,**

731 **PacifiCorp will not have a common allocation method in place. Won't this be**
732 **harmful to PacifiCorp?**

733 A: PacifiCorp has been subject to two allocation methods ever since the WUTC rejected the
734 Revised Protocol twenty years ago (see Section II.A.). However, it appears to me that the
735 WUTC's approval of the Washington 2026 Protocol, which assigned 100% of Chehalis
736 costs to Washington, has, at least for now, resolved PacifiCorp's immediate cost
737 disallowances of the GHG costs on the operation of Chehalis by Utah, Idaho, and
738 Wyoming. On October 1, 2025, the Washington Department of Ecology signaled it
739 would provide allowances for Chehalis operations in light of the assignment of Chehalis
740 to Washington customers.⁷⁵ Furthermore, if other states extend the 2020 Protocol and
741 continue to pay a system share of all system costs including Chehalis, the 518 MW of
742 Chehalis would be overallocated, while the 64 MW of Colstrip 4 and Bridger Units 3 and
743 4 would be under allocated (see Section II.B.), leading to an apparent overallocation. The
744 remaining misalignment of allocations has persisted for twenty years and is not Utah's
745 responsibility to fill.

746 ***C. Extension of the 2020 Protocol Will Allow Time for Multistate Stakeholders to***
747 ***Complete Development of a Promising Alternative that Addresses the Full***
748 ***Range of Issues Raised by Diverging State Policies, Including Oregon's Exit***
749 ***From Coal in 2030.***

750 **Q: Have stakeholders from across PacifiCorp's six-state service territory been meeting**
751 **to address the issues raised by diverging state policies?**

⁷⁵ See RMP's Response to Sierra Club Data Request 2.3, attached as Exhibit WRA__(NK-2).

752 A: Yes, after the 2026 Protocol was filed in Idaho, Oregon, Utah, and Wyoming, the Utah
753 Large Customer Group and Wyoming Industrial Energy Consumers began developing an
754 alternative proposal and convened stakeholders from across PacifiCorp's service territory
755 to ascertain general interest in the proposal. The meetings included Commission staff
756 and intervenors from all but California. Stakeholders met several times and negotiations
757 are continuing with the next meeting scheduled February 17, 2026. The alternative under
758 development provides a framework to address the full range of diverging state policies,
759 including Oregon's exit from coal in 2030. WRA is supportive of the effort and of the
760 alternative approach being developed and recommends that the Commission enable
761 further development by requiring PacifiCorp to provide necessary data.

762 *D. PacifiCorp's Cooperation in Providing Data and Information Is Necessary to*
763 *Finalize Negotiations*

764 **Q: What is needed to bring these negotiations to a successful conclusion?**

765 A: Data and information are essential to the successful conclusion of the multi-stake
766 negotiations. PacifiCorp is the only entity with the data, and it is essential that
767 PacifiCorp provide this data in response to requests. I recommend that the Commission
768 direct PacifiCorp to assist the multi-state negotiations by providing the data and
769 information sought.

770 **IV. CONCLUSION AND RECOMMENDATIONS**

771 **Q: Please provide your conclusion and recommendations.**

772 A: The 2026 Protocol is neither just nor reasonable and it is not in the public interest. I

773 therefore recommend the following.

774 • The Commission should deny PacifiCorp's application as not just and reasonable for
775 the reasons identified in my testimony.

776 • To allow for the completion of an interjurisdictional allocation method that is
777 currently being negotiated by Commission staff and stakeholders from Idaho, Oregon,
778 Utah, Washington, and Wyoming, the Commission should extend the use of the 2020
779 Protocol. The alternative under development provides a framework to address the
780 full range of diverging state policies, including Oregon's exit from coal in 2030.

781 • To further this promising alternative to the 2026 Protocol, the Commission should
782 direct the Company to provide requested information to the multi-state stakeholder
783 collaboration.

784 **Q: Does this conclude your testimony?**

785 A: Yes, it does.

I have read this filing and believe that it is supported in fact and in law.

Respectfully submitted,

WESTERN RESOURCE ADVOCATES

A handwritten signature in black ink, appearing to read 'SHAYES', written over a horizontal line.

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