

Service Date: December 22, 2025

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER  
& LIGHT COMPANY,

Respondent.

DOCKET UE-250224

ORDER 08

FINAL ORDER REJECTING TARIFF  
SHEETS; GRANTING PETITION IN  
PART, SUBJECT TO CONDITIONS;  
AUTHORIZING AND REQUIRING  
COMPLIANCE FILING

**SUMMARY**

**Synopsis:** *PacifiCorp seeks approval of revisions to its currently effective WN U-76 Tariff for electric service. PacifiCorp characterizes its filing as a power cost only rate case (PCORC) and states this PCORC was filed as required in Order 09/07 in Docket UE-230172. That order required PacifiCorp to file a PCORC by April 1, 2025, to reset the Company's net power costs (NPC) baseline to remove coal from rates by January 1, 2026. As part of its filing, PacifiCorp also requests the Commission approve a new allocation methodology to replace the Washington Interjurisdictional Allocation Methodology (WIJAM). The allocation methodology determines how costs are shared among customers in different states in which PacifiCorp operates, and accordingly, the new allocation methodology proposes to shift the resources and costs incurred by the Company's Washington ratepayers. The Commission approves PacifiCorp's new allocation methodology – the 2026 Protocol – subject to conditions, which include requiring certain filings and information be provided as part of a Phase 2 filing. The Commission finds that PacifiCorp's 2026 protocol is fair, just, reasonable, and equitable and results in rates significantly lower than would be sought had the WIJAM remained effective. The Commission further accepts PacifiCorp's NPC adjustments and removal of coal from Washington rates, subject to conditions, including additional reporting on wind curtailments and provisionally approving hedging adjustments for this proceeding, but requiring PacifiCorp to propose an alternative in its next general rate case. Finally, the Commission is concerned by the arguments raised by The Energy Project, Public Counsel, and members of the public over recent rate increases and affordability. Our*

*actions in this docket are intended to address those concerns directly and mitigate what would have otherwise been a more substantial rate increase.*

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## BACKGROUND

- 1 On April 1, 2025, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company)<sup>1</sup> filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective WN U-76 Tariff for electric service. PacifiCorp characterizes its filing as a power cost only rate case (PCORC) and states this PCORC was filed as required in Order 09/07 in Docket UE-230172.<sup>2</sup> Order 09/07 required PacifiCorp to file a PCORC by April 1, 2025, to reset the Company's net power costs (NPC) baseline to remove coal from rates by January 1, 2026.<sup>3</sup>
- 2 As part of its filing, PacifiCorp also requests the Commission approve a new allocation methodology to replace the Washington Interjurisdictional Allocation Methodology (WIJAM). The allocation methodology determines how costs are shared among customers in different states in which PacifiCorp operates, and accordingly, the new allocation methodology proposes to shift the resources and costs incurred by the Company's Washington ratepayers.
- 3 **PROCEDURAL HISTORY.** On April 1, 2025, PacifiCorp filed testimony, exhibits, and supporting documentation for the Company's PCORC. The PCORC reflects an increase in revenues of approximately \$33.9 million, or 7.9 percent, to the present NPC baseline revenue level in PacifiCorp's rate year two compliance filing.
- 4 On April 18, 2025, the Commission issued Order 01, suspending the tariff revisions for adjudication.
- 5 On May 21, 2025, the Commission issued Order 02 Prehearing Conference Order and Notice of Hybrid Evidentiary Hearing (Order 02) and Order 03 Protective Order with Provisions Governing Highly Confidential Information (Order 03).

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<sup>1</sup> In 2019, PacifiCorp changed its business name with the Commission from "Pacific Power & Light Company" to "PacifiCorp d/b/a Pacific Power & Light Company." See Pacific Power & Light Company's Request to Change Name to PacifiCorp, Docket UE-191004 (December 5, 2019).

<sup>2</sup> *WUTC v. PacifiCorp d/b/a Pac. Power & Light Co.*, Dockets UE-230172 & UE-210852 (*consolidated*), Order 09/07 at ¶ 14 (May 16, 2024) (hereinafter Order 09/07).

<sup>3</sup> Order 09/07 at ¶ 14.

- 6 On June 23, 2025, the Public Counsel Unit of the Office of the Attorney General (Public Counsel) filed with the Commission a Motion to Compel PacifiCorp Answers to Discovery (Motion to Compel).
- 7 On July 2, 2025, the Commission held a hearing on Public Counsel's Motion to Compel before presiding Administrative Law Judges (ALJ) Connor Thompson and Bijan Hughes. On July 15, 2025, PacifiCorp, Public Counsel, and AWEC submitted additional briefing addressing the applicability of Washington Administrative Code (WAC) 480-07-700(6)(b) as an authority to prevent disclosure of the information sought by Public Counsel.
- 8 On July 17, 2025, the Commission issued Order 05 Granting Motion to Compel (Order 05), finding the information sought by Public Counsel was not exempt from disclosure under Commission rules regarding settlement negotiations.
- 9 On July 28, 2025, PacifiCorp filed a Petition for Interlocutory Review of Order 05.
- 10 On July 29, 2025, PacifiCorp filed a Petition to Amend Standard Protective Order.
- 11 Beginning on October 7, 2025, the Commission held a two-day evidentiary hearing in this matter before the Commissioners, with ALJs Connor Thompson and Bijan Hughes presiding.
- 12 On October 10, 2025, the Commission issued Order 06 Denying Interlocutory Review, Affirming Order 05 (Order 06).
- 13 On October 14, 2025, the Commission issued Order 07 Denying Motion to Amend Order 03, Granting Leave to Respond, and Granting Leave to File Revised Testimony (Order 07).
- 14 On October 15, 2025, the Commission issued Bench Request 01 through 05 directed at Public Counsel and PacifiCorp. On October 22, 2025, Public Counsel and PacifiCorp timely responded to those bench requests.
- 15 On December 2, 2025, the Commission held a Virtual Public Comment Hearing. The Commission heard comments from two individual customers at the Virtual Public Comment Hearing, both of whom expressed substantial concerns over the recent rate increases approved for PacifiCorp, and both asking for the Commission to do everything in their power to mitigate these increases moving forward, noting the substantial impacts

the increases are having on individual households and businesses in the PacifiCorp service territory.

- 16 On December 16, 2025, Public Counsel filed in the docket a public comment matrix containing the comments submitted in this matter. The public comments in this docket contain three comments in favor of PacifiCorp's filing, forty opposing, and three duplicate comments for a total of forty-six comments.<sup>4</sup> Those comments in opposition largely focus on and express concerns over the level of recent rate increases, noting that customers are highly concerned over affordability.<sup>5</sup>
- 17 **PARTY REPRESENTATIVES.** Ajay Kumar and Tiffanie Ellis, in-house counsel, along with Adam Lowney and Matthew McVee of McDowell Rackner & Gibson PC represent PacifiCorp. Josephine Strauss, Colin O'Brien, and Nash Callaghan, Assistant Attorneys General, Olympia, Washington, represent Commission staff (Staff).<sup>6</sup> Robert Sykes, Tad Robinson O'Neill, and Alexandra Kory, Assistant Attorneys General, Seattle, Washington, represent Public Counsel. Tyler C. Pepple and Michelle Madsen, of Pepple Moser, P.C., represent the Alliance of Western Energy Consumers (AWEC). Yochanan Zakai, of Schute, Mihaly & Weinberger LLP, represents The Energy Project (TEP).
- 18 **COMMISSION DETERMINATIONS.** The Commission determines that the 2026 Protocol should be adopted, including the change in resource allocations, which include siting assigning the Chehalis facility and increasing the share of allocation for Jim Bridger Units 1 & 2 and Rolling Hills wind facility. We determine that the 2026 Protocol will result in fair, just, reasonable, sufficient, and equitable rates and substantially mitigate rate increases that would have otherwise been proposed under the WIJAM. We further determine that the fixed system generation factor, system overhead factor, and non-NPC costs are reasonable and should be approved but will be revisited at a later date. We determine that Phase 2 of this shift in allocation should include conditions similar to those proposed by Staff. We also determine that an investigation into overcollections for individual resources is not warranted at this time, but we impose conditions on Phase 2 to closely monitor collections for resources moving forward.

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<sup>4</sup> Public Counsel, Exh. BR-6.

<sup>5</sup> See, Public Counsel, Exh. BR-6, Attachments A-C.

<sup>6</sup> In formal proceedings such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

19 As for NPC, we largely accept PacifiCorp’s filing. Due to the expedited nature of the proceeding, and the questions raised by the non-company parties, we adopt certain adjustments on a temporary basis, to be revisited at the next general rate case (GRC). At this time, we do not find the challenges to the wind curtailment methodology sufficient to reject the filing; in accordance with recommendations from Staff, we order the Company to provide additional quantitative analysis. Similarly, we approve the proposed Washington specific hedge-book but order the Company to do a quantitative analysis after one year. We reject challenges to PacifiCorp’s proposed day ahead/real time (DA/RT) adjustment as non-duplicative of the forward hedging transaction adjustment. We further order PacifiCorp to continue to use Version 15 of the Aurora model (Aurora V15) if it files a revision to its Power Cost Adjustment Mechanism (PCAM) before its next GRC. We reject a number of other minor challenges by the non-company parties as either not supported by the record or as no-longer in contention, including: nodal pricing model; the inclusion of certain Solar Power Purchase Agreements (PPAs); treatment of FERC Account 509; production tax credits; application of BP-26 rates; and the disallowance of California Independent System Operator’s Extended Day Ahead Market (EDAM) costs for procedural infirmity.

## DISCUSSION AND DECISION

### I. Applicable Law

20 The Legislature has entrusted the Commission with broad discretion to set rates for regulated industries. Any time a regulated public service company files a request to change any rate or charge, the Commission may conduct a hearing to determine if the proposed rates are reasonable and just.<sup>7</sup> Pursuant to Revised Code of Washington (RCW) 80.28.020, whenever the Commission finds, after a hearing, that the rates charged by a utility are:

. . . unjust, unreasonable, unjustly discriminatory or unduly preferential, or in any wise in violation of the provisions of the law, or that such rates or charges are insufficient to yield a reasonable compensation for the service rendered, the commission shall determine the just, reasonable, or sufficient rates, charges, regulations, practices or contracts to be thereafter observed and in force, and shall fix the same by order.<sup>8</sup>

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<sup>7</sup> RCW 80.04.130(1).

<sup>8</sup> See also RCW 80.01.040(3) (providing that the Commission shall “[r]egulate in the public interest”).

- 21 For proposed rates, as in this case, the Commission may enter an order under this same standard as if the proposed rates were already effective.<sup>9</sup>
- 22 As a general matter, the burden of proving that a proposed increase is just and reasonable is upon the public service company.<sup>10</sup> The burden of proving that the presently effective rates are unreasonable rests upon any party challenging those rates.<sup>11</sup>
- 23 Further, the Commission determines the prudence of utility actions by reviewing whether the utility made reasonable business decisions in light of the facts and circumstances known or that reasonably should have been known to the utility at the time decisions were made.<sup>12</sup> Prudence requires the utility to make a reasonable decision among a number of alternatives which the Commission might find prudent.<sup>13</sup>

## II. Summary of PacifiCorp's Power Cost Only Rate Case

### *PacifiCorp's Direct Testimony*

- 24 In direct testimony, PacifiCorp proposes resetting the baselines for its NPC and non-NPC costs. This resetting is based in part on the Commission's order that the Company file a PCORC to remove coal-fired resources from Washington rates, and in part on the Company's proposed allocation methodology. PacifiCorp proposes the 2026 Protocol, a new protocol for allocating Washington's share of PacifiCorp's system costs. The 2026 Protocol hedges power and gas separately for Washington.
- 25 In direct testimony, PacifiCorp proposes increasing base rates by \$33.9 million, which accounts for changes to NPC costs, non-NPC costs, the production tax credit (PTC) tracker, and the non-NPC coal cost tracker. These changes are reflected in Table 1, as presented by PacifiCorp witness Cheung. PacifiCorp notes that if the currently approved WIJAM were used to allocate resources in this case, NPC would have increased by \$80 million, which is substantially higher than what the Company proposes.<sup>14</sup>

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<sup>9</sup> See RCW 80.04.130(1).

<sup>10</sup> RCW 80.04.130(1).

<sup>11</sup> *WUTC v. Pacific Power and Light Company*, Cause No. U-76-18 (Dec. 29, 1976) (internal citations omitted).

<sup>12</sup> *WUTC v. Puget Sound Energy, Inc.*, Docket UE-031725, Order 12 at ¶ 19 (Apr. 7, 2004).

<sup>13</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-090704 and UG—090705 (*consolidated*), Order 11 at ¶ 337 (Apr. 2, 2010).

<sup>14</sup> PacifiCorp Workpaper WA\_PCORC\_2026\_WA Update CONF.xls.

**Table 1: PCORC Rate Change Summary<sup>15</sup>**

	<b>(\$ millions)</b>
<b>Non-NPC Base Rates</b>	<b>21.2</b>
<b>NPC Base Rates</b>	<b>16.3</b>
<b>PTC Tracker</b>	<b>(1.4)</b>
<b>Non-NPC Coal Cost Tracker</b>	<b>(2.2)</b>
<b>Net Price Change</b>	<b>\$33.9</b>

26 The changes to NPC base rates are presented by PacifiCorp witness Mitchell. The Company proposes a Washington-allocated NPC value of \$43.81 per megawatt-hour (MWh) for 2026, which includes reallocation of generation resources under the 2026 Protocol.<sup>16</sup> Mitchell notes this is a reduction from the NPC value under the current allocation methodology (the WIJAM) for 2026, which would have been \$53.38 per MWh.<sup>17</sup> In addition to inclusion of the 2026 Protocol, the proposed changes in NPC include costs associated with PacifiCorp hedging gas and power separately for Washington.<sup>18</sup> On a total Company basis, PacifiCorp proposes an NPC of \$36.33 per MWh for 2026.<sup>19</sup> Mitchell notes the Washington portion of NPC is calculated by first looking at the total Company forecast and then looking at the 2026 Protocol specific allocations to arrive at the Washington NPC.<sup>20</sup>

27 Mitchell explains that with the proposal of the 2026 Protocol, there are six key changes that impact the NPC forecast,<sup>21</sup> which resulted in five modeling changes.<sup>22</sup> These changes include the following:

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<sup>15</sup> Cheung, Exh. SLC-1T at 3:3–5.

<sup>16</sup> Mitchell, Exh. RJM-1T at 3:2–6.

<sup>17</sup> Mitchell, Exh. RJM-1T at 3:6–8.

<sup>18</sup> Mitchell, Exh. RJM-1CT at 6:6–7:23.

<sup>19</sup> Mitchell, Exh. RJM-1CT at 8:11–13.

<sup>20</sup> Mitchell, Exh. RJM-1CT at 8:14–23.

<sup>21</sup> Mitchell, Exh. RJM-1CT at 6:21–7:7. The six changes to the NPC forecast are calculating system allocation factors as a four-year historical average, allocating the Chehalis natural gas power plant based on a situs basis, allocating Jim Bridger power plant's natural gas units on a system-wide basis, allocating Oregon's system share of the Rolling Hills wind facility to Washington, removing Hermiston from Washington rates, and removing coal generation from Washington rates.

<sup>22</sup> Mitchell, Exh. RJM-1CT at 21:19–22:7.

- 1) Updated Western Energy Imbalance Market (WEIM) benefits, which reduce costs by \$2.6 million;<sup>23</sup>
- 2) Changes to the EDAM benefits methodology, which reduce costs;<sup>24</sup>
- 3) Simulation of power hedging transactions to comply with the Company’s Energy Risk Management Policy, which increase costs by \$22.8 million;<sup>25</sup>
- 4) Updated market sales capacity limits to remove double counting of hedges, which increase costs by \$3.7 million;<sup>26</sup> and
- 5) Use of unspecified purchased power to satisfy ramp and capacity deficits in addition to energy deficits, which reduce costs by \$0.53 million.<sup>27</sup>

28 The non-NPC cost changes included in the PCORC include revisions to allocation factors, resource allocation, corresponding tax impacts, and the removal of coal from rates as shown by Table 2 below.

**Table 2: Non-NPC cost impact details<sup>28</sup>**

Allocation Change	Est. Impact (\$ million) <sup>2</sup>
SO Allocation Factor Update SO Calculation	\$2.2
Production Costs to SG-F	(\$0.7)
Direct Assignment of Chehalis	\$33.9
Removal of Hermiston	(\$4.4)
Reallocation of JB Units 1&2	(\$10.4)
Reallocation of Rolling Hills	\$7.5
Tax Impacts of Proposed Reallocations	(\$7.0)
Interest Synchronization & State Deferred Tax Removal	\$0.1
Removal of non-NPC Coal Costs	(\$2.2)
<b>Net non-NPC Price Change</b>	<b>\$19.0</b>

29 PacifiCorp explains that the changes to non-NPC are primarily driven by PacifiCorp’s 2026 Protocol, and that the reallocation of resources – intent on offsetting increases to NPC – results in a shifting of costs and revenues which should be accounted for under the matching principle.<sup>29</sup> While Staff and others have argued non-NPC costs should be

<sup>23</sup> Mitchell, Exh. RJM-1CT at 22:8–11.

<sup>24</sup> Mitchell, Exh. RJM-1CT at 26:5–12.

<sup>25</sup> Mitchell, Exh. RJM-1CT at 29:3–6. *See also*, Wilding, Exh. MGW-1CT at 11:1–15:23.

<sup>26</sup> Mitchell, Exh. RJM-1CT at 31:1–3.

<sup>27</sup> Mitchell, Exh. RJM-1CT at 35:8:9.

<sup>28</sup> Cheung, Exh. SLC-1T at 4:6–9.

<sup>29</sup> PacifiCorp’s Initial Brief, at ¶ 58 *citing In re Commission Inquiry into the Valuation of Public Service Company Property That Becomes Used and Useful after Rate Effective Date*, Docket U-190531, Policy Statement on Property That Becomes Used and Useful after Rate Effective Date

deferred to the Company's next GRC, PacifiCorp argues such a result fails to secure the reduction in NPC and results in benefits without the associated costs.<sup>30</sup> PacifiCorp also argues that the Commission has previously considered non-NPC costs in PCORC proceedings, and the Commission recognized non-NPC costs may be part of this PCORC; therefore there is no prohibition against considering such costs here.<sup>31</sup>

- 30 For the 2026 Protocol, PacifiCorp proposes several changes from the existing WIJAM framework. These changes would situs-assign the Chehalis natural gas plant to Washington and add a larger portion of the Rolling Hills Wind plant to Washington, increasing Washington's share of the plant from 7.9 percent to 34.9 percent.<sup>32</sup> Additionally, the 2026 Protocol would move from dynamic allocation factors (SG) to fixed allocation factors (SG-F) for all existing non-emitting and natural gas resources assigned to Washington; remove coal from NPC and non-NPC rates; fix an allocation of Jim Bridger's converted natural gas plants; remove the Hermiston natural gas plant from Washington rates; create a Washington-specific hedge book; and situs assign costs of new resources identified for Washington after April 1, 2025.<sup>33</sup>
- 31 PacifiCorp argues first that the 2026 Protocol is properly before the Commission as part of this PCORC following the Commission's direction that the Company propose a new allocation methodology in its next rate case filing.<sup>34</sup> PacifiCorp asserts the 2026 Protocol allocates plant that is currently used and useful and will provide benefits to Washington ratepayers.<sup>35</sup> The Company states the changes immediately increase non-emitting

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at 7 fn. 24 (Jan. 31, 2020) ("The Commission recognizes that the matching principle is also a generally accepted accounting concept that requires companies to recognize (match) revenues earned to related expenses in the same period.").

<sup>30</sup> PacifiCorp's Initial Brief, at ¶ 60.

<sup>31</sup> PacifiCorp's Initial Brief, at ¶ 61 citing *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-072300 & UG-072301 (*consolidated*), Order 13 at ¶ 53 (Jan. 15, 2009); see also Order 09/07, Dockets UE-230172 & UE-210852 (*consolidated*), at ¶ 14 ("removing coal[-]fired resources from rates is likely to have a significant effect on NPC...[and]...it would be appropriate to consider other revenue-requirement elements that may offset increases to NPC.").

<sup>32</sup> Steward, Exh. JRS-1T at 5:18 –23.

<sup>33</sup> Steward, Exh. JRS-1T at 5:11–31.

<sup>34</sup> PacifiCorp Initial Brief, at ¶ 7 citing *WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-230482, Order 07 at ¶ 111 ("[I]n its next rate case filing in 2025, the Commission requires the Company to ... provide an alternative for cost allocation more beneficial to Washington ratepayers."); Link, Exh. RTL-2 at 1 ("The Washington 2026 Protocol includes modifications to the WIJAM subject to approval by the Commission[.]").

<sup>35</sup> Steward, Exh. JRS-1T at 15:1–6.

resources from Rolling Hills,<sup>36</sup> increase operational flexibility through assignment of Chehalis,<sup>37</sup> provide system support to balance eastside wind imports through allocation of Jim Bridger Units 1 and 2,<sup>38</sup> and remove other emitting resources including coal and the Hermiston natural gas plant.<sup>39</sup>

32 PacifiCorp witness Dr. Ghosh argues that the 2026 Protocol importantly increases CETA-compliant generation allocated to Washington and will result in an allocation more consistent with Washington’s energy law.<sup>40</sup> Ghosh notes that the transition to SG-F will further reduce uncertainty regarding Washington’s share of future CETA-compliant generation.<sup>41</sup> The Company also argues that while the 2026 Protocol does not eliminate Washington’s short position – a topic of great discussion in past dockets – it does provide NPC benefits to Washington by reducing the short position and making additional system energy available to Washington.<sup>42</sup>

33 PacifiCorp further notes that the Company intends to implement a phased approach to modify its proposed allocation methodology, including proposing the 2026 Protocol in other states (Phase 1).<sup>43</sup> Witness Link states that “Phase 2 will begin no earlier than 2028 and will include adoption of fixed allocation factors for the other states where PacifiCorp provides service and will include proposals to address any issues that may arise” in implementing the 2026 Protocol in other states.<sup>44</sup> For Washington, the Company anticipates Phase 2 will also include allocation of decommissioning costs for natural gas resources that have been removed or reassigned from Washington.<sup>45</sup>

34 Having summarized PacifiCorp’s requests contained in this PCORC, we next turn to the contested issues. We begin with the 2026 Protocol, because the Commission’s decision

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<sup>36</sup> Link, Exh. RTL-1T at 8:16–21.

<sup>37</sup> Wilding, TR 258:9 – 259:6.

<sup>38</sup> Wilding, Exh. MGW-5CT at 7:7–10.

<sup>39</sup> Link, Exh. RTL-1T at 14:7–17.

<sup>40</sup> See, Ghosh, Exh. RG-1T at 6: Table 1.

<sup>41</sup> Ghosh, Exh. RG-1T at 7:10–8:4.

<sup>42</sup> Wilding, Exh. MGW-1CT at 8:10 – 9:3.

<sup>43</sup> Link, Exh. RTL-1T at 3:15–19.

<sup>44</sup> Link, Exh. RTL-1T at 3:19 – 4:2. Link clarifies that fixed allocation factors (SG-F) will not be implemented in other states until Phase 2, which will begin no sooner the 2028. Link, Exh. RTL-1T at 5:15–19.

<sup>45</sup> Link, Exh. RTL-1T at 19:1–8.

on that matter will inevitably inform its decisions on NPC, non-NPC, and other contested matters.

### III. The 2026 Protocol and Resource Allocation

#### A. *PacifiCorp's 2026 Protocol and Affordability*

35 As explained above, PacifiCorp requests the Commission approve the 2026 Protocol as part of its PCORC. The 2026 Protocol reallocates certain generation assets as described above, which if adopted would result in changes to NPC and non-NPC costs, with some costs increasing and others decreasing.

##### i. Party Positions on the 2026 Protocol

36 In its initial brief, PacifiCorp reiterates that the 2026 Protocol was developed to remove coal generation in Washington rates as required by CETA and to address concerns raised by the Commission in the 2022 PCAM case.<sup>46</sup> PacifiCorp argues that the 2026 Protocol not only meets the requirements that utility property included in rates be used and useful<sup>47</sup> but also addresses prior Commission concerns by reducing market exposure, increasing reliability, and immediately increasing Washington's share of non-emitting generation by 10 percent.<sup>48</sup>

37 PacifiCorp emphasizes that the 2026 Protocol will reduce customer rates by increasing generation allocation and reducing market exposure.<sup>49</sup> The Company admits that “[u]nder the WIJAM, PacifiCorp had insufficient resources to meet Washington’s total energy requirements” but argues that the 2026 Protocol “will significantly reduce (or eliminate) this open position.”<sup>50</sup>

38 PacifiCorp further argues that “had [the Company] used the currently approved [WIJAM] in this case, NPC would have increased by \$80 million....\$68 million higher than

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<sup>46</sup> PacifiCorp’s Initial Brief, at ¶ 7.

<sup>47</sup> RCW 80.04.250.

<sup>48</sup> PacifiCorp’s Initial Brief, at ¶¶ 7–9. We note that a significant portion of the increase in non-emitting resources is dependent on the increased allocation of the Rolling Hills Wind facility.

<sup>49</sup> PacifiCorp’s Initial Brief, at ¶ 14.

<sup>50</sup> PacifiCorp’s Initial Brief, at ¶ 14 *citing* Mitchell, Exh. RJM-1CT at 14:18–21.

PacifiCorp’s proposal and result[ed] in a rate increase of nearly 16 percent.”<sup>51</sup> Looking beyond the cost benefits, PacifiCorp asserts the 2026 Protocol improves the Company’s ability to comply with CETA and the Climate Commitment Act (CCA) by increasing CETA-compliant energy by 11.52 percent in 2026.<sup>52</sup>

- 39 Staff was initially supportive of PacifiCorp’s proposed 2026 Protocol. Staff witness Wilson noted in his initial testimony that “PacifiCorp has generally demonstrated that the proposed changes more closely align the costs based on causation and provides benefits to Washington customers.”<sup>53</sup> Through Wilson, Staff asserted that the 2026 Protocol better aligns Washington benefits than the WIJAM, and that the assignment of Chehalis would “resolve[] a significant policy issue regarding whether customers in other states are obligated to pay [Climate Commitment Act] CCA costs for Chehalis.”<sup>54</sup>
- 40 However, in its initial brief, Staff argues that the Commission should reject the revisions to tariff WN U-76 that go beyond removing coal from rates and updating PacifiCorp’s power cost forecast.<sup>55</sup> Staff opines that the “numerous other changes that PacifiCorp proposes in this filing are not appropriate for this proceeding,” due to the abbreviated nature of this PCORC.<sup>56</sup> Staff proposes that changes under the 2026 Protocol and the increased allocation of new major resources should be deferred here, and instead assessed within the context of a general rate case.<sup>57</sup> However, Staff also states that its “position is not that the WIJAM is the better solution in this matter.”<sup>58</sup>
- 41 Post-hearing, Staff specifically recommends that the Commission – at this time - reject non-NPC topics, including (1) the allocation methodology, (2) situs assigning a major gas-fired plant to Washington; (3) increasing the portion of a wind facility serving Washington; and (4) the adoption of the SG-F and SO factors in the updated methodology.<sup>59</sup> Staff recommends that if the Commission were to approve the increased

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<sup>51</sup> PacifiCorp’s Initial Brief, at ¶ 2.

<sup>52</sup> PacifiCorp’s Initial Brief, at ¶ 17.

<sup>53</sup> Wilson, Exh. JDW-1T at 11:3–4.

<sup>54</sup> Wilson, Exh. JDW-1T at 11:7–11.

<sup>55</sup> Staff’s Initial Brief, ¶ 1.

<sup>56</sup> *Id.* at ¶ 1–2.

<sup>57</sup> *Id.* at ¶¶ 1, 10–11.

<sup>58</sup> *Id.* at ¶ 2.

<sup>59</sup> *Id.* at ¶¶ 5, 8.

allocation to Rolling Hills and Chehalis, that it also apply “a cost consideration that recognizes the unjustified high-cost nature of Rolling Hills generation.”<sup>60</sup>

- 42 While PacifiCorp argues that the Commission required a new allocation methodology in the Company’s next rate proceeding, Staff explains that the context of Docket UE-230482 Order 07 and Docket UE-230172 & UE-210852 Order 09/07 makes it clear that the PCORC filing required by those orders was intended to be limited to the removal of coal-fired resources and revenue-requirement changes that might offset those changes.<sup>61</sup> Staff distinguishes this matter from Docket UE-072300 & UG-072301 Order 13, cited to by PacifiCorp, as dissimilar due to that case’s focus on power costs and the PCORC process, as opposed to the more expansive approach taken by the Company here.<sup>62</sup>
- 43 Staff notes that PacifiCorp carries the burden of proof to demonstrate that their proposals are fair, just, reasonable, and sufficient. Staff avers that PacifiCorp has not met that burden here as it relates to the reallocation. Staff notes that the record is opaque as to the “model and the inputs supporting that modeling with the 2026 Protocol that demonstrate the Company’s ability to comply with the law.”<sup>63</sup> Staff emphasizes that Chehalis is a gas-powered resource that will be of questionable value after 2030 given the laws currently in place, highlighting that if assigned as proposed, Chehalis would make up approximately 57.9 percent of resources serving Washington outside of the short-term market.<sup>64</sup> As a result, Staff recommends that the Commission reject the proposed allocation in this PCORC, notwithstanding the need for the WIJAM to be replaced.<sup>65</sup>
- 44 If the Commission chooses to adopt the 2026 Protocol, Staff asks the Commission to order PacifiCorp to initiate its Phase 2 filing in Washington at least 11 months in advance of the January 1, 2030, CETA deadline.<sup>66</sup> We discuss Staff’s Phase 2 proposals in the next section in connection with addressing the majority of the changes that parties propose in relation to resource allocations.

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<sup>60</sup> *Id.* at ¶ 6.

<sup>61</sup> *Id.* at ¶ 10–11

<sup>62</sup> *Id.* at ¶ 12–13.

<sup>63</sup> *Id.* at ¶ 16.

<sup>64</sup> *Id.* at ¶ 16 fn. 18.

<sup>65</sup> *Id.* at ¶¶ 22–25 (arguing against the situs assignment of Chehalis to Washington)

<sup>66</sup> Staff’s Initial Brief, at ¶ 21.

- 45 In its reply brief, PacifiCorp responds to Staff’s request to defer implementation of the 2026 Protocol by emphasizing that Staff acknowledges deferral means the WIJAM will continue with its recognized flaws.<sup>67</sup> However, PacifiCorp argues Staff “understates the impacts of its recommendation” and reiterates “[c]ontinued use of the WIJAM would increase NPC by \$80 million in this case . . . .”<sup>68</sup> The Company further argues that deferral of a decision on the 2026 Protocol will be harmful to the Company’s near-term needs to plan for and support clean energy resources, arguing the 2026 Protocol “is directly responsive to these concerns by using a fixed . . . Washington-specific resource portfolio necessary to create certainty around the emissions allocated to Washington . . . .”<sup>69</sup>
- 46 Unlike Staff, Public Counsel initially argued against adoption of the 2026 Protocol. Through witness Earle, Public Counsel argued the Commission should adopt Public Counsel’s proposed alternative allocation methodology, which would have removed all coal and natural gas from Washington rates.<sup>70</sup> Public Counsel’s alternative allocation would assign sufficient renewable and non-emitting generation to meet Washington load and Washington’s 2030 CETA goals.<sup>71</sup> Earle asserted that doing so would reduce NPC by \$77 million by allocating a portion of PacifiCorp’s existing wind generation to Washington.<sup>72</sup>
- 47 However, at hearing, following the testimony of PacifiCorp witness Wilding, witness Earle amended his recommendation, noting that Public Counsel’s alternative would result in a shortfall for resource adequacy and would result in Washington not sharing equitably in ancillary services payments across the system.<sup>73</sup> Accordingly, Public Counsel shifted its position on the 2026 Protocol, addressing its position in more detail in briefing.
- 48 Public Counsel argues in its initial brief that the Commission should accept AWEC’s proposal and adopt the 2026 Protocol for the purposes of this filing only, as it “represents a substantial improvement over the current WIJAM.”<sup>74</sup>

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<sup>67</sup> PacifiCorp’s Reply Brief, at ¶ 5.

<sup>68</sup> PacifiCorp’s Reply Brief, at ¶ 5.

<sup>69</sup> PacifiCorp’s Reply Brief, at ¶ 13.

<sup>70</sup> Earle, Exh. RLE-1CT at 14:13–20.

<sup>71</sup> Earle, Exh. RLE-1CT at 14:13–20.

<sup>72</sup> Earle, Exh. RLE-1CT at 14:21 – 15:4.

<sup>73</sup> Earle, TR 403:17 – 406:18.

<sup>74</sup> Public Counsel Initial Brief, at ¶ 2

49 However, Public Counsel also argues that PacifiCorp has failed to meet its burden for the 2026 Protocol. Public Counsel notes that “[t]here is no dispute in the record—PacifiCorp . . . is unilaterally proposing an allocation methodology without providing or analyzing alternatives and doing so on an expedited timeframe.”<sup>75</sup>

50 Public Counsel specifies that:

As with all requests for increased rates, PacifiCorp bears the burden to prove the requested rates are fair, just, reasonable, and sufficient. . . . The Commission has long held that this requires a utility to make an affirmative showing of the reasonableness and prudence of its costs, even in the absence of a challenge . . . As a necessary corollary to this general principle, this means that the Commission should hold any failure to produce evidence on a topic or gaps in the evidentiary record against PacifiCorp. The other parties bear no burden of proof to disprove the need for a rate increase. If, when questioned, PacifiCorp chooses not to answer or admits that it did not produce evidence or analysis, that is a sufficient reason to reject a requested rate increase.<sup>76</sup>

51 As a result, Public Counsel submits that “the Company’s failure to consider the short- and long-term impacts of its proposal on customers beyond 2026 violates basic prudence standards.”<sup>77</sup> Public Counsel takes issue with PacifiCorp’s assertions that conducting an analysis on alternative allocation methodologies would be too complex,<sup>78</sup> stating “[c]omplex, irrelevant, or unnecessary—the Company made no effort.”<sup>79</sup> Public Counsel characterizes PacifiCorp as arguing that it “has no duty to analyze and present alternative allocation proposals to the Commission, despite explicit instructions [from the Commission] to do just that.”<sup>80</sup>

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<sup>75</sup> Public Counsel Initial Brief, at ¶ 1 *citing* Docket UE-250224, Order 06, ¶ 28 (“whether [the] proposed allocation methodology complies with Commission standards and is consistent with the public interest [where] an alternative analysis may reveal the relative strengths or infirmities of a proposed methodology.”)

<sup>76</sup> Public Counsel Initial Brief, at ¶ 97.

<sup>77</sup> Public Counsel Initial Brief, at ¶ 2.

<sup>78</sup> *See*, Steward, TR 81:1–10; *see also*, Steward, Exh.JRS-2T at 32:9–11.

<sup>79</sup> Public Counsel Initial Brief, at ¶ 21.

<sup>80</sup> Public Counsel Initial Brief, at ¶ 22, *citing* JRS-2T at 32:6—10.

- 52 Despite these infirmities, which “effectively prevent[] the Commission from fulfilling its role to ensure rates are fair, just, and reasonable,”<sup>81</sup> Public Counsel acknowledges that a change to status quo is required to remove coal resources from rates, as legally necessitated by CETA.<sup>82</sup> This change does not require, Public Counsel posits, the acceptance of a major change to methodology where the risk is borne entirely by ratepayers.<sup>83</sup>
- 53 To further cure the perceived deficiencies in the 2026 Protocol, Public Counsel recommends that the acceptance of the 2026 Protocol for this proceeding be subject to certain conditions.<sup>84</sup> We address these conditions below in relation to individual resource allocation.
- 54 Additionally, Public Counsel also highlights the ongoing energy affordability crisis in Washington state at large, and PacifiCorp’s service area in specific, noting that “[t]he Commission has approved rate increases of 71 percent since 2022, including a 36% increase in the past year.”<sup>85</sup> Public Counsel witness Moriyasu explains that this is not limited to the PCORC filing alone but a series of filings over the last year, which when compounded result in a substantial overall rate increase.<sup>86</sup> Moriyasu further argues that inflation cannot be the sole driver of these rate increases as PacifiCorp’s rates have far outpaced inflation.<sup>87</sup> Public Counsel argues in favor of adoption of the 2026 Protocol on a limited basis to address these affordability concerns, while still arguing PacifiCorp has not carried its burden to show the 2026 Protocol will result in fair, just, and reasonable rates on a longer term basis.<sup>88</sup>
- 55 PacifiCorp responds to Public Counsel’s assertions that it has not shown the 2026 Protocol will result in rates that are fair, just, and reasonable by asserting Public Counsel’s comparison of this case to other recent rate cases for other companies fails to demonstrate PacifiCorp’s proposal here is not just and reasonable “*in this case*.”<sup>89</sup>

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<sup>81</sup> Public Counsel Initial Brief, at ¶ 19.

<sup>82</sup> Public Counsel Initial Brief, at ¶ 8.

<sup>83</sup> Public Counsel Initial Brief, at ¶ 22.

<sup>84</sup> Public Counsel Initial Brief, at ¶ 3.

<sup>85</sup> Public Counsel Initial Brief, at ¶ 10.

<sup>86</sup> Moriyasu, Exh. CM-1T at 3:9–20.

<sup>87</sup> Moriyasu, Exh. CM-1T at 6:11 – 8:7.

<sup>88</sup> Public Counsel Initial Brief, at ¶¶ 35 – 38.

<sup>89</sup> PacifiCorp’s Reply Brief, at ¶ 6.

PacifiCorp further argues that Public Counsel admits the 2026 Protocol is an improvement over the WIJAM, undermining its assertions.<sup>90</sup>

- 56 “AWEC recommends that the Commission decline to approve the Washington 2026 Protocol in this proceeding, which is dedicated to reviewing PacifiCorp’s power costs in isolation from the other components of its revenue requirement.”<sup>91</sup> However, “AWEC does not oppose the Commission approving changes to PacifiCorp’s allocation of generation resources in this case,” such that the scope of the order is “commensurate with the scope of the case.”<sup>92</sup> AWEC posits that it would not be “reasonable to review and approve allocations that primarily impact other revenue requirement items, such as the System Overhead factor.”<sup>93</sup>
- 57 AWEC argues that postponing approval will not increase uncertainty, as stated by PacifiCorp, citing to the second section of the Washington 2026 Protocol which disclaims certainty by reserving a right for the Commission to reverse in a future proceeding.<sup>94</sup> “The only way to affirm that the Washington 2026 Protocol is a prudent cost allocation methodology for PacifiCorp’s Washington customers is to holistically review the methodology with reference to PacifiCorp’s entire operations.”<sup>95</sup>
- 58 The Company responds to the non-Company Party arguments that the PCORC is not an appropriate proceeding to review the 2026 Protocol. PacifiCorp notes that the Commission ordered the Company to propose a new allocation methodology in its next rate filing, a position recommended by both Staff and AWEC in prior cases.<sup>96</sup> PacifiCorp argues that Staff and Public Counsel’s arguments that there was not enough time to fully vet the 2026 Protocol, along with AWEC’s argument that the 2026 Protocol goes beyond

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<sup>90</sup> PacifiCorp’s Reply Brief, at ¶ 6 *citing* Public Counsel’s Initial Brief, at ¶ 42.

<sup>91</sup> AWEC Initial Brief, at ¶ 4.

<sup>92</sup> AWEC Initial Brief, at ¶ 5.

<sup>93</sup> AWEC Initial Brief, at ¶ 5.

<sup>94</sup> AWEC Initial Brief, at ¶ 6.

<sup>95</sup> AWEC Initial Brief, at ¶ 6.

<sup>96</sup> PacifiCorp’s Reply Brief, at ¶ 8 *citing* Dockets UE-230172 and UE-210852 (Consolidated), Order 09/07 at ¶¶ 13, 14; *In the Matter of the Petition of PacifiCorp d/b/a Pacific Power & Light Co. 2022 Power Cost Adjustment Mechanism Annual Report*, Docket UE-230482, Order 07 at ¶ 111 (Oct. 30, 2024) (requiring an alternative cost allocation in response to “the concerns raised by Staff and other parties about the WIJAM”).

the scope of a PCORC, each fail to recognize the “years of effort to engage parties on allocation issues.”<sup>97</sup>

- 59 PacifiCorp argues that the 2026 Protocol does not impact all aspects of allocations but removes coal-fired resources as CETA requires and adjusts allocations of four other resources to offset the NPC impacts of coal removal.<sup>98</sup> The Company argues that all components of the 2026 Protocol, except Section 9 which deals with allocation factors to align new resource allocation, impact NPC and non-NPC costs – meaning the 2026 Protocol is of limited scope and maintains other components of the WIJAM until Phase 2.<sup>99</sup> PacifiCorp concludes that delaying approval of the 2026 Protocol will maintain uncertainty and undermine the Company’s efforts to meet Washington law.<sup>100</sup>
- 60 Further, while not extensively briefed, PacifiCorp does respond to concerns over rising rates for customers in testimony. Witness Steward responds to Public Counsel’s concerns by stating the analysis used is oversimplified, and that the U.S. Energy Information Administration anticipates electric rates to outpace inflation in 2026.<sup>101</sup> Steward also notes that the Company was unable to replicate Public Counsel’s calculations and that over the last four years investments, renewable resources, inflation, transmission and distribution, supply chain concerns, and market volatility have all been well documented and contribute to rate increases and inflationary pressure.<sup>102</sup> Steward further argues that accepting Public Counsel’s proposals (which included an alternative all non-emitting portfolio at the time which would remove all natural gas resources from Washington’s resource stack) would exacerbate cost increases even further.<sup>103</sup>
- 61 Staff’s Reply Brief reiterates Staff’s request that the Commission reject PacifiCorp’s revisions to its tariff WN U-76. Staff emphasizes that this proceeding is a PCORC, which has been completed on an abbreviated schedule to comply with CETA’s 2025 statutory

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<sup>97</sup> PacifiCorp’s Reply Brief, at ¶ 10.

<sup>98</sup> PacifiCorp’s Reply Brief, at ¶ 11.

<sup>99</sup> PacifiCorp’s Reply Brief, at ¶ 11.

<sup>100</sup> PacifiCorp’s Reply Brief, at ¶ 13.

<sup>101</sup> Steward, Exh. JRS-2T at 27:15–16 *citing* United States Energy Info. Admin., U.S. electricity prices continue steady increase – U.S. Energy Information Administration (EIA), *available at* <https://www.eia.gov/todayinenergy/detail.php?id=65284>.

<sup>102</sup> *See*, Steward, Exh. JRS-2T at 29:1–11.

<sup>103</sup> Steward, Exh. JRS-2T at 29:20 – 30:14.

mandate to remove coal from rates. As such, Staff recommends that non-NPC proposed changes should be reserved for a full GRC.<sup>104</sup>

62 The proposed 2026 Protocol is a substantial change that will impact rates – such a change, Staff posits, should be considered within the full context of the Company’s rates and operations. As it currently stands, Staff identifies “substantial unknowns” within the present record, which cause Staff to be “not comfortable recommending adoption.”<sup>105</sup>

63 Nonetheless, if the Commission adopts the 2026 Protocol for the purposes of resolving this case, Staff reiterates that its recommendations for Phase 2 are not unduly burdensome and would act to protect Washington Customers. Staff highlights “questions unanswered” about the proposed 2026 Protocol, including: (1) “PacifiCorp does not have a concrete plan for long-term Chehalis decommissioning and remediation costs if the asset is situs assigned to Washington;” and (2) the “phase 2 filing will [be] ‘no earlier’ than 2028[,]” which leaves timing of the Phase 2 filing vague and could leave Staff with less than 11 months in advance of 2030 to evaluate proposed changes if for example PacifiCorp waited until mid- to late- 2029 to make its Phase 2 filing.<sup>106</sup>

64 Staff also rebuts PacifiCorp’s criticism of Public Counsel’s alternative allocation, highlighting the seeming contradiction of PacifiCorp’s position that it cannot “unilaterally” reallocate wind resources assigned to other states without seeking permission, yet the Company proposes in this filing to assign 100% of Chehalis to Washington while “the plant remains in other states’ rates.”<sup>107</sup> To this end, Staff reiterates that its request for “data for cost recovery of assets from other jurisdictions[,]” is necessary to ensure “Washington customers are not disproportionality paying for resources, or paying for resources in excess of the benefits received.”<sup>108</sup> Staff again emphasizes that “PacifiCorp has a corporate financial interest in re-allocating Chehalis to Washington whether or not that re-allocation is in the public interest.”<sup>109</sup> “The Company

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<sup>104</sup> Staff’s Reply Brief, at ¶ 1.

<sup>105</sup> Staff’s Reply Brief, at ¶ 2.

<sup>106</sup> Staff’s Reply Brief, at ¶ 3.

<sup>107</sup> Staff’s Reply Brief, at ¶ 4.

<sup>108</sup> Staff’s Reply Brief, at ¶ 5.

<sup>109</sup> Staff’s Reply Brief, at ¶ 6.

provides no details or substantive evidence to back up its claims that CCA costs will not skyrocket, just vague reassurances that it *may* not be a problem.”<sup>110</sup>

65 Public Counsel also takes the opportunity on reply to reassert its position that PacifiCorp has failed to follow the clear instruction of the 2022 PCAM Order, which required the Company to “propose alternatives to ensure Washington customers experience fair, just and reasonable rates.”<sup>111</sup> Public Counsel emphasizes that the Company has provided only “a single, flawed allocation methodology” which had to be considered by the parties on an expedited timeline.<sup>112</sup> Indeed, Public Counsel argues that “the Company bears the burden,” but throughout the Company’s opening brief, “the Company either ignores its burden, misrepresents it, or attempts to hoist it onto other parties.”<sup>113</sup>

66 Public Counsel reasserts its position that it would be inappropriate to adopt the 2026 Protocol “as a final, binding allocation methodology governing this and future cases.”<sup>114</sup> The record, Public Counsel posits, is insufficient to support such an outcome.

67 Public Counsel also pushes back against the Company’s emphasis “on the statutory used and useful standard.”<sup>115</sup> While such a standard is necessary to meet, Public Counsel avers that such an analysis does not supplant the need for the allocation methodology to be prudent. The 2022 PCAM Order requested “alternatives—more than one;” and that has not been provided here.<sup>116</sup> Public Counsel asserts that the Company’s reliance on paragraph 17 of the 2022 PCAM order, which refers to an “alternative,” is misplaced, given the Commission’s language in Order 06 of this docket, which stated “alternative analysis may reveal the relative strengths or infirmities of a proposed methodology.”<sup>117</sup> Public Counsel highlights that it appears that the “Company did not even *consider* alternatives beyond the status quo.”<sup>118</sup> This leaves unknowns; for example, the record

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<sup>110</sup> Staff’s Reply Brief, at ¶ 6.

<sup>111</sup> Public Counsel Reply Brief. at ¶ 1.

<sup>112</sup> Public Counsel Reply Brief. at ¶ 1.

<sup>113</sup> Public Counsel Reply Brief. at ¶ 2.

<sup>114</sup> Public Counsel Reply Brief. at ¶ 3.

<sup>115</sup> Public Counsel Reply Brief. at ¶ 5 *citing* PacifiCorp Initial Brief, at ¶¶ 7–10.

<sup>116</sup> Public Counsel Reply Brief. at ¶ 6.

<sup>117</sup> Public Counsel Reply Brief. at ¶ 6.

<sup>118</sup> Public Counsel Reply Brief. at ¶7 *citing* Rick T. Link, TR. 133:19-25 (Oct. 7, 2025) (“**Q:** In your answer, though, I just want to confirm: You’re not denying that PacifiCorp didn’t perform an alternative analysis? **A:** Not in the – I think the context in which public counsel has phrased it in its – in its case, in its testimony. I mean, technically the WIJAM is an alternative.”).

does not contain consideration of allocation of less than 100% of the costs and benefits of Chehalis while retaining a portion of Hermiston. “The Commission plainly cannot determine whether the 2026 Protocol is prudent without a comparison of other possible allocation methodologies, nor can it determine whether the allocation methodology will result in just, fair, and reasonable rates.”<sup>119</sup>

68 Given the scope of proposed changes, Public Counsel argues that this requires a revisiting of the Company’s rate of return.<sup>120</sup> Further, to the extent that “[r]evenue, investment, expenses and cost of capital must be considered and evaluated at a similar point in time[,]” this supports deferring the adoption of a final allocation methodology.<sup>121</sup>

69 Public Counsel notes that PacifiCorp does not meaningfully address the affordability considerations raised by Public Counsel’s opening brief.<sup>122</sup> The absence of analysis of affordability concerns “despite foreseeable price pressures imposed by the CCA[,]” makes PacifiCorp’s proposed 2026 allocation deficient as a long-term solution.

70 As it argued in its initial brief, AWEC argues in its reply brief that the scope of this proceeding should be limited to net power costs, and that other issues would be properly deferred until the next GRC.<sup>123</sup> Public Counsel agrees with this position.<sup>124</sup>

71 AWEC identifies that Staff has shifted positions from originally supporting the 2026 Protocol, to calling for its rejection. AWEC notes that if adopted, this would “unacceptably increase costs and risk for Washington customers[.]”<sup>125</sup>

72 Finally, while TEP did not file an initial brief, it did file a reply brief. In its reply, TEP raises concern primarily over the increase of costs for PacifiCorp customers in recent years. In large part due to the steep increases in costs, TEP recommends that the Commission lower bills in the short term by accepting the increase in allocation of Chehalis and the 2026 Protocol on an interim basis, subject to conditions. First, TEP

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<sup>119</sup> Public Counsel Reply Brief. at ¶ 8.

<sup>120</sup> Public Counsel Reply Brief. at ¶ 21 *citing* Dockets UE-0061546 and UE-060817, Order 08, fn. 67.

<sup>121</sup> Public Counsel Reply Brief, at ¶ 21.

<sup>122</sup> Public Counsel Reply Brief. at ¶ 14.

<sup>123</sup> AWEC’s Reply Brief, at ¶ 4–8.

<sup>124</sup> AWEC’s Reply Brief, at ¶ 4 *citing* Public Counsel Initial Brief, at ¶ 43.

<sup>125</sup> AWEC’s Reply Brief, at ¶ 4.

recommends that the Commission ensure that Washington ratepayers do not pay for investments that extend the life of the fossil resource by decades. Second, TEP recommends that PacifiCorp be required to propose in the next GRC an allocation of fossil resources that aligns with CETA.<sup>126</sup>

73 Like other parties, TEP emphasizes the context of this filing as including a total bill increase of 71 percent in the past four years, which has created significant issues for customer affordability.<sup>127</sup> “These bill increases were primarily driven by an overreliance on the market, stemming from a failure to procure sufficient resources over the past 15 years.”<sup>128</sup> Separately, but relatedly, TEP argues that PacifiCorp has failed to make meaningful progress in the past six years towards complying with the CETA.

74 TEP highlights that the pace of rate increases has far outstripped the cost-of-living adjustments received by those that rely on social security benefits, as well as the increase to the minimum wage in the same period.<sup>129</sup>

### *Commission Decision*

75 We begin this decision by thanking PacifiCorp for its diligent work in putting forth a new allocation methodology to replace the WIJAM and for the efforts by the parties to analyze the Company’s proposal. We understand the difficulties imposed by establishing an allocation methodology for one of six states in which the Company operates. We further note that several parties have amended their positions on the 2026 Protocol throughout the proceeding, with some of those changes occurring during the hearing. This reflects not only the challenges of the issues, but also the willingness of the parties to work towards what they believe to be in the best interest of PacifiCorp’s Washington customers, an effort that should be recognized.

76 With that said, we first turn to the arguments of Staff, Public Counsel, and AWEC that the Commission should defer a decision on the 2026 Protocol until PacifiCorp’s next GRC. On this matter, we agree in part with PacifiCorp and in part with the other parties. First, PacifiCorp is correct that the Commission required the Company to propose at least one

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<sup>126</sup> TEP Reply Brief, at ¶ 3, 22–23.

<sup>127</sup> TEP Reply Brief, at ¶ 1.

<sup>128</sup> TEP Reply Brief, at ¶ 1.

<sup>129</sup> TEP Reply Brief, at ¶ 5 *citing* SNS-2 at 9; SNS-3 at 1.

alternative to the WIJAM in its next rate filing. Paragraphs 111 and 148 of Order 07 in Docket UE-230482 state the following:

111. . . . Therefore, in the next rate case proceeding, and going forward, we require PacifiCorp to provide justification for its continued reliance on the WIJAM, and propose alternatives to ensure Washington customers experience fair, just and reasonable rates.<sup>130</sup>

148. (7) The record evidence supports that PacifiCorp should justify its continued reliance on the WIJAM as the tool to ensure appropriate allocation of NPC and provide alternative proposals for allocation.<sup>131</sup>

77 The threshold issue is whether a PCORC is the appropriate proceeding to review the 2026 Protocol. Here, we agree with PacifiCorp. While such a change is not ordinarily considered in the context of power costs, the 2026 Protocol is, as PacifiCorp claims, tied to the Company's adjustments of NPC and removal of coal from rates. As PacifiCorp states, the 2026 Protocol removes coal-fired resources as CETA requires and adjusts allocations of four other resources to offset the NPC impacts of coal removal.<sup>132</sup> We generally agree that the 2026 Protocol directly impacts NPC and non-NPC costs – meaning the 2026 Protocol is of limited scope.<sup>133</sup>

78 While we agree that the Commission required such a filing be made in the Company's next rate filing, the Commission did not specify whether the rate filing was to be a PCORC or GRC and therefore, we find that the 2026 Protocol is properly before us at this time.<sup>134</sup>

79 We next address Public Counsel's assertions that PacifiCorp has failed to provide alternatives – in the plural – to the WIJAM. On this point, we are not persuaded by PacifiCorp's arguments. In response to Public Counsel, PacifiCorp argues "if the Company proposed multiple allocations, as Public Counsel suggests, different states would likely select different allocations, which would continue the current trend of over-

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<sup>130</sup> Docket UE-230482, Order 07 at ¶ 111.

<sup>131</sup> Docket UE-230482, Order 07 at ¶ 148.

<sup>132</sup> PacifiCorp's Reply Brief, at ¶ 11.

<sup>133</sup> PacifiCorp's Reply Brief, at ¶ 11.

<sup>134</sup> Docket UE-230482, Order 07 at ¶ 111.

and under-allocating resources that Public Counsel separately criticizes.”<sup>135</sup> While we understand PacifiCorp’s concern, it does not justify or explain away the clear mandate of Order 07 to provide multiple alternatives. However, like Public Counsel, we do not find that this should result in an outright rejection of the 2026 Protocol at this time. Rather, it warrants further work on behalf of the Company in Phase 2, which we will address further below.

80 Having addressed that in this unique circumstance the 2026 Protocol is properly before the Commission, and that the scope of the allocation is proper as it relates almost exclusively to offsetting cost increases to NPC, we turn to the 2026 Protocol itself.

81 RCW 19.405.030(1)(a) requires that “[o]n or before December 31, 2025, each electric utility must eliminate coal-fired resources from its allocation of electricity.” Because the Commission anticipated the removal of coal from rates would have substantial rate impacts, the Commission ordered PacifiCorp to file a PCORC by April 1, 2025, to remove coal from rates and consider revenue requirement adjustments that would offset increases to NPC.<sup>136</sup>

82 In combination, statute and Commission orders from two prior dockets required PacifiCorp to (1) remove coal resources from rates by December 31, 2025, (2) file a PCORC by April 1, 2025, to adjust NPC for the removal of coal and consider factors which might offset increases to NPC, and (3) propose alternative allocation methodologies to the WIJAM. Absent providing multiple allocation methodologies, PacifiCorp has substantially complied with all three requirements in this case.

83 We are particularly persuaded by and agree with all parties that the 2026 Protocol is a substantial improvement over the WIJAM and that “[c]ontinued use of the WIJAM would increase NPC by \$80 million in this case . . . .”<sup>137</sup> This is an important fact considering concerns with energy affordability recognized by the Commission and many parties in this docket.

84 The burden of proving that a proposed increase is just and reasonable is on the Company.<sup>138</sup> Further, the Commission determines the prudence of utility actions by

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<sup>135</sup> PacifiCorp’s Reply Brief, at ¶ 9.

<sup>136</sup> Docket UE-230172, Order 09/07 at ¶ 14.

<sup>137</sup> PacifiCorp’s Reply Brief, at ¶ 5.

<sup>138</sup> RCW 80.04.130(1).

reviewing whether the utility made reasonable business decisions in light of the facts and circumstances known or that reasonably should have been known to the utility at the time decisions were made.<sup>139</sup>

85 The record before us shows that between continuation of the WIJAM or adoption of the 2026 Protocol, there is a substantial difference in cost, with continuation of the WIJAM resulting in a rate increase of \$80 million as compared to a \$12 million increase under the 2026 Protocol.<sup>140</sup> Further, the parties appear to unanimously agree that the 2026 Protocol is an improvement over the WIJAM.<sup>141</sup> In reviewing what is fair, just, reasonable, and equitable in this state, we cannot say that a continuation of the WIJAM over the 2026 Protocol is fair, just, reasonable, or equitable. Further, in reviewing whether PacifiCorp's decision to propose the 2026 Protocol given what the Company knew or should have known at the time the decision was made, we cannot say the decision was unreasonable. Further, the 2026 Protocol removes coal from rates in Washington and is therefore compliant with RCW 19.405.030.<sup>142</sup> This removal of coal complies with both Commission order and CETA, which requires Washington electric utilities to remove coal from rates on or before December 31, 2025.<sup>143</sup>

86 On the issue of costs as it relates to this decision, we find Public Counsel's and TEP's analysis persuasive. The Commission is well aware that PacifiCorp customers have experienced significant rate increases in the recent past.<sup>144</sup> Further, TEP is correct in arguing that "[t]hese bill increases were primarily driven by an overreliance on the market purchase, stemming from a failure to procure sufficient resources over the past 15 years."<sup>145</sup> With this context, we find the 2026 Protocol presents the best alternative before us.

87 While this filing still increases rates, the increase is substantially mitigated as compared to the alternative before us. This finding is further supported by the public comments

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<sup>139</sup> *WUTC v. Puget Sound Energy, Inc.*, Docket UE-031725, Order 12 at ¶ 19 (Apr. 7, 2004).

<sup>140</sup> If NPC were calculated using the WIJAM instead of the 2026 Protocol, NPC would have increased by \$80 million. PacifiCorp Workpaper WA\_PCORC\_2026\_WA Update CONF.xls.

<sup>141</sup> *See*, Staff's Initial Brief, at ¶ 2; Public Counsel's Initial Brief, at ¶ 2; AWEC's Initial Brief, at ¶ 7; TEP's Reply Brief, at ¶ 3.

<sup>142</sup> Mitchell, RJM-1CT at 7:7.

<sup>143</sup> RCW 19.405.030(1)(a).

<sup>144</sup> *See e.g.*, TEP Reply Brief, at ¶ 1 (identifying TEP's view that PacifiCorp's rates have increased 71 percent in the last four years).

<sup>145</sup> TEP Reply Brief, at ¶ 1.

submitted in this docket, which specifically addressed the concerns raised by Public Counsel and TEP, and provide further persuasive evidence in support of the 2026 Protocol.<sup>146</sup> To allow the WIJAM to continue operating would be to ignore these concerns of affordability in favor of obtaining further information on how the 2026 Protocol will operate in the future, which appears unjust.

88 We recognize Staff's, Public Counsel's, AWEC's, and TEP's concerns regarding the 2026 Protocol, which we address further below, but despite any potential imperfections in the 2026 Protocol, the record before the Commission demonstrates that it is more fair, just, reasonable, and equitable to PacifiCorp customers. Specifically, we address conditions proposed by Staff, Public Counsel, and TEP in the next section.

### *B. Allocation of Specific Resources and Phase 2*

#### *Overview*

89 The 2026 Protocol reallocates certain generation assets to Washington state that we describe below, and which, if adopted, would result in changes to NPC and non-NPC costs. While there appears to be broad recognition that the 2026 Protocol is an improvement over the WIJAM, parties to this case request the Commission make several adjustments to allocations contained in the 2026 Protocol.

90 PacifiCorp proposes the following resource allocation changes under the 2026 Protocol:

- a. Situs-assigning Chehalis natural gas plant to Washington;
- b. Increasing Washington's share of the Rolling Hills Wind facility from 7.9 percent to 34.9 percent;
- c. Removing Hermiston natural gas from Washington rates; and
- d. Situs assigning the costs of new resources identified for Washington after April 1, 2025.<sup>147</sup>

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<sup>146</sup> We further note that work is ongoing to protect low-income customers. The WIJAM is simply not good for customers any longer, and we appreciate PacifiCorp presenting an alternative. We believe the 2026 Protocol will lessen market reliance, which is supported by Company testimony and has been an issue non-company parties and the Commission have advocated for in prior dockets.

<sup>147</sup> Steward, Exh. JRS-1T at 5:11–31.

91 PacifiCorp further proposes moving from dynamic allocation factors to SG-F, as discussed above. While this topic will be addressed further below, PacifiCorp’s proposal does impact the allocation of Jim Bridger’s converted natural gas units 1 and 2, which is discussed in relation to resource allocation.<sup>148</sup> Taken together, PacifiCorp’s 2026 Protocol includes the following allocations:

**Table 3: Washington Allocation Factors<sup>149</sup>**

<b>Plant Name/Resource Type</b>	<b>Allocation Factor/Assignment</b>
Chehalis, Natural Gas	100%
Jim Bridger 1 & 2, Natural Gas	7.897%
Rolling Hills Wind	34.872%
Existing Non-Emitting Resources (non-QFs)	7.897%
Washington Qualifying Facilities	100%

92 PacifiCorp argues that the dispatchable generation provided from assignment of Chehalis and Jim Bridger Units 1 and 2 to Washington “is necessary to integrate additional renewable generation and maintain system balance.”<sup>150</sup> The Company further argues siting assigning Chehalis is consistent with the goals of CETA, enabling “the ability to provide reliable service while adding non-emitting, non-dispatchable resources . . . [and] . . . to make future operational changes to optimize for Washington issues . . . .”<sup>151</sup>

93 Regarding the assignment of Rolling Hills, an existing wind facility in Wyoming, PacifiCorp proposes increasing Washington’s allocation to 34.873 percent by assigning a portion of the plant which is currently unallocated.<sup>152</sup> While several parties raise concerns that Rolling Hills is a high-cost generation source that led to the unallocated portion being disallowed in Oregon, PacifiCorp argues the assignment will increase CETA-compliant generation “at a cost that is substantially lower than any available alternative.”<sup>153</sup> PacifiCorp further argues that the Commission should approve the increase in allocation because the Commission has previously found Washington’s

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<sup>148</sup> Steward, Exh. JRS-1T at 5:11–15.

<sup>149</sup> Wilding, Exh. MGW-1CT at 2:22–3:1.

<sup>150</sup> PacifiCorp’s Initial Brief, at ¶ 40; *see also* Wilding, Exh. MGW-5CT at 7:7–13.

<sup>151</sup> PacifiCorp’s Initial Brief, at ¶ 17.

<sup>152</sup> Link, Exh. RTL-1T at 8:10–13.

<sup>153</sup> PacifiCorp’s Initial Brief, at ¶ 34 *citing* Wilson, Exh. JDW-1Tr at 9:15–20.

existing allocation of Rolling Hills prudent, and that other parties fail to account for CETA benefits, PTC benefits, and the social cost of greenhouse gas.<sup>154</sup>

94 Finally, regarding next steps, PacifiCorp argues in favor of a “phased approach for implementing its modified cost allocation methodology.”<sup>155</sup> PacifiCorp states that the 2026 Protocol is the first phase of allocation changes and argues Phase 2 should begin no earlier than 2028 and will include “fixed allocation factors for other states, system allocation of transmission assets, and coal generation decommissioning costs.”<sup>156</sup> PacifiCorp argues Staff’s proposals for Phase 2 are overly burdensome and includes requirements that are not related to allocations moving forward.<sup>157</sup>

*Positions on Chehalis and Jim Bridger Units 1 & 2*

95 Staff was initially supportive of PacifiCorp’s reallocation of resources, apart from arguing that it may not be “reasonable for Washington customers to pay for Rolling Hills energy without some cost consideration to reflect the fact that it is a high-cost resource subject to high curtailment rates.”<sup>158</sup>

96 However, in briefing, Staff asks the Commission to defer decisions on reallocation until the Company’s next GRC.<sup>159</sup> Staff raises concerns over the assignment of Chehalis, noting problems with overcollection,<sup>160</sup> 2026 Protocol implementation in other states,<sup>161</sup> PacifiCorp’s motivations for assigning Chehalis to Washington,<sup>162</sup> and compliance with CETA in 2030.<sup>163</sup>

97 Regarding 2026 Protocol implementation in other states, Staff voices concerns that Chehalis is currently assigned to other states, meaning PacifiCorp is collecting rates for

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<sup>154</sup> Link, Exh. RTL-3T at 7:2–9, 8:4 – 9:10.

<sup>155</sup> PacifiCorp’s Initial Brief, at ¶ 54 *citing* Link, Exh. RTL-1T at 3:7 – 4:2.

<sup>156</sup> PacifiCorp’s Initial Brief, at ¶ 54 *citing* Link, Exh. RTL-1T at 3:19–20, 5:17–19, 7:1–7, and 18:15–23.

<sup>157</sup> PacifiCorp’s Initial Brief, at ¶ 56.

<sup>158</sup> Wilson, Exh. JDW-1Tr at 25:16–20.

<sup>159</sup> *See generally*, Staff’s Initial Brief, at ¶¶ 14–45.

<sup>160</sup> Staff’s Initial Brief, at ¶ 18.

<sup>161</sup> Staff’s Initial Brief, at ¶ 19.

<sup>162</sup> Staff’s Initial Brief, at ¶ 22.

<sup>163</sup> Staff’s Initial Brief, at ¶¶ 22–24.

that asset in other states.<sup>164</sup> While Staff recognizes PacifiCorp’s commitment to file deferrals in other states,<sup>165</sup> Staff is specifically concerned over the timing of those deferral filings leading to overcollection of costs related to Chehalis and how deferrals and situs assigning Chehalis to Washington will impact depreciation and remediation costs for Chehalis.<sup>166</sup> Staff argues that postponing the decision on Chehalis until a full GRC will provide a better picture as to how these issues will be resolved, and therefore asks the Commission to defer allocation of Chehalis – and the 2026 Protocol – at this time.<sup>167</sup>

98 In response, PacifiCorp argues deferral of a decision on the 2026 Protocol will “create uncertainty that will undermine PacifiCorp’s Washington-specific resource planning . . . .”<sup>168</sup> Additionally, PacifiCorp asserts that the 2026 Protocol is properly before the Commission as part of this PCORC. PacifiCorp argues that Order 07 in Docket UE-230482 specifically required PacifiCorp to “provide an alternative for cost allocation more beneficial to Washington ratepayers[,]” and that the Company was required to make such a proposal “in its next rate case filing in 2025.”<sup>169</sup>

99 Regarding PacifiCorp’s motivations for assigning Chehalis to Washington and CETA compliance, Staff argues that PacifiCorp has a distinct interest in assigning Chehalis entirely to Washington because it has not been allowed to recover CCA costs associated with Chehalis in other states.<sup>170</sup> Finally, on the issue of CETA compliance, Staff echoes concerns raised by Public Counsel that the 2026 Protocol will impact PacifiCorp’s ability to comply with CETA obligations in 2030.<sup>171</sup> Staff emphasizes that beginning in 2030,

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<sup>164</sup> Staff’s Initial Brief, at ¶ 19.

<sup>165</sup> Steward, TR 96:11–14.

<sup>166</sup> Staff’s Initial Brief, at ¶¶ 19–20.

<sup>167</sup> Staff’s Initial Brief, at ¶¶ 20–21.

<sup>168</sup> PacifiCorp Initial Brief, at ¶ 23.

<sup>169</sup> PacifiCorp Initial Brief, at ¶ 9 *citing* Docket UE-230482, Order 07 at ¶ 111 (“[I]n its next rate case filing in 2025, the Commission requires the Company to . . . provide an alternative for cost allocation more beneficial to Washington ratepayers.”); Exh. RTL-2 at 1 (“The Washington 2026 Protocol includes modifications to the WIJAM subject to approval by the Commission[.]”).

<sup>170</sup> Staff’s Initial Brief, at ¶ 17 *citing In re PacifiCorp d/b/a Pac Power 2024 Transition Adjustment Mechanism*, OPUC Docket UE 420, Order 23-404, at 1 (Oct. 27, 2023); *In re Rocky Mountain Power’s Application for Approval of \$62.4 Million ECAM Deferral*, Case No. IPUC Docket PAC-E-24-05, Order 36207, at 11-12 (May 31, 2024); *see also PacifiCorp v. Watson*, No. 3:23-cv-06155-TMC (W.D. Wash. Jul. 15, 2024), *appeal docketed*, No. 24-4803 (9th Cir. Aug. 6, 2024).

<sup>171</sup> Staff’s Initial Brief, at ¶ 22–23.

CETA requires utilities to serve retail load in the state with 80 percent renewable, non-emitting generation.<sup>172</sup> Staff argues that with situs assignment to Washington, Chehalis will make up 59.7 percent of load serving resources, and that such action may not comport with the Company’s medium and long-term CETA obligations.<sup>173</sup>

100 Staff reasserts in its reply brief that reallocation of Chehalis should be deferred, arguing this is a “situation ripe for overallocation” as Chehalis is still assigned to other states, and Chehalis is an emitting plant, which may create CETA compliance issues as the Company approaches 2030.<sup>174</sup>

101 While Public Counsel initially recommended the Commission adopt an alternative allocation methodology that would include only non-emitting renewable resources, Public Counsel changed its recommendation on brief. Instead, Public Counsel recommends adoption of the 2026 Protocol on a limited basis and makes specific recommendations regarding the allocation of gas resources.

102 Public Counsel asserts the Commission “should impose conditions on the allocation of additional gas plant to ensure fairness to Washington customers in the future.”<sup>175</sup> Specifically, Public Counsel argues that the “2026 Protocol over-allocates gas-fired generation to Washington in a manner that borders on recklessness.”<sup>176</sup> In order to cure this concern, Public Counsel recommends that the Commission “remove Jim Bridger Units 1 and 2 from rates as recommended by AWEC witness, Bradley Mullins, and Public Counsel witness, Dr. Robert L. Earle.”<sup>177</sup> “[T]he Jim Bridger units are both unnecessarily costly and inefficient, but also inconsistent with the Company’s environmental compliance obligations.”<sup>178</sup>

103 Public Counsel recommends the Commission “order the Company’s gas units . . . be removed from Washington rate base by December 31, 2029, with the exception of retirement costs based on historic usage and allocation.”<sup>179</sup> This recommendation is

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<sup>172</sup> Staff’s Initial Brief, at ¶ 23, *citing* RCW 19.405.060(1)(a)(i) and (ii).

<sup>173</sup> Staff’s Initial Brief, at ¶ 24.

<sup>174</sup> Staff’s Reply Brief, at ¶¶ 4–6.

<sup>175</sup> Public Counsel Initial Brief, at ¶ 49.

<sup>176</sup> Public Counsel Initial Brief, at ¶ 23.

<sup>177</sup> Public Counsel Initial Brief, at ¶ 50.

<sup>178</sup> Public Counsel Initial Brief, at ¶ 52–53.

<sup>179</sup> Public Counsel Initial Brief, at ¶ 51.

directly related to Phase 2, as Public Counsel posits that this specific assurance would better serve the public than the “vague assurance” of a “second phase transition.”<sup>180</sup> Public Counsel questions whether a commitment to remove these units would be onerous, since the “Company’s own 2025 Clean Energy Implementation Plan (CEIP) anticipates no emitting resources will serve Washington customers in 2030.”<sup>181</sup>

- 104 Finally, Public Counsel argues the Commission should “order that non-retail CCA costs (or any increased CCA expense) should be borne by PacifiCorp’s shareholders, not its retail customers.”<sup>182</sup>
- 105 In its reply brief, TEP focuses on the increase in costs for PacifiCorp customers in recent years. In large part due to the steep increases in costs, TEP recommends that the Commission lower bills in the short term by accepting the increase in allocation of Chehalis and the 2026 Protocol on an interim basis, subject to conditions.<sup>183</sup>
- 106 However, TEP also uses half of its brief to remind the Commission of the contents of the 2022 PCAM Order and CEIP rejection.<sup>184</sup> TEP posits that “it is not in the public interest to increase rates in this proceeding,” when the proposal is “[w]ithout investments in non-emitting energy that are needed to show progress towards meeting the Company’s CETA targets[.]”<sup>185</sup> “When PacifiCorp finally gets around to investing in sufficient CETA-compliant resources, customers will be asked to pay.” Here, “TEP questions whether an over-allocation of gas plants and high-cost wind resources is the kind of progress the Commission was looking for.”<sup>186</sup> TEP agrees with Public Counsel that the 2026 Proposal “over-allocates gas-fired generation to Washington in a manner that borders on recklessness.”<sup>187</sup>

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<sup>180</sup> Public Counsel Initial Brief, at ¶ 52.

<sup>181</sup> Public Counsel Initial Brief, at ¶ 53.

<sup>182</sup> Public Counsel Initial Brief, at ¶ 53.

<sup>183</sup> TEP Reply Brief, at ¶ 3, 22–23. First, TEP recommends that the Commission ensure that Washington ratepayers do not pay for investments that extend the life of the fossil resource by decades. Second, TEP recommends that PacifiCorp be required to propose in the next GRC an allocation of fossil resources that aligns with CETA.

<sup>184</sup> TEP Reply Brief, at ¶ 6–13.

<sup>185</sup> TEP Reply Brief, at ¶ 11.

<sup>186</sup> TEP Reply Brief, at ¶ 12.

<sup>187</sup> TEP Reply Brief, at ¶ 18 *citing* Public Counsel Initial Brief, at 12.

- 107 In its reply brief, PacifiCorp asserts that the arguments opposing situs assignment of Chehalis - that it will have limited benefit after 2030 - are based on an incomplete analysis of CETA.<sup>188</sup> PacifiCorp argues Chehalis can continue serving Washington after 2030, and that CETA does not exclude any type of resource from Washington rates beyond coal.<sup>189</sup> Without Chehalis, the Company argues it would need to acquire even more new non-emitting resources, which may threaten affordability, and that without dispatchable resources, reliability may also be threatened.<sup>190</sup> In response to Staff's concerns that Chehalis assignment may allow PacifiCorp to put off acquiring CETA-compliant resources, the Company argues the dispatchable nature of Chehalis allows "the Company to acquire more CETA-compliant resources while maintaining affordability and reliability . . . ." <sup>191</sup>
- 108 Further, PacifiCorp argues that Public Counsel's proposal that non-retail CCA costs and any increases to CCA expenses should be borne by shareholders is inconsistent with cost causation, and, contrary to Public Counsel's assertions, the Company will consider CCA costs in dispatch.<sup>192</sup>
- 109 AWEC supports the assignment of 100 percent of Chehalis to Washington customers.<sup>193</sup> AWEC notes that Public Counsel has backed away from its original testimony of completely disallowing Chehalis.<sup>194</sup> AWEC describes Public Counsel's new position as a proposal "to create a subscription-based payment system where, if a resource is over-allocated to a PacifiCorp jurisdiction based on need, other jurisdictions that are 'short' on resource adequacy can 'subscribe' to a resource to meet their needs."<sup>195</sup>
- 110 While AWEC is supportive of the assignment of Chehalis, "AWEC recommends that PacifiCorp remove Jim Bridger Unites 1 & 2 from rates entirely. Removing Jim Bridger Units 1 & 2 fully from customer rates will provide a net benefit to customers both from a

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<sup>188</sup> PacifiCorp's Reply Brief, at ¶ 19.

<sup>189</sup> PacifiCorp's Reply Brief, at ¶ 19 *citing* RCW 19.405.040(1).

<sup>190</sup> PacifiCorp's Reply Brief, at ¶ 19 *citing* Wilding, TR 251:5-14; Steward, TR 62:23 - 63:5; Wilding, Exh. MGW-1CT at 9, Confidential Figure 3; Wilding, Exh. MGW-5CT at 5:3 - 6:4.

<sup>191</sup> PacifiCorp's Reply Brief, at ¶ 21.

<sup>192</sup> PacifiCorp's Reply Brief, at ¶ 24 *citing* Steward, Tr. 77:5-10.

<sup>193</sup> AWEC Initial Brief, at ¶ 9; *see also*, Mullins, Exh. BGM-1CT at 66:15 - 67:2.

<sup>194</sup> AWEC Initial Brief, at ¶ 10.

<sup>195</sup> AWEC Initial Brief, at ¶ 10 *citing* Earle, TR 405:13-406:18.

cost and emissions perspective.”<sup>196</sup> AWEC posits that PacifiCorp’s concern over resource adequacy is addressed by the 100 percent allocation of Chehalis to Washington.<sup>197</sup> If the Commission found that reliability was insufficient by the Chehalis assignment, AWEC recommends as an alternative to Bridger Units 1 & 2, that the Commission allocate additionally from the Hermiston Plant.<sup>198</sup>

111 In response to AWEC’s argument that Jim Bridger Units 1 and 2 should be removed from rates entirely, PacifiCorp argues inclusion of those units bolsters the ability of the Company to include renewable generation, supporting transfers from the eastern balancing authority.<sup>199</sup> Witness Wilding provides clarity explaining that as wind and solar fluctuate throughout the day, “Jim Bridger Units 1 & 2 respond accordingly” to “support[] the transfer of energy from the PacifiCorp East (PACE) Balancing Authority Area to PACW . . . .”<sup>200</sup>

*Positions on Rolling Hills Wind*

112 In addition to the rejection of the situs assignment Chehalis to Washington, Staff urges the Commission to reject the proposed increased share of Rolling Hills to Washington at this time – deferring any such determination to the Company’s next rate case.<sup>201</sup> First, Staff identifies the prudence of Rolling Hills as an open question, unanswered in the resolution of previous filings.<sup>202</sup> Second, Staff raises concerns of the “demonstrably high cost and technical limitations of Rolling Hills.”<sup>203</sup> It was for this reason that the Oregon Commission disallowed a quarter of its cost in 2008, and those costs have remained unassigned until now.<sup>204</sup> Third, Staff takes issue with the Company’s preferential curtailment of its generation capacity, causing Washington ratepayers to receive fewer

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<sup>196</sup> AWEC Initial Brief, at ¶ 13 *citing* Mullins, Exh. BGM-1CT at 67:1–2; *see also* Mullins, Exh. BGM-1CT at 68:1–15, 69:9–20.

<sup>197</sup> AWEC Initial Brief, at ¶14.

<sup>198</sup> AWEC Initial Brief, at ¶ 15.

<sup>199</sup> PacifiCorp’s Reply Brief, at ¶ 26 *citing* Wilding, Exh. MGW-5CT at 7:7–22.

<sup>200</sup> Wilding, Exh. MGW-5CT at 7:11–17.

<sup>201</sup> Staff’s Initial Brief, at ¶ 26.

<sup>202</sup> Staff’s Initial Brief, at ¶¶ 27–30 *citing* ¶ 62 of Order 09/07/12 of Dockets UE-181024; UE-190750; UE-190929; UE-190981; UE-180778.).

<sup>203</sup> *Id.* at ¶¶ 31–35

<sup>204</sup> *Id.* at ¶ 32.

production tax credits. Further, Staff claims the unreliability of Rolling Hills will create shortfalls, increasing the need for market purchases.

- 113 Based on these concerns, Staff recommends that the Commission defer the reallocation of the Rolling Hills wind facility until the next GRC and after a full prudency review of the facility. If the plant were to be allowed into rates, Staff posits the Commission should do so at a discounted rate due to the facility's high cost.<sup>205</sup> Staff asserts that PacifiCorp has failed to address the high cost of this plant.<sup>206</sup> Staff emphasizes that its analysis "compares between like facilities" whereas PacifiCorp's analysis compares to the cost of current market purchases which is inapt.<sup>207</sup>
- 114 Public Counsel recommends the Commission disallow 60.1 percent of the Rolling Hills wind "facility to account for its outsized cost to consumers."<sup>208</sup> Public Counsel notes the facility's "low capacity factor" as a driver of costs, further noting that "the cost of Rolling Hills is \$102.09/MWh. By contrast, the cost of PacifiCorp constructing additional wind resources over the past decade would have been \$40.85/MWh."<sup>209</sup> "To allow the Company to recover the full amount of the facility would effectively reward it for having not acquired additional wind generation earlier. The Commission should recognize the imprudence of the cost of Rolling Hills and reduce the non-NPC costs of Rolling Hills from \$7.5 million to \$3.4 million."<sup>210</sup>
- 115 In reply briefing, Public Counsel asserts that the "Company fails to rebut the parties' proposed disallowances of Rolling hills."<sup>211</sup> The Company failed to consider "any cheaper alternatives," indeed the record is lacking as to whether the "Company even considered allocating a greater portion of cheaper wind facilities with greater capacity factors . . . or any other PacifiCorp wind resource that could be had at a cheaper price."<sup>212</sup> Public Counsel asserts that the non-company parties have demonstrated that "the benefits of Rolling Hills do not match the increased costs." Further, the "Company erroneously cites the matching principle to argue the Commission cannot accept the increased

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<sup>205</sup> Staff's Reply Brief, at ¶ 7.

<sup>206</sup> Staff's Reply Brief, at ¶ 8.

<sup>207</sup> Staff's Reply Brief, at ¶ 9.

<sup>208</sup> Public Counsel Initial Brief, at ¶¶ 45–47.

<sup>209</sup> Public Counsel Initial Brief, at ¶ 48.

<sup>210</sup> Public Counsel Initial Brief, at ¶ 48.

<sup>211</sup> Public Counsel Reply Brief, at ¶ 16.

<sup>212</sup> Public Counsel Reply Brief, at ¶ 16.

allocation of Rolling Hills at a discounted cost. Here, the Company is mistaken. PacifiCorp must demonstrate that both the increased allocation and the cost of the resource is prudent.”<sup>213</sup>

- 116 “AWEC opposes PacifiCorp’s increased allocation of Rolling Hills under the Company’s modeling approach. . . AWEC would not oppose this reallocation if the Commission also accepts AWEC’s adjustment to modeled wind curtailments.”<sup>214</sup>
- 117 AWEC notes that PacifiCorp has admitted that “no party [including itself has] provided a multi-year analysis of the benefits of Rolling Hills over the remaining life of the Facility.”<sup>215</sup> AWEC further notes PacifiCorp “has stated on the record that Rolling Hills has a lower PTC rate than other wind facilities on a cents-per-kilowatt-hour basis due to it being repowered.”<sup>216</sup> The non-PTC receiving units, which cannot be separately curtailed, make the facility less beneficial than others. Without adjusting the curtailment modeling, Rolling Hills “provides very little incremental benefit at the modeled output capacity factor.”<sup>217</sup>
- 118 Responding to arguments of the non-company parties, the Company argues that no party has challenged the prudence of Rolling Hills since its inclusion in rates in 2020.<sup>218</sup> Therefore, the Company argues “the Commission has already determined that Rolling Hills is an appropriate resource to be included in rates, and Staff does not argue that Rolling Hills should be removed from rates.”<sup>219</sup> In further support, PacifiCorp notes that Public Counsel acknowledges in briefing that Rolling Hills was “presumably . . . found prudent[.]”<sup>220</sup> Further, in response to the cost and curtailment concerns of Staff and Public Counsel, PacifiCorp argues Rolling Hills is curtailed before other wind facilities to

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<sup>213</sup> Public Counsel Reply Brief, at ¶ 19.

<sup>214</sup> AWEC Initial Brief, at ¶ 18; AWEC’s Reply Brief, at ¶¶ 14–15.

<sup>215</sup> AWEC’s Reply Brief, at ¶ 14.

<sup>216</sup> AWEC’s Reply Brief, at ¶ 14 *citing* Mitchell, TR 203:7–19.

<sup>217</sup> AWEC’s Reply Brief, at ¶ 15.

<sup>218</sup> PacifiCorp’s Reply Brief, at ¶ 27.

<sup>219</sup> PacifiCorp’s Reply Brief, at ¶ 27.

<sup>220</sup> PacifiCorp’s Reply Brief, at ¶ 28 *citing* Public Counsel’s Brief, at ¶ 47. We note that this quote leaves out important context. Public Counsel in the next sentence states “However, having 8 percent of Rolling Hills deemed prudent in 2009 does not automatically mean an additional 27 percent is prudent now.” *Id.*

maximize PTCs, that Washington benefits from the increase in PTCs, and that PacifiCorp is working to address transmission congestion to further reduce curtailments.<sup>221</sup>

*Positions on Phase 2*

119 In addition to addressing specific resources, Staff also requests the Commission further define what Phase 2 will look like and asserts that its recommendations for Phase 2 proposed in rebuttal testimony are not premature or unduly burdensome as PacifiCorp asserts.<sup>222</sup> Staff asks that Phase 2 include the following conditions:

1. No later than February 1, 2027, PacifiCorp shall initiate multi-party and multi-jurisdictional cost allocation framework discussions.
2. No later than March 1, 2028, PacifiCorp shall file a “Phase 2” cost allocation protocol in Washington, as referred to in its filings in Idaho, Oregon, Utah, and Wyoming. The “Phase 2” cost allocation protocol shall, at a minimum, reconsider those cost allocation decisions approved in the PCORC closely impacted by Washington’s implementation of CCA and CETA legislation. This specifically includes allocation decisions related to Chehalis and Jim Bridger Units 1 & 2.
3. In order to expedite review of in its “Phase 2” filing, PacifiCorp shall review the discovery requests from the PCORC proceeding. In its Phase 2 filing, it shall include workbooks and other information similar to that indicated in the testimony of witnesses Earle, Mullins, and Wilson to be of significant value in interpreting the protocol.
4. In its “Phase 2” filing, PacifiCorp shall include a demonstration as to how its NPCs and non-NPCs would be recovered in each of its jurisdictions. If the total recovery of any cost varies significantly from 100%, PacifiCorp will include an explanation as to why this is reasonable.
5. In its “Phase 2” filing, PacifiCorp shall include a demonstration of how PacifiCorp’s total cost recovery would vary, by jurisdiction, under each of the following four scenarios.

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<sup>221</sup> PacifiCorp’s Reply Brief, at ¶ 31.

<sup>222</sup> Staff’s Reply Brief, at ¶ 3 *citing* PacifiCorp’s Initial Brief, at ¶ 54.

- a. Load is higher than forecast across all jurisdictions.
  - b. Load is lower than forecast across all jurisdictions.
  - c. Load is higher than forecast in Washington and lower than forecast in all other jurisdictions.
  - d. Load is lower than forecast in Washington and higher than forecast in all other jurisdictions.
6. If the cost allocation framework discussions do not result in a broad agreement including multiple Washington parties, then PacifiCorp shall
- a. Consult with, at a minimum, AWEC, Staff, and the Public Counsel to obtain a consensus alternative cost allocation proposal representing a collective view of those parties; and
  - b. Include a full analysis of that alternative cost allocation proposal in the “Phase 2” filing.<sup>223</sup>

120 For Phase 2, AWEC argues that the 2026 Protocol is currently silent on decommissioning and remediation costs for gas-fired resources, and that this issue should be addressed in a future proceeding, presumably the Phase 2 proceeding, and that Washington customers should only be “responsible for no more than a pro rata allocation of [decommissioning and remediation] costs based on how long a resource was in Washington’s rates, relative to the total life of the facility.”<sup>224</sup>

121 In its reply brief, Public Counsel continues to question how the assignment of Chehalis and Jim Bridger Units 1 and 2 is consistent with long term compliance with Washington’s clean energy laws.<sup>225</sup> Public Counsel is skeptical that “vague references” to a future “Phase 2” is sufficient to ensure long-term compliance.<sup>226</sup> “PacifiCorp does not meaningfully dispute that Chehalis and Jim Bridger will be of limited use beginning 2030.”<sup>227</sup> This absence of planning “shifts extraordinary financial risk to Washington ratepayers.”<sup>228</sup> As a result, Public Counsel urges that the 2026 Protocol only be approved for the current case, and subject to certain conditions.

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<sup>223</sup> Hawkins-Jones, Exh. JHJ-1T at 6:15–8:11.

<sup>224</sup> AWEC Initial Brief, at ¶¶ 25–26.

<sup>225</sup> Public Counsel Reply Brief, at ¶ 9.

<sup>226</sup> Public Counsel Reply Brief, at ¶ 10.

<sup>227</sup> Public Counsel Reply Brief, at ¶ 11.

<sup>228</sup> Public Counsel Reply Brief, at ¶ 11–12.

- 122 Regarding Phase 2, Public Counsel notes it supports Staff’s recommendation that any Phase 2 filing be initiated by July of 2028.<sup>229</sup>
- 123 On the topic of Phase 2 as raised by Staff and AWEC, PacifiCorp ensures the Commission that PacifiCorp “will address decommissioning costs further in its future Phase 2 filing and that PacifiCorp retains the burden to prove any actual decommissioning and remediation costs were prudently incurred in a future rate proceeding.”<sup>230</sup> The Company asserts Staff’s Phase 2 proposals are overly burdensome, and that some of the information Staff seeks as part of Phase 2 exceeds the scope of Phase 2.<sup>231</sup>

### *Commission Decision*

- 124 We start this section by first addressing the changes in allocation recommended by various parties, specifically as it pertains to Chehalis, Rolling Hills, and Jim Bridger Units 1 and 2. We then turn to Staff’s proposals for Phase 2 and next steps.

### *Chehalis*

- 125 The non-company parties assert that the allocation of Chehalis will have little value beginning in 2030, and that the allocation “over-allocates gas-fired generation to Washington in a manner that borders on recklessness.”<sup>232</sup> Public Counsel further recommends that the solution is “to remove the gas units from rates before 2030.”<sup>233</sup>
- 126 On this point, we start by looking to statute. Public Counsel, TEP, and, to some degree Staff, focus on RCW 19.405.040(1)(a)(ii), which requires that beginning on January 1, 2030, electric utilities “use electricity from renewable resources and non-emitting electric generation in an amount equal to one hundred percent of the utility’s retail electric loads over each multiyear compliance period” through 2044. However, CETA also states “[t]hrough December 31, 2044, an electric utility may satisfy up to twenty percent of its compliance obligation under (a) of this subsection with an alternative compliance option

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<sup>229</sup> Public Counsel Reply Brief, at ¶ 10, fn. 10.

<sup>230</sup> PacifiCorp’s Reply Brief, at ¶ 38.

<sup>231</sup> PacifiCorp’s Reply Brief, at ¶¶ 54-57.

<sup>232</sup> TEP Reply Brief, at ¶ 18 *citing* Public Counsel Initial Brief, at 12.

<sup>233</sup> Public Counsel’s Brief, at ¶ 53.

consistent with this section.”<sup>234</sup> The Legislature then enumerates a series of options electric utilities may employ to satisfy alternative compliance.

- 127 We note that RCW 19.405.040 is distinguishable from RCW 19.405.030. The latter clearly requires coal resources to be removed from rates on or before December 31, 2025. For natural gas, “[i]t is the policy of the state that non-emitting electric generation and electricity from renewable resources supply one hundred percent of all sales of electricity to Washington retail electric customers by January 1, 2045.”<sup>235</sup> Accordingly, the operative date for emitting resources to be removed from rates is not January 1, 2030, but January 1, 2045.<sup>236</sup>
- 128 We take note of the statutory requirements to clarify what electric utilities are required to do. We agree with Staff, Public Counsel, and TEP that PacifiCorp will need to address and should be required to address how to operate Chehalis and Jim Bridger Units 1 and 2 in a way that is CETA compliant, but we do not agree that those operational challenges warrant deferral of the assignment today or a requirement that PacifiCorp then completely remove all natural gas resources from its resource stack or rates by 2030.
- 129 Rather, we agree with PacifiCorp that situs assigning Chehalis will result in “avoiding higher cost market purchases, generating revenue through market sales . . . , and meeting future resource adequacy requirements.”<sup>237</sup> We also note that despite the issues identified in accepting allocation of Chehalis, Public Counsel and TEP each recommend acceptance of the 2026 Protocol on a non-precedential basis, which includes the assignment of Chehalis.<sup>238</sup> Further, we agree with and recognize that at this time dispatchable generation like Chehalis is needed to maintain reliable service.<sup>239</sup> Harkening back to our earlier discussion regarding affordability, to ensure service remains reliable and affordable, and given that Chehalis involves a substantial portion of load serving generation in the 2026 Protocol, we find that the Commission should adopt the assignment of Chehalis to Washington as a situs resource.

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<sup>234</sup> RCW 19.405.040(1)(b).

<sup>235</sup> RCW 19.405.050(1).

<sup>236</sup> We further note that RCW 19.405.050 does not mandate that natural gas fired resources be removed from rates in 2045, only that the utility serve customers with 100 percent non-emitting electricity. If the utility fails to comply, the statute provides for penalties for non-compliance.

<sup>237</sup> PacifiCorp’s Reply Brief, at ¶ 19.

<sup>238</sup> See, Public Counsel’s Brief, at ¶¶ 42–44.

<sup>239</sup> See, Wilding, Exh. MGW-1T at 9, Confidential Figure 3 and Wilding, Exh. MGW-5CT at 5:3 – 6:4.

130 In relation to Public Counsel’s argument that the Company’s shareholders should be responsible for additional CCA costs due to the allocation of Chehalis, and that non-retail CCA costs should be excluded from rates, we need not reach a decision on the issue at this time. PacifiCorp will presumably apply to the Washington Department of Ecology for additional no-cost allowances as appropriate.<sup>240</sup> Any non-retail sales, and the associated CCA costs, from the results of the assignment of Chehalis will be addressed in relation to recovery of those costs at the appropriate time, but for us to adopt Public Counsel’s proposal now would be premature and unsupported by the record.

*Jim Bridger Units 1 and 2*

131 “AWEC recommends that PacifiCorp remove Jim Bridger Units 1 & 2 from rates entirely, arguing that removing Jim Bridger Units 1 & 2 fully from customer rates will provide a net benefit to customers both from a cost and emissions perspective.”<sup>241</sup> Public Counsel supports AWEC’s recommendation, arguing Jim Bridger Units 1 and 2 gas boilers are highly inefficient and have high emissions as compared to combined cycle plants like Chehalis.<sup>242</sup> If the Commission finds additional resource adequacy needs must be met, AWEC recommends replacing the allocation of Jim Bridger Units 1 and 2 with an allocation of Hermiston, which AWEC argues would provide close to the same capacity at a lower cost to customers.<sup>243</sup>

132 In response, PacifiCorp argues accepting AWEC’s position would create additional issues “both operationally and for managing CETA compliance.”<sup>244</sup> PacifiCorp argues first that Jim Bridger Units 1 and 2 help enable inclusion of renewable generation from the eastern balancing authority to the western balancing authority.<sup>245</sup> PacifiCorp also argues that, unlike Jim Bridger Units 1 and 2, Hermiston cannot decrease dispatch to serve Washington needs without harming customers in other states.<sup>246</sup> Further, PacifiCorp argues that removal of Jim Bridger Units 1 and 2 would further exacerbate an interstate

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<sup>240</sup> Link, RTL-1T at 13:17-20.

<sup>241</sup> AWEC Initial Brief, at ¶ 13 *citing* Mullins, Exh. BGM-1CT at 67:1–2; *see also* Mullins, Exh. BGM-1CT at 68:1–15, 69:9–20.

<sup>242</sup> Public Counsel’s Brief, at ¶ 50.

<sup>243</sup> AWEC’s Brief, at ¶ 15.

<sup>244</sup> PacifiCorp’s Reply Brief, at ¶ 26.

<sup>245</sup> Wilding, Exh. MGW-5CT at 7:7–22.

<sup>246</sup> Wilding, TR 258:20–24.

imbalance occurring to ensure Washington-allocated wind resources are deliverable, and that the resources needed for that deliverability are not only paid for by other states.<sup>247</sup>

133 Given the record before us, we accept the assignment of Jim Bridger Units 1 and 2 at this time. We find that as with the Chehalis assignment, CETA does not preclude Jim Bridger Units 1 and 2 being included in rates until 2045. Further, we find that the evidence before us suggests Jim Bridger Units 1 and 2 play a role in moving CETA compliant wind resources located in PacifiCorp's eastern balancing authority to the western balancing authority, and accordingly, the units serve a function that Hermiston does not. While parties argue that Jim Bridger Units 1 and 2 are less efficient than Hermiston and Chehalis, the evidence before us suggests the units continue to serve an important role that the other plants do not.

*Rolling Hills Wind*

134 Staff recommends the Commission either defer acceptance of Rolling Hills or accept the facility at a discounted cost.<sup>248</sup> “Public Counsel recommends the Commission accept the increased allocation in this filing but disallow 60.1 percent of its cost on account of PacifiCorp's failure to show the prudence of this increased allocation.”<sup>249</sup> AWEC argues that Rolling Hills should only be accepted if the Commission agrees with AWEC's wind modeling adjustments in NPC, which will result in fewer curtailments of Rolling Hills and therefore less cost.<sup>250</sup> AWEC further argues that the reason for Rolling Hills being preferentially curtailed is because of minimum output requirements for PacifiCorp's coal resources.<sup>251</sup>

135 In response, PacifiCorp argues that the non-company parties are all incorrect in their assertions that Rolling Hills is high cost. PacifiCorp specifically argues the parties “rely on flawed calculations” and “simply divid[e] the annual revenue requirement by its forecasted generation.”<sup>252</sup> PacifiCorp argues this methodology fails to account for additional benefits such as PTCs and avoidance of greenhouse gas emissions.<sup>253</sup>

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<sup>247</sup> PacifiCorp's Initial Brief, at ¶ 42.

<sup>248</sup> Staff's Reply Brief, at ¶ 7.

<sup>249</sup> Public Counsel's Reply Brief, at ¶ 15.

<sup>250</sup> See, AWEC's Reply Brief, at ¶ 14.

<sup>251</sup> Mullins, Exh. BGM-1CT at 35:10 – 36:5, Mullins, TR 490:20 – 492:12.

<sup>252</sup> PacifiCorp's Initial Brief, at ¶ 36.

<sup>253</sup> PacifiCorp's Initial Brief, at ¶ 36.

PacifiCorp also argues that comparisons to future facility costs do not provide immediate benefit, and that AWEC’s wind curtailment modeling adjustment is “based on unrealistic modeling . . . .”<sup>254</sup>

136 Having reviewed the parties’ recommendations and testimony on Rolling Hills, we find that a combination of various recommendations is appropriate. Staff, Public Counsel, and AWEC are correct that Rolling Hills appears to be a high cost facility as it is currently operated.<sup>255</sup> Despite PacifiCorp’s arguments that the calculations by all other parties are incorrect, as AWEC states in its reply brief, no party, including PacifiCorp, has calculated or provided a multi-year analysis of the benefits of Rolling Hills over the facility’s remaining life.<sup>256</sup> Further, while PacifiCorp argues the Commission has implicitly deemed Rolling Hills prudent through its inclusion in the WIJAM, we disagree. Just as PacifiCorp or any other company would need approval to recover some costly improvement or retrofit of existing plant, so too does a company need approval in substantially increasing customers’ share of existing plant – especially when such plant was never explicitly deemed prudent in the first place. Further, the question before us is not whether Rolling Hills was prudent upon its initial inclusion in Washington rates, but whether an increased share of Rolling Hills is prudent *now*.<sup>257</sup>

137 However, we do see value in increasing Washington’s share of Rolling Hills as suggested by PacifiCorp. Rolling Hills is a non-emitting resource, something which PacifiCorp has struggled to add meaningfully to Washington’s allocation, despite adding non-emitting resources on a system basis. The additional allocation of Rolling Hills is advantageous for “both CETA and CCA compliance . . . .”<sup>258</sup> Further, as PacifiCorp states, Rolling Hills is less expensive than what the Company might pay on the bilateral market to replace this CETA-compliant resource.<sup>259</sup> Accordingly there is value in adding the increased share of Rolling Hills. We are further convinced that the rate of curtailments factors into the cost of Rolling Hills, and that PacifiCorp should be prepared to discuss in Phase 2 a future adjustment to modeling as recommended by AWEC and discussed further below.

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<sup>254</sup> PacifiCorp’s Initial Brief, at ¶ 37.

<sup>255</sup> See, Mullins, Exh. BGM-1T at 70:13–18.

<sup>256</sup> AWEC’s Reply Brief, at ¶ 14.

<sup>257</sup> Emphasis added.

<sup>258</sup> Wilson, Exh. JDW-1T at 24:12–13.

<sup>259</sup> PacifiCorp’s Initial Brief, at ¶ 34 *citing* Wilson, Exh. JDW-1T at 8:10 – 9:20.

138 In considering whether Rolling Hills is prudent now, we accept the current financial impact of Rolling Hills in this proceeding and on an interim basis. We find that Rolling Hills provides substantial benefits in adding renewable generation to Washington and provides immediate progress in PacifiCorp's CETA compliance pathway. In doing so, we decline to disallow a majority of the costs associated with Rolling Hills being allocated at this time. Further, we do not agree with AWEC that minimum requirements for coal facilities result in Rolling Hills being curtailed, but we similarly recognize that without such curtailments, the resource would be lower cost. Accordingly, we require that PacifiCorp provide wind curtailment modeling in power cost proceedings moving forward. These reports should include the timing and frequency of curtailments, along with the associated reason for curtailment and impacts to facility capacity factor. This modeling will in turn flow into the next PCAM true-up and the next PCORC within the Company's next multiyear rate plan (MYRP). This will allow the Commission to build a more substantial record and make a final determination on Rolling Hills in Phase 2.

*Phase 2*

139 Having decided on the allocation of specific resources, we find it appropriate to now discuss Phase 2 of the 2026 Protocol. While some of Staff's recommendations relate to issues discussed in sections below, we address them now in relation to the assignment of specific resources.

140 PacifiCorp provides few details on what will be included in Phase 2, other than to assure the Commission that the Company will address decommissioning and remediation costs. Similarly, PacifiCorp argues Phase 2 should begin no sooner than 2028. Staff argues for more stringent guidelines and deadlines.

141 On this point, we agree with Staff. While we do not adopt Staff's conditions, we agree that Phase 2 cannot and should not be entirely without guidance and deadlines. To do otherwise would be to neglect our duties under statute to ensure that rates are fair, just, reasonable, sufficient, and equitable, and to ensure PacifiCorp is meaningfully progressing towards CETA compliance. As for Staff's specific proposals, we disagree that the recommendations are overly burdensome. While we agree with the spirit of the recommendations, we do share concerns with PacifiCorp over recommendations one and six. Those recommendations require PacifiCorp to reinitiate cost allocation discussions with multiple parties across jurisdictions and if those discussions fail, consult with AWEC, Staff, and Public Counsel on an alternative cost proposal, including a full

analysis of an alternative allocation proposal in Phase 2.<sup>260</sup> We share PacifiCorp's concern that "it is difficult to reach consensus among interested parties across PacifiCorp's diverse service area" and that reinitiating discussions is "unlikely to result in consensus."<sup>261</sup> However, we do find it appropriate for the Company to consult with the non-company parties on an alternative allocation proposal in Phase 2, separate from any multi-state discussions.

142 Accordingly, we impose the following conditions moving forward as it applies to Phase 2 and compliance with this Order:

1. PacifiCorp shall file an update 30 days after all other states have completed Phase 1 reviews. The update should include resource allocations to each state and decisions that impact resources allocated to Washington in this proceeding.
2. The Phase 2 filing shall include all relevant workbooks, plans for CETA compliance, and plans for the treatment of long-lived fossil assets. The Phase 2 filing shall also include a summary of Phase 1 results from other states. Prior to filing, the Company shall consult with Staff, Public Counsel, TEP, and AWEC and present its plans at a Recessed Open Meeting to identify appropriate data to include in this filing.
3. PacifiCorp shall present total cost recovery data for all of its resources across each of the six states it serves as a part of its Phase 2 filing.
4. PacifiCorp shall include a demonstration of how PacifiCorp's total cost recovery would vary, by jurisdiction, under a business-as-usual, high load, and low load scenario in its Phase 2 filing.
5. PacifiCorp shall present its Phase 2 proposal compared to two or more alternative methodologies that have been considered.
6. PacifiCorp shall file its Phase 2 filing at least 11 months before January 1, 2030, to ensure review for the 2030 CETA compliance requirements.

143 The above process provides time for review of the Phase 2 filing should PacifiCorp need to file a GRC to modify rates to meet the 2030 CETA requirements. This process also

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<sup>260</sup> Hawkins-Jones, Exh. JHJ-1T at 6:15–8:11.

<sup>261</sup> PacifiCorp's Initial Brief, at ¶ 57.

provides the Commission with sufficient information to verify that, collectively, PacifiCorp's protocol proposal(s) are not resulting in an over recovery of revenue requirement system wide or an individual resources. We further require PacifiCorp to address the deliverability of Washington-allocated wind resources in Phase 2, and as part of its alternative allocation methodologies, propose at least one alternative in which fossil resources are not necessary to move wind from the eastern balancing authority to the western balancing authority.

*C. System Factors and non-NPC costs*

- 144 As mentioned in relation to the 2026 Protocol discussion earlier in this Order, PacifiCorp proposes moving from SG factors to SG-F and changing the system overhead (SO) factor to align with the use of SG-F.<sup>262</sup> Specifically, the Company proposes all existing non-emitting resources and Jim Bridger Units 1 and 2, excluding qualified facilities and Rolling Hills, be allocated to Washington using a new SG-F factor.<sup>263</sup> “The SG-F factor is 7.897 percent.”<sup>264</sup> For Rolling Hills, as discussed above, the SG-F will be 34.873 percent.<sup>265</sup> In essence, the changing to an SG-F factor will fix the percentage of generation of those identified resources that Washington is allocated to serve load.
- 145 PacifiCorp further proposes to change the current SO factor which is currently “dependent on SO-allocated gross plant balances, a calculation that complicates the generation realignment PacifiCorp is proposing in this case.”<sup>266</sup> The SO factor proposed is the average of system capacity, system energy, and system gross plant distribution, which considers capacity, energy, and distribution plant allocation not affected by realigning generation.<sup>267</sup> The Company's proposal increases Washington's current SO factor from 7.085 percent to 7.669 percent.<sup>268</sup>
- 146 With the changes proposed through the 2026 Protocol, and the proposed changes to SO factors and moving to SG-F factors, there are associated non-NPC costs that PacifiCorp seeks to collect as summarized in Table 2 of this Order. Altogether, the non-NPC cost

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<sup>262</sup> Steward, Exh. JRS-1T at 5:6 – 6:4.

<sup>263</sup> Link, Exh. RTL-1T at 7:17–21, 10:8–14.

<sup>264</sup> Link, Exh. RTL-1T at 8:1–3.

<sup>265</sup> Link, Exh. RTL-1T at 8:8–13.

<sup>266</sup> Link, Exh. RTL-1T at 17:14–20.

<sup>267</sup> Link, Exh. RTL-1T at 17:20–23.

<sup>268</sup> Link, Exh. RTL-1T at 18:1–3.

impacts total \$19.0 million. PacifiCorp argues that because the Company has proposed allocating a fixed generation portfolio to offset the increases to NPC from removing coal from rates, “[t]he matching principle requires that costs and revenues be accounted for at a similar point in time.”<sup>269</sup>

147 Staff was initially supportive of the Company’s proposal to move to SG-F factors under the following conditions: (1) the SG-F factors should not be fixed permanently, but updated in subsequent PCORCs or GRCs, (2) the weighting of the SG-F factor should be amended from 75 percent capacity and 25 percent energy to 33 percent capacity and 67 percent energy, and (3) if a resource is procured to serve load in a jurisdiction in the future, it should be situs assigned to that state.<sup>270</sup>

148 However, as with other components of the 2026 Protocol, Staff now recommends that the Commission should “postpone acceptance of the Company’s proposals for the system overhead (SO) factor and system generation factor (SG-F) until the Company’s next GRC.”<sup>271</sup> Staff requests that the Commission order PacifiCorp to submit additional evidence supporting its formulation of these factors, because Staff does not believe the Company has met its burden of proof. Specifically, in relation to the weighting of the SG-F factor “Staff simply cannot find it reasonable to base current allocation decisions on the findings of a negotiated discussion paper that is more than 20-years old and admits on its face to not being 100% factually based.”<sup>272</sup>

149 Alternatively, if the Commission were to accept the 2026 Protocol, Staff suggests that the order require a periodic update of the SG-F and SO in each future GRC, which is consistent with Staff witness Wilson’s second recommendation.<sup>273</sup> Staff argues the Commission should also order an adoption of the SG-F as the default allocation factor for all non-emitting resources,<sup>274</sup> “with project-specific situs or other allocation factors assigned where justified by jurisdictional funding.”<sup>275</sup> Finally, if the Commission accepts the 2026 Protocol, Staff recommends periodic updates to the SO factor in line with its

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<sup>269</sup> PacifiCorp’s Initial Brief, at ¶ 58.

<sup>270</sup> Wilson, Exh. JDW-1T at 30:20 – 31:2, 8:4–10, and 37:4–17.

<sup>271</sup> Staff’s Initial Brief, at ¶ 36.

<sup>272</sup> Staff’s Initial Brief, at ¶ 38.

<sup>273</sup> Staff’s Initial Brief, at ¶ 39.

<sup>274</sup> Staff’s Initial Brief, at ¶ 42.

<sup>275</sup> Wilson, Exh. JDW-1T at 8:15–17.

recommendations for updates to the SG-F factor to assess the reasonableness of the new weighting and outcomes in other jurisdictions.<sup>276</sup>

- 150 Public Counsel does not appear to provide any specific recommendations regarding SG-F and SO factors but does provide recommendations on non-NPC costs. Specifically, because of the high cost of Rolling Hills, Public Counsel recommends reducing the non-NPC costs of Rolling Hills from \$7.5 million to \$3.4 million.<sup>277</sup> Public Counsel further points to non-NPC costs – and the associated risks imposed on Washington ratepayers – as an additional reason in support of its recommendation to defer finalizing the adoption of the 2026 Protocol.<sup>278</sup>
- 151 AWEC argues that Staff’s proposal to update the SG-F factors in each GRC or PCORC based on a four-year average would “effectively maintain dynamic allocation for Washington generation resources.”<sup>279</sup> AWEC argues that other jurisdictions served by PacifiCorp have grown at a faster rate than Washington’s load and keeping a dynamic – or effectively dynamic – allocation could result in Washington customers paying for a large share of resources today only to be allocated smaller shares of those same resources in the future. AWEC argues that by fixing the SG-F factor, Washington customers are likely to receive larger benefits from system resources over the long run, and fixing the SG-F factor further simplifies CETA compliance as it sets a clear portfolio upon which the Company can build upon.<sup>280</sup>
- 152 While AWEC is generally not supportive of the Commission approving the SO factor, AWEC does support the transition to SG-F factors, stating “a transition to a fixed system generation factor benefits Washington customers.”<sup>281</sup> AWEC notes that the WIJAM originally contemplated a shift to fixed allocation factors, and that PacifiCorp’s proposal now fulfills what was originally approved.<sup>282</sup>
- 153 In its reply brief, PacifiCorp argues in favor of fixing the SG-F allocation factor, stating that leaving the SG-F factor open to change in each GRC “would undermine certainty as

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<sup>276</sup> Staff’s Initial Brief, at ¶ 43.

<sup>277</sup> Public Counsel’s Initial Brief, at ¶ 48.

<sup>278</sup> Public Counsel’s Reply Brief, at ¶ 21.

<sup>279</sup> AWEC’s Initial Brief, at ¶ 20.

<sup>280</sup> AWEC’s Initial Brief, at ¶¶ 20–21.

<sup>281</sup> AWEC’s Initial Brief, at ¶ 19.

<sup>282</sup> AWEC’s Initial Brief, at ¶ 19 *citing* Link, Exh. RTL-1T at 4:11–14, 4:18–19.

PacifiCorp plans for CETA compliance.”<sup>283</sup> The Company rebuts Staff’s concerns over CETA compliance, stating the Company “is well aware of its legal obligations, but Staff’s proposal creates a moving compliance target as the non-emitting generation resources assigned to Washington change (and likely decrease) in every GRC.”<sup>284</sup>

154 PacifiCorp also disagrees with Staff’s other recommendations; namely that the weighting of capacity and energy be shifted, and that the SG-F be approved as the “default allocation factor” for all non-emitting generation – both existing and future. For weighting of the SG-F, PacifiCorp points to its 2013 GRC where the Company proposed shifting the weighting of capacity and energy.<sup>285</sup> In that case the Commission found there was “no reason to disturb” the weighting unless a party “demonstrates that any change proposed more closely aligns the allocation of costs based on causation[.]”<sup>286</sup> PacifiCorp argues Staff’s proposal here would create similar inconsistencies between Washington and other states, and therefore it should be rejected.<sup>287</sup>

155 PacifiCorp argues that Staff incorrectly asserts the 2026 Protocol does not include a default allocation factor for future non-emitting resources.<sup>288</sup> PacifiCorp states that the 2026 Protocol contemplates future non-emitting resources will be situs assigned to Washington if acquired for Washington unless cost-sharing with other states is justified.<sup>289</sup> PacifiCorp argues that accepting Staff’s proposal on this point again undermines acquisition of Washington-situs resources and CETA compliance.<sup>290</sup>

156 On reply, Staff reiterates its position that the Commission should defer a decision on the SG-F until the next GRC. In response to PacifiCorp’s arguments, Staff argues it has

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<sup>283</sup> PacifiCorp’s Reply Brief, at ¶ 33.

<sup>284</sup> PacifiCorp’s Reply Brief, at ¶ 33 *citing* Link, Exh. RTL-3T at 26:3–9.

<sup>285</sup> PacifiCorp’s Reply Brief, at ¶ 32 *citing* *WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-130043, Order 05 (Dec. 4, 2013).

<sup>286</sup> PacifiCorp’s Reply Brief, at ¶ 32 *citing* *WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-130043, Order 05 at ¶ 94 (Dec. 4, 2013).

<sup>287</sup> PacifiCorp’s Reply Brief, at ¶ 32.

<sup>288</sup> PacifiCorp’s Reply Brief, at ¶ 34.

<sup>289</sup> PacifiCorp’s Reply Brief, at ¶ 34 *citing* Link, Exh. RTL-2 at 2–3 (“PacifiCorp proposes that all existing non-emitting generation be allocated using the SG-F allocation factor and new resources acquired for Washington will be situs-assigned to Washington ‘unless circumstances justify a cost-sharing proposal with other states.’” Exh. RTL-2 at 2–3).

<sup>290</sup> PacifiCorp’s Reply Brief, at ¶ 34.

simply not had time to fully vet the issue in this proceeding.<sup>291</sup> Staff further notes that additional questions remain, including what “PacifiCorp would do in the event of oversubscription for Washington[.]”<sup>292</sup> Staff argues that the weighting of the SG-F factor was arbitrary in its adoption 35 years ago, and PacifiCorp’s argument for consistency presents a “logical fallacy absent actual, verifiable evidence.”<sup>293</sup>

157 With respect to the non-NPC costs, Staff reiterates its position that the Commission should deny non-NPC cost increases.<sup>294</sup> Staff argues that limiting rate increases was intended when the Commission required PacifiCorp to bring adjustments that would offset NPC in this PCORC, not to further increase rates as PacifiCorp now proposes, and that the Commission should deny non-NPC costs as contrary to Commission orders, ratemaking principles, and public interest.<sup>295</sup>

158 Turning more specifically to the SO factor and non-NPC costs, AWEC argues the Commission should defer review of non-NPC costs and SO factor allocation, arguing that such matters are outside the scope of a PCORC.<sup>296</sup> AWEC specifically takes issue with PacifiCorp adjusting the SO factor to address general and administrative expenses, which AWEC argues adds \$2.21 million to Washington rates.<sup>297</sup> AWEC further argues that PacifiCorp does not appear to suggest the SO factor be fixed, and if indeed the SO factor is intended to be dynamic, there is “no pressing need to address” it in this proceeding.<sup>298</sup> Regarding other non-NPC costs, AWEC recommends the Commission “should reserve its review of these provisions, including the updated SO factor allocation, transmission cost allocation, coal decommissioning and remediation costs, and PacifiCorp’s treatment of new large load.”<sup>299</sup>

159 AWEC reaffirms its support of the SG-F factor but adds to its argument regarding the SO factor. Despite PacifiCorp’s assertion that the SO factor would become overly weighted

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<sup>291</sup> Staff’s Reply Brief, at ¶ 11.

<sup>292</sup> Staff’s Reply Brief, at ¶ 11.

<sup>293</sup> Staff’s Reply Brief, at ¶ 11.

<sup>294</sup> Staff’s Reply Brief, at ¶ 12.

<sup>295</sup> Staff’s Reply Brief, at ¶ 12.

<sup>296</sup> AWEC’s Initial Brief, at ¶ 23.

<sup>297</sup> AWEC’s Initial Brief, at ¶ 24 *citing* Cheung, Exh. SLC-1T at 3–17 (in support of the change being done to address administrative expenses) and Cheung, Exh. SLC-1T at 9:19–21 (cost of SO factor change).

<sup>298</sup> AWEC’s Initial Brief, at ¶ 24.

<sup>299</sup> AWEC’s Initial Brief, at ¶ 23.

to generation, AWEC argues it “still results in a \$2.2 million cost shift to Washington despite Washington also picking up 100 [percent] of Chehalis.”<sup>300</sup> AWEC states that even if the SO factor is based in part on generation, “it is not designed to allocate resources” but “is used to allocate a wide range of costs, such as administrative and general costs, which are not directly tied to generation output.”<sup>301</sup> Because the SO factor is not directly tied to generation, AWEC recommends the Commission defer changes to the next GRC.<sup>302</sup>

160 In its reply, Public Counsel reaffirms its position that non-NPC costs should be deferred, arguing that “[i]f anything, the matching principle supports deferring the adoption of a final allocation methodology to a future proceeding where the Commission can holistically review the methodology...”<sup>303</sup>

161 PacifiCorp argues that non-Company party arguments concerning the SO factor ignore the risk that situs assigning resources to a particular state shifts substantial costs to that state and the SO factor is the solution to deal with that risk.<sup>304</sup> PacifiCorp further argues that the proposed weighting of the SO factor was agreed upon “as a Resolved Issue for the Post-Interim Period in the 2020 Protocol intended to apply as the Company moved to state-specific portfolios.”<sup>305</sup>

162 Finally, regarding non-NPC costs, PacifiCorp argues that the Company should be able to recover such costs in this proceeding. The Company applies the same reasoning for why the 2026 Protocol is appropriate for consideration in a PCORC; namely that the 2026 Protocol before the Commission is almost entirely formulated – with the exception of the SG-F – to address NPC and associated non-NPC costs related to the removal of coal from rates.<sup>306</sup> PacifiCorp argues the 2026 Protocol – and the inclusion of non-NPC costs – is “based on the principle of cost causation and the guiding principles that parties and the Commission have applied to prior cost allocation methodologies.”<sup>307</sup>

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<sup>300</sup> AWEC’s Reply Brief, at ¶ 18.

<sup>301</sup> AWEC’s Reply Brief, at ¶ 19.

<sup>302</sup> AWEC’s Reply Brief, at ¶ 19.

<sup>303</sup> Public Counsel’s Reply Brief, at ¶ 21.

<sup>304</sup> PacifiCorp’s Reply Brief, at ¶ 35.

<sup>305</sup> PacifiCorp’s Reply Brief, at ¶ 35 *citing* Hawkins-Jones, Exh. JHJ-2X at 39.

<sup>306</sup> PacifiCorp’s Reply Brief, at ¶ 11.

<sup>307</sup> PacifiCorp’s Reply Brief, at ¶ 12.

*Commission Decision*

- 163 Having reviewed the parties' positions, and changes to those positions, we find that the SG-F factor, SO factor, and non-NPC costs should all be approved in this filing. First, with respect to the SG-F factor, we agree with the fixed allocations of existing resources that directly corresponds to our decisions to accept the 2026 Protocol and individual resource allocations above. We find that accepting the SG-F is reasonable and in the public interest, as it increases Washington's share of existing renewable non-emitting resources and provides a foundation upon which to build towards CETA compliance.<sup>308</sup> <sup>309</sup> Further, we agree with both PacifiCorp and AWEC that the WIJAM contemplated a shift towards SG-F factors and that the filing before us now fulfills what was originally approved and contemplated.<sup>310</sup> In response to Staff's changed position, we simply do not see the benefit in continuing to delay the decision to adopt SG-F factors in Washington, as this move has been contemplated for and advocated for by parties for years and we find the record before us supports making the shift at this time.
- 164 For the SO factor and non-NPC costs, we agree with PacifiCorp that, when looking at this filing holistically, the matching principle should result in changes to the SO factor and non-NPC costs. While Public Counsel, AWEC, and Staff assert that such changes are simply for Company convenience<sup>311</sup> or inappropriate in this proceeding as they are not directly tied to generation or power costs,<sup>312</sup> we disagree.
- 165 We recognize that with a shift to SG-F factors and the 2026 Protocol generally, there are shifts in costs which, if left unaddressed, pose additional risks for near-term rate increases. We agree with PacifiCorp that "[t]he matching principle requires that costs and revenues be accounted for at a similar point in time."<sup>313</sup> While Public Counsel argues the matching principle means we should defer this decision to a time when we can also adjust the Company's return on equity, a sentiment with which we are sympathetic, we also recognize that the Commission's prior orders allowed for PacifiCorp to bring this filing as constructed. Specifically, in requiring PacifiCorp to bring a PCORC to remove coal

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<sup>308</sup> Link, Exh. RTL-1T at 8:1–3.

<sup>309</sup> Link, Exh. RTL-1T at 8:8–13.

<sup>310</sup> AWEC's Initial Brief, at ¶ 19 *citing* Link, Exh. RTL-1T at 4:11–14, 4:18–19.

<sup>311</sup> Moriyasu, Exh. CM-1T at 11:6–8.

<sup>312</sup> *See*, Staff's Initial Brief, at ¶ 36; Staff's Reply Brief, at ¶ 12; AWEC's Initial Brief, at ¶ 24; AWEC's Reply Brief, at ¶ 19.

<sup>313</sup> PacifiCorp's Initial Brief, at ¶ 58.

resources from rates and to consider revenue requirement adjustments that would offset increases to NPC, while also requiring the Company to bring forward a new allocation methodology to address our finding that the WIJAM did not appear to benefit ratepayers, it was foreseeable that these moves in combination would have some impact to non-NPC and system overhead costs.<sup>314</sup>

- 166 Staff argues that the reading of the two orders referenced should mean the Commission should deny non-NPC costs as contrary to Commission orders, ratemaking principles, and public interest because they do not offset increases to NPC.<sup>315</sup> While we did require the Company to look at offsets, we did not require that such a balancing exercise necessarily result in a rate decrease. Certainly, all parties at least recognized the possibility that removing coal from rates and proposing a new allocation methodology could result in any number of outcomes in which rates increased, remained static, or even decreased. We believe that the path taken here strikes a reasonable balance and strongly mitigates rate increases that would have otherwise been requested had the WIJAM remained in place. We also recognize that although Public Counsel, Staff, and AWEC all to varying degrees request we defer non-NPC and SO factor decisions, no party presents convincing evidence that the costs requested are unreasonable, unjust, or miscalculated, but rather focus on this being a PCORC proceeding. Simply stated, we do not find that reason alone sufficient to defer allowing these changes at this time.
- 167 Turning to the conditions proposed by Staff on acceptance of the SG-F factor, we decline to assign the SG-F factor for all future and existing non-emitting resources. Instead, we agree with PacifiCorp that the 2026 Protocol does contemplate treatment of future non-emitting resources, situs assigning those to the state for which they are procured or cost-sharing with other states as appropriate. We find that this approach is reasonable and is likely to result in Washington gaining in an increased share – up to 100 percent – in new non-emitting resources procured for Washington. This will dramatically increase PacifiCorp’s ability to plan for and move towards CETA compliance.
- 168 As for Staff and Public Counsel’s condition that the Commission allow for amendments to the SO factor and SG-F factor in future PCORCs, GRCs, and PCAM filings, we

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<sup>314</sup> Order 09/07, Dockets UE-230172 & UE-210852 (*consolidated*), at ¶ 14 (“removing coal[-]fired resources from rates is likely to have a significant effect on NPC...[and]...it would be appropriate to consider other revenue-requirement elements that may offset increases to NPC.”); Docket UE-230482, Order 07 at ¶ 111 (“[I]n its next rate case filing in 2025, the Commission requires the Company to ... provide an alternative for cost allocation more beneficial to Washington ratepayers.”).

<sup>315</sup> Staff’s Reply Brief, at ¶ 12.

partially agree. As AWEC mentions, PacifiCorp does not propose to permanently fix SO factors, accordingly no decision is needed to maintain the flexibility to amend the SO factor in the future.<sup>316</sup> For the SG-F factor, while we recognize the arguments of PacifiCorp and AWEC might well be true, we also recognize that we are the first state to make a decision on the 2026 Protocol. Certainly, it is possible that other states may make decisions regarding resources currently allocated to those states or Washington which may impact Washington's allocation. For example, a state currently assigned a portion of Chehalis may not be willing to relinquish that allocation. Similarly, states may be unwilling to be assigned Washington's share of Hermiston. It is also possible that after other states make decisions on the 2026 Protocol, there may be additional non-emitting resources to be allocated to Washington. While it may be that none of these possibilities comes to fruition, we cannot reasonably fix Washington's SG-F without knowing how other states decide on the 2026 Protocol. Accordingly, we find it appropriate to allow the parties to revisit the SG-F and SO factors in future proceedings, including Phase 2.

***D. Overcollection, Short-term firm***

- 169 Public Counsel argues that the Commission should open an investigation into where the Company has a “history of overcollection on short-term firm purchases allocated to Washington.”<sup>317</sup> Public Counsel accuses PacifiCorp of having “violated this Commission’s requirement that allocation of costs follow cost-causation principles.”<sup>318</sup> “[T]he fixed costs of Washington generation is overallocated and PacifiCorp is collecting a premium. On these facts, an investigation is appropriate. PacifiCorp was only entitled to recover its actual costs, not a bonus created through an accounting maneuver divorced from cost causation.”<sup>319</sup>
- 170 Public Counsel argues that “[w]ith respect to PacifiCorp’s short term firm purchase (STF), the parties are in agreement on the basic facts. PacifiCorp collected hundreds of millions of dollars in STF more than it paid.”<sup>320</sup> In response, PacifiCorp through witness Mitchell argues the overcollection is that the WIJAM balancing adjustment is not an

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<sup>316</sup> AWEC’s Initial Brief, at ¶ 24.

<sup>317</sup> Public Counsel Initial Brief, at ¶ 70.

<sup>318</sup> Public Counsel Initial Brief, at ¶ 63 *citing Wash. Utils. & Transp. Comm’n v. Pacific Power & Light Co*, Docket UE-161204, Order 06, ¶ 136 (Oct. 12, 2017).

<sup>319</sup> Public Counsel Initial Brief, at ¶ 63.

<sup>320</sup> Public Counsel Initial Brief, at ¶ 61 *citing* Earle, Exh. RLE-1CT at 26:17-19, Table 2.

actual cost, but an accounting rule as a proxy to value the energy shortfall.<sup>321</sup> Public Counsel argues that agreement with the WIJAM is not and should not be construed as a defense to overcollection.<sup>322</sup> Public Counsel argues that if the WIJAM resulted in a windfall to PacifiCorp, that is something no signatory agreed to, and is something that should be investigated.<sup>323</sup>

- 171 Staff on briefing shares concerns of overcollection, but primarily asserts that such concerns have a forward looking applicability and should be considered as a risk to adopting the 2026 Protocol as PacifiCorp shifts resources among the states.<sup>324</sup> Regarding the investigation sought by Public Counsel, Staff states it shares Public Counsel’s concern, but notes “the Commission does not practice retroactive ratemaking and Staff does not seek such an analysis in order to start such a practice.”<sup>325</sup>
- 172 Responding to Public Counsel and Staff on the issue of past overcollections, PacifiCorp argues the “assertions are not supported by evidence in the record, and their recommended remedies are inappropriate and unnecessary.”<sup>326</sup>
- 173 PacifiCorp argues that overcollections for some resources are due in part to over-allocations of resources because the Company historically allocates resources on a system basis rather than to individual states,<sup>327</sup> a point Staff acknowledges.<sup>328</sup> PacifiCorp argues this is further a result of Washington’s unique methodology and uneven timing of rate cases across jurisdictions.<sup>329</sup>
- 174 AWEC recommends that the Commission “disregard” concerns raised by Staff and Public Counsel that the Company is over allocating generation resources, for the reason that “it is not relevant what PacifiCorp’s total Company recovery is. It only matters for the

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<sup>321</sup> Mitchell, Exh. RJM-13CT at 99:14-15, 103:12-13.

<sup>322</sup> Public Counsel Initial Brief, at ¶ 64.

<sup>323</sup> Public Counsel Initial Brief, at ¶ 64.

<sup>324</sup> *See, e.g.*, Staff’s Initial Brief, at ¶ 16; Staff’s Reply Brief, at ¶ 4.

<sup>325</sup> Staff’s Reply Brief, at ¶ 5.

<sup>326</sup> PacifiCorp’s Initial Brief, at ¶ 45.

<sup>327</sup> Cheung, Tr. at 299:19 – 300:3.

<sup>328</sup> Wilson, Exh. JDW-1T at 17:6-16.

<sup>329</sup> *See*, Steward, Tr. at 54:25 – 55:25; *see also*, Cheung, Exh. SLC-6T at 5:11 – 9:13.

Commission's decision whether Washington's rates are fair, just, reasonable, and sufficient."<sup>330</sup>

*Commission Decision*

175 We decline to order an investigation into overcollections at this time. While we share the concerns of Staff over the potential of retroactive ratemaking, we are even more convinced by PacifiCorp's argument that the prior allocation methodology, combined with the uniqueness of the WIJAM, and the timing of rate cases in various jurisdictions are compelling.<sup>331</sup> Further, we are not regional regulators, but regulators of investor owned utilities in Washington state. To address overallocation of specific resources, we would very likely be reaching beyond our borders and jurisdiction. We also note that while Public Counsel suggests there is overcollection for specific resources, no party has shown that there is overcollection on a system basis or a state basis, and that on balance we do not see convincing evidence that PacifiCorp has been experiencing a windfall.

176 To Staff's concerns regarding the potential for overcollection moving forward, we believe that our general adoption of Staff's recommendations addresses those concerns and will ensure PacifiCorp does not over collect for specific resources as it transitions to the 2026 Protocol.

*E. Industrial Curtailment Contracts and Large Load*

177 AWEC raises concerns that "PacifiCorp allocates two industrial contracts located in Utah and Idaho to Washington customers and has recommended that the Commission reduce PacifiCorp's request by \$2 million to remove the contracts."<sup>332</sup> AWEC argues that with the move to SG-F factors, there is no way to allocate the costs and benefits of these contracts to Washington ratepayers and notes Washington has not approved the rates in these contracts.<sup>333</sup>

178 In response, PacifiCorp's witness Wilding argues the contracts "fulfill a significant portion of [NERC contingency reserve requirements] and free up other generating

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<sup>330</sup> AWEC Initial Brief, at ¶ 12.

<sup>331</sup> See, Steward, Tr. at 54:25 – 55:25; see also, Cheung, Exh. SLC-6T at 5:11 – 9:13.

<sup>332</sup> AWEC Initial Brief, at ¶¶ 29–31 citing Mullins, Exh. BGM-1CT at 73:9-18.

<sup>333</sup> Mullins, Exh. BGM-1CT at 73:15-17.

resources that would otherwise have to hold this reserve capacity.”<sup>334</sup> In briefing, AWEC reiterates its concern, but notes it “is willing to accept their inclusion in rates in this case, [but] AWEC recommends that the Commission require PacifiCorp to provide additional justification for these contracts in its next rate case...”<sup>335</sup>

179 In addition to the issue of industrial curtailment contracts, Staff raises the issue of large load treatment in testimony. Specifically, Staff witness Wilson writes that in at least four other states, PacifiCorp has included the following provision in relation to its 2026 Protocol filings:

The costs associated with New Large Load that require PacifiCorp to make investments or incur costs for assets placed in service after January 1, 2026, will be assigned to the state in which the load is located. PacifiCorp will work within the regulatory framework (i.e., a special contract or tariff) within that state to assign the costs to the New Large Load customer, as determined by that state’s Commission. These costs include, but are not limited to, any new distribution costs, transmission costs, generation costs (including power purchase agreements, as applicable), and contractual costs for providing electrical service (i.e., firm third-party transmission rights).<sup>336</sup>

180 PacifiCorp is supportive of Staff’s recommendation to include the large load allocation.<sup>337</sup> On briefing, AWEC opposes the inclusion of this provision at this time as it “is not convinced this provision provides useful clarity on jurisdictional allocation.”<sup>338</sup> AWEC argues that it is not clear how the Company would determine whether a single customer were the cause for investment to support large load and assign generation and transmission costs.<sup>339</sup>

181 In its reply brief, PacifiCorp reiterates its support of Staff’s proposal and responds to AWEC noting that “[b]ecause the provision in dispute simply states PacifiCorp will work within the regulatory framework within the state to assign costs to the new large load

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<sup>334</sup> Wilding, Exh. MGW-5CT at 17:4-10.

<sup>335</sup> AWEC’s Initial Brief, at ¶ 31.

<sup>336</sup> Wilson, Exh. JDW-1T at 33:10-24; Wilson, JDW-32 at 79.

<sup>337</sup> Link, Exh. RTL-3T at 2:28-30.

<sup>338</sup> AWEC’s Initial Brief, at ¶ 28.

<sup>339</sup> AWEC’s Initial Brief, at ¶ 28.

customer there is no need for a more prescriptive description within the 2026 Protocol.”<sup>340</sup>

***Commission Decision***

- 182 On the issue of industrial curtailment contracts, we are convinced that PacifiCorp’s response to Bench Request 04 is reasonable and provides evidence in this case that industrial curtailment contracts in the eastern balancing authority can serve the western balancing authority.<sup>341</sup> Because AWEC accepts inclusion in rates in this case, but requests additional justification in future cases, there is no longer a material dispute on this issue. We find that the industrial curtailment contracts should be included and can serve Washington.<sup>342</sup>
- 183 For the treatment of large loads, we agree with Staff and PacifiCorp that the provision should be included in the 2026 Protocol. As PacifiCorp states, the provision does not result in a predetermination of Washington treatment of new large load but simply clarifies how those costs should be borne by individual states. Accordingly, we find it appropriate to include a large load cost allocation provision and require PacifiCorp to include it in its compliance filing in this case. In doing so, we note this is not intended to serve as preapproval, predetermination, or a decision on ratemaking for such load and that such a determination will be made when such an issue arises.

**IV. NPC**

***A. Modeling: Wind Curtailments, Coal Contracts, and Methodology***

*Wind Curtailments*

- 184 We next turn to net power costs, beginning with the largest suggested adjustment – the modeling of wind curtailment. AWEC and Public Counsel challenge PacifiCorp’s modeling of wind curtailments. AWEC highlights that if PacifiCorp’s recommendations are adopted, customers will face a 2.8 percent rate increase. This is the result, AWEC argues, of an “unsubstantiated and illogical net power cost ... modeling that will lead to

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<sup>340</sup> PacifiCorp’s Reply Brief, at ¶ 40.

<sup>341</sup> PacifiCorp’s Confidential Response to BR-04.

an inflated and inaccurate power cost forecast.”<sup>343</sup> As a result, AWEC offers a number of adjustments to this forecast to help mitigate the rate increase for customers.

185 AWEC recommends the Commission should eliminate or reduce PacifiCorp’s modeled wind curtailments.<sup>344</sup> AWEC takes issue with PacifiCorp’s modeling because it “assumes a significant percentage of their production is curtailed. Specifically, PacifiCorp’s wind resources produce 21.1 percent less energy as an output from Aurora than the amount input into this model.”<sup>345</sup> AWEC asserts this outcome is adverse to ratepayers’ interests, through the opportunity cost of lost zero-cost energy and production tax credits.

186 AWEC identifies a number of factors that it claims inflate the modeled curtailments, including: (1) the minimum output requirements for its system coal resources, and (2) the use of market capacity limits in a closed Aurora system that has no efficacy in modeling oversupply conditions.<sup>346</sup> AWEC proposes adjustments which in the aggregate would “reduce PacifiCorp’s NPC by approximately \$19.5 million.”<sup>347</sup>

187 AWEC argues in the alternative, at a broader level, that the Commission “does not need to delve into the weeds of Aurora modeling to resolve this dispute. Objective data demonstrate the reasonableness of AWEC’s adjustment or, at the very least, the need for *some* reduction to the modeled curtailments of PacifiCorp’s wind resources.”<sup>348</sup> This data, which AWEC highlights is not in dispute, has a historical trend. “Every one of the resources for which actual historical data was input into the model have a lower capacity factor as a modeled output. This is despite the fact that the historical data incorporates curtailments that have actually occurred during this four-year period.”<sup>349</sup>

#### *Coal contracts*

188 PacifiCorp claims coal generation is not limiting wind generation as AWEC claims.<sup>350</sup> “[T]aking AWEC’s modeling at face value ... [it] shows that *at best* reduced coal

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<sup>343</sup> AWEC’s Reply Brief, at ¶ 3.

<sup>344</sup> AWEC Initial Brief, ¶¶ 32–40.

<sup>345</sup> AWEC Initial Brief, at ¶ 32 *citing* Mullins Exh. BGM-1CT at 24:3–6. *See also* Mitchel, RJM-13CT at 58:2–6 (conceding point).

<sup>346</sup> AWEC Initial Brief, at ¶ 33.

<sup>347</sup> AWEC Initial Brief, at ¶ 33.

<sup>348</sup> AWEC Initial Brief, at ¶ 34.

<sup>349</sup> AWEC Br, at 34 *citing* Mullins Exh. BGM-1CT at 23 (Table 2); Exh. BGM-1CT at 32:1–22.

<sup>350</sup> PacifiCorp Initial Brief, at ¶ 81.

generation represented” a relatively small percentage of AWEC’s increased wind generation. This amount, PacifiCorp asserts, “is not a ‘major part’ of modeled wind curtailments.”<sup>351</sup>

189 “At hearing, AWEC specifically pointed to coal supply agreements for the Hunter and Huntington coal plants as a source of uneconomic dispatch and increased wind curtailments.”<sup>352</sup> However, PacifiCorp identifies the fact that the majority of “reduced coal generation in AWEC’s ‘wind must run’ modeling is from three coal plants located in eastern Wyoming, behind the same transmission constraints that impact wind generation[.]”<sup>353</sup>

190 PacifiCorp concludes that the curtailments AWEC claims are caused by coal supply agreements are achieved “only by ignoring real world constraints and modeling physical or contractual impossibilities.”<sup>354</sup>

191 PacifiCorp explains that “[e]ven though the coal units are not included in Washington rates they undoubtedly benefit Washington customers.”<sup>355</sup> “Washington does not have sufficient dispatchable resources to fully integrate its level of intermittent resources. This means that resources that are not included in Washington rates, like Wyoming coal plants, are providing real, tangible benefits to Washington customers.”<sup>356</sup> The Company claims this is undervalued in PacifiCorp’s modeling, because Aurora “balances the system around wind using market purchases that cannot be made in actual operations.”<sup>357</sup>

*Methodology: System constraints and Historic Data*

192 AWEC challenges that “PacifiCorp does not explain why it is reasonable for the modeled output of the Company’s wind resources to be materially lower than the *actual historical output* of these resources.”<sup>358</sup>

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<sup>351</sup> PacifiCorp Initial Brief, at ¶ 81.

<sup>352</sup> PacifiCorp Initial Brief, at ¶ 83 *citing* Mullins, TR 483:16–22.

<sup>353</sup> PacifiCorp Initial Brief, at ¶ 83 *comparing* Exh. BGM-13CX with Exh. BGM-15CX.

<sup>354</sup> PacifiCorp Initial Brief, at ¶ 84.

<sup>355</sup> PacifiCorp Initial Brief, at ¶ 85.

<sup>356</sup> PacifiCorp Initial Brief, at ¶ 86.

<sup>357</sup> PacifiCorp Initial Brief, at ¶ 86.

<sup>358</sup> AWEC Initial Brief, at ¶ 34.

- 193 Defending its methodology preemptively, AWEC asserts that “the difference between the capacity factor for P50 resources input into Aurora compared with the output capacity factor is in line with, or even less than, the difference for resources with historical data.”<sup>359</sup>
- 194 AWEC asserts that “the Company’s testimony regarding wind curtailments is either factually incorrect or misleading.”<sup>360</sup> AWEC compares the testimony of Witness Mitchell with PacifiCorp’s response to AWEC Data Request 56 as being completely at odds.<sup>361</sup>
- 195 Additionally, AWEC cites the Oregon testimony of Company Witness Link, which indicated that the Gateway South Transmission line had resulted in substantial reduction in wind curtailment.<sup>362</sup> AWEC suggests that this would support a finding that future wind curtailments would be lower than historic data; whereas PacifiCorp’s modeling assumes wind curtailments will be higher than historic data. Regardless, AWEC posits that wind curtailments that occur in actual operations do not impact NPC due to the mechanisms of the WEIM.<sup>363</sup>
- 196 Public Counsel urges the Commission to accept AWEC’s recommendation on wind curtailment to cure the model’s curtailment methodology.<sup>364</sup> “PacifiCorp’s approach increases Washington net power costs by \$11.6 million and decreases Washington-allocated PTCs by \$7.3 million.”<sup>365</sup>
- 197 In its opening brief, PacifiCorp urges the Commission to reject many of the premises presented by AWEC. “AWEC’s excessive wind generation results from AWEC’s entirely unrealistic modeling. Before addressing the substantive errors in AWEC’s modeling, however, it is critical to emphasize that what AWEC has called ‘curtailment’ in Aurora is

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<sup>359</sup> AWEC Initial Brief, at ¶ 36.

<sup>360</sup> AWEC Initial Brief, at ¶ 37.

<sup>361</sup> Compare Mitchell, Exh. RJM-13CT at 58:15–60:5 (“[t]he vast majority of curtailment happens at [the] day-ahead planning stage in Aurora, where we schedule our resources based on forecasted wind and known transmission limits.”) with Exh. RJM-19X (“PacifiCorp does not initiate wind curtailments in the day-ahead planning horizon. All physical curtailment directives – i.e., instructions to actually reduce turbine output – occur in real time (during the operating day), not as part of the day-ahead schedule.”).

<sup>362</sup> AWEC Initial Brief, at ¶ 38.

<sup>363</sup> AWEC Initial Brief, at ¶ 39.

<sup>364</sup> Public Counsel Initial Brief, at ¶ 54–55.

<sup>365</sup> Public Counsel Initial Brief, at ¶ 55 *citing* Mullins, Exh. BGM-1T at 38:10–17.

not a measure of or comparable to curtailment that would occur in the real world.”<sup>366</sup> Specifically, PacifiCorp notes that the Company’s modeling produces a substantially higher wind generation forecast than any historic year.<sup>367</sup> The results from Aurora are not due to a presumption of curtailment, but the result of the least-cost security-constraint dispatch within the model.<sup>368</sup>

198 Despite characterizing AWEC’s modeling as “entirely unrealistic,” PacifiCorp goes on to explain that much of the Company’s modeling is identical to AWEC in that:

both model wind resources as ‘must run’ generation in Aurora; the Company and AWEC both model wind generation using a dispatch price that ensures wind will always dispatch ahead of thermal generation; and the Company and AWEC agree that there are certain limited circumstances where Aurora cannot produce a feasible dispatch solution, due to binding constraints imposed on the model.<sup>369</sup>

199 PacifiCorp frames the point of divergence between the proposed models as a disagreement on resolving a limitation of the software the Company uses, which is unable to produce a dispatch solution without relaxing one or more binding constraints. Indeed, AWEC’s model made a single change, which was to prioritize wind generation over system reliability, which results in “insufficient reserve holdings or modeling thermal plants operating below their physical limitations.”<sup>370</sup> As a result, PacifiCorp posits that AWEC’s model “violates the most basic tenet of NPC forecasting, which is to ensure the model reflects actual operations.”<sup>371</sup>

200 PacifiCorp characterizes AWEC as having conceded at the hearing that “its modeling produced insufficient reserves that would violate applicable NERC requirements if implemented in actual operations.”<sup>372</sup> Indeed, PacifiCorp emphasizes that “[h]igher

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<sup>366</sup> PacifiCorp Initial Brief, at ¶ 71.

<sup>367</sup> PacifiCorp Initial Brief, at ¶ 1.

<sup>368</sup> PacifiCorp Initial Brief, at ¶ 73.

<sup>369</sup> PacifiCorp Initial Brief, at ¶ 72 *citing* Mitchell, Exh. RJM-13CT at 52:15–54:2; Mullins, TR 468:25–469:3; Zacharia, Exh. IZ-2T at 7:2–17.

<sup>370</sup> PacifiCorp Initial Brief, at ¶ 74.

<sup>371</sup> PacifiCorp Initial Brief, at ¶ 74. *Cf.* PacifiCorp Initial Brief, at ¶ 75 (“Aurora, ... has perfect foresight and will never have to call on its reserve holdings because the model knows the wind forecast for every hour of the year.”); *id.* at ¶ 76 (“Aurora has consistently over-forecast wind generation when compared to actual operations . . .”).

<sup>372</sup> PacifiCorp Initial Brief, at ¶ 75 *citing* Mullins, TR 469:9–18.

intermittent generation necessitates higher regulation reserve requirements, and the corresponding modeling of greater reserves.”<sup>373</sup>

201 PacifiCorp rejects any characterization of the modeling used here as new, as it was the same used since the 2023 GRC.<sup>374</sup>

202 PacifiCorp acknowledges that “actual wind generation on the Company’s system is restricted by transmission system limitations . . . .”<sup>375</sup> PacifiCorp attributes AWEC’s concerns as caused by these real world restraints – that the model appropriately “prioritizes system reliability.”<sup>376</sup> PacifiCorp’s “model mirrors actual system operations” as demonstrated by its model’s results being generally consistent with actual generation levels.”<sup>377</sup> PacifiCorp claims AWEC’s model results do not.<sup>378</sup> To the extent that AWEC argues that Aurora has transmission capability that should not impact real world or modeled wind generation, PacifiCorp responds that AWEC accomplishes this only by modelling “less-than-required reserves and operat[ing] thermal units below their physical limits.”<sup>379</sup> PacifiCorp distinguishes the point AWEC made at hearing over Pryor Mountain, by noting the site’s location in Montana which is subject to fewer constraints than the wind resources in eastern Wyoming. Put simply, “it is not surprising that Pryor Mountain is subject to fewer modeling constraints because it is subject to fewer real-world constraints.”<sup>380</sup>

203 PacifiCorp pushes back on AWEC’s testimony that Aurora is unable to address “oversupply.”<sup>381</sup> PacifiCorp characterizes this as AWEC “describing the impact of transmission constraints, which are present in actual operations and reasonably reflected

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<sup>373</sup> PacifiCorp Initial Brief, at ¶ 75 *citing* PacifiCorp’s 2025 Integrated Resource Plan, Vol. II: Appendix F – Flexible Reserve Study at 111 (Mar. 31, 2025).

<sup>374</sup> PacifiCorp Initial Brief, at ¶ 76 *citing* Mullins, TR 475:6–9.

<sup>375</sup> PacifiCorp Initial Brief, at ¶ 77.

<sup>376</sup> PacifiCorp Initial Brief, at ¶ 77 *citing* Zacharia, Exh. IZ-2T at 10:26–29; Mitchell, Exh. RJM-13CT at 63:2–65:9.

<sup>377</sup> PacifiCorp Initial Brief, at ¶ 77 *citing* Mitchell, Exh. RJM-13CT at 70, Confidential Figure 1.

<sup>378</sup> PacifiCorp Initial Brief, at ¶ 77 *citing* Mitchell, Exh. RJM-13CT at 70, Confidential Figure 1.

<sup>379</sup> PacifiCorp Initial Brief, at ¶ 78 *citing* Mullins, Exh. BGM-1CT at 33:17–34:9.

<sup>380</sup> PacifiCorp Initial Brief, at ¶ 78.

<sup>381</sup> PacifiCorp Initial Brief, at ¶ 79.

in the model.” PacifiCorp goes on to assert that AWEC’s argument on this issue is undermined by AWEC’s modeling producing more supply than PacifiCorp’s.<sup>382</sup>

- 204 PacifiCorp takes issue with AWEC’s claim that “modeling curtailment in Aurora is unnecessary because the historical data used to develop the wind generation inputs already reflect[] curtailments that occurred in actual operations.”<sup>383</sup> First, the Company argues that “only 35 percent of the wind generation inputs are derived from historical data.”<sup>384</sup> Second, the Company notes that repowered resources came back at different times, such that not all projects were part of the 48-month historical period, and as a result early project generation reflects conditions in which congestion was less of an issue, which has an inflationary effect on the input generation data relative to current conditions.<sup>385</sup>
- 205 PacifiCorp challenges the efficacy of the “stand-alone Aurora study where AWEC removed all contractual minimum purchase obligations and priced all coal at the highest [contract] price . . . instead of the marginal price.”<sup>386</sup> A lack of a supply commitment would result in an increase in price in the real world, which AWEC’s modeling does not reflect. PacifiCorp notes that AWEC’s modeling overall has relatively larger NPC than PacifiCorp’s modeling, despite AWEC’s claim that its study demonstrates PacifiCorp’s is uneconomic.<sup>387</sup>
- 206 PacifiCorp also warns of unintended consequence of a nonrealistic modeling, pointing out in this case that AWEC’s “wind must run” model drastically reduces Washington’s open position, resulting in a steep drop in balancing adjustment credits – to the detriment of ratepayers.<sup>388</sup>
- 207 Replying to PacifiCorp’s accusation that its modeling predicts more wind generation than any historic year, AWEC draws attention to the lack of longitudinal data to support PacifiCorp’s modeling of wind – pointing out that “65% of the Company’s wind

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<sup>382</sup> PacifiCorp Initial Brief, at ¶ 79 *comparing* BGM-15CX (Cell D602) *with* BGM-19CX (Cell D602).

<sup>383</sup> PacifiCorp Initial Brief, at ¶ 80.

<sup>384</sup> PacifiCorp Initial Brief, at ¶ 80.

<sup>385</sup> PacifiCorp Initial Brief, at ¶ 80.

<sup>386</sup> PacifiCorp Initial Brief, at ¶ 82 *citing* Zacharia, Exh. IZ-2T at 13:7–14:2.

<sup>387</sup> PacifiCorp Initial Brief, at ¶ 82.

<sup>388</sup> PacifiCorp Initial Brief, at ¶ 87.

resources do not even have four years of historic data[.]”<sup>389</sup> Further, there is even less data available since PacifiCorp installed the Gateway South transmission line, which “effectively eliminate[ed]” curtailment which had historically throttled the systems.<sup>390</sup> AWEC asserts this leaves modeling which is “far from representing a realistic view of the system.”<sup>391</sup> Indeed, AWEC notes that “Washington is paying nearly \$200 million for the Gateway transmission projects for access to higher capacity factor Wyoming Wind,” but questions whether such investments are “[a]ctually providing a material incremental benefit relative to west-side wind resources. . . .”<sup>392</sup>

208 AWEC characterizes PacifiCorp as arguing that “the Commission should ignore the actual historical capacity factors of its wind resources in determining whether its wind forecast is reasonable.”<sup>393</sup> AWEC asserts PacifiCorp’s concerns of variance are cured by the nature of a four-year average, and that “there is no evidence to indicate that PacifiCorp’s wind resources will perform worse in the future than they have in the past.”<sup>394</sup>

209 To the extent PacifiCorp criticizes AWEC’s modeling of “wind performance in Aurora . . . , [t]hese modeling disputes . . . are directly related to PacifiCorp’s decision to model its system in Aurora as a closed system, unlike Puget Sound Energy and Avista, which model their systems as components of the entire region.”<sup>395</sup> However, AWEC questions the validity of PacifiCorp’s modeling because it “forecast worse wind performance than the Company has experienced in the past despite having more transmission capacity than the Company has ever had.”<sup>396</sup>

### ***Commission Decision***

210 Both AWEC and PacifiCorp have impeached each other’s witnesses’ testimony on the dispute over system constraints and historic data, undercutting the weight that can be given to either analysis.<sup>397</sup> Reliability obviously must be sufficient to meet PacifiCorp’s

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<sup>389</sup> AWEC Reply Brief, at ¶ 22.

<sup>390</sup> AWEC Reply Brief, at ¶ 22.

<sup>391</sup> AWEC Reply Brief, at ¶ 22.

<sup>392</sup> AWEC Reply Brief, at ¶ 23.

<sup>393</sup> AWEC Reply Brief, at ¶ 24 *citing* PacifiCorp Initial Brief, at ¶ 80.

<sup>394</sup> AWEC Reply Brief, at ¶ 24.

<sup>395</sup> AWEC Reply Brief, at ¶ 25.

<sup>396</sup> AWEC Reply Brief, at ¶ 25.

<sup>397</sup> *Supra* ¶¶ 194–95, 202.

obligations, but it is not clear that the degree of curtailment proposed is necessary to maintain reliability. At this juncture, in the face of a looming statutory deadline, we accept this portion of 2026 Protocol as the best option available.

- 211 However, we agree with AWEC’s assertion in its brief that we do “not need to delve into the weeds of Aurora modeling to resolve this dispute. . . .”<sup>398</sup> Indeed, from the above arguments it is clear that additional information is required in the long term, and that the historical data available now may reflect conditions that will not continue into the future, when the vintage of PacifiCorp’s wind resources will be less young. The data for a future period should better capture the benefits of congestion relief created by the Gateway South project and other transmission projects, and PacifiCorp should provide a model that is more clean, and less opaque to the non-Company parties.
- 212 We are convinced that the rate of curtailment is significant and impacts costs, such that a future adjustment to the modeling may be appropriate. We accept the modeling of wind curtailment for the purposes of this proceeding but leave the door open for future adjustments with a clearer record to support it. Consistent with our decision above for Phase 2, we will require PacifiCorp to provide wind curtailment modeling in power costs proceedings moving forward.

### ***B. Hedge Book***

- 213 Next we turn to Staff’s recommendation to “order PacifiCorp to create and adopt a separate hedging book specific to Washington.”<sup>399</sup> This hedging book “should account for the Commission’s decision in Docket UE-230482 as it relates to gas hedging.”<sup>400</sup> Staff contemplates that this would be accomplished through a compliance filing, and that during the development of the Washington hedging book(s), PacifiCorp should consult with Staff.<sup>401</sup>
- 214 PacifiCorp argues that its modeling of Washington-specific hedges is “[c]onsistent with prior direction” and will “allow the Company to better manage NPC on behalf of Washington customers.”<sup>402</sup> Regarding requiring the Company to consult with Staff before

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<sup>398</sup> AWEC Reply Brief, at 34.

<sup>399</sup> Staff Brief, at ¶ 49.

<sup>400</sup> Staff Brief, at ¶ 49 fn. 97.

<sup>401</sup> Staff Brief, at ¶ 49.

<sup>402</sup> PacifiCorp Initial Brief, at ¶ 96.

implementing a separate Washington hedge book, PacifiCorp states that it “is willing to hold a workshop and provide an update to staff on new hedging policies.”<sup>403</sup>

215 On reply, Staff reiterates that PacifiCorp should be ordered to create a Washington-only hedging book based on Washington’s needs, as opposed to the needs of PacifiCorp’s system. Staff argues that the Commission should order the creation of such a book, instead of leaving it to the Company’s discretion.<sup>404</sup>

216 While “AWEC does not necessarily oppose some recognition of Washington-specific hedges, AWEC does not believe that it is necessary for the Commission to address this ‘hedge book’ in this docket.”<sup>405</sup> “PacifiCorp should bear the burden and take the risk of making prudent decisions in practice. If the Washington-specific hedge book is a prudent action for Washington, the Company will be able to demonstrate this in a subsequent PCAM. There is no need for a Commission decision in this case.”<sup>406</sup> To do otherwise would “shift risk from PacifiCorp to customers by effectively preapproving the Company’s hedging practices for Washington.”<sup>407</sup>

### *Commission Decision*

217 We agree with Staff and disagree with PacifiCorp and AWEC. We find it is appropriate to order a Washington specific hedge book. As has been discussed in recent proceedings and within this case, PacifiCorp’s historic short position in Washington has led to ratepayers bearing higher market costs in recent years. Additionally, given the regulatory requirements of our local laws, the needs of Washington are distinct from those of PacifiCorp’s system. A Washington specific hedge book is a reasonable manner to address these concerns and better manage risk. We welcome PacifiCorp’s willingness to work with other parties and find a solution that most benefits Washington ratepayers.

### *Hedging Validation Study*

218 In addition to the creation of a Washington specific hedge book, Staff recommends that the Commission:

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<sup>403</sup> PacifiCorp Reply Brief, at ¶ 48.

<sup>404</sup> Staff’s Reply Brief, at ¶¶ 13–14.

<sup>405</sup> AWEC Initial Brief, at ¶ 22.

<sup>406</sup> AWEC Initial Brief, at ¶ 22.

<sup>407</sup> AWEC Reply Brief, at ¶ 20.

[O]rder PacifiCorp to conduct . . . analysis prior to filing its next GRC and that this historical validation study be conducted after the Washington Book has been implemented for at least one year (the inputs for the validation study should be data from that year). As noted above, Washington can differ from the rest of the system on hedging needs, so using data based on the system may produce skewed results. Additionally, it appears the hedging model incorporates the 75 percent hedge volume that is outlined in Company policy. There are times that the Company may exceed this volume in actual operations. Due to that, the Company should compare differences between modeled and actual costs of hedge volumes when using the Washington Book did exceed the 75 percent minimum.<sup>408</sup>

219 Staff expresses concern “that the current hedging forecast does not adequately measure volume in a way that unambiguously demonstrates compliance with the known and measurable standard.”<sup>409</sup> Despite this, “Staff recognizes the limitations based on PacifiCorp’s current set-up and lack of implementation of a Washinton Hedge book.”<sup>410</sup> As a result, “Staff recommends the Commission adopt the forecast for this proceeding alone and require the Company to resubmit the forecast with the above requested quantitative data in its next GRC.”<sup>411</sup>

220 In reply to Staff’s support for additional analysis prior to the next rate case, PacifiCorp “disagrees that additional validation is necessary given the record provided here.”<sup>412</sup>

221 PacifiCorp notes that Staff is largely supportive of PacifiCorp’s position, or rather Staff does not have a better proposal.<sup>413</sup> To the extent that Staff challenges the verification of the “overall reasonableness of the hedging modeling[,]” PacifiCorp offers that it did in fact verify that “volumes identified for inclusion . . . were consistent with historical hedging volumes[.]”. Additionally PacifiCorp “performed a benchmark study of 2020 NPC that verified that Aurora accurately models around hedges. . . .”<sup>414</sup> Further, PacifiCorp pushes back on Staff’s concerns that the DA/RT pricing “means that every transaction will result in a loss[,]” because “system balancing sales – on the whole –

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<sup>408</sup> Staff Brief, at ¶ 53.

<sup>409</sup> Staff Brief, at ¶ 60.

<sup>410</sup> Staff Brief, at ¶ 60.

<sup>411</sup> Staff Brief, at ¶ 60.

<sup>412</sup> PacifiCorp Reply Brief, at ¶ 48 *citing* PacifiCorp Initial Brief, at ¶ 45.

<sup>413</sup> PacifiCorp Initial Brief, at ¶ 92.

<sup>414</sup> PacifiCorp Initial Brief, at ¶ 93 *citing* Mitchell, Exh. RJM-13CT at 23:12–16; Mitchell, TR 193:7–195:18.

result in a net cost to PacifiCorp.”<sup>415</sup> “[I]n the aggregate there is a loss even though not every transaction will result in a loss.”<sup>416</sup>

*Commission Decision*

222 We order PacifiCorp to subsequently submit a quantitative analysis showing the accuracy of the model before filing the next GRC. If the analysis indicates that PacifiCorp’s model is not accurate, we will consider Staff’s recommendation to order that PacifiCorp include a proposal for an alternative model based on the quantitative analysis in the next GRC.

223 While the Company provided relevant information on their model verification with historical data and the 2020 NPC benchmark study, Staff raises a strong argument that a historical analysis should compare the model to “actual results of at least one year in which the Washington Book was used.”

224 We now turn to the issue of hedging adjustments.

*Forward Hedging Transaction Adjustment*

225 AWEC recommends that the Commission should reject PacifiCorp’s new adjustment to model forward hedging transactions.<sup>417</sup>

226 AWEC characterizes PacifiCorp as offering a new adjustment, for NPC forecasting, for future hedging transactions.<sup>418</sup> This adjustment is “unnecessary” because “PacifiCorp includes the NPC impact of hedges it has already executed in its compliance filing, which . . . represent approximately 70% to 80% of the hedges it modeled . . . .”<sup>419</sup> As a result, AWEC urges the Commission to reject this adjustment. Further, AWEC argues that the premise of the adjustment is couched on Aurora’s unrealistic perfect foresight and ability to transact fractionally (as opposed to 25 MW increments).<sup>420</sup>

227 According to PacifiCorp, these unrealistic qualities of the model require PacifiCorp to make an adjustment to capture losses accrued when PacifiCorp is forced, in reality, to resell excess power in the day-ahead market. While PacifiCorp testifies these is only a

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<sup>415</sup> PacifiCorp Initial Brief, at ¶ 94.

<sup>416</sup> PacifiCorp Initial Brief, at ¶ 94.

<sup>417</sup> AWEC Initial Brief, at ¶ 41–46.

<sup>418</sup> AWEC Initial Brief, at ¶ 41.

<sup>419</sup> AWEC Initial Brief, at ¶ 41.

<sup>420</sup> AWEC Initial Brief, at ¶ 42.

“slight loss,” AWEC highlights that the change increased NPC by nearly \$23 million which is approximately 12% of Washington’s entire NPC.<sup>421</sup>

228 AWEC engages with PacifiCorp’s analogy of a “crate of apples, where a purchaser buys substantially more apples than she needs to obtain a stable price and then resells the excess to a local grocer at a necessarily lower price than she paid the farmer.”<sup>422</sup> The flaw in this reasoning, AWEC posits, is that it “assumes that the market price for apples remains static. . . over the months that pass between the purchase and sale. . . .”<sup>423</sup> In reality prices shift, and a hedge may “not experience a loss in the sale of excess power at all.”<sup>424</sup> For this reason, AWEC witness Mullins testifies that there is no cost, “because the spot market prices and hedging prices are the same.”<sup>425</sup>

229 PacifiCorp responds that “[i]ncluding forecasted hedges better reflects actual operations, where there is no doubt PacifiCorp will be hedging in the forward markets, and is directly responsive to prior concerns that the forecast contains insufficient hedging.” Elaborating, PacifiCorp explains that its methodology to determine forecast volume involved: (1) running Aurora without any hedges to determine reliance on spot market purchases to meet system load; (2) adding hedges in Aurora to meet standards of risk management policy; and (3) comparing the modeled hedge volumes to historical actual hedge volumes to confirm the forecast was consistent with historic forward market transactions.<sup>426</sup> All of this is necessary to capture “transaction costs incurred” as a result of the need to balance the system around the 25-MW blocks available in the forward market, which results in higher cost purchases to fill gaps. This is necessitated by Aurora’s inherently unrealistic perfect foresight and ability to transact fractionally.<sup>427</sup>

230 On reply, noting PacifiCorp’s consistent position between testimony and opening brief, AWEC relies on the arguments it made in its opening brief for disallowing the forward hedging adjustment. However, AWEC in reply does respond to Staff’s change of position, from opposing to supporting the adjustment.<sup>428</sup> AWEC notes that Staff’s overall position of “both continuation of the WIJAM and adoption of the forward hedging adjustment

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<sup>421</sup> AWEC Initial Brief, at ¶ 42.

<sup>422</sup> AWEC Initial Brief, at ¶ 44 *citing* Mitchell, Exh. RJM-13CT at 35:6–18.

<sup>423</sup> AWEC Initial Brief, at ¶ 44.

<sup>424</sup> AWEC Initial Brief, at ¶ 44.

<sup>425</sup> AWEC Initial Brief, at ¶ 44 *citing* Mullins, Exh. BGM-1CT at 54:12–14.

<sup>426</sup> PacifiCorp Initial Brief, at ¶ 90.

<sup>427</sup> PacifiCorp Initial Brief, at ¶ 91.

<sup>428</sup> AWEC Reply Brief, at ¶ 26.

increase costs,” results in “nearly the maximum possible rate increase to customers.”<sup>429</sup> AWEC characterizes Staff’s position on the forward hedging adjustment as underdeveloped; “Staff says nothing about why it is appropriate for PacifiCorp to implement this modeling change now, given that the Company has been subject to the same modeling and market dynamics for years.”<sup>430</sup> Staff’s recommendation of accepting the adjustment on a temporary basis, AWEC argues, underscores the adjustment’s lack of clear accuracy.<sup>431</sup>

*Necessity*

231 Separately, AWEC suggests that this “cost PacifiCorp identifies does not exist, or is already being recovered through other means.”<sup>432</sup> This is because, AWEC reasons, if an adjustment of such a “significant cost” has been “only discovered now,” then “one would expect that there would be an unambiguous trend in [past] . . . compliance filings . . .”<sup>433</sup> Such a trend is not present here.<sup>434</sup>

232 PacifiCorp addresses’ AWEC’s assertion that there should be an “unambiguous trend” of higher NPCs, if they are to be captured in modeling instead of in a compliance filing, as “overly simplistic.” PacifiCorp counters AWEC’s claim that “costs captured in the hedging adjustment reflect the difference between the price of the hedge and the spot market at the time of delivery,” citing to AWEC’s own testimony.<sup>435</sup> Moreover, PacifiCorp emphasizes that the Company “did not just discover that NPC has been under-forecast,” as PacifiCorp under-recovered NPC since 2021.<sup>436</sup> Variances in costs are a function of the products being offered in different blocks of times.

*DA/RT Duplicity*

233 Alternatively, AWEC posits that the “transaction cost” that PacifiCorp’s adjustment is premised on, “is already captured by the Day-ahead/Real-Time . . . adjustment.”<sup>437</sup>

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<sup>429</sup> AWEC Reply Brief, at ¶ 27 *citing* Mitchell, Exh. RJM-1CT at 29:4–6.

<sup>430</sup> AWEC Reply Brief, at ¶ 28.

<sup>431</sup> AWEC Reply Brief, at ¶ 28.

<sup>432</sup> AWEC Initial Brief, at ¶ 43

<sup>433</sup> AWEC Initial Brief, at ¶ 43.

<sup>434</sup> AWEC Initial Brief, at ¶ 43 fn. 114 (citing Dockets No. UE-230172 and UE-210402.).

<sup>435</sup> PacifiCorp Reply Brief, at ¶ 49 *citing* Mullins, Exh. BGM-1CT at 54:12–14.

<sup>436</sup> PacifiCorp Reply Brief, at ¶ 49.

<sup>437</sup> AWEC Initial Brief, at ¶ 45.

AWEC reflects that “excess energy PacifiCorp does not need from its forward hedge transaction is sold ‘back to the market *in the day-ahead timeframe*.’”<sup>438</sup> The cost is incurred when the excess power is sold, and not when the forward market transaction is entered into, such that the proposed adjustment goes towards costs already being captured by the DA/RT adjustment.

- 234 Responding to AWEC, PacifiCorp asserts that the hedging adjustment is not duplicative of the DA/RT adjustment, and that “AWEC’s testimony [is] misleading and incorrectly quotes Company testimony to make this point.”<sup>439</sup> “The Company has been clear since the DA/RT was first instituted that it does not include hedges.”<sup>440</sup> PacifiCorp further distinguishes between hedges and the DA/RT as fundamentally different financial products, where hedges are purchased in blocks exclusively on a quarterly basis, whereas the DA/RT are in eight-hour or sixteen hour blocks.<sup>441</sup>

### ***Commission Decision***

- 235 *Forward Hedging Transaction Adjustment.* We credit PacifiCorp’s explanation of this adjustment. The record in this proceeding shows that inclusion of this adjustment allows the model to better reflect actual operations. The reality is that PacifiCorp *will* be hedging in the forward markets. Further, this type of consideration is responsive to concerns this Commission has expressed in the past. We appreciate the direct case made by PacifiCorp here. Further, we are persuaded that PacifiCorp’s proposal is reasonable: the explanation offered by the Company’s witnesses of the three step process is a sufficient explanation.<sup>442</sup> To the extent AWEC and PacifiCorp’s witnesses differ on the effect of Aurora’s inherently unrealistic perfect foresight and ability to transact fractionally (as opposed to the 25 MW blocks offered in the market), based on the foregoing, we find PacifiCorp’s explanation more credible.
- 236 *Necessity.* We cannot accept AWEC’s reasoning that this is an unnecessarily incurred cost that has only been discovered now.<sup>443</sup> We find PacifiCorp’s explanation of the difference

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<sup>438</sup> AWEC Initial Brief, at ¶ 45 *citing* Mitchell, RJM-13CT at 47:3–4; Mitchell. TR 167:20–24.

<sup>439</sup> PacifiCorp Initial Brief, at ¶ 95.

<sup>440</sup> PacifiCorp Initial Brief, at ¶ 95 *citing* *In the Matter of PacifiCorp, dba Pacific Power, 2017 Transition Adjustment Mechanism*, Public Utility Commission of Oregon Docket No. UE 307, Order No. 16-482 at 12 (Dec. 20, 2016) (explaining the DA/RT adjustment “excludes hedging transactions.”).

<sup>441</sup> PacifiCorp Initial Brief, at ¶ 95.

<sup>442</sup> *Supra* ¶ 231.

<sup>443</sup> *Supra* ¶ 233.

between the DA/RT adjustment and the hedging adjustment credible.<sup>444</sup> We also focus on PacifiCorp’s claim that the Company “did not just discover that NPC has been under-forecast,” and find persuasive the financial reality that PacifiCorp under-recovered NPC since 2021.

237 *DA/RT Duplicability*: The distinction between quarterly and hourly financial products is well taken as an explanation for variance in cost.<sup>445</sup> It is a complex system operating on multiple axes, and the granularity of the financial products here requires separate adjustment and consideration. The record does not support AWEC’s assertions of duplicative collection.<sup>446</sup>

238 Based on the foregoing, we adopt Staff’s position to approve PacifiCorp’s hedging adjustments for this proceeding only.

239 “Staff’s recommendation of accepting the adjustment on a temporary basis,” AWEC argues, “underscores the adjustment’s lack of clear accuracy.” We agree. There is a statutory deadline to remove coal from rates.<sup>447</sup> The deadline is just a few days away. We accept reasonably argued adjustments in this filing and avoid the economic consequence of carrying out that imposed duty in a vacuum – which would otherwise jeopardize the public interest. It is for these reasons that additional information will be required at the next filing.

240 We find that PacifiCorp provides a reasonable explanation for why the costs of the hedges are not included in the DA/RT adjustments.

### *C. NPC Forecast + DA/RT Adjustment*

241 AWEC argues that “PacifiCorp has failed to carry its burden of proof to support its “Non-Precedential Modeling Changes.”<sup>448</sup> “PacifiCorp’s change to the DA/RT adjustment modifies the volume component of this adjustment and is identical to the one PacifiCorp proposed in its 2023 general rate case that the Commission rejected.”<sup>449</sup>

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<sup>444</sup> *Supra* ¶ 236.

<sup>445</sup> *Supra* ¶ 236.

<sup>446</sup> *Supra* ¶ 235.

<sup>447</sup> RCW 19.405.030.

<sup>448</sup> AWEC Initial Brief, at ¶¶ 47–51.

<sup>449</sup> AWEC Initial Brief, at ¶ 48.

- 242 In support of AWEC’s position, witness Mullins asserts that PacifiCorp did not provide an explanation for the non-precedential modeling improvements and market cap method and it is not clear what “non-precedential modeling” means.<sup>450</sup> Mullins identifies that the attachments PacifiCorp used to support this change were the rebuttal testimony of Mitchell and Zacharia from the 2023 GRC that the Commission rejected and a whitepaper on the DA/RT adjustment.<sup>451</sup> Mullins argues that PacifiCorp did not provide updated testimony, and thus, did not satisfy its burden of proof to support this change.<sup>452</sup>
- 243 Moreover, Mullins represents that the changes to the DA/RT adjustment are not valid regardless of the evidentiary issues, because they counteract the NPC reduction created by the DA/RT volume component adjustments.<sup>453</sup> Mullins adds that PacifiCorp’s justifications for modifying the DA/RT volume component are fictional and are added by the Company based on historical results.<sup>454</sup> Mullins argues that the model itself should determine what volume of sales are economical.<sup>455</sup> Mullins argues that these changes create a more restricted market cap method that limits the model’s ability to make sales and dilutes the value that Washington customers can receive from non-emitting resources.<sup>456</sup> Mullins argues that the Commission should reject PacifiCorp’s “non-precedential” modeling changes and the expansion of the market cap method, which results in reductions of \$9,785,687 to Washington-allocated NPC and \$10,216.942 to the revenue requirement.<sup>457</sup>
- 244 Countering these points, Mitchell explains that non-precedential modeling improvements were included in the Company’s 2023 GRC, including the DA/RT volume component correction and market sales capacity limits, and that the Commission reserved the right to revisit the improvements once PacifiCorp submitted the evidence to give due

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<sup>450</sup> Mullins, Exh. BGM-1CT at 58:9–59:4.

<sup>451</sup> Mullins, Exh. BGM-1CT at 59:19–23.

<sup>452</sup> Mullins, Exh. BGM-1CT at 60:1–10.

<sup>453</sup> Mullins, Exh. BGM-1CT at 60:11–22.

<sup>454</sup> Mullins, Exh. BGM-1CT at 61:1–9.

<sup>455</sup> Mullins, Exh. BGM-1CT at 62:1–4.

<sup>456</sup> Mullins, Exh. BGM-1CT at 62:5–12.

<sup>457</sup> Mullins, Exh. BGM-1CT at 62:13–17.

consideration to the proposal.<sup>458</sup> Mitchell adds that the evidence and detailed information are included in the exhibits attached to his direct testimony.<sup>459</sup>

- 245 Mitchell argues that PacifiCorp excludes structured products, or forward market transactions, from the market caps to avoid double counting because the current model simulates the financial impact of forward market transactions directly.<sup>460</sup>
- 246 The purpose of PacifiCorp’s recommendation of “an adjustment to the DA/RT volume component [is] to correct an erroneous calculation.”<sup>461</sup> In its reply brief, PacifiCorp clarifies that this correction was rejected in the 2023 GRC because it was proposed and substantiated in the Company’s rebuttal case.<sup>462</sup> PacifiCorp highlights that the Commission explicitly left the door open for a future filing to incorporate this correction, The Company submits that the current record is much more developed than previously, such that the record supports correcting this formula error.<sup>463</sup>
- 247 “Under the calculation AWEC supports,” the Company argues “the DA/RT was pricing these offsetting volumes in a way that generated revenue, meaning the adjustment assumed the Company could simultaneously buy a block of power and sell that same block at a higher price. Real markets do not allow risk-free arbitrage, which is precisely why the DA/RT adjustment must be corrected.”<sup>464</sup>
- 248 Additionally, while not expanded on in the briefs, we note that Staff recommended in cross testimony that the modeling methodology be reviewed in a future GRC, given the lack of certainty and expedited nature of the proceeding.<sup>465</sup>

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<sup>458</sup> Mitchell, Exh. RJM-13CT at 71:1–72:1.

<sup>459</sup> Mitchell, Exh. RJM-13CT at 72:2–73:12; *see* Mitchell, Exh. RJM-ICT at 35:11–17.

<sup>460</sup> Mitchell, Exh. RJM-13CT at 80:5–81:4.

<sup>461</sup> PacifiCorp Initial Brief, at ¶ 101.

<sup>462</sup> PacifiCorp Initial Brief, at ¶ 101.

<sup>463</sup> PacifiCorp Initial Brief, at ¶ 104.

<sup>464</sup> PacifiCorp Initial Brief, at ¶ 105 *citing* Mitchell, Exh. RJM-13CT at 76:6–77:7.

<sup>465</sup> JDW-33T at 7:11–14.

*Commission Decision*

249 We begin by noting that the Commission authorized the DA/RT adjustment in the Company's 2020 GRC, and the Company applied the DA/RT adjustment in the 2021 PCORC and the 2023 GRC.<sup>466</sup>

250 We accept PacifiCorp's position to approve market caps. The Company has provided valid arguments for the importance of market caps reflecting current market dynamics in the Aurora system.

251 Further, we adopt Staff witness Wilson's recommendation included in cross to request PacifiCorp present the modeling method for review in the next GRC.<sup>467</sup>

252 Further, we adopt PacifiCorp's proposal to adjust the price and volume of DA/RT transactions. We find that PacifiCorp provided a reasonable explanation of the difference between future markets and DA/RT, as well as the need to include transaction costs for energy blocks purchased and sold in the DA/RT market.

***D. Nodal Pricing Model (NPM)***

253 Next, we turn to the NPM, which AWEC has also challenged.

254 AWEC states that, "[d]espite the Company's agreement to remove a portion of the nodal pricing model fees from its NPC forecast in this case, AWEC continues to recommend that the entire cost of the nodal pricing model be removed from rates," on the basis that it is, "not used and useful for customers."<sup>468</sup>

255 In support of this request, witness Mullins testifies that the NPM refers to a pricing model PacifiCorp was expected to develop under the 2020 Protocol to perform interjurisdictional allocation of NPC, but instead procured from the California Independent System Operator (CAISO).<sup>469</sup> Mullins asserts that PacifiCorp represented that the NPM would be used for day-ahead scheduling and expected that the cost of the model would be offset by NPC benefits though increased operational efficiencies.<sup>470</sup>

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<sup>466</sup> PacifiCorp Initial Brief, at ¶ 102 *citing* Dockets UE-230172 and UE-210852 (Consolidated), Order 08/06 at ¶ 310.

<sup>467</sup> JDW-33T at 7:11–14.

<sup>468</sup> AWEC Initial Brief, at ¶ 54.

<sup>469</sup> Mullins, Exh. BGM-1CT at 46:14–17.

<sup>470</sup> Mullins, Exh. BGM-1CT at 47:4–48:4.

However, Mullins argues that PacifiCorp does not use the NPM to dispatch its system or to perform day-ahead scheduling because it uses the PCI Energy Solutions dispatch model for the day-ahead scheduling.<sup>471</sup> Mullins adds that PacifiCorp has no expectation to use the NPM to develop an allocation framework.<sup>472</sup> Therefore, Mullins concludes that the NPM is not used and useful for Washington customers and it is not reasonable that customers continue to pay for the model.<sup>473</sup> Because PacifiCorp retains the ability to cancel the NPM service from CAISO, Mullins recommends terminating it no later than January 1, 2026.<sup>474</sup> Mullins found that this recommendation reduces the Washington-allocated NPC by \$696,521 and the revenue requirement by \$727,217.<sup>475</sup>

256 Responding, to AWEC’s concern, PacifiCorp witness Mitchell explains that the NPM is a day-ahead scheduling tool that does not provide dispatch instructions; it is used by PacifiCorp’s professional traders to improve the quality of the day-ahead plan.<sup>476</sup> Mitchell disputes AWEC’s recommendation to disallow NPM service charges, arguing that: Mullins mischaracterizes the NPM’s purpose (PacifiCorp did not represent it was used to dispatch the system); the NPM is used and useful (remains an analytical tool through April 2026); the lack of a tangible report or other document does not equate to a lack of evidence (analytical tools are not decision points); and the NPM provides both direct and indirect benefits (analytical tools provide a more efficient power purchasing plan and allowed the Company to test participation in EDAM.<sup>477</sup> Mitchell contends that terminating the NPM services earlier than its discontinuing date in April 2026 would not be prudent as it is a crucial support during the transition from WEIM to EDAM.<sup>478</sup>

257 Specifically, PacifiCorp argues, “the NPM is a day-ahead scheduling tool that helps create a more efficient day-ahead plan, which the Company uses in actual operations to improve its resource scheduling, use its generation assets more economically, and make more effective market transactions, all of which reduce NPC in actual operations.”<sup>479</sup> PacifiCorp notes that these benefits will increase once the EDAM begins.

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<sup>471</sup> Mullins, Exh. BGM-1CT at 48:5–13.

<sup>472</sup> Mullins, Exh. BGM-1CT at 49:3–12.

<sup>473</sup> Mullins, Exh. BGM-1CT at 48:5–13.

<sup>474</sup> Mullins, Exh. BGM-1CT at 49:1–13.

<sup>475</sup> Mullins, Exh. BGM-1CT at 50:18–21.

<sup>476</sup> Mitchell, Exh. RJM-13CT at 83:3–84:6.

<sup>477</sup> Mitchell, Exh. RJM-13CT at 83:3–84:6.

<sup>478</sup> Mitchell, Exh. RJM-13CT at 88:14–90.8.

<sup>479</sup> PacifiCorp Initial Brief, at ¶ 106 *citing* Mitchell, Exh. RJM-13CT at 86:15–19.

258 PacifiCorp challenges AWEC’s position on recovery of NPM costs, highlighting that AWEC was “comfortable with” the inclusion of NPM fees in Oregon incurred through April 2026.<sup>480</sup> PacifiCorp addresses AWEC’s assertion that the NPM “is published too late for the Company to compare the NPM results and the PCI[,]” by explaining the Company does in fact review both models “to synthesize the strengths of both models,” which benefits ratepayers through an improved day-ahead setup.<sup>481</sup>

***Commission Decision***

259 The Commission finds that PacifiCorp provided a valid explanation about how it uses the NPM and its added value to professional traders’ analytical work. We find that PacifiCorp made a reasonable argument that the NPM tool is especially helpful during the transition from WEIM to EDAM. The Company provided a detailed description about how the expert traders use the NPM for the benefit of Washington ratepayers.

260 We adopt PacifiCorp’s position to allow for recovery of the fees until April 2026.

***E. Solar PPAs***

261 AWEC claims several solar power purchase agreements (PPA) contracts in the total company NPC were attributable to Utah’s green tariff programs, to which Washington customers receive no benefit.<sup>482</sup> AWEC did not expand on this claim in its briefings.

262 PacifiCorp addresses the issue in its opening brief as follows: “none of the resources that AWEC removed were procured under the Utah green tariff program. AWEC has not identified any accurate basis to remove these resources, and an accurate total-company NPC forecast must include these solar resources.”<sup>483</sup>

***Commission Decision***

263 We adopt PacifiCorp’s position and allow the Solar PPAs in the total-company NPC. To the extent that the Solar PPAs serve PacifiCorp’s system as a whole, it follows that they are included in the total company NPC.

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<sup>480</sup> PacifiCorp Initial Brief, at ¶ 107 *citing* Exh. BGM-11X at 3; PacifiCorp Reply Brief, at ¶ 53.

<sup>481</sup> PacifiCorp Reply Brief, at ¶ 53.

<sup>482</sup> Mullins, Exh. BGM-1CT at 38:1–8.

<sup>483</sup> PacifiCorp Initial Brief, at ¶ 119.

264 We find that AWEC has not substantiated the claim made in its submitted testimony, which in turn affects the credibility afforded to the analysis as a whole.

*F. Aurora V15*

265 Several parties submitted testimony challenging the version of the Aurora model used to support PacifiCorp’s direct case, specifically version 15 versus version 16.<sup>484</sup>

266 In its brief, PacifiCorp explains that:

PacifiCorp used Aurora version 15 for its forecasts in both its initial and rebuttal filing in this case. AWEC, however, used Aurora version 16 for its forecasting, which increased AWEC’s forecast NPC compared to the Company’s forecast. An update to the major model version, such as an upgrade from version 15 to version 16, is a substantive and material change to the analytical engine within Aurora and may contain significant changes to the model. For consistency between model runs used throughout the pendency of this case, PacifiCorp recommends that Aurora version 15 be used for the final 2026 NPC forecast.<sup>485</sup>

267 On reply, PacifiCorp notes that this issue appears to have been abandoned by the non-Company parties’ in initial briefing. “PacifiCorp also addressed in its Confidential Opening Brief several issues that parties do not discuss in their opening briefs, including . . . the use of Aurora version 15 . . . .”<sup>486</sup>

*Commission Decision*

268 We agree with PacifiCorp. It was appropriate to allow PacifiCorp to continue to use Aurora V15 for all phases of this proceeding. However, we are cognizant that AWEC testified that Aurora V16 generated a higher NPC forecast.<sup>487</sup> If PacifiCorp files a PCAM before the next GRC, we require that the Company continue to use Aurora V15 to avoid an increased NPC resulting from the version update. Such changes in methodology would be more appropriate for the next full GRC.

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<sup>484</sup> Mullins, Exh. BGM-1T 21:10–13.

<sup>485</sup> PacifiCorp Initial Brief, at ¶ 113.

<sup>486</sup> PacifiCorp Reply Brief, at fn. 1.

<sup>487</sup> Mullins, Exh. BGM-1T 21:10–13.

***G. FERC Account 509***

- 269 Next, we turn to AWEC’s concerns with PacifiCorp’s use of FERC Account 509.
- 270 AWEC witness Mullins notes that PacifiCorp included FERC Account 509 – *Allowances* in its definition of NPC.<sup>488</sup> Mullins testifies that Account 509 encompasses CO<sub>2</sub> allowances, which he claims have historically have not been included in the NPC.<sup>489</sup> Mullins further testifies that allowance costs should not be part of the NPC because the Department of Ecology has not resolved the treatment of no-cost allowances<sup>490</sup>
- 271 PacifiCorp addresses this issue in its brief as follows:

While PacifiCorp has not included FERC Account 509 in prior NPC forecasts, the costs that the Company will include in FERC Account 509—namely, the costs of greenhouse gas allowances associated with the California Cap-and-Trade program—have always been a component of Washington-allocated NPC. PacifiCorp is simply including these costs in Account 509 consistent with recent direction from FERC. The Commission should approve PacifiCorp’s inclusion of FERC Account 509.<sup>491</sup>

***Commission Decision***

- 272 PacifiCorp has adequately explained why FERC Account 509 – *Allowances* are in the NPC, given that the change is triggered by an update to federal accounting procedures. Notwithstanding AWEC’s testimony, we note that the greenhouse gas allowances associated with the California Cap-and-Trade program have been part of the NPC in prior Company PCORC filings. We further note that the FERC accounting changes were known well in advance with a delayed implementation date of January 1, 2025.

***H. Production Tax Credits (PTC)***

- 273 “AWEC recommended that PacifiCorp update its rates to incorporate new transmission rates from the Bonneville Power Administration’s (“BPA”) BP-26 rate case, which results

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<sup>488</sup> Mullins, Exh. BGM-1CT at 18:1–9.

<sup>489</sup> Mullins, Exh. BGM-1CT at 18:1–9.

<sup>490</sup> Mullins, Exh. BGM-1CT at 20:13–16.

<sup>491</sup> PacifiCorp Initial Brief, at ¶ 110 *citing Accounting and Reporting Treatment of Certain Renewable Energy Assets*, Order No. 898, 183 FERC ¶ 61,205, 88 Fed. Reg. 69,294 (Oct. 5, 2023).

in an increase to those rates, as well as a higher production tax credit (“PTC”) rate for wind facilities.”<sup>492</sup>

274 PacifiCorp clarified that it:

initially forecasted a PTC rate of 3.0 cents per kilowatt-hour (cents/kWh) for all qualified wind facilities. In its rebuttal filing, PacifiCorp continued to forecast a PTC rate of 3.0 cents/kWh for qualified wind facilities placed in service after December 31, 2021, and before January 1, 2025, but forecasted a PTC rate of 3.1 cents/kWh for all other qualified wind facilities.<sup>493</sup>

275 On brief, AWEC indicates that it does not oppose this change.<sup>494</sup>

### ***Commission Decision***

276 We accept PacifiCorp’s amended PTC rate. The description of the process used for modification of the rates, and the explanation provided about wind power generation eligibility were persuasive as to the reasonableness. We are satisfied that the amended PTC rate is consistent with the public interest. Further, AWEC does not oppose this changed position. We find that the parties are in agreement on this issue and that it need not be addressed further.

#### ***I. EDAM Costs***

277 In its initial brief, Public Counsel recommends that the Commission partially disallow \$437,000 of EDAM costs, because of a failure to demonstrate in its direct case “internal due diligence to determine the EDAM was the best choice for its customers.”<sup>495</sup>

278 Public Counsel argues that PacifiCorp failed to analyze alternatives to joining CAISO’s EDAM and present them in this filing.<sup>496</sup> Earle testifies that PacifiCorp does not consider the option of joining Southwest Power Pool’s Markets+ or not joining any market.<sup>497</sup> Earle notes that the issue at hand is not whether joining EDAM is prudent, rather that

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<sup>492</sup> AWEC Initial Brief, at ¶ 56.

<sup>493</sup> PacifiCorp Initial Brief, at ¶ 111.

<sup>494</sup> AWEC Brief, at ¶ 56 *citing* Mullins, Exh. BGM-1CT at 45:8–46:8, 77:4–80:10; Mitchell, Exh. RJM-13CT at 120:3–123:9.

<sup>495</sup> Public Counsel Initial Brief, at ¶¶ 57–59. *See also* WAC 480-07-510(3)(a).

<sup>496</sup> Earle, Exh. RLE-1CT at 28:4–10.

<sup>497</sup> Earle, Exh. RLE-1CT at 28:11–16.

PacifiCorp should have considered the alternative of Markets+ and presented the analysis, especially when the BPA chose it over EDAM.<sup>498</sup>

- 279 Public Counsel explains that, upon its data request, PacifiCorp referred to two analyses — the Brattle Group’s comparative assessment, and the analysis conducted by Portland General Electric (PGE).<sup>499</sup> Earle testifies that one study compared EDAM and Markets+ without concluding that EDAM is better for PacifiCorp’s ratepayers, and the other one was performed by PGE recommending it join EDAM, but did not mention PacifiCorp.<sup>500</sup> Earle adds that PacifiCorp did not do an internal analyses of its own.<sup>501</sup> Consequently, Earle concludes that the Commission should disallow 50 percent of certain EDAM costs, or approximately \$437,000.<sup>502</sup> Public Counsel addresses PacifiCorp’s response to its recommended disallowance of EDAM membership costs, stating: “[t]he Commission should disregard this plea as the company provided the additional information in its rebuttal case, not its initial filing. Under Commission rules, the party bearing the burden of proof must meet it in its direct case.”<sup>503</sup>
- 280 On rebuttal, witness Wilding explained the Company’s assessment of alternatives to joining the EDAM; namely that PacifiCorp attended stakeholders’ events for Markets+ and the EDAM, presentations where the benefits of joining EDAM were highlighted, and retained Brattle Group to perform a comparative analysis between the two markets.<sup>504</sup> The Company notes that seventy percent of the total market load will remain within the EDAM footprint based on actual loads from July 2025, while 30 percent of load is expected to join Markets+.<sup>505</sup> Further, PacifiCorp identifies that three new market participants have signed implementation agreements to join either WEIM or both WEIM and EDAM, which offsets the market impacts for those that are leaving.<sup>506</sup> The Company asserts that EDAM offers higher transmission connectivity than Markets+ and PacifiCorp has designed workstreams with CAISO to establish additional transfer points to unlock

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<sup>498</sup> Earle, Exh. RLE-1CT at 29:1–15.

<sup>499</sup> Earle, Exh. RLE-1CT at 29:15–19 *citing* Earle, Exh. RLE-22 (PacifiCorp Response to Public Counsel Data Request 34 at, subpart a).

<sup>500</sup> Earle, Exh. RLE-1CT at 29:19–30:12.

<sup>501</sup> Earle, Exh. RLE-1CT at 30:12–31:7.

<sup>502</sup> Earle, Exh. RLE-1CT at 31:8:12.

<sup>503</sup> Public Counsel Reply Brief, at ¶ 29 *citing* WAC 480-07-510(3)(a).

<sup>504</sup> Wilding, Exh. MGW-5CT at 10:15–11:2.

<sup>505</sup> Wilding, Exh. MGW-5CT at 11:12–18.

<sup>506</sup> Wilding, Exh. MGW-5CT at 11:12–22.

additional energy flows.<sup>507</sup> Moreover, witness Wilding identifies that EDAM includes the majority of PacifiCorp’s trading partners.<sup>508</sup> Further, even if BPA decided to join Markets+ along with five other public utilities, “entities that PacifiCorp transacts [with] most frequently have either signed EDAM implementation agreements, expressed leaning to join EDAM, or are remaining in the WEIM,”<sup>509</sup> so the aggregation of WEIM and EDAM trading partners is larger than the entities joining Markets+.<sup>510</sup> Further, based on the Middle View 1 footprint, EDAM will contain the most solar and wind power generation and battery storage in the Western Electricity Coordinating Council (WECC).<sup>511</sup>

281 PacifiCorp in its opening brief cites to its rebuttal case as sufficient to establish EDAM as preferential to Markets+.<sup>512</sup> In its reply brief, PacifiCorp additionally cites to MGW-2, MGW-3, and MGW-4 to establish that “PacifiCorp commissioned studies comparing the two markets and modeling the Company-specific benefits of joining the EDAM.”<sup>513</sup> PacifiCorp further cites to its rebuttal case which included a more detailed supporting analysis.<sup>514</sup>

282 PacifiCorp’s briefing does not address Public Counsel’s argument concerning WAC 480-07-510(3)(a); however, the Company acknowledges that the Commission has rejected evidence and arguments being offered in the Company’s rebuttal case.<sup>515</sup>

### ***Commission Decision***

283 It is clear on this record that PacifiCorp’s participation in EDAM benefits ratepayers – that does not appear to be in dispute. It is also clear on this record that the cost of EDAM is reasonably preferable to the alternatives of joining Markets+ or not joining either market, and that PacifiCorp made this determination pursuant to a prudent decision-making process. However, Public Counsel’s claim is that only the former was established

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<sup>507</sup> Wilding, Exh. MGW-5CT at 12:1–13:1.

<sup>508</sup> Wilding, Exh. MGW-5CT at 13:1–14:5.

<sup>509</sup> Wilding, Exh. MGW-5CT at 15:6–8.

<sup>510</sup> Wilding, Exh. MGW-5CT at 15:11–16:2.

<sup>511</sup> Wilding, Exh. MGW-5CT at 16:3–12.

<sup>512</sup> PacifiCorp Initial Brief, at ¶ 120 *citing* Wilding, Exh. MGW-5CT at 10:15–11:2.

<sup>513</sup> PacifiCorp Reply Brief, at ¶ 55.

<sup>514</sup> *See* Wilding, Exh. MGW-5CT at 10:7–16:12.

<sup>515</sup> PacifiCorp Initial Brief, at ¶ 101.

in the direct case. PacifiCorp established in its filing that EDAM was beneficial; the filing was less clear on the relative benefits between potential options.<sup>516</sup>

284 In explaining its reasoning for picking its day-ahead market, PacifiCorp’s direct case compared joining EDAM with the continuation of business as usual, also referred to in the exhibit as “status quo.”<sup>517</sup> This analysis identified several benefits to joining EDAM, including a lowering of curtailments and decreases in generation and purchase costs. The explanation is consistent with the discussion of utilities’ evaluation of day-ahead markets that took place at an open meeting on August 7, 2024.<sup>518</sup> PacifiCorp’s analysis in its direct case did not directly compare the relative benefits of EDAM to Market+, but it did analyze the relative benefits of choosing EDAM over doing nothing.

285 On rebuttal, PacifiCorp provided further evidence as to why EDAM was chosen over Market+. Even accepting Public Counsel’s premise that the direct case was defectively silent on this issue, on this record given the abundance of evidence, it would be punitive to accept Public Counsel’s suggested disallowance. Especially here, where the decision alleged to not be adequately explained is not particularly close.<sup>519</sup>

286 With that said, we would have preferred for PacifiCorp to have laid all of this out in its direct case; or to have provided clearer information in discovery when Public Counsel inquired.<sup>520</sup> Indeed, we expect companies in future filings to make such an analysis available in the direct case.

### ***J. BPA BP-26 rate case***

287 In its testimony, AWEC establishes that the BPA recently concluded its BP-26 rate case, which resulted in an approximate 24.0 percent increase to Point-to-Point transmission rates.<sup>521</sup> AWEC Witness Mullins noted that PacifiCorp did not include an estimate of this

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<sup>516</sup> See also Exh. RLE-22 (answers to Public Counsel Data Request 34, (b) and (l)).

<sup>517</sup> Exh. MGW-4, at 13-17.

<sup>518</sup> Docket UE-240537, *Day-Ahead Market Workshop Presentation* on behalf of PacifiCorp at the Commission’s Regularly Scheduled Open Meeting, (Aug. 6, 2024).

<sup>519</sup> See WAC 480-07-495 (allowing commission to take official notice of “[t]echnical or scientific facts within the commission’s specialized knowledge”).

<sup>520</sup> See also Exh. RLE-22 (answers to Public Counsel Data Request 34, (b) and (l)).

<sup>521</sup> Mullins, Exh. BGM-1CT at 45:9–12.

increased cost in its PCORC filing and should update its model with the new rates.<sup>522</sup> Mullins estimates that the adjustment will result in a \$20 million increase to PacifiCorp's total-system costs, with approximately \$1.6 million allocated to Washington, increasing the revenue requirement by \$1.6 million.<sup>523</sup>

288 PacifiCorp Witness Mitchell testifies that PacifiCorp' would prefer to maintain the proposed compliance filing with BPA's existing rate and "not adopt AWEC's recommendation" to update the NPC model based on the BP-26 rates,<sup>524</sup> because the wheeling expenses encompass other outdated items that would change the NPC.<sup>525</sup>

289 In briefing, PacifiCorp posits that at the time it filed its "direct filing the BPA rate increase was not known and measurable."<sup>526</sup> PacifiCorp argues that updating this "single component of PacifiCorp's wheeling expense exceeds the narrow scope of a compliance filing and should therefore be rejected."<sup>527</sup>

290 AWEC argues as follows:

In testimony, AWEC recommended that PacifiCorp update its rates to incorporate new transmission rates from the Bonneville Power Administration's ("BPA") BP-26 rate case, which results in an increase to those rates, as well the Bonneville Power Authority as a higher production tax credit ("PTC") rate for wind facilities. In response, PacifiCorp opposed AWEC's proposal to update BPA rates on the basis that it fell outside of the scope of compliance items, and partially accepted AWEC's recommendation on the PTC rate for all wind facilities other than those placed in service between December 31, 2021 and January 1, 2025. AWEC does not oppose PacifiCorp's rebuttal position on these issues.<sup>528</sup>

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<sup>522</sup> Mullins, Exh. BGM-1CT at 45:3–4.

<sup>523</sup> Mullins, Exh. BGM-1CT at 46:4–8.

<sup>524</sup> Mitchell, Exh. RJM-13CT at 123:6–7.

<sup>525</sup> Mitchell, Exh. RJM-13CT at 123:2–4.

<sup>526</sup> PacifiCorp Initial Brief, at ¶ 112.

<sup>527</sup> PacifiCorp Initial Brief, at ¶ 112.

<sup>528</sup> AWEC Initial Brief, at ¶ 56 *citing* Mullins, Exh. BGM-1CT at 45:8–46:8, 77:4–80:10; Mitchell, Exh. RJM-13CT at 120:3–123:9.

*Commission Decision*

- 291 AWEC raises a valid point regarding updating the NPC forecast to include the BPA transmission rate increase under the BP-26 rate case. Notwithstanding the adjustment resulting in an increase to Washington-allocated NPC forecast, as a general matter our calculations should include the most recent data and strive to be as accurate as possible. This will help the Commission assess whether the proposed rates are fair, just, reasonable, sufficient, and in the public interest and avoid large adjustments during future PCAMs.
- 292 At the hearing, Commissioner Doumit questioned PacifiCorp's explanations.<sup>529</sup> In response, Mitchell testified that the wheeling expenses were regulatory lag outside of the scope of the PCORC, and that because the NPC is a forecast, most inputs are outdated.<sup>530</sup>
- 293 Indeed, in the last GRC we found that PacifiCorp should use the effective year for forecasting NPC.<sup>531</sup> We accept PacifiCorp's explanation that moving the wheeling expenses would not increase the precision of the NPC here.<sup>532</sup>
- 294 AWEC does not oppose the rebuttal position; we accept PacifiCorp's revised position on BP-26 rates.
- 295 To avoid a rate increase on items the Company could have amended during the PCORC, if the Company files a PCAM before the next GRC, we order that the Company use the same wheeling expenses as those used in this PCORC.

**FINDINGS OF FACT**

- 296 Having discussed above in detail the evidence received in this proceeding concerning all material matters, and having stated findings and conclusions upon issues in dispute among the parties and the reasons therefore, the Commission now makes and enters the following summary of those facts, incorporating by reference pertinent portions of the preceding detailed findings:

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<sup>529</sup> TR 239:20-242:25.

<sup>530</sup> Mitchell, Exh. RJM-13CT at 122:13-123.

<sup>531</sup> Order 08/06, Dockets UE-230172 and UE-21052, at ¶ 307.

<sup>532</sup> Mitchell, Exh. RJM-13CT at 122:13-123.

- 297 (1) The Commission is an agency of the state of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electrical companies.
- 298 (2) PacifiCorp is a “public service company” and an “electrical company” as those terms are defined in RCW 80.04.010 and used in Title 80 RCW. PacifiCorp is engaged in Washington state in the business of supplying utility services and commodities to the public for compensation.
- 299 (3) On April 1, 2025, PacifiCorp filed testimony, exhibits, and supporting documentation for the Company’s PCORC. The Company also proposed other changes with the PCORC, including a new allocation methodology the Company calls the 2026 Protocol. In its filing, PacifiCorp explained the filing was intended to remove coal from rates in compliance with CETA and a prior Commission order and propose a new allocation methodology in compliance with a separate Commission order. With the PCORC, PacifiCorp seeks to recover \$12.1 million in power costs from customers.
- 300 (4) On April 18, 2025, the Commission issued Order 01, suspending the tariff revisions for adjudication.
- 301 (5) Beginning on October 7, 2025, the Commission held a two-day evidentiary hearing on this matter.
- 302 (6) On December 2, 2025, the Commission held a Virtual Public Comment hearing. The Commission heard comments from two individual customers at the Virtual Public Comment hearing.
- 303 (7) The record evidence supports a finding that the 2026 Protocol directly impacts NPC and non-NPC costs.
- 304 (8) The record evidence supports a finding that the 2026 Protocol is properly before us at this time and was filed pursuant to the Commission’s Order 07 in Docket UE-230482.
- 305 (9) PacifiCorp has substantially complied with all three requirements in statute and Commission orders from two prior dockets requiring PacifiCorp to (1) remove coal resources from rates by December 31, 2025, (2) file a PCORC by April 1, 2025, to adjust NPC for the removal of coal

and consider factors which might offset increases to NPC, and (3) propose alternative allocation methodologies to the WIJAM in this filing.

- 306 (10) The record evidence supports the 2026 Protocol is a substantial improvement over the WIJAM, and that use of the WIJAM would have increased NPC by \$80 million in this case, with continuation of the WIJAM resulting in a rate increase of \$80 million as compared to a \$12 million increase under the 2026 Protocol.
- 307 (11) PacifiCorp customers have experienced a total bill increase of 71 percent in the past four years.
- 308 (12) The record evidence supports a finding that situs assigning the Chehalis plant to Washington will result in avoiding higher cost market purchases, generating revenue through market sales, and meeting future resource adequacy requirements.
- 309 (13) The evidence before us suggests Jim Bridger Units 1 and 2 play a role in moving CETA compliant wind resources located in PacifiCorp's eastern balancing authority to the western balancing authority, and accordingly, the units serve a function that Hermiston does not.
- 310 (14) The record evidence shows that Rolling Hills appears to be a high-cost facility as it is currently operated.
- 311 (15) Rolling Hills is a non-emitting resource, which will meaningfully contribute to CETA and CCA compliance, and therefore there is value in adding an increased allocation of Rolling Hills to Washington, which will provide substantial benefits in adding renewable generation to Washington and provide immediate progress in PacifiCorp's CETA compliance pathway.
- 312 (16) The rate of curtailments factors into the cost of Rolling Hills and the Company should consider a future adjustment to model curtailments.
- 313 (17) PacifiCorp provides few details on what will be included in Phase 2, other than to assure the Commission the Company will address decommissioning and remediation costs.

- 314 (18) Additional process and guidance will ensure that the Phase 2 Protocol can be reviewed sufficiently in advance of the date on which PacifiCorp would need to file a GRC with rates to be put into effect on January 1, 2030, and provide the Commission with sufficient information to verify that PacifiCorp's protocol proposal(s) would not result in a collective over recovery of revenue requirement of specific resources across its six-state service territory.
- 315 (19) The WIJAM contemplated a shift towards SG-F factors and the filing before us now fulfills what was originally approved and contemplated.
- 316 (20) The record evidence does not show there is a benefit in continuing to delay the decision to adopt SG-F factors in Washington, as this move has been contemplated and advocated for by parties for years, and the record supports adopting SG-F factors in this proceeding.
- 317 (21) With a shift to SG-F factors and the 2026 Protocol generally, there are changes in costs, which if left unaddressed, pose additional risks for near-term rate increases for customers.
- 318 (22) No party presents convincing evidence that the costs requested associated with the SO factor and non-NPC costs are unreasonable, unjust, or miscalculated.
- 319 (23) The 2026 Protocol contemplates treatment of future non-emitting resources, situs assigning those to the state for which they are procured or cost-sharing with other states as appropriate.
- 320 (24) PacifiCorp's treatment of future non-emitting resources is likely to result in Washington sharing in an increased share – up to 100 percent – in new non-emitting resources procured for Washington.
- 321 (25) The record evidence supports a finding that permanently fixing Washington's SG-F without knowing how other states decide on the 2026 Protocol could be detrimental to Washington customers.
- 322 (26) The record evidence supports a finding that no party has shown that there is overcollection on a system basis or a state basis, and that on balance there is not convincing evidence that PacifiCorp has been experiencing a

windfall warranting an investigation into potential past overcollections for specific resources.

- 323 (27) The industrial curtailment contracts included in PacifiCorp's filing, reflecting curtailments in the eastern balancing authority, can serve the western balancing authority.
- 324 (28) Inclusion of the provision pertaining to new large loads advocated for by Staff will clarify how those costs should be borne by and allocated to individual states.
- 325 (29) The rate of curtailment for wind resources is significant and impacts costs. Aurora modeling of such resources is unrealistic in two material ways: (i) it assumes infinite liquidity; (ii) it trades fractionally instead of in 25 MW blocks.
- 326 (30) PacifiCorp's choice to model as a closed system hampers non-company parties ability to offer alternatives.
- 327 (31) A Washington specific hedge book is necessary to adequately protect ratepayers; PacifiCorp's historic short position has led Washington ratepayers to bear high market costs in recent years.
- 328 (32) The historic data and the 2020 NPC benchmark study are helpful and tend to show PacifiCorp's modeling is sufficient for this proceeding. However, additional quantitative analysis is required for future proceedings, so as to capture actual historic results within Washington.
- 329 (33) PacifiCorp's forward hedging transaction adjustment allows the model to better reflect actual operations. To the extent AWEC and PacifiCorp's witnesses differed on the effect of Aurora's inherently unrealistic perfect foresight and ability to transact fractionally, we find PacifiCorp's explanation more credible.
- 330 (34) The record does not support a finding that the forward hedging transaction adjustment is unnecessary.
- 331 (35) The record supports a finding that DA/RT is distinct from the forward hedging transaction adjustment and does not constitute duplicative collection. The adjustment to the DA/RT volume component corrects an

erroneous calculation. The record supports its inclusion here, as market caps reflect current market dynamics.

- 332 (36) The Nodal Pricing Model is a day-ahead pricing tool that has been used by PacifiCorp's traders and provides direct and indirect benefits.
- 333 (37) There are no material disputes related to the inclusion of solar power purchase agreements, which were not procured under the Utah green tariff program.
- 334 (38) There is a new version of Aurora, Version 16, which increases the NPC compared to the current version of Aurora, Version 15. The delta between the versions is not clear on this record.
- 335 (39) There is no material dispute related to the inclusion of FERC Account 509 in the NPC. This change was consistent with the directions from FERC.
- 336 (40) There is no material dispute related to the Production Tax Credit rate adopted by PacifiCorp on rebuttal, which is the continued forecast with a PTC rate of 3.0 cents/kWh for qualified wind facilities placed in service after December 31, 2021, and before January 1, 2025, but forecasted a PTC rate of 3.1 cents/kWh for all other qualified wind facilities.
- 337 (41) PacifiCorp's direct case did not provide many details on the decision to join EDAM, instead of Market+. The direct case explained the choice to join EDAM as beneficial by comparison to the continuation of business as usual. Further information was furnished on rebuttal. The issue had been discussed in a Recessed Open Meeting on August 7, 2024.
- 338 (42) There is no material dispute related to the inclusion of the new BP-26 rates – they would not increase the precision of the NPC forecast; nor were they finalized at the time of filing.

### CONCLUSIONS OF LAW

339 Having discussed above all matters material to this decision, and having stated detailed findings, conclusions, and the reasons therefore, the Commission now makes the following summary conclusions of law, incorporating by reference pertinent portions of the preceding detailed conclusions:

- 340 (1) The Commission has jurisdiction over the subject matter of, and parties to these proceedings.
- 341 (2) PacifiCorp's proposed tariff revisions, filed on April 1, 2025, along with the Company's proposed 2026 Protocol which will reallocate generation resources in Washington, result in rates that are fair, just, reasonable, and sufficient.
- 342 (3) PacifiCorp's 2026 Protocol is properly before us at this time, is within the Commission's authority, and should be approved.
- 343 (4) PacifiCorp's filing, while expanded beyond what is normally considered in a PCORC, substantially complies with statute and two prior Commission orders that require PacifiCorp to (1) remove coal resources from rates by December 31, 2025, (2) file a PCORC by April 1, 2025, to adjust NPC for the removal of coal and consider factors that might offset increases to NPC, and (3) propose alternative allocation methodologies to the WIJAM.
- 344 (5) The burden of proving that a proposed increase is just and reasonable is upon the public service company.
- 345 (6) Continuation of the WIJAM rather than adopting the 2026 Protocol is not fair, just, reasonable, or equitable for customers.
- 346 (7) PacifiCorp's decision to propose the 2026 Protocol, given what the Company knew or should have known at the time the decision was made, was reasonable and equitable.
- 347 (8) The 2026 Protocol is compliant with RCW 19.405.030, and the Commission should approve its use.
- 348 (9) The 2026 Protocol will result in less cost recovery from customers than continuing with the WIJAM, approximately \$68 million less, and the difference in costs supports that the 2026 Protocol is fair, just, and reasonable.
- 349 (10) RCW 19.405.040 is distinguishable from RCW 19.405.030, and the operative date for emitting resources to be removed from rates is not January 1, 2030, but January 1, 2045.

- 350 (11) The need for PacifiCorp to change its operations of the Chehalis plant and Jim Bridger Units 1 and 2 in a CETA compliant manner by 2030 does not warrant deferral of the assignment today or a requirement that PacifiCorp completely remove all natural gas resources by 2030.
- 351 (12) The Commission should not reach a decision on the issue of non-retail CCA costs at this time.
- 352 (13) CETA does not preclude Jim Bridger Units 1 and 2 being included in rates until 2045.
- 353 (14) The Commission should not swap the allocation of portions of Jim Bridger Units 1 and 2 with Hermiston because generation units in the eastern part of the system can play an important role in moving CETA compliant wind resources located in PacifiCorp's eastern balancing authority to the western balancing authority, such that the location of the Jim Bridger Units 1 and 2 results in the plants serving a function that Hermiston does not.
- 354 (15) PacifiCorp must seek approval in substantially increasing customers state shares of existing plant, including Rolling Hills.
- 355 (16) The addition of Rolling Hills is advantageous for both CETA and CCA compliance and should be determined prudent at this time.
- 356 (17) The record is not clear as to the actual cost of the Rolling Hills resource due to the evidence of varying calculations, and the Company must demonstrate in future proceedings that Rolling Hills is used and useful or is not otherwise subject to future disallowance in future proceedings.
- 357 (18) The evidence supports the Commission concluding that Rolling Hills is less expensive than what the Company might pay on the bilateral market to replace this CETA-compliant resource, and is therefore fair, just, sufficient, and reasonable based on the record in this case, and therefore the Commission should not disallow a portion of the Rolling Hills costs at this time.
- 358 (19) The Commission should require that PacifiCorp provide wind curtailment modeling in power cost proceedings moving forward and that these reports

include at least the timing and frequency of curtailments, along with the associated reason for curtailment and impacts to facility capacity factor. This modeling will in turn flow into the next PCAM true-up and the next PCORC within the MYRP, which will allow the Commission to build a more substantial record and make a final determination on Rolling Hills in Phase 2.

- 359           (20)   The Commission should impose the following conditions moving forward as it applies to Phase 2 and compliance with this Order:
1. PacifiCorp shall file an update 30 days after all other states have completed Phase 1 reviews. The update should include resource allocations to each state and decisions that impact resources allocated to Washington in this proceeding.
  2. The Phase 2 filing shall include all relevant workbooks, plans for CETA compliance, and plans for the treatment of long-lived fossil assets. The Phase 2 filing shall also include a summary of Phase 1 results from other states. Prior to filing, the Company shall consult with Staff, Public Counsel, TEP, and AWEC, and present its plans at a Recessed Open Meeting to identify appropriate data to include in this filing.
  3. PacifiCorp shall present total cost recovery data for all its resources across each of the six states it serves as a part of its Phase 2 filing.
  4. PacifiCorp shall include a demonstration of how PacifiCorp's total cost recovery would vary, by jurisdiction, under a business-as-usual, high load, and low load scenario in its Phase 2 filing.
  5. PacifiCorp shall be required to present its Phase 2 proposal compared to two or more alternative methodologies that have been considered.
  6. PacifiCorp shall file its Phase 2 filing at least 11 months before January 1, 2030, for the 2030 CETA compliance requirements.
- 360           (21)   The Commission should approve the SG-F factor, SO factor, and non-NPC costs in this filing.

- 361 (22) The Commission should approve a move to SG-F factors as consistent with what was originally approved and contemplated in the Commission's approval of the WIJAM.
- 362 (23) The Commission should approve the adjustments to the SO factor and non-NPC costs as fair, just, sufficient, and reasonable, and substantially tied to shifts in generation and adoption of the 2026 Protocol.
- 363 (24) The Commission should allow parties to revisit the SG-F and SO factors in future proceedings, including Phase 2, once more is known about how the 2026 Protocol is adopted in other states.
- 364 (25) The Commission should not order an investigation into overcollections at this time, as the evidence does not support that there is overcollection on a system basis or a state basis, or that PacifiCorp has been experiencing a windfall.
- 365 (26) The Commission should ensure PacifiCorp does not over collect for specific resources as it transitions to the 2026 Protocol and the conditions imposed on PacifiCorp for Phase 2 will allow the Commission to monitor collections for specific resources moving forward.
- 366 (27) There is no longer a material dispute on the issue of industrial curtailment contracts, and the Commission should allow the industrial curtailment contracts to be included in rates.
- 367 (28) The Commission should require PacifiCorp to include the following language related to large load costs in the 2026 Protocol, but should clarify that this language does not predetermine, preapprove, or set ratemaking treatment for such loads:

The costs associated with New Large Load that require PacifiCorp to make investments or incur costs for assets placed in service after January 1, 2026, will be assigned to the state in which the load is located. PacifiCorp will work within the regulatory framework (i.e., a special contract or tariff) within that state to assign the costs to the New Large Load customer, as determined by that state's Commission. These costs include, but are not limited to, any new distribution costs, transmission costs, generation costs (including power purchase

agreements, as applicable), and contractual costs for providing electrical service (i.e., firm third-party transmission rights).

- 368 (29) PacifiCorp's resolution of these issues is reasonable for this filing; however, due to the young vintage of the wind assets, the lack of data related to Gateway South, and the observed divergences between the model and history.
- 369 (30) The Commission should order PacifiCorp to present its modeling in a less opaque way in future filings.
- 370 (31) The Commission should require PacifiCorp to create a Washington specific hedge book. It is a reasonable manner to address the Commission's long held, often discussed short-position in the State.
- 371 (32) The Commission should order PacifiCorp to subsequently submit a quantitative analysis showing the accuracy of the model before filing the next GRC.
- 372 (33) The Commission should approve the forward hedging transaction adjustment, as fair, just, reasonable, and sufficient.
- 373 (34) The Commission should approve the DA/RT adjustment as fair, just, reasonable, and sufficient and no party has shown those costs are unfair, unjust, unreasonable, or miscalculated. The Commission's rejection of the DA/RT volume component in a past proceeding was based on procedural grounds, and not substance.
- 374 (35) The Commission should allow in the total-company NPC, the Nodal Pricing Model costs, as used and useful to ratepayers.
- 375 (36) The Commission should allow the solar purchase power agreements in the total-company NPC, as used and useful to ratepayers.
- 376 (37) PacifiCorp's continued use of Aurora V15 in the proceeding was reasonable. To ensure consistency, if PacifiCorp files a PCAM prior to the next GRC, then the Commission should order PacifiCorp to continue to use Aurora V15; not use Aurora V16 until its next full GRC.
- 377 (38) The Commission should allow FERC Account 509 to be in the total NPC.

- 378 (39) The Commission should allow the PTC rate forecast as described by in paragraph 274 above.
- 379 (40) The Commission should allow the costs of joining EDAM; PacifiCorp's filing is not so deficient as to support a disallowance. The Commission notes that the decision making was in part discussed in a Recessed Open Meeting, prior to the time of filing. Further, the direct case did compare an alternative to joining EDAM; which was expanded on in rebuttal.
- 380 (41) The Commission should accept PacifiCorp's revised position on BP-26 rates. For consistency in comparative analysis, it is appropriate for the Commission to order that the Company use the same wheeling expenses as those used in the PCORC, if it files a PCAM before its next GRC.
- 381 (42) Rates determined in this proceeding would be neither unduly preferential nor discriminatory and should become effective on January 1, 2026.
- 382 (43) This Order fully and fairly resolves the issues in this docket and is in the public interest.
- 383 (44) The Commission Secretary should be authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements of this Order.
- 384 (45) The Commission should retain jurisdiction to effectuate the terms of this Order.

**ORDER**

**THE COMMISSION ORDERS:**

- 385 (1) The proposed tariff revisions PacifiCorp d/b/a Pacific Power and Light Company filed on April 1, 2025, and suspended by prior Commission order, are deemed approved, subject to the conditions set forth in this order.
- 386 (2) PacifiCorp d/b/a Pacific Power and Light Company is authorized and required to make a compliance filing on or before December 26, 2025, including such new and revised tariff sheets as are necessary to implement the requirements of this Order, providing that the new tariffs become effective on January 1, 2025.

- 387 (3) PacifiCorp d/b/a Pacific Power and Light Company's use of the 2026 Protocol and the associated changes to resource allocation and allocation factors are deemed to be prudent.
- 388 (4) PacifiCorp d/b/a Pacific Power and Light Company will be required to comply with the following conditions as it relates to its Phase 2 filing:
1. PacifiCorp shall file an update 30 days after all other states have completed Phase 1 reviews. The update should include resource allocations to each state and decisions that impact resources allocated to Washington in this proceeding.
  2. The Phase 2 filing shall include all relevant workbooks, plans for CETA compliance, and plans for the treatment of long-lived fossil assets. The Phase 2 filing shall also include a summary of Phase 1 results from other states. Prior to filing, the Company shall consult with Staff, Public Counsel, TEP, and AWEC, and present its plans at a Recessed Open Meeting to identify appropriate data to include in this filing.
  3. PacifiCorp shall present total cost recovery data for all its resources across each of the six states it serves as a part of its Phase 2 filing.
  4. PacifiCorp shall include a demonstration of how PacifiCorp's total cost recovery would vary, by jurisdiction, under a business-as-usual, high load, and low load scenario in its Phase 2 filing.
  5. PacifiCorp shall be required to present its Phase 2 proposal compared to two or more alternative methodologies that have been considered.
  6. PacifiCorp shall file its Phase 2 filing at least 11 months before January 1, 2030, for the 2030 CETA compliance requirements.
- 389 (5) PacifiCorp d/b/a Pacific Power and Light Company is required to file additional analysis of its wind curtailment modeling in future rate filings, and endeavor to make the modeling accessible to non-company parties.

- 390 (6) PacifiCorp d/b/a Pacific Power and Light Company is required to create a Washington specific hedge book, and to subsequently file a quantitative analysis of the accuracy of the model before filing its next full GRC.
- 391 (7) The Commission approves of the forward hedging adjustment.
- 392 (8) The Commission approves of the DA/RT adjustment.
- 393 (9) The Commission approves of the inclusion of Nodal Pricing Model costs in PacifiCorp d/b/a Pacific Power and Light Company's total-company NPC.
- 394 (10) The Commission approves of the inclusion of the solar purchase power agreements in PacifiCorp d/b/a Pacific Power and Light Company's total-company NPC.
- 395 (11) PacifiCorp d/b/a Pacific Power and Light Company will be required to continue to use Aurora V15 if its files a PCAM prior to the next GRC but may use Aurora V16 beginning with the next GRC.
- 396 (12) The Commission approves of the FERC Account 509's inclusion in PacifiCorp d/b/a Pacific Power and Light Company's total NPC.
- 397 (13) The Commission approves of the PTC rate forecast described above in paragraph 274 above.
- 398 (14) The Commission approves of the cost of joining EDAM in PacifiCorp d/b/a Pacific Power and Light Company's total NPC.
- 399 (15) The Commission approves PacifiCorp d/b/a Pacific Power and Light Company's revised position on BP-26, described in paragraphs 294-95, and orders PacifiCorp d/b/a Pacific Power and Light Company to use the same wheeling expenses as those used in this filing if it files a PCAM before the next GRC.
- 400 (16) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements of this Order.
- 401 (17) The Commission retains jurisdiction over the subject matters and parties to this proceeding to effectuate the terms of this Order.

DATED at Lacey, Washington, and effective December XX, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



BRIAN J. RYBARIK, Chair



ANN E. RENDAHL, Commissioner



MILTON H. DOUMIT, Commissioner

**NOTICE TO PARTIES: This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 or RCW 81.04.200 and WAC 480-07-870.**