
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Application of Rocky Mountain Power for
Approval of the 2026 Inter-Jurisdictional Cost
Allocation Protocol

Docket No. 25-035-47

**DIRECT TESTIMONY AND EXHIBITS OF
EDWARD BURGESS**

**On Behalf of
Sierra Club
February 5, 2026**

PUBLIC VERSION

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Exhibit 1.1: Edward Burgess CV.

Exhibit 1.2: RMP Response to DPU Data Request 1.2.

Exhibit 1.3: RMP Responses to Sierra Club Data Request 1.3, 1.4, 1.5, 1.13, 1.15, and 2.3.

Exhibit 1.4: RMP Response to UTLCG Data Request 4.5.

Exhibit 1.5: RMP Attachment to Sierra Club Data Request 1.3.

Exhibit 1.6: CEG Workpaper “RMP Attachment 2_CEG Analysis.xlsx”.

Exhibit 1.7: CEG Confidential Workpaper “25-035-47 RMP PROPRIETARY_MGW Direct Testimony Individual State WRAP View_CEG Analysis CONF.xlsx”.

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, business address, and current position.**

3 A. My name is Edward Burgess. I am a Founding Partner of Current Energy Group LLC
4 (“CEG”). My business address is 4764 E Sunrise Drive Unit #508, Tucson, AZ 85718.

5 **Q. On whose behalf are you submitting testimony?**

6 A. I am filing testimony on behalf of Sierra Club.

7 **Q. Have you previously submitted testimony before the Utah Public Service
8 Commission?**

9 A. No.

10 **Q. Have you ever testified before any other state regulatory body?**

11 A. Yes. I have provided expert testimony on over 35 occasions before 13 state utility
12 commissions including California, Colorado, Indiana, Louisiana, Massachusetts,
13 Michigan, Nevada, North Carolina, Oregon, South Carolina, Virginia, Washington, and
14 Wisconsin. A full list of these proceedings is provided in Exhibit 1.1. Additionally, I have
15 represented numerous clients by conducting technical analyses, drafting formal
16 comments, and participating in technical workshops in a wide range of proceedings at
17 utilities commissions in Arizona, the District of Columbia, Maryland, Minnesota,
18 Montana, New Hampshire, New York, North Carolina, Ohio, Oregon, Pennsylvania, and
19 Utah and in matters before the Federal Energy Regulatory Commission, the Western
20 Interstate Energy Board, and the California Independent System Operator. Regarding
21 Rocky Mountain Power, specifically, I have advised Sierra Club on PacifiCorp’s 2021,
22 2023, and 2025 Integrated Resource Plans, supporting the submission of comments on
23 those plans before this and other Commissions. I have also testified before the California

24 and Oregon Public Utility Commissions regarding the prudence of PacifiCorp's fuel
25 costs on multiple occasions.

26 **Q. Please describe your educational and occupational background.**

27 A. I have spent over 13 years working as a consultant in the energy and utilities industry. I
28 specialize in electric utility issues including utility resource planning, transmission
29 planning, fuel and power purchase costs, rate design, revenue requirements, distributed
30 energy resource programs, and electric vehicle programs. Prior to co-founding CEG in
31 2024, I was a Consulting Partner at Strategen Consulting ("Strategen"), where I worked
32 for over 8 years. While at Strategen, I directed the company's grid planning practice area.
33 I also helped launch and served as the inaugural Director for the Vehicle-Grid Integration
34 Council and grew the organization to over 40 member companies. Prior to joining
35 Strategen, I worked as an independent consultant, providing technical support to clients
36 before state utility commissions and legislatures. During that time, I also worked for
37 Arizona State University where I helped launch their Utility of the Future initiative as
38 well as the Energy Policy Innovation Council. Regarding my education, I have a
39 bachelor's degree in Chemistry (A.B.) from Princeton University. I also have master's
40 degrees in Solar Energy Engineering and Commercialization (P.S.M.) and in
41 Sustainability (M.S.) both from Arizona State University. My CV is attached as Exhibit
42 1.1.

43 **Q. Please describe the purpose of your testimony.**

44 A. The purpose of my testimony is to present the results of my evaluation of the Application
45 of Rocky Mountain Power for Approval of the 2026 Inter-Jurisdictional Cost Allocation

46 Protocol (“Application” or “2026 Protocol”) filed by PacifiCorp, d/b/a Rocky Mountain
47 Power (“Company” or “RMP”).

48 **Q. How is your testimony organized?**

49 A. Section II presents a summary of my testimony and recommendations. I provide an
50 overview of RMP’s Application in Section III. In Section IV, I discuss my analysis of the
51 proposed 2026 Protocol, including my evaluation of the risks associated with approving
52 the Application and the reasons why a cost-allocation protocol does not need to be
53 approved at this time. Lastly, in Section V, I summarize my recommendations and
54 conclude.

55 **II. SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

56 **Q. Please summarize your findings.**

57 A. My findings are as follows:

- 58 • RMP’s “Phase 1” 2026 Protocol proposal is fundamentally flawed in at least three
59 key respects and approving Phase 1 would be detrimental to Utah ratepayers both
60 in near term and long term. I describe these flaws in detail in Section IV(A). First,
61 RMP seeks to assign to Utah the cost of coal resources that would otherwise be
62 unallocated, without seeking prior approval to acquire these resources on behalf
63 of Utah customers. Second, RMP seeks to assign specific resources only to
64 Washington with little analytical support or regard for system-wide planning.
65 Finally, aspects of RMP’s approach to calculating net power costs (“NPC”) for
66 situs-based resources may significantly undervalue renewable energy.
- 67 • RMP has not presented a sufficient need for the Utah Public Service Commission
68 (“Commission”) to approve Phase 1 now. A rush to approve RMP’s proposal

69 provides no clear or immediate benefits to Utah customers and would leave
70 unaddressed more substantial risks in Phase 2. I address these concerns in
71 Sections IV(B) and IV(C).

72 **Q. Please summarize your recommendations.**

73 A. I recommend that the Commission not approve the 2026 Protocol. Instead, I recommend
74 that the Commission:

75 1. Acknowledge the deficiencies and flaws in the Company's application as described
76 throughout my testimony herein.

77 2. Direct RMP to re-engage in multi-state negotiations surrounding its 2026 Protocol.

78 3. Extend the 2020 Protocol on a short-term basis (i.e., up to 1 year).

79 4. Provide guidance that an alternative protocol should include following features:

80 (1) Considerations beyond Phase 1.

81 (2) No presumption that 100% allocation of generation costs at all times is required.

82 (3) Opportunities for each state to evaluate whether and how to take on additional
83 shares of available generation facilities.

84 (4) An updated NPC calculation method that addresses the concerns raised in my
85 testimony.

86 **III. OVERVIEW OF RMP'S APPLICATION**

87 **Q. Please provide a brief overview of RMP's Application.**

88 A. RMP is requesting approval of its proposed 2026 Inter-Jurisdictional Cost Allocation
89 Protocol ("2026 Protocol"). The proposed 2026 Protocol is the most recent in a series of
90 multi-state allocation methodologies that have historically been used to allocate costs to
91 each of RMP's six retail state jurisdictions. The Company also proposes a phased

92 approach, whereby the Company’s Application solely represents an initial “Phase 1” of
93 the 2026 Protocol. While not comprehensive, the initial Phase 1 framework includes
94 some important changes from the 2020 Protocol, including:

- 95 1. Reassignment of coal resource costs that were previously in Washington rates to the
96 other five states (including Utah).
- 97 2. Reassignment of other coal resource costs that were *not* previously in Washington
98 rates to the other five states (including Utah).
- 99 3. Reassignment of certain non-coal resource costs to Washington from the other five
100 states. Most notably RMP proposes to reassign 100% of the Chehalis natural gas
101 facility, and 34.87% of the Rolling Hills wind facility (Oregon’s legacy share) to
102 Washington.¹
- 103 4. A provision for new large load customers to be assigned costs on a situs basis.²

104 If Phase 1 is approved, RMP plans to introduce a “significantly broader”³ Phase 2 of the
105 2026 Protocol to be effective in 2030, which may include “setting fixed allocations
106 among the Five States; the implementation of a market settlement approach to NPC; the
107 reallocation of costs for resources needed to comply with state laws that have binding
108 compliance milestones beginning 2030; and the allocation of transmission costs.”⁴ There
109 is no set timeline for Phase 2.

¹ Direct Testimony of Rick T. Link at 3:53-57: “The Washington 2026 Protocol provides for an immediate realignment of the Chehalis generating facility to become a situs resource to Washington, assigns Washington the unallocated share of Rolling Hills Wind, which the Public Utility Commission of Oregon previously disallowed, and incorporates a limited realignment of other resources to remove coal from Washington rates by January 1, 2026.” [hereinafter “Link Direct”].

² *Id.* at 4.

³ Direct Testimony of Cindy A. Crane at 12:240-242: “The Company anticipates that the scope in Phase 2 will be significantly broader, which will include addressing complex operational and planning issues necessary to unwind a system that has been built over the course of a century.” [Hereinafter “Crane Direct”].

⁴ Link Direct at 16:313-316.

110 **Q. Does RMP describe when or how it intends to allocate new generation resource costs**
111 **going forward?**

112 A. No.

113 **Q. Has the Company identified what driving factors caused it to propose the 2026**
114 **Protocol?**

115 A. Yes. As stated in the Application and witness testimony, there are three primary drivers
116 of the 2026 Protocol:^{5, 6}

117 1) Expiration of the 2020 Protocol: The prior agreement, the 2020 Inter-Jurisdictional
118 Allocation Protocol (“2020 Protocol”), expired on December 31, 2025.

119 2) State Energy Policies: Specific state energy policies referenced by the Company
120 include Washington’s exit from coal,⁷ state disallowances of carbon costs, and to “set
121 the stage” for future cost-allocation changes that support diverging state policies.⁸

122 3) Full Allocation of Resources: RMP seeks to “ensure that all resources are 100 percent
123 allocated.”

124 **Q. Does RMP identify the impact of the 2026 Protocol on Utah Customers?**

125 A. Yes. The Company estimates that its proposal would increase the revenue requirement
126 for Utah by \$23.5 million, including an \$8.2 million increase in NPC.⁹ All other states

⁵ RMP’s Application for Approval of the 2026 Inter-Jurisdictional Allocation Protocol at 3: “The 2026 Protocol is intended to supersede the 2020 Protocol for Utah, Idaho, Wyoming, California, and Oregon, and align with the changes proposed in the Washington 2026 Protocol to ensure that all resources are 100 percent allocated.” [hereinafter “Application”].

⁶ Crane Direct at 12:239-240: “The scope of this filing was to address the expiration of the 2020 Protocol and Washington’s exit from coal.”

⁷ Washington’s Clean Energy Transformation Act (CETA) (RCW 19.405.030) requires that all operating costs and benefits associated with existing coal (Bridger Units 3-4 and Colstrip Unit 4) be removed from Washington rates, effective December 31, 2025.

⁸ Link Direct at 2:40-43: “The Company is proposing a new cost allocation methodology, the 2026 Protocol, to replace the expiring 2020 Protocol, realign resources in light of state disallowances of carbon costs, comply with state law, and set the stage for future cost-allocation changes that support diverging state policies.”

⁹ Direct Testimony of Shelley E. McCoy at 2:31, 5:103 [hereinafter “McCoy Direct”].

127 also have higher revenue requirements under the 2026 Protocol, except for Washington
 128 which has a lower revenue requirement of \$107 million, as summarized in the table
 129 below:^{10, 11}

130 **Table 1: Proposed 2026 Protocol Revenue Requirement Impact, by State**

	CA	OR	WA	UT	ID	WY
Non-NPC Revenue Requirement (\$, millions)	\$2.7	\$8.1	-\$28.2	\$15.3 ¹²	\$1.6	\$5.1
NPC (\$, millions)	\$0.4	\$6.2	-\$78.8	\$8.2	\$0.9	\$0.8
Net Impact (\$, millions)	\$3.1	\$14.3	-\$107.0	\$23.5	\$2.5	\$5.9

131 **Q. Does RMP evaluate any other alternatives for cost allocation other than the 2026**
 132 **Protocol?**

133 A. No.¹³

134 **IV. ANALYSIS OF RMP’S PROPOSED 2026 PROTOCOL**

135 **A. RMP’s Phase 1 Proposal Contains Three Fundamental Flaws Related to: 1)**
 136 **Reassignments of Coal Generation Plant Costs; 2) Reassignments of Specific**
 137 **Resources to Washington; and (3) NPC calculations**

138 **Q. Setting aside any longer-term concerns (i.e., Phase 2), do you have concerns**
 139 **regarding the near-term changes RMP has proposed for Phase 1 relative to the 2020**
 140 **Protocol?**

¹⁰ Ex. 1.6 (CEG Workpaper “RMP Attachment 2_CEG Analysis.xlsx”).

¹¹ See Ex. 1.2 (RMP Response to DPU Data Request 1.2) (RMP notes that the values listed for Washington are “largely driven by a significant credit associated with NPC. This credit does not accurately reflect the NPC impact associated with serving Washington load under the Washington fixed portfolio.”)

¹² This \$15.3 million is comprised of approximately +\$24 million in additional coal costs, -\$16 million from the removal of Chehalis, +\$9 million in additional gas allocations, and -\$2 million in miscellaneous changes.

¹³ Ex. 1.3 (RMP Response to Sierra Club Data Request 1.13).

141 A. Yes. I have three main concerns, each of which reflects a fundamental flaw in RMP’s
142 proposed Phase 1 approach. While these are near-term concerns, they may also be
143 exacerbated over the long term if they establish a precedent for Phase 2.

144 First, the reassignment of legacy coal generation costs to the non-Washington
145 states (including Utah) hinges on RMP’s faulty assertion that a new cost allocation
146 framework must “ensure that all resources are 100 percent allocated” to retail
147 jurisdictions.¹⁴ As I will explain in greater detail below, this assertion is unfounded, does
148 not appropriately balance risks between RMP and Utah customers, and further is not
149 consistent with historical precedent.

150 Second, the proposed reassignment of Chehalis and Rolling Hills resource costs to
151 Washington sets a problematic precedent whereby RMP can unilaterally reassign
152 resource costs and benefits to specific states and not to others served by its system (e.g.,
153 via situs assignment). These reassignments appear to be done with little analytical
154 support or regard for how system-wide planning for resource adequacy is presently
155 conducted or should be conducted going forward.

156 Finally, aspects of RMP’s approach to calculating NPC for situs-based resources
157 may significantly undervalue renewable energy.

158 **Q. Regarding the first two issues, can you further illustrate where these fundamentally**
159 **flawed components exist in RMP’s Phase 1 proposal for the 2026 Protocol?**

160 A. Yes. The summary figure below is adapted from RMP’s Phase 1 proposal. I have circled
161 the flawed components of RMP’s Phase 1 proposal in red.

¹⁴ Application at 3.

162

Figure 1: Plant Allocations, Washington and the Five States

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

Flaw 1

Flaw 2

163 **Q. How might this summary table look different under a more reasonable approach**
 164 **that corrects these two flaws?**

165 **A.** Under a more reasonable approach, the percentages shown for “Other Natural Gas and
 166 Coal” in both the Five State Portfolio and Total columns would be less than 100%. This
 167 reflects the fact that Washington’s exit from coal-related costs does not mean that all
 168 legacy coal costs (including both coal costs in which Washington participated and those
 169 Washington did not) are automatically reassigned to the other five states without further
 170 prudence evaluations. Additionally, under a more reasonable approach, the percentage
 171 shown for Chehalis in the Washington column would be less than 100% and the
 172 percentage shown for the Five States would be greater than 0%. This reflects the fact that
 173 Chehalis provides system-wide resource adequacy benefits to more states than just
 174 Washington. I further elaborate on both of these flaws in the upcoming subsections of my
 175 testimony.

176 **1. Flawed component #1: 100% reassignment of legacy coal costs to the**
177 **five states (including Utah)**

178 **Q. Does RMP seek to immediately allocate 100% of its coal generation plant costs to**
179 **retail jurisdictions through its Phase 1 proposal?**

180 A. Yes. While the allocation values differ by jurisdiction, ultimately the Company is seeking
181 an allocation framework whereby the sum of coal generation plant costs assigned to retail
182 jurisdictions adds up to 100% of the total plant costs.

183 **Q. Under the Company’s Phase 1 proposal, which jurisdictions would contribute to**
184 **this 100% share of coal generation costs in 2026 and beyond?**

185 A. Starting in 2026, each of the Five States (excluding Washinton)—namely California,
186 Oregon, Idaho, Utah, and Wyoming—would contribute to a share of the Company’s coal
187 generation plant costs, adding up to 100% in total.

188 **Q. In pursuing this 100% allocation, does the Company propose to increase the total**
189 **amount of coal capacity assigned to these Five States?**

190 A. Yes. While not explicitly stated in its proposal, the Company is seeking to increase the
191 coal capacity attributable to each of the Five State’s allocated portfolios. In total, over
192 ■ megawatts (“MW”) of coal capacity is added to the resource portfolios of the Five
193 States. The majority of these additions are not from plants that Washington recently
194 exited.

195 **Table 2: Coal Plant Allocation to the Five States, 2020 Protocol and Proposed 2026**
 196 **Protocol**

Coal Generation Plant	Previously Included in WA Rates?	Average Qualified Capacity Contribution (MW)	2020 Protocol Attribution to Five States	2026 Protocol Attribution to Five States
Colstrip	Yes	[REDACTED]	92.5%	100%
Craig	No	[REDACTED]	92.5%	100%
Dave Johnston	No	[REDACTED]	92.5%	100%
Hayden	No	[REDACTED]	92.5%	100%
Hunter	No	[REDACTED]	92.5%	100%
Huntington	No	[REDACTED]	92.5%	100%
Jim Bridger 3&4	Yes	[REDACTED]	92.5%	100%
Naughton 1&2	No	[REDACTED]	92.5%	100%
Wyodak	No	[REDACTED]	92.5%	100%
Total (MW)		[REDACTED]	[REDACTED]	[REDACTED]

197 **Q. Under the Company’s Phase 1 proposal, would Utah’s costs for coal generation**
 198 **plant increase relative to the 2020 Protocol?**

199 A. Yes. Under the proposed 2026 Protocol, the increased share of coal generation plant costs
 200 assigned to Utah accounts for a revenue requirement increase of about \$23.9 million.
 201 This is roughly equal to the total overall increase for Utah (estimated at \$23.5 million)
 202 after accounting for other changes the Company is proposing.

203 **Q. How much of Utah’s total increase in revenue requirement is driven by an increased**
 204 **allocation of coal plant related costs?**

205 A. Nearly all of the proposed changes (increases) in Utah’s revenue requirement can be
 206 attributed to the increased allocation of coal generation plant related costs. The table
 207 below shows the proposed increase in Utah’s share of revenue requirement by coal

208 plant.¹⁵ This table primarily reflects changes to coal generation plant allocations and does
 209 not provide other details related to proposed changes in the reallocation of other plants
 210 (e.g., natural gas, hydro) or impacts to NPC. These other impacts are significant but
 211 largely offset each other.

212 **Table 3: Increase to Utah Allocated Revenue Requirement by Coal Plant**

Coal Generation Plant	Location	Previously Included in WA Rates?	Proposed Increase in UT Rev. Req. (\$ M)	% of Total Proposed Increase in UT Rev. Req.
Colstrip	MT	Yes	\$1.3	6%
Craig	CO	No	\$1.2	5%
Dave Johnston	WY	No	\$5.5	23%
Hayden	CO	No	\$0.5	2%
Hunter	UT	No	\$5.7	24%
Huntington	UT	No	\$3.9	17%
Jim Bridger 3&4	WY	Yes	\$2.2	9%
Naughton 1&2 ¹⁶	WY	No	\$2.0	8%
Wyodak	WY	No	\$1.6	7%
Coal Plant Total			\$23.9	102%
Other Changes (e.g., gas plants, NPC impacts)			-\$0.5	-2%
Total Impact (UT)			\$23.5	100%

213 **Q. Were all of the plants listed above included in Washington’s retail rates prior to that**
 214 **state’s 2025 exit from coal?**

215 **A.** No. Only Jim Bridger Units 3 and 4 and Colstrip Unit 4 were included in Washington
 216 rates. Thus, under RMP’s proposal, approximately 14% of Utah’s increase in revenue
 217 requirements appears to be associated with coal generation plants Washington recently
 218 exited. Meanwhile, >85% of Utah’s increase is associated with coal plants that

¹⁵ See Ex. 1.6 (CEG Workpaper “RMP Attachment 2_CEG Analysis.xlsx”).

¹⁶ Naughton Units 1 and 2 are expected to be converted to natural gas in 2026. However, since they operated as coal units through the end of 2025 (and throughout the duration of the 2020 Protocol) they are included in this table.

219 Washington did *not* recently exit (i.e., Craig, Dave Johnston, Hayden, Hunter,
220 Huntington, Naughton, and Wyodak). Thus, while Washington’s exit from coal might
221 explain a small part of the proposed increase to Utah’s costs, it does not explain most of
222 the change.

223 **Q. Did RMP provide a clear explanation for this result?**

224 A. No. It is not clear to me why Utah (and the other non-Washington states) would see such
225 a significant increase in their revenue requirements from coal resources. To my
226 knowledge, neither Utah nor the other states have approved corresponding increases in
227 coal generation capacity.

228 **Q. How do you interpret these additional changes in allocation for the non-Washington
229 coal plants under the Company’s proposal?**

230 A. My understanding is that a portion of certain coal plant generation costs were not directly
231 allocated to any state in recent years, nor was cost recovery occurring, irrespective of
232 Washington’s planned 2026 exit. RMP now appears to be proposing to include those
233 unassigned costs in its Five State allocation, *in addition to* incremental costs from the
234 plants that Washington is now exiting. In other words, RMP is proposing to reassign to
235 the Five States not only Washington’s legacy share of coal costs, but also significant
236 other coal generation costs unrelated to Washington’s 2026 exit. This is likely intended to
237 achieve the Company’s goal of reaching a 100 percent retail allocation for coal
238 generation, even though that has not been the Company’s recent historical practice.

239 **Q. Do the Company’s accounting methods carefully track generation plant costs (e.g.,
240 depreciation expenses) at the state level to allow for a more thorough analysis of
241 which states have been paying coal generation plant costs in recent years?**

242 A. No. According to the Company: “[d]epreciation expense and accumulated depreciation
243 are not recorded on the Company’s accounting books based on what is included in rates
244 but rather based on approved depreciation rates. Therefore, the accumulated depreciation
245 is not recorded by state, but rather in total for the Company.”¹⁷ Thus, it is difficult to
246 reconcile the Company’s proposal with the state-specific amounts that it has collected
247 through rates for coal plant generation costs in recent years.

248 **Q. Is there any requirement for the state allocations of individual resources to always**
249 **sum to 100 percent as RMP has proposed?**

250 A. No. RMP has asserted that resource cost allocations must always sum to 100%.¹⁸ This
251 assertion forms the foundation for the allocation changes proposed by RMP in the 2026
252 Protocol. Notably this included reassigning 100% of Washington’s legacy coal costs, plus
253 100% of the other non-Washington coal costs, to Utah and other states. However, there is
254 no basis for this assertion. Neither the 2020 Protocol nor prior Commission precedent
255 establish a requirement that resource allocations must always sum to 100%. To the
256 contrary, prior precedent suggests that in many circumstances it may be appropriate for
257 the Company to have an allocation that differs from 100%. Moreover, it is the Company,
258 rather than customers, which should bear the risk of this possible outcome in the event of
259 divergent state policies and practices.

260 **Q. What entity is responsible for the costs and risks associated with unallocated**
261 **portions of resources?**

¹⁷ Ex. 1.4 (RMP Response to UTLCG Data Request 4.5).

¹⁸ Crane Direct at 4:81-82: “This transition will allow the Company the opportunity to fully recover its costs...”.

- 262 A. Prior proceedings in Utah specify that RMP and the Company’s shareholders are fully
263 responsible for any risks associated with cost recovery resulting from interjurisdictional
264 cost allocation methods and operation across multiple states. Specifically:
- 265 1. 1999 Merger between RMP and ScottishPower: “In addition, Applicants agree in
266 Condition 45 to assume all risks that may result from less than full system cost
267 recovery if interjurisdictional allocation methods differ among RMP’s various state
268 jurisdictions.”¹⁹
 - 269 2. 1989 Merger of Utah Power & Light Company and RMP: “The Merged Company
270 shall agree that [RMP] shareholders shall assume all risks that may result for less than
271 full system cost recovery if inter-divisional allocations methods differ among the
272 Merged Company’s various jurisdictions.”²⁰
- 273 **Q. Did all resource cost allocations sum to 100 percent under the 2020 Protocol?**
- 274 A. No. Under the 2020 Protocol, unallocated portions of resource costs have persisted over
275 the last several years. For example, in 2024 alone, there were fifteen RMP system
276 resources—spanning coal, natural gas, and wind generation resources—for which total
277 allocations were less than 100 percent.²¹ Accordingly, RMP’s claim that full allocation is
278 required is unsupported by prior cost allocation methodologies and does not justify the

¹⁹ Utah Pub. Serv. Comm’n, Dkt. No. 98-2035-04, *In the Matter of the Application of PacifiCorp and ScottishPower plc for an Order Approving the Issuance of PacifiCorp Common Stock*, Report and Order: ScottishPower/PacifiCorp Merger at 8 (Nov. 23, 1999), available at <https://pscdocs.utah.gov/electric/98docs/98203504/18771.pdf>.

²⁰ Utah Pub. Serv. Comm’n, Dkt. No. 87-035-27, *In the Matter of the Application of UTAH POWER & LIGHT COMPANY and PC/UP&L MERGING CORP. (to be renamed PacifiCorp) for an Order Authorizing the Merger of Utah Power & Light Company and PacifiCorp into PC/UP&L Merging Corp., Authorizing the Issuance of Securities, Adoption of Tariffs and Transfer of Certificates of Public Convenience and Necessity and Authorities in Connection Therewith*, Report and Order: PacifiCorp/UP&L Merger at 97 (Sept. 28, 1988), available at <https://pscdocs.utah.gov/electric/87docs/8703527/108299RPrtndrdndfdvtfMIng9-28-1988.pdf>.

²¹ Ex. 1.3 (RMP Response to Sierra Club Data Request 1.3). The less than 100 percent allocations range from 73.9 percent for Rolling Hills Wind (with no allocation to Oregon) to 92.53 percent for various coal and natural gas resources (with no allocation to Washington).

279 proposed reassignments of Washington’s exited shares of coal or the currently
280 unallocated coal shares.

281 **Q. Which coal plants had allocations less than 100% in the 2020 Protocol?**

282 A. According to the Company’s response to Sierra Club 1.3, the following coal plants had
283 total allocations of less than 100%: Craig, Dave Johnston, Hayden, Hunter, Huntington,
284 Naughton, and Wyodak.

285 **Q. Does the 2020 Protocol address reassignment of coal costs after a state exits a coal
286 resource?**

287 A. Yes. There are multiple possible scenarios contemplated by the 2020 Protocol upon a
288 state’s exit from coal resources (e.g., when an Exit Order occurs) such as what recently
289 occurred for Washington. One possible scenario would be that the resource simply
290 continues without the Exiting State’s participation, and no reassignment is sought or
291 approved. Alternatively, RMP could seek reassignment of coal resource costs upon the
292 issuance of an Exit Order (e.g., by the Washington Commission in 2020).^{22, 23}
293 Importantly, however, the 2020 Protocol specified that “An Exit Order does not, by itself,
294 result in Reassignment of shares of a coal-fueled Interim Period Resource to other
295 States...”²⁴ Thus, under the guidelines of the 2020 Protocol, it was expected that RMP
296 would still need to obtain each state’s prior approval to reassign those costs. More
297 specifically:

²² 2020 Protocol at 23, Section 4.1.3: “...PacifiCorp can evaluate seeking Reassignment upon approval of the 2020 Protocol by the Washington Commission.”

²³ *Id.* at 22, Section 4.1.4, Washington Exit Orders: “Washington Commission approval of the 2020 Protocol will constitute an Exit Order for Washington, unless modified by Reassignment or Limited Realignment, with an Exit Date of December 31, 2023, for Jim Bridger Unit 1, and December 31, 2025, for Jim Bridger Units 2-4 and Colstrip Unit 4.”

²⁴ *Id.* at 18, Section 4.1.2, Exit Orders: “An Exit Order does not, by itself, result in Reassignment of shares of a coal-fueled Interim Period Resource to other States...”.

- 298 1. Shares of resources that a state has exited become unassigned unless and until
299 reassignment is approved.²⁵
- 300 2. The exited share of a coal-fueled Interim Period Resource is not allocated to any other
301 state absent a Commission-approved Reassignment under Section 4.1.2;²⁶
- 302 3. RMP may propose Reassignment of shares of coal resources with Exit Orders or
303 effectuate closure of a resource.²⁷

304 In the application for Phase 1, RMP has presumed that other states should absorb
305 Washington's share of the coal resources as well as the unallocated shares of the
306 remaining coal resources, thereby increasing their own level of investment in those
307 resources. However, it is clear from the language of the previously approved Protocol
308 that stakeholders' preference was different; namely, that RMP should be required to
309 make an affirmative economic case for a state to increase its level of investments in a
310 coal resource. This would be analogous to any comparable request to purchase or build a
311 new generation resource.

312 **Q. Has RMP sought formal approval for any cost reassignments for Washington's**
313 **legacy share of coal resources and the unallocated coal shares, or conducted any**
314 **related economic analysis?**

315 A. Not that I am aware of. In fact, RMP's application mentions that "[t]he Company
316 previously notified the Commission that the Company does not anticipate filing
317 reassignment cases."²⁸

²⁵ *Id.*

²⁶ *See Id.* ("...no other State will be allocated the Exiting State's share of costs nor receive the Exiting State's assigned benefits [...] unless the costs and benefits are accepted through a Commission Order on Reassignment.")

²⁷ *Id.* at 23, Section 4.2.1.

²⁸ Link Direct at 12:233-234.

318 **Q. Given these statements, how do you interpret RMP's application in this case?**

319 A. While not described as such, RMP's application is essentially a *de facto* request for
320 reassignment of both Washington's exited shares of coal costs and currently unallocated
321 coal costs. In other words, the proposed 2026 Protocol represents RMP's proposed
322 reassignment of resource costs, as originally contemplated by the 2020 Protocol.
323 However, the Commission is not required to approve a requested reassignment even if it
324 is embedded within a larger 2026 Protocol application and the burden is on RMP to
325 demonstrate that its proposed rates are just and reasonable.

326 **Q. Has the Company presented any economic analysis, risk analysis, or other planning**
327 **analysis in its application to justify the prudence of the proposed Washington coal**
328 **cost reassignments (i.e., for Colstrip and Jim Bridger)?**

329 A. No.

330 **Q. Has the Company presented any analysis in its application to justify the prudence of**
331 **the other coal generation plant costs, beyond those that Washington exited (i.e., for**
332 **Craig, Dave Johnston, Hayden, Hunter, Huntington, Naughton, and Wyodak)?**

333 A. No. The Company has not presented any economic analysis, risk analysis, or other
334 planning analysis in its application to justify the prudence of reassigning those other coal
335 plant costs to Utah (i.e., for Craig, Dave Johnston, Hayden, Hunter, Huntington,
336 Naughton and Wyodak).

337 **Q. Does Utah's energy policy exempt RMP from providing a justification for including**
338 **either Washington's legacy share or the unassigned non-Washington share of coal**
339 **generation plants in Utah rates?**

340 A. While I am not a lawyer, I do not believe there is such an exemption. Utah’s stated
341 energy policy seeks resources that are, listed in order of preference: (a) adequate; (b)
342 reliable; (c) dispatchable; (d) affordable; (e) sustainable; (f) secure; and (g) clean.²⁹ Utah
343 clearly values a mix of resources that can best support a reliable and affordable grid.
344 Nothing in the State's energy policy suggests that RMP should acquire incremental coal
345 resources (such as Washington’s legacy shares) without any assessment of costs, risks or
346 alternatives.

347 Further, while I am aware that Utah law also addresses “acquiring excess proven
348 dispatchable generation capacity,” my understanding is that this law only applies to
349 “proven dispatchable generating resource[s] located in the state [...] where excess
350 capacity becomes available as another state transitions away from the use of proven
351 dispatchable generation resources.”³⁰ There appear to be two prerequisites to this law: (1)
352 the “excess capacity” must be from resources located within Utah; and (2) the “excess
353 capacity” must become available due to another state’s exit from that resource. The
354 “excess proven dispatchable generation capacity” made available from Washington’s exit
355 of coal resources does not concern resources located within Utah, given that
356 Washington’s only shares were in Jim Bridger 3 and 4 (located in Wyoming) and Colstrip
357 4 (located in Montana), so they do not satisfy the first prerequisite. The relevant capacity
358 from in-state resources—Hunter and Huntington—has been unallocated long before
359 Washington’s exit from coal resources and thus were not recently made available due to
360 Washington’s, or any other state’s, exit. Therefore, these resources do not satisfy the
361 second prerequisite. Finally, as I discussed earlier, RMP’s proposal seeks to reassign

²⁹ Utah Code § 79-6-301(1)(a)(ii).

³⁰ *Id.* § 54-17-1001(1)(c).

362 other coal plant costs that are both located outside of Utah and unrelated to Washington's
363 exit, including those related to the Craig, Dave Johnston, Hayden, Naughton and Wyodak
364 plants. The costs of these plants do not meet either prerequisite under Utah Code § 54-17-
365 1001(1)(c).

366 **Q. What are the implications of RMP's proposal from the standpoint of balancing risks**
367 **between customers and shareholders?**

368 A. By seeking to allocate 100% of generation costs to retail customers through its Phase 1
369 proposal, RMP is seeking an unprecedented level of certainty of cost recovery and is
370 effectively transferring all of the risks that it was due to assume under prior rulings to its
371 retail customers, including those in Utah. Even under prior multi-state process ("MSP")
372 outcomes, this level of certainty has never been afforded to RMP.

373 **Q. Do you have an alternative recommendation for the Commission to consider instead**
374 **of RMP's proposed coal cost reassignment?**

375 A. Yes. I recommend that both Washington's legacy share and the unassigned share of non-
376 Washington coal generation plants remain unallocated until they can be formally
377 evaluated through a reassignment proceeding. Under this approach, RMP would be
378 required to bear the unassigned costs of operating those resources for the time being. That
379 would remain in effect until RMP identifies a retail jurisdiction or group of jurisdictions
380 who affirmatively express their willingness to pay for those resources through a
381 reassignment case and related prudency evaluation. I believe this approach provides a
382 better balance between retail customers and shareholders and fulfills the promises RMP
383 made when seeking approval for the mergers.

384 **2. Flawed component #2: state-specific cost assignments that disregard**
385 **system-wide planning**

386 **Q. Does RMP seek to reclassify any resources that were previously dynamic system-**
387 **wide resources as situs resources assigned solely to a single state?**

388 A. Yes. If the proposed 2026 Protocol is approved, Chehalis would change from being a
389 dynamically allocated system resource to become a fixed situs resource, fully allocated to
390 Washington.

391 **Q. Is RMP’s proposal for situs allocation of Chehalis consistent with how resources**
392 **have been historically allocated?**

393 A. No. Situs allocations, where 100 percent of a resource is completely allocated to a single
394 state, have been the exception, not the rule, and typically tied to state-driven
395 procurements of smaller distributed resources. Under the 2020 Protocol, the only situs
396 resources, other than qualifying facilities,³¹ are the following distributed solar and net
397 billing resources:³²

- 398 (1) Black Cap Solar: Oregon, 100 percent.
- 399 (2) Old Mill Solar: Oregon, 100 percent.
- 400 (3) Oregon Community Solar Projects: Oregon, 100 percent.
- 401 (4) Oregon Solar Incentive Project: Oregon, 100 percent.
- 402 (5) California Net Billing Service: California, 100 percent.
- 403 (6) Utah Schedule 137 Net billing: Utah, 100 percent.

³¹ Qualifying Facilities, such as small Public Utility Regulatory Policies Act (PURPA) solar projects in Utah, have historically been treated as situs because RMP has no discretion over their development.

³² Ex. 1.3 (RMP Response to Sierra Club Data Request 1.15).

404 RMP’s proposed approach for Chehalis to be situs assigned to Washington is a marked
 405 departure from the historical approach of only using situs assignment for small-scale
 406 distributed resources.

407 **Q. Is RMP planning to use fixed allocations for any other resources?**

408 A. Yes. RMP is proposing to designate all Washington allocations as fixed into a
 409 “Washington Fixed Portfolio” using the following fixed percentage factors:³³

410 **Figure 2: Washington Fixed Portfolio Allocations**

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

411 **Q. Is RMP’s proposal for fixed allocations consistent with its prior approach to cost**
 412 **allocation across states?**

413 A. No. Historically, RMP has planned and allocated utility-scale resources primarily on a
 414 *dynamic* basis—meaning costs and benefits are shared across states as a function of load
 415 using dynamic allocation factors. *Fixed* allocation factors, where states (or a subset of

³³ Link Direct at 18 (red outline added).

416 states) are assigned a fixed percentage of resources and are responsible for that
 417 percentage of costs has been primarily used for situs resources or disallowances, which
 418 effectively set a fixed allocation of zero. Examples of allocations fixed at zero include
 419 Oregon’s disallowance of Rolling Hills Wind, and Washington Commission orders on
 420 coal and natural gas units.³⁴ While there is no precedent for an entirely fixed allocation
 421 scheme this concept has been considered. Fixed allocations for resources acquired after
 422 the end of the “Interim Period” was identified as a “Framework Issue” in the 2020
 423 Protocol,³⁵ however, to the best of my knowledge, no agreement was reached in the
 424 Framework Issues workgroups for if or how fixed allocations should be used.

425 **Q. How will the situs assignments in the “Washington Fixed Portfolio” affect Utah’s**
 426 **allocations?**

427 A. Under the dynamic allocation framework in the 2020 Protocol, Utah had a 45.121 percent
 428 allocation of Chehalis in 2024,³⁶ with prior year allocations of a similar magnitude
 429 depending on load factors. If Chehalis is situs-assigned to Washington, Utah’s allocation
 430 would drop to zero. Meanwhile, Utah’s allocation of Rolling Hills Wind would change
 431 insignificantly, and all of the unallocated shares would transfer to Washington. The table
 432 below summarizes the changes for these two resources from Utah’s and Washington’s
 433 perspective:

434 **Table 4: Utah and Washington Allocations of Chehalis and Rolling Hills**

	Chehalis	Rolling Hills
Utah		
Utah Allocation (2024)	45.12%	45.12%

³⁴ See Ex. 1.3 (RMP Response to Sierra Club Data Request 1.4 and 1.5) for more information on Washington’s historical allocations of coal and natural gas.

³⁵ See 2020 Protocol, Sections 5.1.2 and 6.1.

³⁶ Ex. 1.5 (RMP Response to Sierra Club Data Request 1.3, Attachment 1.3).

Utah Allocation (2026 Protocol)	0%	44.28%
Percent Change in Utah’s Allocation	-45.12%	-0.84%
Washington		
Washington Allocation (2024)	21.627%	7.527%
Washington Allocation (2026 Protocol)	100%	34.87%
Percent Change in Washington’s Allocation	+78.37%	+27.34%

435

436 **Q. Beyond fixed and situs allocation changes, have you evaluated how the qualified**
437 **capacity contribution (“QCC”) of resources allocations would change under the**
438 **2026 Protocol?**

439 A. Yes. I evaluated the aggregation of QCC as presented in the workpapers and testimony of
440 Michael Wilding.³⁷ Under the 2020 Protocol, coal resource allocations for the 5-State
441 portfolio (excluding Washington), sum to 92.5%, with a total average QCC for Utah of
442 █████ MW. Under the 2026 Protocol, Utah is allocated █████ total QCC from coal,
443 █████ by █████ MW to █████ MW. Only █████ MW of additional QCC proposed to be
444 allocated to Utah is from the three coal units that Washington exited (Colstrip Unit 4 and
445 Jim Bridger Units 3 and 4). Instead, the majority of the proposed increase of coal
446 allocation to Utah (█████ MW) are a result of the 5-State portfolio total percentage
447 allocation increasing to 100% and are not Washington’s exit from coal resources.

448

³⁷ Michael Wilding Confidential Workpaper: “25-035-47 RMP PROPRIETARY_MGW Direct Testimony Individual State WRAP View.xlsx”.

449 **Table 5: Utah Allocated Coal Qualifying Capacity Contribution, 2020 Protocol and**
 450 **Proposed 2026 Protocol**

	Average QCC (MW)	5-State Pct. 2020 (%)	5-State Pct. 2026 (%)	UT 2020 QCC (MW)	UT 2026 QCC (MW)	UT QCC Delta (MW)
Colstrip_3	■	92.5%	100%	■	■	■
Colstrip_4	■	92.5%	100%	■	■	■
Craig_2	■	92.5%	100%	■	■	■
Dave Johnston_1	■	92.5%	100%	■	■	■
Dave Johnston_2	■	92.5%	100%	■	■	■
Dave Johnston_3	■	92.5%	100%	■	■	■
Dave Johnston_4	■	92.5%	100%	■	■	■
Hayden_1	■	92.5%	100%	■	■	■
Hayden_2	■	92.5%	100%	■	■	■
Hunter_1	■	92.5%	100%	■	■	■
Hunter_2	■	92.5%	100%	■	■	■
Hunter_3	■	92.5%	100%	■	■	■
Huntington_1	■	92.5%	100%	■	■	■
Huntington_2	■	92.5%	100%	■	■	■
Jim Bridger_3	■	92.5%	100%	■	■	■
Jim Bridger_4	■	92.5%	100%	■	■	■
Naughton_1	■	92.5%	100%	■	■	■
Naughton_2	■	92.5%	100%	■	■	■
Wyodak	■	92.5%	100%	■	■	■
Total				■	■	■
Utah Delta Composition						
From WA Plants (Colstrip #4, Jim Bridger #3 & #4)						■
From Non-WA Plants						■

451 The allocation reassignments are not limited to resources—or even resource categories—
 452 that would be affected by the proposed fixed and situs allocations for Washington.
 453 Instead, allocation changes appear across other resources that would not, on their face, be
 454 impacted by those proposals. For example, the QCC for hydro resources allocated to

455 Utah ██████ from ██████ MW under the 2020 Protocol to ██████ MW in the 2026 Protocol, a
456 ██████ of ██████%.³⁸

457 **Q. Do you have concerns about the proposed allocation changes and their impact on**
458 **QCC?**

459 A. Yes. RMP’s proposed allocation changes are concerning both with respect to resources
460 directly affected by the Company’s “Washington Fixed Portfolio” and the broader
461 changes made to ensure that total allocations sum to 100 percent, including changes to
462 resources that are not subject to fixed allocation treatment. The Company did not clearly
463 disclose in its Application that allocation changes were being made across all resources,
464 nor did it clearly identify or explain these changes in its testimony.

465 Neither Utah nor any other state has agreed to assume increased or decreased
466 shares of particular resources. Instead, RMP has arbitrarily imposed higher allocation
467 shares for some resources —particularly for coal units—on Utah and other state
468 customers without providing analysis demonstrating that the changes are necessary or
469 otherwise beneficial to Utah customers. As discussed further below, resource portfolio
470 changes of this nature should be evaluated transparently through existing resource
471 evaluation and procurement processes (such as the integrated resource plan (“IRP”)),
472 rather than implemented unilaterally by the Company and embedded in a state cost
473 allocation protocol.

474 **Q. Have you reviewed how the resource allocation changes corresponding to the 2026**
475 **Protocol result in changes to Utah’s reliability position?**

³⁸ *Id.*

476 A. Yes. I reviewed the aggregation of resource capacity allocated to Utah based on their
477 QCC as presented in the workpapers and testimony of Michael Wilding.³⁹ Under both the
478 2020 and 2026 Protocols, Utah’s load and planning reserve margin (“PRM”) [REDACTED] its
479 allocated resources for the months of [REDACTED]⁴⁰ Relative to 2020, the
480 2026 Protocol would [REDACTED] Utah’s allocated QCC by about [REDACTED] percent depending on
481 the month.⁴¹ Thus, the proposed 2026 Protocol would slightly [REDACTED] Utah’s reliability
482 position (if considered on a standalone basis).

483 **Q. What is your assessment of these resource reassignments that RMP has proposed**
484 **for Utah from a system planning perspective?**

485 A. RMP’s proposed resource reassignments appear to have an impact (albeit a small one at
486 present) on overall system reliability for Utah if considered in isolation. I understand this
487 small overall change to be the net result of the Company’s unilateral decision to increase
488 the amount of coal resources assigned to Utah while simultaneously reducing the amount
489 of natural gas (e.g., Chehalis) and other resources (e.g., hydro) assigned to it. However,
490 RMP has not presented any system planning analysis to support these significant resource
491 decisions for Utah from a long-term cost or reliability perspective.

492 **Q. Are the allocations in the 2026 Protocol consistent with RMP’s 2025 IRP?**

493 A. No. RMP’s 2025 IRP did not model Chehalis as a situs resource, nor did it model
494 allocations consistent with the “Washington Fixed Portfolio” proposed in this case.

³⁹ *Id.*

⁴⁰ See Confidential Figure 4 in RMP Attachment 7 – Direct Testimony of Michael G. Wilding for Rocky Mountain Power [CONFIDENTIAL] which shows that [REDACTED]

⁴¹ Ex. 1.7 (CEG Confidential Workpaper: “25-035-47 RMP PROPRIETARY_MGW Direct Testimony Individual State WRAP View_CEG Analysis CONF.xlsx”).

495 **Q. Do you have concerns regarding the allocation reassignments proposed in the 2026**
496 **Protocol?**

497 A. Yes. I have significant concerns regarding RMP's proposal to increase its use of fixed
498 and situs-based allocations and to fully allocate 100% of resources for at least four
499 reasons. Specifically, the resource reassignments proposed in the 2026 Protocol (1) are
500 somewhat arbitrary and may unravel past investment decisions; (2) deprive Utah of the
501 ability to seek more competitive resource procurement options; (3) increase costs for
502 Utah customers, [REDACTED]; (4) are unsupported by
503 system-wide planning analysis.

504 **Q. Can you elaborate on the first concern: that the resource reassignments are**
505 **arbitrary?**

506 A. Yes. Utah customers have historically invested in and paid for resources, such as
507 Chehalis, through dynamic, system-wide allocations. Under prior allocation protocols,
508 Chehalis has provided reliability and operational benefits across RMP's integrated
509 system. Under the 2026 Protocol, RMP proposes to remove Utah's access to those
510 benefits by reassigning Chehalis entirely to Washington. While states have been able to
511 opt out of resources in the past, never before has a state fully subsumed all of a resource,
512 especially one as large as Chehalis that can provide energy and capacity benefits to the
513 larger region.⁴² This unilateral reassignment invalidates historical investments made by
514 Utah and other states and deprives them of ongoing benefits without any analytical

⁴² To contextualize the size of Chehalis, in 2024 the power plant produced approximately 2.65 million MWh at a 60% capacity factor (Source: S&P Capital IQ), equal to 64.4% of Washington's 4.112 million MWh of retail sales for 2024. PacifiCorp d/b/a Pacific Power & Light, *2025 Renewable Portfolio Standard Report Washington* (May 30, 2025), available at <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=28&year=2025&docketNumber=250419>.

515 justification. This would establish a dangerous precedent. If RMP can unilaterally remove
516 Utah's access to a resource like Chehalis today, nothing prevents the Company from
517 similarly over-allocating or under-allocating other resources in the future, preempting
518 state decision-making and fragmenting the system. Over time, this fragmentation will
519 erode system-wide efficiencies and lead to higher costs for customers across the system.

520 **Q. Can you elaborate on the second concern: that the resource reassignments deprive**
521 **Utah of the ability to seek more competitive resource options?**

522 A. Yes. RMP is making broad, unilateral, and arbitrary decisions to determine future
523 resource allocations, including for resources that have no relation to Washington's exit
524 from coal. Because these allocation changes are being made outside of established
525 planning and procurement processes, Utah is deprived of the opportunity to evaluate and
526 pursue more competitive resource procurement options through the existing approval
527 processes. Accepting RMP's allocation reassignments would deprive Utah of both the
528 ability to scrutinize the investments, as well as the ability to seek more competitive
529 resource procurement options. Some of those more competitive resource options might be
530 new, alternative resources or existing resources that Utah is unable to participate in. For
531 example, Rolling Hills remains a valuable, system-planned resource that contributes
532 energy and risk-mitigation benefits across RMP's system. RMP offers no system-
533 planning rationale for why Washington should be the sole recipient of the reassigned
534 shares of Rolling Hills while Utah and other states are excluded.

535 **Q. Please elaborate on the third concern: the resource reassignments will increase costs**
536 **for Utah customers** [REDACTED].

537 A. The allocation decisions are not linked to how RMP plans for or ensures system-wide
538 resource adequacy. As discussed above, [REDACTED]
539 [REDACTED]
540 [REDACTED]
541 RMP does not evaluate [REDACTED]
542 [REDACTED]
543 [REDACTED]. In other words, the Company shifts reliability risk onto
544 Utah customers without providing the information necessary to assess the magnitude or
545 prudence of that risk. Even more concerning, [REDACTED]
546 [REDACTED] these allocation changes are expected to increase costs for Utah customers due
547 to the higher revenue requirement.

548 **Q. And finally, please elaborate on the fourth concern: the resource reassignments are**
549 **unsupported by system-wide planning analysis.**

550 A. Fourth, the allocation reassignments proposed in the 2026 Protocol are unsupported by
551 system-wide planning analysis and are inconsistent with RMP’s own IRP. The Company
552 has not conducted any modeling or economic analysis demonstrating that reassigning
553 Chehalis, Rolling Hills, or other resources is least-cost, least-risk, or reliability-neutral.
554 On the contrary, RMP’s own modeling shows that the 2026 Protocol is higher-cost [REDACTED]
555 [REDACTED], while imposing new risks that would only be exacerbated in Phase
556 2.

⁴³ Michael Wilding Confidential Workpaper: “25-035-47 RMP PROPRIETARY_MGW Direct Testimony Individual State WRAP View_CEG Analysis CONF.xlsx”.

⁴⁴ See Confidential Figure 4 in Direct Testimony of Wilding that shows [REDACTED].

557 **Q. Even if the 2026 Protocol was consistent with the 2025 IRP, would you have**
558 **additional concerns?**

559 A. Yes, as explained in Sierra Club’s 2025 IRP comments, RMP’s 2025 IRP did not identify
560 a least-cost, least-risk portfolio because it did not model a single, optimized, system-wide
561 portfolio.⁴⁵ RMP’s 2025 IRP explicitly abandons system-wide optimization by using a
562 new, novel approach to divide the system into three jurisdictional portfolios (Oregon,
563 Washington, and all other states) and optimizes each separately before “integrating” the
564 results through a post-modeling step while relying on situs assignments for new
565 resources. This was exacerbated by the bifurcation of the system in which all resources
566 serving RMP’s eastern balancing authority (“PACE”) were required to be located within
567 PACE and vice versa for RMP’s western balancing authority (“PACW”). Transmission
568 between PACE and PACW was also severely limited below expected levels. The final
569 integrated portfolios were not optimized, did not represent any realistic system-wide
570 scenario, and eliminated the benefits of a diverse, multi-state system. While the 2025 IRP
571 did *assume* situs assignment of new resources for Oregon and Washington, this was not
572 the result of least-cost, least-risk planning. Moreover, situs status was not assumed for
573 existing resources as RMP has proposed in the case of Chehalis.

574 **3. Flawed component #3: NPC calculations**

575 **Q. Please describe how RMP proposes to allocate NPC costs for situs resources.**

576 A. RMP proposes to allocate NPC costs for situs resources by continuing its use of the
577 “lower-of-cost-or-market” methodology. Under this methodology, the Company
578 “compares the actual cost of a resource (such as a power purchase agreement, or “PPA”)

⁴⁵ Utah Pub. Serv. Comm’n, Dkt. No. 25-035-22, Sierra Club 2025 IRP Comments at 2-3 (Aug. 26, 2025), *available at* <https://pscdocs.utah.gov/electric/25docs/2503522/341996RdctdSierraClbCmnts9-26-2025.pdf>.

579 to the prevailing market price for electricity. The lower of the two values is used to
580 allocate costs to states that do not have situs responsibility for the resource.”⁴⁶

581 **Q. Is this a reasonable approach to you?**

582 A. I understand the general logic of this approach; however, I have a few key concerns that
583 will be magnified if and when this methodology becomes more broadly applied in the
584 future.

585 **Q. Can you briefly describe your concerns?**

586 A. Yes. My overarching concern is that this approach may systematically penalize
587 renewable energy resources and systematically favor fossil resources, despite their true
588 underlying economics. This concern can be broken down into three more specific areas of
589 concern: 1) first, this approach appears to be geared towards renewable resources
590 procured through a PPA but does not equally consider utility-owned resources procured
591 through life extension investments or other contractual methods; 2) second, the approach
592 may not accurately reflect the total cost to operate fossil resources; (3) third, this
593 approach may over allocate the cost of renewable resources to the situs state since it does
594 not reflect the downward impact the resource itself has on market prices.

595 **Q. Can you elaborate on each of these areas of concern?**

596 A. Yes. Regarding the first issue, I am concerned that RMP’s approach does not anticipate
597 the eventual likelihood that a fossil resource could soon be given situs status due to a
598 single state policy. For example, a single state may want to prolong the life of a coal plant
599 that would otherwise retire while also investing in carbon capture technology. In this
600 case, the NPC calculation for the plant would not reflect a PPA price, but would instead

⁴⁶ Direct Testimony of Ramon J. Mitchell at 9:180-182.

601 need to accurately reflect the going-forward cost to operate the plant beyond just variable
602 fuel and operation and maintenance (“O&M”) costs. This would include (but not
603 necessarily be limited to) fixed costs related to major equipment overhauls,
604 environmental controls, carbon capture and storage facilities, unit conversions, coal fuel
605 transportation facilities, mining costs, take or pay fuel contract costs, firm fuel
606 transportation costs, and others. All of these would need to be included in the “lower-of-
607 cost-or-market” calculation to ensure an apples-to-apples comparison with resources
608 procured through a PPA mechanisms. Failure to include these cost considerations may
609 mean that states other than the one supporting the coal plant’s continuation might be
610 inappropriately allocated some of those costs.

611 **Q. Can you elaborate on the second issue?**

612 A. Yes. To the extent that fossil resources are situs designated, it is important that their full
613 fuel costs are allocated to the situs state. Fuel costs, particularly natural gas, are
614 characterized by significant volatility. Thus, to the extent that RMP’s methodology
615 represents actual fuel costs by using monthly or annual values, they may not accurately
616 reflect the actual costs incurred if the plant is being dispatched during days or hours when
617 the price has spiked significantly. Thus, RMP’s methodology should be updated to ensure
618 that it fairly allocates any excess fuel costs that arise during short-duration price
619 excursions.

620 **Q. Can you elaborate on the third issue?**

621 A. Yes. One of the broader benefits of renewable energy resources is that they can put
622 downward pressure on market prices themselves. Thus, by comparing situs resource costs
623 to a market price, RMP’s methodology may systematically underestimate the value non-

624 situs states are receiving. I recognize that addressing this concern may be difficult since it
625 would require the development of a counterfactual analysis that could be contentious.

626 **Q. What do you recommend to address these concerns?**

627 A. I recommend that the NPC calculation for situs-assigned resources be updated
628 accordingly. First, I recommend that fossil resources that are supported by a single state
629 policy be designated as situs resources in the same manner as renewable resources.
630 Second, in applying its “lower-of-cost-or-market” method, RMP should ensure that its
631 methodology is sufficient to address both concerns #1 and #2 described in my testimony
632 above. To that end, the methodology should ensure that all of the relevant going-forward
633 fixed costs are included in the lower-of-cost-or-market calculation (i.e., concern #1).
634 Additionally, the method should ensure that fuel costs are calculated on an appropriate
635 timescale to capture commodity price excursions as they occur (i.e., concern #2).

636 **B. The Company Has Not Presented Sufficient Justification for Why a “Phase**
637 **1” Necessitates Immediate Approval Rather than Allowing a More**
638 **Comprehensive Approach to Be Developed.**

639 **Q. What are your overarching concerns with RMP’s proposed phased approach in this**
640 **case?**

641 A. RMP has presented its proposal as an interim Phase 1 step. I am concerned that this
642 general approach may convey a false sense of reassurance to the Commission in the
643 following respects: 1) it suggests that a more comprehensive Phase 2 proposal will be
644 forthcoming shortly even though there is no clear timeline; 2) it suggests that the Phase 1
645 impacts are largely inconsequential even though they may end up establishing harmful
646 precedents and have meaningful impacts now; and 3) it suggests that the Phase 1 proposal

647 provides some measure of incremental progress towards a larger shared objective, even
648 though there was no collaboration before the 2026 Protocol filing to build consensus
649 amongst interested stakeholders regarding the direction of those incremental steps.

650 **Q. Do you agree with the reasons the Company provided for why the 2026 Protocol**
651 **should be approved now as proposed?**

652 A. No. None of the Company's rationales identifies an urgent need for Utah to approve the
653 2026 Protocol as proposed rather than wait for a more comprehensive proposal. I will
654 address each of these purported rationales below:

655 **1. Expiration of 2020 Protocol**

656 **Q. Is there a requirement that Utah adopt a multi-state cost allocation protocol for any**
657 **reason, including the expiration of the 2020 Protocol?**

658 Not to my knowledge. A multi-state protocol would be beneficial as a means of providing
659 greater transparency and rate certainty to Utah customers in the future, but I do not view
660 it as an absolute requirement, and neither, apparently, does the Company who expressed a
661 desire for a cost allocation proceeding but did not identify any statutory or regulatory
662 requirement. Moreover, the expiration of the 2020 Protocol does not immediately
663 eliminate existing mechanisms for cost allocation that are embedded in present retail
664 rates. Existing Utah rate case proceedings can already provide a sufficient and
665 appropriate forum to evaluate cost allocation questions on a resource-by-resource basis.

666 **2. State policy requirements**

667 **Q. Does Washington State's exit from coal or any other state policy requirement force**
668 **Utah to take any immediate action?**

669 A. No. The Company’s proposed allocation changes in the 2026 Protocol are purportedly
670 driven by Washington-specific policy choices, including the distribution of free
671 emissions allowances associated with the Chehalis facility.⁴⁷ Those policy choices, and
672 the resulting allocation impacts, are not Utah issues and need not be resolved through a
673 multi-state mechanism that shifts risk onto Utah customers. Thus, even if a multi-state
674 protocol is desirable in the long run, there is no immediate state policy action (e.g.,
675 Washington’s exit from coal) that would necessitate a “Phase 1” to be adopted
676 prematurely in Utah, before a comprehensive protocol is developed.

677 **Q. Are there urgent state policy issues that RMP’s proposal does not address?**

678 A. Yes. Crucially, RMP’s proposal does not sufficiently address how allocations of new
679 resources will be handled going forward. Given the scale of new resource additions
680 required to meet both urgent reliability challenges as well as near-term state policy
681 requirements, this is arguably the most time sensitive cost allocation matter RMP is
682 currently facing. Thus, even though RMP correctly identifies state policy requirements as
683 a key factor that should motivate the timely approval of a new protocol, the Company’s
684 proposal falls far short of addressing this matter due to the omission of any detail on new
685 resources.

686 **3. Full allocation of resources**

687 **Q. Does RMP’s desire to maintain 100% cost allocation for its resources require any**
688 **urgency for Utah to adopt a new protocol?**

689 A. No. As discussed at length in Section IV(A), there is no need for Utah to accept RMP’s
690 premise that 100% cost allocation is required at any point in time.

⁴⁷ See Ex. 1.3 (RMP Response to Sierra Club Data Request 2.3, describing the Company’s expectations for free allocations for Chehalis under the 2026 Protocol).

691 **C. Rushing to Approve Phase 1 Now Merely Delays Addressing the More**
692 **Substantial Risks and Uncertainties to Utah Customers in Phase 2.**

693 **Q. Is RMP’s proposed 2026 Protocol intended to be a comprehensive or long-term**
694 **solution?**

695 A. No. The Company’s pending Phase 1 proposal is presented as a temporary, stop-gap
696 solution and thus only addresses a narrow set of issues within the context of multi-state
697 cost allocation. By the Company’s own admission, “[t]he 2026 Protocol is the first phase
698 in a multi-phase process to transition the Company’s cost-allocation methodology to
699 accommodate diverging resource portfolios...”⁴⁸ and “[t]he Company anticipates a Phase
700 2 that will be ‘significantly broader.’”⁴⁹

701 **Q. When will Phase 2 be implemented?**

702 A. It is unclear. The Company’s Application only stated that it intends to make a filing
703 related to Phase 2 such that rates effective in 2030 will meet Oregon’s Senate Bill (“SB”)
704 1547 requirements, which require Oregon’s exit from coal resources.⁵⁰ Thus, if approved,
705 Phase 1 could be in effect for Utah indefinitely, although the Company appears to have a
706 goal of transitioning to Phase 2 in about 4 years.

707 **Q. What has the Company stated about the effect that delaying Phase 2 will have on**
708 **Utah customers?**

709 A. The Company stated that delaying Phase 2 will “[protect] Utah customers from
710 unintended consequences.”⁵¹

⁴⁸ Crane Direct at 11:213-214.

⁴⁹ *Id.* at 12:241.

⁵⁰ *Id.*

⁵¹ *Id.* at 13.

711 **Q. Do you agree with the Company that delaying Phase 2 for about four years (or**
712 **longer) will benefit Utah customers?**

713 A. No. On the contrary, the Company’s proposal leaves many unanswered questions and
714 uncertainties about which costs may ultimately be assigned to Utah customers for cost
715 recovery. Additionally, as mentioned previously, the proposed Phase 1 protocol would
716 increase the revenue requirement for Utah customers by \$23.5 million without any clear
717 benefits. If RMP follows a similar timeline to its 2026 Protocol proposal, a Phase 2
718 proposal could come very near to 2030, without sufficient time for vetting by
719 stakeholders and Commissions. The fact that RMP has not committed to any specific
720 Phase 2 timeline should be of significant concern to the Commission.

721 **Q. What are some of the risks and uncertainties to Utah customers that will remain**
722 **unaddressed if RMP’s Phase 1 proposal is approved now?**

723 A. There are several uncertainties, including:

- 724 1. Future designation by RMP of state-specific cost assignments to Utah for existing
725 generation. Most notably this includes significant uncertainty of how cost allocations
726 for Oregon’s share of coal resources should being treated as the 2030 exit date rapidly
727 approaches.
- 728 2. Assignment of new generation facility costs to Utah (whether based on situs
729 assignments or not).
- 730 3. Assignment of life-extension costs at coal facilities within the next four years,
731 including but not limited to: major equipment overhauls, environmental controls,
732 carbon capture and storage facilities, unit conversions, coal fuel transportation
733 facilities, mining costs, take or pay contract costs, etc.

734 4. Changes to decommissioning costs at coal facilities.

735 **Q. Given these substantial uncertainties in the proposed 2026 Protocol, what benefit is**
736 **there to Utah customers for adopting RMP's proposal now?**

737 A. In my opinion, there is little to no benefit to Utah customers from adopting the Phase 1
738 proposal versus maintaining the status quo. These deficiencies would be better addressed
739 or corrected at the front end rather than through a subsequent Phase 2. Moreover, these
740 deficiencies may be harder to address if Phase 1 establishes a precedent.

741 **Q. One theoretical rationale the Company offered was that timely approval of the 2026**
742 **Protocol could improve the Company's overall financial position (e.g., page 5 of**
743 **Cindy Crane's Direct Testimony). Do you find this rationale compelling?**

744 A. I understand the theoretical rationale that the Company offered in which its financing
745 terms or credit profile might improve due to full retail allocation of all costs. However,
746 I'm not persuaded that the information the Company provided strongly supports that
747 conclusion. RMP's credit challenges are largely due to other sources of risk, and there is
748 no evidence that approval of the 2026 Protocol would materially improve its credit rating
749 or borrowing costs. As discussed in the testimony of witness Crane, the primary drivers
750 of RMP's financing risk stem from substantial cost disallowances, including Utah's
751 disallowances of approximately \$106 million related to wildfire mitigation capital
752 expenditures, \$63 million in excess liability insurance premiums, and \$13 million related
753 to Washington's Climate Commitment Act ("CCA") allowances.⁵² These financial risks,
754 rather than the structure of the Protocol, are the dominant factors affecting the
755 Company's financial position. While the proposed 2026 Protocol might result in some

⁵² Crane Direct at 5:90-93.

756 greater assurance to the Company of future cost recovery, it is unclear to me how that
757 would substantially differ from a different protocol or the continuation of the 2020
758 Protocol.

759 **Q. Given the lack of benefit to Utah customers, how should the Commission respond to**
760 **RMP's proposed Phase 1 2026 Protocol?**

761 A. The Commission should not accept the Company's proposal and instead direct the
762 Company and other parties to focus their efforts on further developing an allocation
763 framework that is more comprehensive. Development of such a framework is already
764 underway. Sierra Club has had productive meetings with the non-RMP Utah parties
765 regarding alternatives to RMP's proposal. These conversations could lead to a multi-
766 party-supported allocation proposal. The key is to provide the time necessary for these
767 negotiations to mature and to ensure that the Company provides analyses assessing party
768 proposals, as the Company is the only party in the position to calculate impacts on Utah
769 rates from various proposals.

770 **Q. If the Commission desired some sort of cost allocation methodology before the next**
771 **rate case, would there be any major issues with extending the 2020 Protocol?**

772 A. Not to my knowledge. The 2020 Protocol has been extended in the past and could be
773 done so again now. A major difference between this and prior extensions is that
774 Washington has exited from its shares of RMP's coal resources and the proposal to assign
775 100% of Chehalis cost and benefits to Washington. But, as discussed, RMP should be
776 required to make an affirmative case for why Utah customers should adopt Washington's
777 coal shares (as well as any other coal shares) and for why Utah customers should forego
778 the benefits of Chehalis. This showing can be made in RMP's next rate case.

779 However, I do not recommend that the Commission extend the 2020 MSP
780 indefinitely. It may be prudent to extend the prior Protocol so that an allocation
781 methodology is available for use in near-term rate filings, but an extension should not
782 result in RMP relying on the 2020 Protocol at the expense of developing a full allocation
783 proposal that can address the significant issues that will arise in 2030 that I have
784 mentioned here. To ensure that extension of the 2020 Protocol does not delay resolution
785 of near-term cost allocation issues, the Commission should limit the extension to no more
786 than one year.

787 **V. RECOMMENDATIONS AND CONCLUSION**

788 **Q. Based on your review, has RMP demonstrated a need to approve the 2026 Protocol**
789 **or otherwise identified benefits to Utah customers resulting from approval?**

790 A. No. The proposed 2026 Protocol is primarily an attempt by RMP to solve state policy
791 challenges that it has in Washington by asking Utah customers to take on additional
792 costs. The Phase 1 application makes this request without any showing that Utah
793 customers would benefit from accepting additional coal shares or giving up their interest
794 in the Chehalis gas plant. Moreover, the proposal does not address longer-term issues that
795 will arise when Oregon exits from RMP's coal fleet in 2030, which will have much larger
796 impacts on cost allocation amongst the states than Washington's exit, while also setting a
797 potentially harmful precedent that resources should be situs assigned to states, rather than
798 dynamically shared.

799 **Q. What are your recommendations to the Commission?**

800 A. First, the Commission should reject RMP's 2026 MSP application for all the reasons
801 stated herein. Second, the Commission should direct the parties to work collaboratively

802 on an alternative cost allocation methodology that encompasses not just the Washington
803 issues arising today but the additional issues that will arise in 2030. As noted, there have
804 already been fruitful discussions in this regard. To ensure progress is made, I recommend
805 that the Commission establish a schedule and require the parties to provide a status
806 update on these negotiations. The Commission should also direct RMP to participate in
807 these discussions, at least in so far as the Company should be available to answer
808 stakeholder questions and run reasonably requested cost analyses. Otherwise, the inherent
809 information disparity between stakeholders and the Company will inhibit the
810 development of any meaningful counterproposal. Finally, in so far as the Commission
811 desires some cost allocation methodology to be in effect before RMP's next rate case, the
812 Commission should extend the 2020 Protocol but limit this extension to no more than one
813 year.

814 **Q. Does this conclude your direct testimony?**

815 **A. Yes.**