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Docket No. 25-035-55, Application of Rocky Mountain Power for Approval of a Waiver of the Requirement for Solicitation Process and of a Significant Energy Resource Decision and Report of Sale

David Williams's Summary of Direct Testimony - Division of Public Utilities' Statement in Support of the Settlement Stipulation

Thank you, Chair Fenn, Commissioner Clark, and Commissioner Harvey for allowing me to testify remotely today. In this docket, Rocky Mountain Power (the Company) filed its Application on October 20, 2025. The Company's Application concerns a proposed Power Purchase Agreement (PPA) for the output of the future 345 MW nuclear power plant (Natrium) to be built near Kemmerer, Wyoming. In its Application, the Company is requesting the Commission: (1) grant the Company's request for a waiver of the solicitation process requirement under Utah Code section 54-17-501(1)(b); (2) approve its request for approval of significant energy resource decision to enter into the PPA pursuant to Utah Code section 54-17-302; and (3) acknowledge the report of sale, transfer, or other disposition of utility assets required under Utah Admin. Code R746-401-3.B. based on the water use agreement that is related to and required for the PPA.

The PPA will be with US SFR Owner, LLC (US SFR), a subsidiary of TerraPower, the designer of the plant. The plant is currently projected to be online at the end of 2031. The Natrium plant is a sodium-cooled fast reactor that will ultimately have a power output of 345 MW, with a molten salt storage system that will allow flexible operation between 100 and 500 MW. The interconnection will be a surplus interconnection behind the current Naughton plant.

In his direct testimony for the Company, Rick Link describes how the PPA will be structured, and how the Company will pay for the energy from Natrium.



The structure of the PPA has provisions that limit the Company and ratepayers from being liable for Natrium cost overruns. In light of the cost overruns that occurred for the most recently constructed nuclear plants in the U.S., preventing Utah ratepayers from being responsible for Natrium construction cost overruns was a high priority for the Division. There are multiple contract features that are designed to protect Utah ratepayers, and these details in the PPA are confidential. The primary protective feature relates to the pricing (as described in the unredacted testimony and discussed in the technical conference); this feature is summarized in lines 87-94 of the Direct Testimony of Mr. Link. Other contract provisions also provide protection to ratepayers. The Division places importance on the contract provisions described in lines 105-110 of the Direct Testimony of Mr. Link. In particular, the contract provision summarized in lines 109-110 limits the total ratepayer liability even in the event that some other aspects of the contract fail to materialize as expected.

In my direct testimony for the Division, I recommended that the Commission “approve the application for a waiver under section 54-17-501 and approve the proposed PPA under section 54-17-302, with a condition: that the Company perform a basic IRP analysis comparing Natrium to an optimized alternative portfolio, using projected costs from Workpaper 1.” The Division initially felt this analysis was needed to comply with Utah Admin. Code R746-430-4(1)(f)(i) and Utah Code section 54-17-302(3)(c)(iv).

In addition to the Division, the Utah Office of Consumer Services (OCS) and Western Resource Advocates (WRA) also filed direct testimony. The OCS recommended that the Commission approve the Company’s request for a waiver of the solicitation requirement and the request for the acquisition of the significant energy resource. WRA did not oppose approval of the Application.

Therefore, all three stakeholders who submitted direct testimony recommended approval of, or did not oppose, the waiver and the PPA, although the Division requested additional analysis. The idea behind the Division’s requested analysis was that the Company had not yet shown that the Natrium resource was “consistent with the utility’s current Integrated Resource Plan” as required by Rule R746-430-4(1)(f)(i), which applies when seeking a waiver of a solicitation process. Furthermore, Section 54-17-302(3)(c)(iv) states that in

ruling on whether a significant energy resource is in the public interest, the Commission should consider “whether it will most likely result in the acquisition, production, and delivery of electricity at the lowest reasonable cost to the retail customers”

There are two ways a resource could be valued against other resources to evaluate whether it will result in electricity at the lowest reasonable cost.

One way is for the resource to be selected in an Integrated Resource Plan (IRP). The Natrium resource was selected as part of the 2025 IRP, but that is because it was not assigned costs. Such an analysis does not provide meaningful results, as presumably any candidate resource would be selected if it had no costs assigned to it.

Another way to show that a resource will result in electricity at the lowest reasonable cost is to run the IRP-style analysis on resources that submitted bids in a request for proposals (RFP), so that the resource in question can be compared to other bids from similar resources. However, Natrium was not selected as the result of an RFP, and to the Division’s knowledge there are no other nuclear plants that could bid into such an RFP, so this avenue was not open.

Therefore, the Division requested an IRP modeling run with plausible Natrium costs, to compare that scenario to a scenario with no Natrium. However, after discussing the issue with the Company and reviewing the rebuttal testimony of Company witness Dan MacNeil, this concern is lessened. The Company has made a reasonable case that given the exact nature of the PPA pricing, the results of the type of analysis that the Division requested would not be as useful as in a typical resource comparison case. The exact reason for this is confidential, but on lines 107 to 149 of his rebuttal testimony, Mr. MacNeil describes the benefits from the Natrium plant and why the traditional IRP comparison analysis would not be as useful in the present case.

One other issue that the Division raised was the possibility of delays, considering that Natrium is using first-of-its-kind technology. Delays in the project are a possibility; however, as Natrium supplies energy and not capacity, even if the project is delayed, the Naughton plant is still available to meet capacity needs.

In determining whether a utility's request for approval of a significant energy resource decision is in the public interest, the Division notes that Utah Code section 54-17-302(3)(c)(iv), which mentions whether the decision would most likely result in the acquisition, production, and delivery of electricity at the lowest reasonable cost, is just one factor of nine the Commission should take into consideration. Therefore, even if hypothetically some alternate portfolio could be constructed that was slightly cheaper to replace Natrium, that alone would not be dispositive under the statute. The dispatchability of the resource and the ability to have multiple types of generation also should be considered.

After engaging in good faith, arms-length settlement negotiations, the Company, the Division, the OCS, and WRA eventually reached an agreement. The Settlement Stipulation the Company filed on March 13 of this year reflects that agreement.

The terms of the Settlement Stipulation state that the stipulating parties agree and recommend that the Commission issue an order finding that: the Company's decision to enter into the PPA is in the public interest; granting the Company's request for a waiver of the solicitation requirements is in the public interest; and the Application meets the requirements of a report of sale, transfer, or other disposition of utility assets under Utah Admin. Code R746-401-3.B. As part of the Settlement Stipulation, the Company agrees that it "will evaluate portfolios both with and without KU1 in its Integrated Resource Plans ("IRP") and IRP Updates, including its 2025 IRP Update." The Company also agrees to report on the Natrium plant's performance and other key metrics on an annual basis, beginning after the first year of commercial operation.

These and other provisions in the Settlement Stipulation satisfy the Division's request for supplemental analysis. The Division believes this settlement is just and reasonable in result, and that approval of the Settlement Stipulation is in the public interest. This concludes my summary.