REDACTED
Rocky Mountain Power
Docket No. 25-035-61
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED
Direct Testimony of Joelle R. Steward

November 2025

I. INTRODUCTION OF WITNESS AND QUALIFICATIONS

Q. Please state your name, business address, and present position with PacifiCorp d/b/a Rocky Mountain Power ("Rocky Mountain Power" or the "Company").

A. My name is Joelle R. Steward, and my business address is 1407 West North Temple, Salt Lake City, Utah 84116. I am currently employed as Senior Vice President, Regulation for Rocky Mountain Power.

Q. Please summarize your education and business experience.

A. I have a Bachelor of Arts degree in Political Science from the University of Oregon and an M.A. in Public Affairs from the Hubert Humphrey Institute of Public Policy at the University of Minnesota. Between 1999 and March 2007, I was employed as a Regulatory Analyst with the Washington Utilities and Transportation Commission. I joined the Company in March 2007 as a Regulatory Manager, responsible for all regulatory filings and proceedings in Oregon. On February 14, 2012, I assumed responsibilities overseeing cost of service and pricing for PacifiCorp. In May 2015, I assumed broader oversight over regulatory affairs in addition to the cost of service and pricing responsibilities. In 2017, I assumed the role as Vice President, Regulation for Rocky Mountain Power; in November 2021, I assumed my current role as Senior Vice President, Regulation for Rocky Mountain Power.

Q. Have you appeared as a witness in previous regulatory proceedings?

A. Yes. I have testified on various matters in the states of Utah, Idaho, Oregon, Washington, and Wyoming.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your direct testimony?

A. My testimony supports Rocky Mountain Power's application to establish the Utah Fire Fund (the "Fire Fund"). Along with Rocky Mountain Power's other witnesses, my testimony demonstrates that the Fire Fund proposed by the Company meets the criteria for Commission approval set forth in Utah Code §54-24-301.

Q. Please summarize your direct testimony.

A. In 2024, the Utah Legislature took important steps to address the increasing frequency and severity of wildland fire, and the risks that unbounded liability for fire damages pose to Utah's electric utilities. When it enacted Senate Bill ("S.B.") 224, the Legislature included in Utah law limits on damages recoverable from electric utilities for fire claims.[1] In addition, the legislation "allows a large-scale electric utility to create a Utah fire fund to supplement other insurance for making certain fire damage payments."[2] The Legislature recognized that in recent years catastrophic wildfires have resulted in extraordinarily large claims against electric utilities experiencing wildland fires in their service territories and, as the Commission recently noted, the "Utah legislation [is] designed to mitigate the financial consequences of wildfire liabilities for Utah entities like RMP."[3]

In this proceeding, Rocky Mountain Power seeks Commission approval to establish the Utah Fire Fund. The Company presents testimony to demonstrate to the

[1] *See* Utah Code § 54-24-303 (Section 11 of S.B. 224).
[2] S.B. 224, Energy Independence Amendments, 2024 General Session, Enrolled Copy, at 1 (summary of Highlighted Provisions).
[3] *Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations,* Docket Nos. 24-035-04, *et al.*, Order, at 23 (April 25, 2025).

Commission that the Fire Fund meets each of the statutory criteria for Commission approval. In summary:

- As contemplated by the Utah Legislature, the Fire Fund is part of a comprehensive strategy to address the risks related to wildfires in Utah. It establishes a financial reserve that will be available if extraordinary liabilities posed by more and increasingly severe wildfires exceed amounts recoverable from insurance.

- Massive claims on utility assets arising from wildfire liability could compromise the Company's financial stability needed to maintain and expand infrastructure to meet current customer needs and expected load growth in Utah. Establishing a Fire Fund to be available in the event of extraordinary liabilities is in the public interest and will be viewed as a positive step for the Company's creditworthiness.

- The Fire Fund will be established and administered as required by statute.

- The Fire Fund Adjustment surcharge, new Schedule 96, proposed by Rocky Mountain Power in this filing would collect approximately $109 million per year. The proposed surcharge would result in an increase in current rates of approximately 4.48 percent for all customers, and approximately $3.70 per month for an average residential customer.[4] The Company proposes an effective date of May 1, 2026, for the new tariff.

The Company recommends that the Commission revisit the surcharge level after the Fire Fund has been in place for five years, as part of an overall review of Fire Fund operations.

Q. Who are the other witnesses providing testimony in support of the Fire Fund application?

A. Rocky Mountain Power's application is supported by the testimony of three additional witnesses:

- Marshall Nadel, an independent risk and insurance consultant, provides an analysis to support the size of the fund based on the liability risk in Utah;

[4] *See* Utah Code § 54-24-301(4)(b) (a fire surcharge approved by the Commission may "not result in an increase over current rates: (i) for all customers, more than 4.95%; and (ii) for an average residential customer more than $3.70 a month."

- Nikki L. Kobliha, Senior Vice President and Chief Financial Officer for PacifiCorp, describes how the Fire Fund will be administered consistent with the statute;
- Kevin Benson, Managing Director, Asset Risk and Performance for PacifiCorp, discusses the potential for large, consequential wildfires in Utah based on risk modeling; and
- Kenneth Lee Elder Jr., Director, Pricing and Tariff Policy for PacifiCorp, provides the proposed new tariff, Schedule 96, to implement the Fire Fund and the proposed rate spread and rate design.

III. STANDARDS FOR ESTABLISHING AND ADMINISTERING THE UTAH FIRE FUND

Q. What purpose did the Utah Legislature expect a Utah Fire Fund to serve?

A. The Utah Legislature approved the creation of a Utah Fire Fund when it passed S.B. 224 in 2024. The legislation "allows a large-scale electric utility[5] to create a Utah fire fund to supplement other insurance for making certain fire damage payments; establishes requirements for administration, funding, and access to a Utah fire fund; and enacts provisions related to filing and resolving claims against an electrical corporation for damages caused by wildfire."[6]

Q. Please describe the source of funding for a Utah Fire Fund and the Commission's role in establishing it.

A. State law provides that a Utah Fire Fund "shall consist of … a reasonable and prudent

[5] Utah law defines a "large-scale electric utility" as "a public utility that provides retail electric service to more than 200,000 retail customers in the state." Utah Code 54-2-1(20) (2025). Rocky Mountain Power serves over 200,000 retail customers in Utah and thus qualifies as an eligible "large-scale electric utility."

[6] 2024 Bill Text UT S.B. 224, at 1 (2024) (Enrolled Copy, "Highlighted Provisions"). The Utah Fire Fund provisions of S.B. 224 are codified at Utah Code §§ 54-24-301 and 54-24-302.

fire surcharge" that a utility may charge to its customers, "as approved by the [C]ommission in a rate case to be collected over a 10-year period from the date of the [C]ommission's approval of a Utah fire fund."[7] In addition to the proceeds of the fire surcharge, a Fire Fund may include "investment income from the money in the fund" and "other amounts deposited into the fund as otherwise required by law."[8]

The statute directs that "a large-scale electric utility may create a Utah fire fund by filing notice with the [C]ommission," and that the Commission "shall approve a … utility's request to create a Utah fire fund … if the utility demonstrates to the [C]ommission's satisfaction … that the fund:"[9]

(i) is in the public interest;
(ii) supports the financial health of the large-scale electric utility; and
(iii) maintains or improves the large-scale electric utility's ability to deliver safe and reliable services.[10]

In addition, the Commission must find that "the fire fund surcharge does not result in an increase over current rates … for all customers, more than 4.95%; and for an average residential customer more than $3.70 a month."[11]

The statute also provides that the Commission may hear a challenge to the amount of a "disbursement from the … Utah fire fund used for the settlement of a fire claim."[12] In such a proceeding, "the burden is on the challenging party to prove imprudence"[13] of the amount of the disbursement. The statute makes clear that "[t]he use of a Utah fire fund to pay a judgment relating to a fire claim is considered prudent

[7] Utah Code §54-24-24-301(3)(a).
[8] Utah Code 54-24-301(3)(b)-(c).
[9] Utah Code §54-24-301(4).
[10] Utah Code §54-24-301(4)(a).
[11] Utah Code §54-24-301(4)(b).
[12] Utah Code §54-24-302(4)(a).
[13] Utah Code §54-24-302(4)(b)(ii).

and is not subject to challenge."[14]

Q. For what period will the Fire Fund surcharge be collected?

A. The Fire Fund statute sets forth the timing for collection and termination of the surcharge. Utah Code §54-24-302(3) provides that the surcharge "shall terminate on the earliest of"[15] either:

- Ten years after the effective date of the surcharge approved by the Commission when the Fire Fund is established;
- The date on which the amount in the Fire Fund equals fifty percent (50%) of the Company's "revenue requirement established in [its] most recently approved general rate case"[16]; or
- The date on which the Commission "determines, on the [C]ommission's own motion, that the surcharge should terminate, regardless of the current balance in the Utah fire fund."[17]

Q. How will the Utah Fire Fund be administered?

A. The Fire Fund law includes specific requirements for an electric utility's stewardship of the funds collected to establish a Fire Fund. Utah Code § 54-24-302(1) provides that "[u]pon creation of a Utah fire fund," the Company shall:

(a) open a separate investment account designated as the Utah fire fund to hold all assets as described in Subsection 54-24-301(3) and designate the chief executive officer, chief financial officer, and other appropriate representatives as authorized by the board of directors of the utility as the account signatories;

(b) invest Utah fire fund assets collected under Subsection 54-24-301(3) only in accordance with Title 51, Chapter 7, State Money Management Act, with all investment returns remaining in the Utah fire fund and not allocated to other accounts of the large-scale electric utility;

(c) record all customer funds received into the large-scale electric utility's Utah fire fund account in a separate ledger account that reflects deposits, disbursements, assets, liabilities, equity, income, and expenditures related to the fund;

[14] Utah Code §54-24-302(4)(c).
[15] Utah Code §54-24-302(3).
[16] Utah Code §54-24-302(3)(b).
[17] Utah Code §54-24-302(3)(c).

(d) report all Utah fire fund account activity, including investment statements and ledger account reconciliations, to the commission annually, unless otherwise directed by commission order or regulation;

(e) identify the Utah fire fund investment account as restricted in the large-scale electric utility's financial statements, with an offsetting regulatory liability owed back to customers in the event the funds are not fully utilized; and

(f) maintain records of the assets, liabilities, equity, income, and expenditures of the large-scale electric utility's Utah fire fund.[18]

The Company is prepared to account for, invest, and report on assets in the Fire Fund in the manner directed by statute. The Company's plans for compliance with these requirements are detailed in the testimony of Company witness Nikki L. Kobliha.

Q. For what purposes is the Company authorized to make disbursements from the Fire Fund?

A. The Fire Fund statute provides that a utility "may disburse funds from the … utility's Utah fire fund to pay eligible payments."[19] The term "eligible payments" is defined as "an amount owed by a … utility to a third party in the state that exceeds the … utility's applicable insurance coverage, including self-insurance."[20] Eligible payments do not include amounts attributable to damage to the Company's infrastructure.[21]

Rather, the Fire Fund may be used to pay "fire claims," which is defined as "any claim, whether based on negligence, nuisance, trespass, or any other claim for relief, brought by a non-governmental person against an electrical corporation in any civil action to recover for damage resulting from a fire event."[22] A "fire event" includes "any unplanned or uncontrolled fire in the state alleged to have been caused by an electrical

[18] Utah Code § 54-24-302(1)(a)-(f).
[19] Utah Code §54-24-302(2)(b).
[20] Utah Code §54-24-301(1)(a)(1).
[21] Utah Code §54-24-301(1)(a)(3).
[22] Utah Code §54-24-301(1)(c).

corporation."[23]

Q. Is the Company required to pay a "deductible" before it may make disbursements from the Utah Fire Fund?

A. Yes. Before Rocky Mountain Power may use the Fire Fund to pay eligible claims in any calendar year, it must have "first paid $10,000,000 towards eligible payments from [its] own funds, not included in its regulated revenue requirement."[24] Fire claim payments do not become "eligible" unless the payment "exceeds the … utility's applicable insurance coverage, including self-insurance."[25] The Fire Fund statute thus requires the Company to pay claims up to $10,000,000 over and above the amount covered by insurance before it can seek recovery from the Fire Fund.

Q. Is the Company's request to establish a Utah Fire Fund the first such request to come before the Commission?

A. Yes.

IV. THE COMPANY'S FIRE FUND PROPOSAL

Q. Please provide an overview of Rocky Mountain Power's Fire Fund proposal.

A. The Company requests the Commission establish a Fire Fund surcharge initially calculated to collect approximately $109 million per year, effective May 1, 2026. This would create a fund of approximately $1,090 million over ten years, excluding interest. The proposed surcharge would result in an increase of approximately 4.48 percent for all customers and would equate to an approximately $3.70 per month surcharge for an average residential customer. The impact of the proposed surcharge on various

[23] Utah Code §54-24-301(1)(b).
[24] Utah Code §54-24-302(2)(a).
[25] Utah Code §54-24-301(1)(a)(i).

customer classes is discussed in the testimony of Company witness Kenneth Lee Elder.

Q. In addition to the statutory level authorized for the Fire Fund, does the Company have other analysis to support the need for the Fire Fund at this size?

A. Yes. To supplement the support for the Fire Fund size, the Company includes in this filing an actuarial study of wildfire liability risk in the six PacifiCorp states. The Company began holding confidential workshops with stakeholders from Utah and other states in 2023 to seek solutions that would address the rapid increases in the cost to insure against wildfire liability in Western states. To quantify the scope of the risks, PacifiCorp sponsored an independent actuarial study in 2024. The study is attached to my testimony as Highly Confidential Exhibit RMP___(JRS-1). The study was performed by the international risk management and insurance brokerage firm Aon, and was shared on a highly confidential basis with stakeholders as part of the ongoing wildfire insurance workshop process.

Q. Does the actuarial study support the proposed amount of the Fire Fund?

A. Yes. The methodology and outcomes of the study are discussed in detail in the testimony of Company witness Marshall Nadel, who has decades of experience related to energy industry insurance issues in the Western states. Mr. Nadel's analysis examines the wildfire liability risks identified in the actuarial study for Utah, and estimates the current amount of third-party liability coverage that would be reasonable to protect against the Company's wildfire risk in Utah. Mr. Nadel's analysis concludes that, based on catastrophic wildland fire liability risks in Utah, Rocky Mountain Power should prepare for a financial exposure of approximately $1 billion.

Q. In addition to the Fire Fund, does Rocky Mountain Power anticipate retaining commercial coverage for excess liability for wildfires in Utah?

A. Yes. As discussed above, amounts in the Fire Fund are not available to pay fire claims until the claims amount in a year "exceeds the … utility's applicable insurance coverage, including self-insurance."[26]

Q. What is the status of the Company's current excess liability insurance ("ELI") coverage for wildland fire claims in Utah?

A. The Company's current commercial ELI policies that cover wildfire events in Utah provide coverage up to approximately $483 million through February 14, 2026. This coverage limit is shared for events across multiple states. Additionally, there is a $10 million retention which means claims for an event must exceed $10 million before the Company can access commercial coverage.

The Company is currently working with its insurance brokers to seek commercial ELI policies for a one-year term to be effective beginning February 15, 2026. [redacted]

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[26] Utah Code §54-24-301(1)(a)(i).

[redacted]

Q. What is the collection period for the Fire Fund surcharge?

A. The Fire Fund statute states that the surcharge shall terminate "on the earliest of" 10 years from the effective date of the surcharge, or the date which the assets in the Fire Fund reach an amount equal to 50 percent of the Company's Utah revenue requirement.[27] The Company does not anticipate that the Fire Fund will equal 50 percent of the Company's Utah revenue requirement in the foreseeable future, which would be approximately $1.22 billion. As the calculations in Company witness Mr. Elder's testimony show, the maximum amount the Company expects to collect using the proposed surcharge amount would be approximately $109 million per year. Over 10 years, the surcharge would collect approximately $1.09 billion.

Q. Is it possible the Company will propose changes to the fire surcharge or collection period in the future?

A. After the Fire Fund has been established and is building a meaningful amount of assets, the Company believes it would be appropriate for the Commission to review the status of the Fire Fund and the fire surcharge. From the outset of the Fire Fund's operations, Rocky Mountain Power will be providing reports on the Fire Fund, and its financial records will be available to the Commission as contemplated by the Fire Fund statute.

[27] *See* Utah Code §54-24-302(3)(a)-(b). The statute also authorizes the Commission to terminate the surcharge, on its own motion, on a date it determines. *See* Utah Code §54-24-302(3)(c). Since that provision does not tie the potential termination to a quantifiable date or financial threshold, it was not used as a measure for the surcharge collection timeline proposed here.

The Company recommends that after five years the Commission conduct a review of the Fire Fund, including the growth in fund balances from permitted investments, updates on insurance market dynamics or wildland fire risks, and the level of the fire surcharge. A review of the Fire Fund after five years of surcharge collections would enable the Fund to carry out its objectives as authorized in the Commission's orders in this proceeding for a meaningful period of time, while creating a forum for a scheduled review of the Fire Fund.

Q. Does the Company have a proposal for annual reporting on the Fire Fund?

A. Yes. On or before May 31st each year, RMP will file an annual report on the Utah Fire Fund showing all Fire Fund activity for the prior year. The report will include:

- Fund deposits from customer collections and any other amounts deposited.
- Investment in income from money in the fund.
- Expenditures from the fund for administration costs and taxes.
- Disbursements from the fund for payment of eligible claims.
- Description of and explanation for any fund management changes in the prior year.

In addition to the Fire Fund activity for the prior year, the report will include:

- Amount of applicable insurance coverage related to fire events for the prior year.
- Description of fire events in the prior two years for which fire claims have been made to the utility.
- Number and amount of fire claims made for fire events in the last two years
- Amount of claims paid through applicable insurance coverage for each fire event.
- Documentation of amounts utility paid towards eligible payments from the utility's own funds, as required in Utah Code 54-24-302(2). Once utility documented payments reach $10,000,000, this will no longer be incorporated in the annual reports.

V. THE PROPOSED FIRE FUND SATISFIES THE CRITERIA FOR COMMISSION APPROVAL SET FORTH IN UTAH LAW

Q. What are the criteria for commission approval of a Utah Fire Fund?

A. As I discussed in Section III of my testimony summarizing the Fire Fund requirements, Utah law provides that the Commission "shall approve a … utility's request to create a Utah fire fund … if the utility demonstrates to the [C]ommission's satisfaction … that the fund: (i) is in the public interest; (ii) supports the financial health of the large scale electric utility; and (iii) maintains or improves the large-scale electric utility's ability to deliver safe and reliable services.[28]

Q. How does the proposed Fire Fund meet these criteria?

A. I am not a lawyer, and do not intend to offer a legal opinion on the meaning of the terms in the Fire Fund statute. With that caveat, I believe the enactment of the Fire Fund statute made clear that the Utah Legislature found the establishment of a Fire Fund in the public interest. The statute instructs the Commission to review whether a specific utility proposal meets the public interest standard, but the inquiry about whether that standard is satisfied must take place with the assumption that the concept of a catastrophic fire fund and associated liability limits has been endorsed in Utah law.

Q. Why is the Fire Fund as proposed by the Company in the public interest?

A. As I described in Section IV of my testimony, the Company's proposal is consistent with the Legislature's direction on the purpose, size, and administration of a Fire Fund. The Company's proposal enables development of a fund that can effectively supplement the Company's insurance if there is a catastrophic wildfire liability event.

[28] Utah Code §54-24-301(4)(a).

The creation and availability of the Fire Fund also supports customers by fostering the financial stability of the Company and its need to deploy capital to effectively serve Utah.

Q. **How does the Fire Fund proposed by the Company "support the financial health"[29] of Rocky Mountain Power and "maintains or improve … [its] ability to deliver safe and reliable services"?[30]**

A. The Fire Fund addresses an important component of the wildland fire risks that are threatening the financial health of utilities throughout the western U.S. Wildland fire events over the last several years have had dramatic impacts on the financial health of U.S. utilities, particularly in the Western states. Wildfire risk has led to sharp increases in ELI premiums, whether a utility has experienced wildfire liability events, or such events are a threat due to the location of a utility's service territory in fire-prone areas. In addition, utilities are making new and substantial investments in wildfire mitigation to address the growing threats to utility property and risks of third-party liability claims.

Q. **How have these increasing pressures affected utilities' financial health?**

A. In addition to the increased expenses for insurance and mitigation, wildfire risk has had a material impact on utility credit ratings. For example, a study by Charles River Associates ("CRA") published in 2024 reported that previously unanticipated costs associated with increasing wildfire risks:

> [S]everely strain a utility's balance sheet, increasing debt levels and weakening cash flow. Ratings agencies, like Moody's, Fitch, and S&P

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[29] Utah Code §54-24-301(4)(a)(ii).
[30] Utah Code §54-24-301(4)(a)(iii).

> Global Ratings, closely monitor these metrics and may downgrade a utility's credit rating if the company's financial health deteriorates.[31]

CRA goes on to report that since 2020, North American regulated utilities have experienced 99 credit downgrades, many attributed directly to wildfire risk.[32] The report notes:

> A lower credit rating makes it more expensive for utilities to borrow money, further exacerbating financial stress. Notably an actual fire is not necessary for a downgrade to occur. Rating agencies are scrutinizing utilities' relative wildfire risk, financial risk, and the efforts underway to minimize those risks.[33]

Q. Has the Company experienced these types of credit downgrades?

A. Yes. PacifiCorp received credit downgrades after the first Oregon jury verdicts in the ongoing *James*[34] litigation arising from the 2020 Labor Day wildfires. More recently, on July 9, 2025, Moody's Ratings ("Moody's") downgraded PacifiCorp's ratings, including its senior unsecured rating to Baa2 from Baa1, its first mortgage bond rating to A3 from A2, and its junior subordinated notes to Baa3 from Baa2. Moody's based the downgrade, in part, on the Commission's decision denying the Company's petition to reconsider the general rate case decision earlier this year.[35]

On July 28, 2025, S&P Global ("S&P") downgraded PacifiCorp's credit rating from BBB+ to BBB with a negative outlook, and reduced PacifiCorp's debt ratings on first mortgage bonds, junior-subordinated notes, and senior unsecured debt.[36] S&P

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[31] Charles River Associates, CRA Insights: Energy, "Wildfires threaten utility financial stability," at 2 (Sept. 2024), *available at:* chrome-extension: https://media.crai.com/wp-content/uploads/2024/09/18125642/Energy-Insights-CRA-wildfire-mitigation-independent-evaluation-September-2024.pdf (last visited November 25, 2025).
[32] *Id.* at 2-3.
[33] *Id.* at 2.
[34] *James v. PacifiCorp,* No. 20-CV-33885 (Cir. Ct. Multnomah Cnty., June 12, 2023) (hereinafter, "*James*").
[35] Moody's Rating Action Press Release at 1-2 (July 9, 2025) (Confidential Exhibit RMP___(JRS-2)).
[36] S&P's Rating Action Press Release at 1, 5-6 (July 28, 2025) (Confidential Exhibit RMP___(JRS-3)).

Global also pointed to legal developments related to wildfires, as well as the unfavorable outcome of the Company's Utah rate case.[37] On November 7, 2025, S&P further downgraded PacifiCorp to BBB- from BBB with a negative outlook, citing the accelerated trial schedule for the *James* litigation.[38]

Q. Will approval of the Fire Fund support the Company's financial health?

A. Yes. Having available liquidity through the Fire Fund to respond to a significant wildfire event in Utah would be viewed favorably by the investment community. State policies that directly address the financial impacts of wildfire exposure and liability are viewed favorably by investors as credit-supportive measures. Several examples of this positive impact that have occurred in 2025.

First, in March 2025, Moody's upgraded the credit ratings of Pacific Gas & Electric ("PG&E") due to company's reduced financial risk from wildfire.[39] Moody's cited PG&E's "continued improvement in mitigating wildfire risk,"[40] and also noted that the upgrade "reflects the credit quality benefits provided by California's $21 billion wildfire legislation (A.B. 1054), including access to the state's wildfire insurance fund and credit positive shareholder liability cap and cost recovery provisions."[41]

Second, on September 16, 2025, Fitch Ratings ("Fitch") noted the "credit positive" impact of the enactment of Senate Bill ("S.B.") 254 in California.[42] S.B. 254,

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[37] *Id.*
[38] S&P's Rating Action Press Release at 1 (November 7, 2025) (Confidential Exhibit RMP___(JRS-4)).
[39] E. Howland, "Moody's upgrades PG&E on reduced credit risks from wildfires," Utility Dive, March 28, 2005, *available at*: https://www.utilitydive.com/news/moodys-upgrades-pge-pacific-gas-credit-wildfire/743811/ (last visited October 10, 2025).
[40] *Id.*
[41] *Id.* (quoting a Moody's press release attributing the statements to Moody's Vice-President and Senior Credit Officer Jeff Cassella).
[42] P. Smyth, CFA, Fitch Ratings, Non-Rating Action Commentary, "California's Three Large Investor-Owned Utilities to Benefit from SB 254 Passage" (Sept. 16, 2025), *available at:* https://www.fitchratings.com/research/corporate-finance/californias-three-large-investor-owned-utilities-to-benefit-from-sb-254-passage-16-09-2025 (last visited October 10, 2025).

according to the Fitch report, "create an $18 billion continuation account for the participating investor-owned utilities ("IOUs") to fund catastrophic wildfire liabilities."[43] Fitch noted that it "expects EIX (Edison International), PCG (Pacific Gas & Electric) and Sempra (collectively, the California IOUs) to agree to participate in the new fund if the bill is enacted. [Fitch] views the new fund as a potential bridge to future initiatives from a study mandated by S.B. 254 that aims to more effectively socialize the costs of wildfires and related disasters."[44]

Third, on September 26, 2025, S&P announced that it "has revised its outlook for Xcel Energy Inc. and most of its subsidiaries to stable from negative, while affirming their credit ratings following settlement agreements related to wildfire claims."[45] The positive Xcel Energy Inc. credit determination was not due to state policy developments like the recent examples from California cited above, but demonstrate that ratings agencies are willing to consider positive developments on wildfire liability to improve the credit profile of a utility impacted by large wildfires.

The Company believes the Commission's approval of the Fire Fund proposal would provide exactly that type of positive signal. In addition, the Company expects that approval of the proposal, along with the liability limits included in Utah Code §54-24-303, will help move the needle in a positive way for insurers' wildland fire ELI offerings available to cover Utah risks.

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[43] *Id.*

[44] *Id.* The Fitch report was published on September 16, 2025. California Governor Newsom signed SB 254 on September 19, 2025. *See* Governor Gavin Newsom, News (Sept. 19, 2025), *available at*: https://www.gov.ca.gov/2025/09/19/governor-newsom-signs-historic-package-of-bipartisan-legislation-saving-billions-on-electric-bills-stabilizing-gas-market-and-cutting-pollution/ (last visited October 10, 2025).

[45] Investing.com, S&P revises Xcel Energy outlook to stable after wildfire settlements" (Sept. 26, 2025), *available at:* https://www.investing.com/news/stock-market-news/sp-revises-xcel-energy-outlook-to-stable-after-wildfire-settlements-93CH-4258485 (last visited October 10, 2025).

Q. How will the approval of the Fire Fund proposal maintain or improve the Company's ability to deliver safe and reliable services?

A. The Company's ability to deliver safe and reliable services relies on many factors. The quality and training of Company personnel, the impact of natural forces like weather (including wildland fires), and economic and load growth all play important roles in determining the quality and reliability of electric service. The Company's ability to capably address all of these factors is impacted by its access to capital markets. As the Commission is aware from its central role in ratemaking, the cost of capital plays a critical role in determining how the Company can respond when reliable service requires investments in improved infrastructure, maintenance and development of generating capacity, and initiatives like wildfire mitigation. Higher capital costs increase the pressure on customer rates when utility investments are needed to continue providing quality service. The improvement in the Company's financial health that it expects will be fostered by approval of the Fire Fund is directly related to maintaining and improving the Company's ability to provide safe and reliable service.

Q. Would the Fire Fund improve the Company's ability to provide safe and reliable service if the Company utilized it to pay eligible fire claims?

A. Yes. If a catastrophic wildland fire event resulted in extraordinary liability claims, the Fire Fund would provide an extremely important source of liquidity at a time when it had exhausted available insurance to pay claims. Payments from the Fire Fund could prevent a devastating wildland fire event or fire season from draining the resources the Company needs to ride through such challenging financial circumstances. The structure of the Fire Fund requires that the Company use available insurance coverage plus an additional $10 million of corporate funds before accessing the Fire Fund. But if those funds do not cover fire claims, the Fire Fund provides a key source of targeted liquidity that is separate from the capital resources used to fund Company investments on the system to meet Utah's ongoing economic growth. As the legislature recognized when it enacted the Fire Fund statute and liability limitations, affirmative tools for addressing increasing utility liability risk due to wildland fire are critical to the future of the State as well as the Company.

VI. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes.

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Exhibit Accompanying Direct Testimony of Joelle R. Steward

Aon Actuarial Study

November 2025

THIS EXHIBIT IS HIGHLY CONFIDENTIAL IN ITS ENTIRETY AND IS PROVIDED UNDER SEPARATE COVER

REDACTED
Rocky Mountain Power
Exhibit RMP___(JRS-2)
Docket No. 25-035-61
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ROCKY MOUNTAIN POWER

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Exhibit Accompanying Direct Testimony of Joelle R. Steward

Moody's Rating Action July 9, 2025

November 2025

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REDACTED
Rocky Mountain Power
Exhibit RMP___(JRS-3)
Docket No. 25-035-61
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED
Exhibit Accompanying Direct Testimony of Joelle R. Steward

S&P Research Update July 28, 2025

November 2025

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REDACTED
Rocky Mountain Power
Exhibit RMP___(JRS-4)
Docket No. 25-035-61
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED
Exhibit Accompanying Direct Testimony of Joelle R. Steward

S&P Research Update November 7, 2025

November 2025

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