

–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–

In the Matter of the Application of Rocky
Mountain Power for Approval of Large-
Load Service Contract Between
PacifiCorp and a Large-Load Customer

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Docket No. 26-035-05
Exhibit No. DPU 1.0 DIR
Direct Testimony of
Matt Pernichele

Redacted

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Matt Pernichele

March 3, 2026

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Matt Pernichele. My business address is 160 East 300 South in Salt Lake
4 City, Utah.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am a Utility Technical Consultant for the Utah Division of Public Utilities.

7 **Q. PLEASE PROVIDE YOUR EDUCATION AND RELEVANT WORK EXPERIENCE.**

8 A. I have worked for the Utah Division of Public Utilities for two and a half years. During this
9 time, I have analyzed a variety of issues arising from the operation of regulated natural
10 gas and electrical utilities. I was responsible for the Division's analysis and Phase II
11 Testimony related to cost of service and rate design in Rocky Mountain Power's and
12 Enbridge Gas Utah's most recent rate cases. I attended The New Mexico State
13 University's Center for Public Utilities Practical Regulatory Training Class in 2023. I have
14 a JD and an MBA from the University of Utah.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. My testimony evaluates the Large Load Service Contract (LLSC) between PacifiCorp
17 and a Large Load Customer (Customer) who would prefer to remain anonymous.
18 The proposed LLSC is the first to be submitted under a new legal framework
19 enacted by the Utah Legislature, the Large Load Act (Act).¹ My intention is to briefly
20 summarize the LLSC, offer the Division's evaluation of whether the LLSC complies
21 with the act, and advise the Commission on the LLSC's approval.

22 **Q. WHAT INFORMATION DID YOU REVIEW TO PREPARE YOUR TESTIMONY?**

23 A. I prepared for this testimony by reviewing PacifiCorp's filing in this docket. This
24 included the direct testimonies of Craig Eller, Thomas Burns, and Ramon Mitchell,
25 their workpapers calculating the LLSC's impact on the Company's system and

¹ Utah Code Ann. §§ 54-26-101-901 (2025).

26 revenue requirement, the Contract at issue, PacifiCorp's System Impact Study, and
27 the relevant Large Load Construction Agreement. The Division met with PacifiCorp
28 representatives twice in person and three times virtually to learn more about the
29 LLSC. The Division also sent a data request and reviewed PacifiCorp's response.
30 Additionally, the Division visited PacifiCorp's offices to review sensitive documents
31 verifying certain facts alleged in the Application.

32 **Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

33 A. This is the first Large Load Contract to be evaluated by the Commission under the
34 Act. The filing appears to be largely complete and conform with the Act.
35 PacifiCorp's projections of the financial benefits, costs, system impacts, and
36 ancillary economic benefits are supported and reasonable. I suggest that future
37 filings contain more complete information detailing PacifiCorp's costs to serve the
38 Large Load Customer and an explicit accounting showing that all those costs will be
39 incurred by and charged to the Large Load Customer. Finally, I recommend that the
40 Commission approve the LLSC pending a showing by the Company that Utah
41 ratepayers will not be adversely impacted by the inclusion of the Customer's load
42 into Utah's jurisdictional System Generation (SG) allocation. The Division currently
43 awaits a response to a data request concerning this point.

44 **Q. WHAT ARE THE CONFIDENTIALITY CONVENTIONS USED IN THIS**
45 **TESTIMONY?**

46 A. The Commission created a new level of confidentiality, Regulator Access Only, as
47 part of the regulations to implement the Act.² This docket is the first time that the
48 Regulator Access Only level of confidential information has been used. The Utah
49 Administrative Code requires both Regulator Only Access³ and Highly Confidential
50 Access⁴ to be highlighted in pink.

² Utah Administrative Code R746-318-103(2).

³ *Id.*

⁴ Utah Administrative Code R746-1-601(d)(i).

51 To the best of the Division’s knowledge, PacifiCorp has not asked for any
52 information in this docket to be classified as Highly Confidential, only Confidential or
53 Regulator Access Only. Any information highlighted in pink in this testimony should
54 be considered Regulator Access Only.

55 **SUMMARY OF THE PROPOSAL**

56 **Q. PLEASE SUMMARIZE THE PROPOSAL.**

57 A. The Customer is building [REDACTED]
58 PacifiCorp can serve the Customer without any network transmission upgrades.⁵
59 Initially, generation capacity will come from either [REDACTED]
60 [REDACTED].⁶ After 2027, [REDACTED]
61 [REDACTED]
62 [REDACTED] The
63 Customer will pay [REDACTED]
64 [REDACTED]
65 [REDACTED]
66 [REDACTED] The LLSC
67 provides [REDACTED]
68 [REDACTED]
69 [REDACTED] The initial term of the LLSC is [REDACTED]
70 [REDACTED]

⁵ Application at p. 7, paragraph 23.

⁶ Application at p. 7, paragraph 24; Direct Test. of Thomas Burns at 7:146-47 (Highly Confidential Reg. Access Only Table 2).

⁷ See, Regulator Access Only – Highly Confidential, Eller Workpaper – Highly Confidential Reg. Access Only, tab Estimated Service Costs.

⁸ Regulator Access Only – Highly Confidential, Exhibit RMP_(CME-1), Large Load Service Contract at 6: Article II, Section 2.01, Term.

71 **Q. WILL THE PROPOSED LLSC BE TRANSPARENT TO REGULATORS?**

72 A. Yes. PacifiCorp proposes to track the costs and revenues incurred by the Customer
73 separately in its books from its other operations.⁹ This should ease future auditing of
74 the LLSC to ensure that Utah ratepayers do not pay higher rates due to the LLSC.

75 **REGULATORY COMPLIANCE**

76 **Q. WHAT ARE THE POLICY OBJECTIVES OF THE ACT?**

77 A. The Act has two primary policy objectives. One is to create a more market-based
78 system for Large Loads (defined as those requiring more than 100 MW¹⁰) with
79 several possible avenues to purchase electrical service. The other primary policy
80 objective is to insulate other Utah ratepayers from the costs of serving large loads.

81 I've been able to find nine occasions in the text of the Act¹¹ and four within the Utah
82 Administrative Code¹² insulating Utah ratepayers from the cost of serving Large
83 Load Customers. Read together I interpret them as barring any rate increase to
84 other Utah rate payers resulting from the LLSC. There may be an argument that the
85 act doesn't completely insulate Utah ratepayers from all costs incurred by the Large
86 Load Customer. For example, the Act has defined Large Load Facilities and
87 Incremental Costs in a way that could limit the cost of the LLSC that must be borne
88 by the Large Load Customer. The Act refers to allocating costs to the Large Load
89 Customer that are "just and reasonable incremental costs necessary to receive
90 electric service."¹³ If this or similar counterarguments are made, the Commission
91 should decide the issue.

⁹ Regulator Access Only – Highly Confidential, Direct Test of Ramon J. Mitchell at 10: 211 – 217.

¹⁰ Utah Code Ann. § 54-26-101(12) defines a large load service request as one requiring service of 100 MW or greater.

¹¹ Utah Code Ann. §§ 54-26-301(3)(a), 54-26-301(4)(a), 54-26-302(2)(b), 54-302(2)(c), 54-26-601, 54-26-602(2)(b), 54-26-602(3), 54-26-602(4)(c), 54-26-602(4)(d).

¹² Utah Admin. Code R746-318201(6), R746-318-202(2)(b), R746-318-202(2)(c),

¹³ Utah Code Ann. § 54-26-302(b).

92 **Q. IS PACIFICORP'S FILING FOR THIS LLSC COMPLETE?**

93 A. I do not consider the initial filing complete, but PacifiCorp provided most of the
94 additional information that the Division needed during its investigation. Utah Code
95 section 54-26-302(1) requires a utility to file an application for the approval of a
96 LLSC to include only a copy of the contract and evidence sufficient to demonstrate
97 that "the large load customer bears all just and reasonable incremental costs
98 attributable to receiving the requested electric service."¹⁴

99 PacifiCorp's filing included a complete, signed copy of the contract between the
100 Company and the Customer.

101 The filing did not contain explicit information projecting costs to Utah ratepayers for
102 adding the Customer's load to System Generation (SG) allocation factors, net of
103 resources assigned to the Customer.¹⁵ This issue is discussed below. The filing also
104 aggregated the costs of the Large Load Facilities built to serve the Customer and
105 omitted the costs of the Proposed Resource, choosing to aggregate these costs. At
106 the time of this writing, the Company has provided all of this information except for
107 the SG allocation calculation.

108 **Q. WHAT DOES THE COMMISSION NEED TO FIND TO APPROVE THE LLSC**
109 **UNDER THE ACT?**

110 A. Utah Code section 54-26-302(2) sets the standards for the Commission to evaluate
111 a LLSC:

112 (2) The commission shall approve a large load contract submitted under
113 Subsection (1) if the commission finds by a preponderance of
114 the evidence that:
115 (a) the contract complies with the requirements of this chapter;
116 (b) the large load customer bears all just and reasonable
117 incremental costs attributable to receiving the requested electric
118 service; and

¹⁴ Utah Code Ann. § 54-26-302(1) referring to § (2)(b).

¹⁵ Direct Test. of Ramon J. Mitchell at 10: 221 – 223.

119 (c) existing ratepayers do not bear costs justly and reasonably
120 attributable to providing electric service for the large load
121 customer.

122 The term Large Load Incremental Costs has a specific meaning in the Act. Utah
123 Code section 54-26-101(9) limits Large Load Incremental Costs to the costs of Large
124 Load facilities and their ongoing operation and maintenance and “any activities
125 required to provide electric service under a large-scale service request.” Utah Code
126 section 54-26-302(2)(c) appears to expand this to require that Utah ratepayers be
127 insulated from all costs attributable to serving a Large Load Customer. This is
128 discussed below.

129 Q. **DOES THE LLSC COMPLY WITH UTAH CODE SECTION 54-26-302(2)(a)?**

130 A. Utah Code section 54-26-302(2)(a) states that approval of a contract is conditioned
131 on the Commission’s finding that “the contract complies with the requirements of this
132 chapter,” while sections (b) and (c) require that none of the costs of serving the large
133 load customer can be transferred to other ratepayers.

134 Utah Code section 54-26-301(3) (Large load contract requirements) requires large
135 load contracts to include certain provisions. These are the requirements referred to
136 in Utah Code section 54-26-302(2)(a).

137 Utah Code section 54-26-301(3)(b) requires the large load contract to “comply with
138 all system requirements.” The Company’s Application requires the Customer to
139 “comply with the Company’s tariffs, procedures, specifications, and requirements.”¹⁶

140 Utah Code section 54-26-301(3)(c) requires the large load customer to “maintain
141 financial security sufficient to cover the large load customer’s obligations.” The Large
142 Load Service Contract requires the Customer’s parent company to provide what the
143 LLSC refers to as Default Security as a guarantee that PacifiCorp will be paid for

¹⁶ Application 2-10-26 at 11: ¶ 42.

144 serving the Customer.¹⁷ The Large Load Service Contract establishes
145 Creditworthiness and Security requirements for the Default Security that satisfy the
146 requirements of Utah Code section 54-26-301(3)(c). I have reviewed the Default
147 Security and it meets the requirements of the Large Load Service Contract.

148 Utah Code section 54-26-301(3)(d) requires information that must be included in the
149 contract. Subparagraph (i) requires the point of interconnection. The Large Load
150 Service Contract provides the precise longitude and latitude of the point of
151 interconnection,¹⁸ satisfying this requirement.

152 Subparagraph (ii) requires the contract to specify the power delivery point. The
153 Large Load Service Contract states that the power delivery point is the same as the
154 point of interconnection,¹⁹ which was described above.

155 Subparagraph (iii) requires the contract to specify the contracted load. The Large
156 Load Service Contract states that the specifics of the Customer's load and ramp up
157 schedule²⁰ are provided in the System Impact Study Report.²¹ The Large Load
158 Service Contract also details the load during the ramp up period by month.²²

159 Subparagraph (iv) requires the contract to specify its term of service. The Large
160 Load Service Contract establishes an initial term of [REDACTED]
161 [REDACTED]²³

162 Subparagraph (v) requires the contract to specify provisions for backup power. The
163 Large Load Service Contract states that [REDACTED]

¹⁷ Regulator Access Only – Highly Confidential, RMP Exhibit RMP_(CME-1) Large Load Service Contract at 18: Article VII, Section 7.03, Creditworthiness and Security.

¹⁸ *Id.* at 4: Article I, Definitions, Facility.

¹⁹ *Id.* at 5: Article I, Definitions, Point of Delivery.

²⁰ *Id.* at 15, Article VI, Section 6.01, Contract Demand: Monthly Ramp.

²¹ Regulator Access Only – Highly Confidential, Exhibit_(CME-2) System Impact Study Report at 1: 1.0 Description.

²² Regulator Access Only – Highly Confidential, Exhibit RMP_(CME-1) Large Load Service Contract at 33, Exhibit B, Contract Demand Ramp Schedule.

²³ *Id.* at 6: Article II, Section 2.01, Term.

164 [Redacted]
165 [Redacted]²⁴

166 Paragraph (e) requires the contract to include curtailment provisions should the
167 customer's load exceed the contracted amount. The Large Load Service Contract
168 states that [Redacted]
169 [Redacted]
170 [Redacted]
171 [Redacted] The Large Load
172 Service Contract [Redacted]
173 [Redacted].²⁵

174 Paragraph (f) requires the contract to identify incremental generation that will be
175 used to serve the Customer. The Company provides sufficient details of the
176 generation sources in the Large Load Service Contract and provided testimonies
177 and workpapers. PacifiCorp's testimony of Craig Eller explains that the Customer will
178 be served [Redacted]
179 [Redacted]
180 [Redacted]²⁶ The Large Load Service Contract addresses this in Exhibit
181 A.²⁷ These sources are more thoroughly detailed in Thomas Burns Workpapers 2
182 and 3, which [Redacted]
183 [Redacted]
184 [Redacted]

185 Paragraph (g) requires the contract to identify provisions addressing the payment of
186 operations and maintenance of the large load facilities. The Large Load Service
187 Agreement establishes a [Redacted]

²⁴ *Id.* at 10: Article IV, Section 4.04, Rocky Mountain Power to be the Sole Provider to Facility: Prohibition on Customer Generation, Closed Private Generation System(s), and Connected Generation System(s) to Facilities.

²⁵ *Id.* at 15: Article VI, Section 6.01, Contract Demand: Monthly Ramp.

²⁶ *See.* Direct Test. of Craig M. Eller at 7 – 8.

²⁷ Regulator Access Only – Highly Confidential, Exhibit RMP_(CME-1) Large Load Service Contract, Exhibit A Scope of Work – Service Improvements.

188 [REDACTED] 28 [REDACTED]
189 [REDACTED]
190 [REDACTED] This is intended to pay for the construction, operations and maintenance of
191 the large load facilities.³⁰ The Large Load Construction Agreement established a
192 minimum cost [REDACTED] to build the Large Load Facilities.³¹

193 **Q. UTAH ADMINISTRATIVE CODE R746-318-201(4) IMPOSES ADDITIONAL**
194 **CONDITIONS ON LARGE LOAD CONTRACTS. DOES THE LARGE LOAD**
195 **SERVICE AGREEMENT MEET THOSE CONDITIONS?**

196 A. Yes. R746-318-201(4) clarifies and somewhat overlaps with Utah Code section 54-
197 26-302(2). R746-318-201(4) (a) requires evidence that the large load complies with
198 the Act. Paragraph (b) requires a copy of the large load contract. These are both
199 discussed above as they are required by Utah Code section 54-26-302(2).

200 Paragraph (c) requires “a description of how the addition of the applicant’s use will
201 impact the qualified electric utility’s system, including the increase in electricity
202 demand the qualified electric utility is projected to experience, if any, to serve the
203 large load customer.” This requirement is not specifically mentioned in any of the
204 provisions of Utah Code section 54-26-302(2). The Company examined system
205 impacts through a study that added the Customer’s load to the expected load from
206 the Company’s most recent IRP and ran the expected load through the PLEXOS
207 model. Among the results of the PLEXOS model were an analysis of the generation
208 sources that will serve the Customer’s load directly and [REDACTED]
209 [REDACTED].³² The model also showed that the Customer’s load in combination with
210 the Proposed Resource would not negatively impact system reliability.³³ Finally,

²⁸ Regulator Access Only – Highly Confidential, Exhibit RMP_(CME-1) Large Load Service Contract, at 16: Article VII, Section 7.01(a), Service Rates and Charges.

²⁹ Regulator Access Only – Highly Confidential, Eller Workpaper, Tab Estimated Service Costs.

³⁰ Regulator Access Only – Highly Confidential, Direct Test. of Craig M. Eller at 4: 68 – 79.

³¹ Regulator Access Only – Highly Confidential, Exhibit_(CME-3) Large Load Construction Agreement at 3.

³² Regulator Access Only – Highly Confidential, Direct Test. of Thomas R. Burns at 6: 125, detailed in Burns Workpapers 2 and 3.

³³ *Id.* at 8: 151 – 162.

211 other impacts of the LLSC on the system are examined in the System Impact
212 Study.³⁴ I believe that this is sufficient information to meet the requirements of R746-
213 318-201(4)(c).

214 Paragraph (d) requires the large load contract to detail:

215 (d) information describing the large load incremental costs necessary
216 for the large load customer to receive electric service, including
217 distribution costs, transmission costs, generation costs, contractual
218 costs for providing electrical service, reasonable contribution to long-
219 term operation and maintenance costs for large load facilities, and as
220 applicable, any of the following as allowed by the Federal Energy
221 Regulatory Commission:

- 222 (i) transmission system improvements, including network
- 223 upgrades;
- 224 (ii) interconnection facilities;
- 225 (iii) transmission service; and
- 226 (iv) other necessary infrastructure.

227 The Costs to serve the Customer are detailed in several places throughout the LLSC
228 and supporting testimonies. No transmission or distribution additions are required to
229 serve the Customer, beyond the work shown in the Large Load Construction
230 agreement.³⁵ The cost of generating the Customer's

231 [REDACTED]

232 [REDACTED]

233 [REDACTED]

234 [REDACTED]

235 [REDACTED]

236 [REDACTED]³⁶ [REDACTED]

237 [REDACTED]

238 [REDACTED]

³⁴ Regulator Access Only – Highly Confidential, Exhibit RMP_(CME-2), System Impact Study.

³⁵ Application at 8: ¶ 29.

³⁶ Regulator Access Only – Highly Confidential, Direct Test. of Ramon J. Mitchell at 4: 78 – 88.

239 [Redacted]
240 [Redacted] ³⁷ This will be further discussed below.

241 **Q. DOES THE LLSC COMPLY WITH UTAH CODE SECTION 54-26-302(2)(b) AND**
242 **(c)?**

243 A. Yes. These two Paragraphs have a great deal of overlap and can be seen as
244 somewhat redundant. I will discuss them together because they mostly address the
245 same issues. The costs of serving the Customer under the LLSC consist of the costs
246 of the power, system upgrades (Large Load Facilities³⁸), and use of existing
247 facilities.

248 The Customer’s load will be added to Utah’s allocation factors “net the
249 resources...that are situs assigned to the load.”³⁹ The Customer’s [Redacted]
250 [Redacted] will be added to Utah’s share of the SE and SG allocation factors.⁴⁰

251 As I discussed above, the LLSC addresses power costs by [Redacted]
252 [Redacted]
253 [Redacted]
254 [Redacted]
255 [Redacted] ⁴¹ [Redacted]
256 [Redacted]
257 [Redacted]
258 [Redacted]
259 [Redacted]
260 [Redacted] generate and thus can be expected to frequently provide Utah rate
261 payers a benefit [Redacted]
262 [Redacted]

³⁷ Regulator Access Only – Highly Confidential, Direct Test. of Craig M. Eller at 4: 75 – 76.
³⁸ Defined in Utah Code section 54-26-101(9).
³⁹ Regulator Access Only – Highly Confidential, Direct Test. of Ramon J. Mitchell at 10: 221 – 223.
⁴⁰ *Id.* at 220 – 221.
⁴¹ *Id.* at 4: 79 – 88.
⁴² *See.* Burns Workpaper 2.

263 [REDACTED]
264 [REDACTED]
265 [REDACTED]
266 [REDACTED]
267 [REDACTED]
268 [REDACTED]
269 [REDACTED]
270 [REDACTED] This arrangement should prevent any of the
271 Customer's power costs from being passed on to Utah rate payers.

272 The LLSC proposes paying the costs of the construction, depreciation, maintenance
273 and operating costs of system upgrades and use of existing facilities [REDACTED]
274 [REDACTED]⁴⁴ [REDACTED]
275 [REDACTED]⁴⁵ The LLSC's Large Load Facilities primarily consist of the
276 equipment used to connect the Customer to the transmission system ([REDACTED]
277 [REDACTED]) and the
278 Proposed Resource. The Company did not disclose the cost of the Proposed
279 Resource. The Division sent PacifiCorp DPU Data Request 1.1 on February 20,
280 2026, which asked for evidence that these costs would be covered by the
281 [REDACTED]. PacifiCorp allowed me to examine a calculation of the
282 [REDACTED] revenues from the LLSC and the costs attributed to serving the
283 Customer and the Large Load Facilities. It showed the revenues from the
284 [REDACTED] exceeding those costs in all but one year of the LLSC. This is
285 sufficient evidence that these costs will not be shifted to ratepayers.

286 It is also possible that the increased cost of adding the Customer's load to Utah's SG
287 allocation factors could be greater than the adjustment to PacifiCorp's revenue

⁴³ Regulator Access Only – Highly Confidential, Direct Test. of Ramon J. Mitchell at 6: 1123 – 133.

⁴⁴ Regulator Access Only – Highly Confidential, Direct Test. of Craig M. Eller at 4: 73.

⁴⁵ See, Regulator Access Only – Highly Confidential, Eller Workpaper, Tab Estimated Service Costs, Column F.

⁴⁶ , Regulator Access Only – Highly Confidential, Exhibit MRP_(CME-3) at 3: section 4a.

288 requirement resulting from the LLSC. Unlike the SE allocation factor, the SG
289 allocation factor accounts for a great many costs that are not directly attributable to
290 the Customer. The SG factor allocates the costs of all of PacifiCorp's generation and
291 transmission assets.⁴⁷ The SG factor allocates over 150 FERC accounts, including
292 PacifiCorp's generation plant, transmission plant, general plant balances, operating
293 expenses and depreciation of each of those, administrative and general expense,
294 working capital, materials and supplies, various taxes, and many more.⁴⁸ If adding
295 the Customer's load to Utah's SG factor increases costs to Utah's ratepayers more
296 than deducting the [REDACTED] from PacifiCorp's Utah revenue requirement,
297 costs of serving the Customer will be shifted to Utah rate payers and the
298 Commission cannot approve the LLSC consistent with the Act.

299 PacifiCorp's initial filing did not address the potential. I issued a data request asking
300 the Company to show the net impact of adding the Customer's load to and deducting
301 the [REDACTED] from Utah's revenue requirement. In meetings with the
302 Division, PacifiCorp has stated that making this calculation is an onerous task and
303 would take some time. As of this writing, it has not answered my data request, but
304 the deadline has not passed. The Act requires PacifiCorp to prove by a
305 preponderance of the evidence that a contract such as the one in this matter will not
306 shift costs to other customers. PacifiCorp alleges the lack of cost shifting. The LLSC
307 plainly attempts to ensure costs are not shifting to other customers. Nevertheless,
308 without further evidence concerning the LLSC's secondary effects on interstate
309 allocations, the Division cannot say that cost shifts are completely avoided. Whether,
310 and to what extent such secondary effects constitute costs "justly and reasonably
311 attributable" to the Customer under Section 54-26-302(2)(c) is for the Commission to
312 decide. As noted, the Division awaits additional data on this point and expects
313 PacifiCorp to address the point further.

⁴⁷ See, *In the Matter of the Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 19-035-42, Direct Test. of Joelle R. Steward, Exhibit RMP_(JRS-1) at 99.

⁴⁸ *Id.*

314 The Act gives the Commission 60 days to approve or disapprove this filing.⁴⁹

315 **OTHER CONSIDERATIONS**

316 **Q. ARE THERE OTHER ISSUES THAT THE COMMISSION MAY WISH TO**
317 **CONSIDER IN THIS DOCKET OR FUTURE DOCKETS THAT ARE SIMILAR?**

318 A. The Commission may wish to examine the effects of the LLSC on market prices for
319 power, natural gas, and coal. The Act could be read to prohibit serving a Large Load
320 Customer if that service would raise the market prices and thus increase costs to
321 Utah rate payers. Admittedly, such effects are attenuated and difficult to accurately
322 discern, let alone predict. Under 54-26-302(3)(c) increased market prices could be
323 deemed “costs justly and reasonably attributable to providing electric service for the
324 large load customer.”

325 It is not unreasonable to expect a load this large to impact market prices. Each of
326 these categories of prices is likely to increase with large increases in demand. Using
327 PacifiCorp’s projected Increases in Generation⁵⁰ [REDACTED]

328 [REDACTED]
329 [REDACTED]
330 [REDACTED]
331 [REDACTED]
332 [REDACTED]

333 [REDACTED] These would be
334 significant additional demand in their regional markets, which could increase prices.

335 These market factors should not be considered in evaluating this LLSC because
336 each of these relevant markets have geographic footprints larger than the state of
337 Utah and large loads that are rejected from Utah are likely to be built within those

⁴⁹ Utah Code Ann. § 54-26-302(4),

⁵⁰ Regulator Access Only – Highly Confidential, Burns Workpaper 2, Table tab, Increase/(Decrease in Generation (MWh) table.

⁵¹ How much coal, natural gas, or petroleum is used to generate a kilowatt hour of electricity? U.S. Energy Information Administration (last visited on February 26, 2026) <https://www.eia.gov/tools/faqs/faq.php?id=667&t=2>.

338 larger market areas. In that instance, Utah ratepayers would still incur any inflated
339 market prices without receiving any of the benefits of the LLSC.

340 **Q. ARE THERE ANY OTHER POSSIBLE OBJECTIONS TO THE LLSC THAT**
341 **SHOULD BE REJECTED?**

342 A. Yes. One could object to the LLSC because it [REDACTED]
343 [REDACTED]
344 [REDACTED]

345 I find this argument unconvincing because: 1) future load growth is speculative and
346 the benefits of the LLSC are certain, 2) the time value of money values sooner
347 revenues above future revenues, and 3) these excess facilities are being paid for
348 now but not fully used, so additional use and revenues in the near term are more
349 generationally equitable than hoarding expensive excess capacity for later use.

350 **FINAL COMMENTS**

351 **Q. WHAT ARE YOUR RECOMMENDATIONS FOR FUTURE FILINGS UNDER THE**
352 **ACT?**

353 A. Future Large Load Contracts should report all of the costs of serving the Large Load
354 Customer with a reasonable level of detail. At a minimum, costs should be broken
355 out to meet the requirements of the Act and corresponding Utah Administrative
356 Rules. For example, Utah Administrative Code R746-318-301 requires transmission
357 costs to be explicitly allocated to a Large Load Customer and gives guidance on how
358 those costs should be determined.

359 Future filings should also provide a calculation explicitly showing that existing
360 ratepayers will not be paying any additional cost because of the Large Load
361 Contract.

362 Finally, all Large Load Contracts where the Utility provides power should be
363 reviewed in each rate case to assure that contract related costs are being paid by
364 the Customer. While it could be inequitable to revisit existing contracts, a rate case

365 presents a useful opportunity to evaluate the accuracy and usefulness of existing
366 contracts in order to learn how to better craft future ones.

367 **Q. DO YOU HAVE ANY FINAL COMMENTS?**

368 A. Yes. I find the Company's other projected benefits to Utah to be reasonably
369 estimated and beneficial to the state.⁵² These include increased state and municipal
370 tax revenue, DSM program revenues, and lifeline program revenues. Contributions
371 to PacifiCorp's EVIP are projected to total [REDACTED] over the term of the
372 LLSC.⁵³ This program is capped at \$50,000,000 over the life of the program⁵⁴ so the
373 LLCS' contribution will directly offset ratepayer contributions to the EVIP, lowering
374 rates by that amount over the course of several years.

375 The LLSC should not raise prices for other rate payers and should be beneficial to
376 PacifiCorp's finances. The LLSC complies with the other legal requirements of the
377 Act and related regulations. As such, I recommend the Commission approve it,
378 subject to PacifiCorp addressing the LLSC's impact on ratepayers through the
379 potential increased allocation of the SG factor.

⁵² Regulator Access Only – Highly Confidential, Eller Workpaper, Estimated Service Costs tab.

⁵³ *Id.*

⁵⁴ Utah Code Ann. § 54-4-41(2)(a).