

**-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-**

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In the Matter of the Application of Rocky	)	Docket No. 26-035-05
Mountain Power for Approval of Large-	)	Exhibit No. DPU 1.0 R
Load Service Contract Between	)	Rebuttal Testimony of
PacifiCorp and a Large-Load Customer	)	Matt Pernichele

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**Redacted**

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

Rebuttal Testimony of

Matt Pernichele

March 10, 2026

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. ARE YOU THE SAME MATT PERNICHELE WHO FILED DIRECT TESTIMONY ON**  
6 **BEHALF OF THE DIVISION IN THIS DOCKET?**

7 A. Yes.

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. My Rebuttal Testimony explains how Utah ratepayers will not be harmed by  
10 PacifiCorp's proposed allocation of the Customer's load to the Company's  
11 interjurisdictional allocation factors. My Rebuttal Testimony also argues that the  
12 proposed Large Load Service Contract (LLSC) complies with Utah statutes and  
13 regulations establishing standards for the customer's liability for transmission  
14 expenses.

15 **Q. WHAT WAS THE ALLOCATION ISSUE YOU IDENTIFIED IN YOUR DIRECT**  
16 **TESTIMONY?**

17 A. In my Direct Testimony, I misinterpreted the Company's proposed treatment of the  
18 allocation of the Customer's load.<sup>1</sup> In the original application, PacifiCorp wrote that:

19 ...the dynamic allocation factors will be adjusted to account for the new  
20 Customer load. Specifically, the new Customer loads and peaks will be  
21 incorporated into the derivation of the System Energy ("SE") and System  
22 Generation ("SG") factors, net of the resources—such as the Proposed  
23 Resources and interim energy contracts—that are situs assigned to the load.<sup>2</sup>

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<sup>1</sup> Direct Test. of Matt Pernichele at 11: 248 – 250.

<sup>2</sup> Direct Test. of Ramon J. Mitchell at 10: 219 – 223.

24 I understood this to mean that the Customer's load and peaks would be added to  
25 Utah's load in the calculation of PacifiCorp's SG and SE factors using the 2020  
26 Interjurisdictional Allocation Protocol.<sup>3</sup> I was concerned that the increase in Utah's  
27 allocation of the SG factor would raise costs to Utah ratepayers more than any  
28 expected benefit.

29 On February 24, 2026, I sent PacifiCorp a data request asking them to explain this  
30 issue. The Company's response<sup>4</sup> arrived on March 4, 2026, too late to be  
31 incorporated into my Direct Testimony, which was due on March 3, 2026.

32 PacifiCorp's response to DPU Data Request 2.1 clarified that "LLSC load and  
33 associated peaks will be removed from the calculation of the system energy (SE)  
34 and system generation (SG) allocation factors." That means that the Customer's  
35 proposed load should not affect Utah rates. The complete response to the data  
36 request is included as DPU Exhibit 1.01.

37 **Q. PLEASE DESCRIBE YOUR CONCERNS WITH LLSC'S ALLOCATION OF**  
38 **TRANSMISSION COSTS.**

39 A. PacifiCorp's filing refers to two Large Load Facilities<sup>5</sup> that will serve the Customer to  
40 be paid for by the Customer. The first is Shared Facilities, which the contract defines  
41 as the "...Customer's proportionate share (based on a fully ramped up Contract  
42 Demand of ████████) of the cost for Shared Facilities funded by other customers..."<sup>6</sup>  
43 The second is the Company facilities built specifically for used only by the Customer.  
44 These are described in the Large Load Construction Agreement.<sup>7</sup> Conversations  
45 with PacifiCorp confirmed that the Customer has already been invoiced for both

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<sup>3</sup> 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.

<sup>4</sup> DPU Exhibit No. 1.01 R – RMP Response to DPU Data Request Set 2.

<sup>5</sup> Utah Code Ann. § 54-26-101(7).

<sup>6</sup> See, Regulator Access Only – Highly Confidential, Exhibit RMP\_(CME-1), Large Load Service Contract at 6: Article IV, Section 4.06, Shared Facilities.

<sup>7</sup> Regulator Access Only – Highly Confidential, Exhibit\_(CME-3) Large Load Construction Agreement.

46 costs. The calculation and handling of these costs appear to comply with Utah  
47 statute and regulations.

48 **Q. WHAT THEN IS THE QUESTION REGARDING TRANSMISSION COST?**

49 A. The question is does the Customer have to pay a share of already existing  
50 transmission facilities?

51 The Large Load Act<sup>8</sup> (Act) instructs the Commission to create rules allocating  
52 transmission costs between large load and retail customers and provides what  
53 factors to consider in doing so (Section 901).<sup>9</sup> In response the Commission enacted  
54 rules for these allocations.<sup>10</sup> Subsection 2 (Subsection 2) of these rules reads:

55 (2) If a Large Load Customer will be provided transmission service using a  
56 project that was previously identified as a part of the qualified electric utility's  
57 long-term transmission plan, the Large Load Customer's share of project  
58 costs will be assigned to the Large Load Customer giving consideration to the  
59 size of the project, project scope, the proportion of the project's transmission  
60 capacity the Large Load Customer will use, and any impact on the  
61 transmission plan.

62 There are at least two possible interpretations of Subsection 2; it could mean that a  
63 Large Load Customer must pay for its proportional share of new projects built only in  
64 part to serve it, or it could mean that a Large Load Customer must pay for its  
65 proportional share of all transmission that serves its load. After all, all existing  
66 transmission was "...previously identified as part of the qualified electric utility's long-  
67 term transmission plan..." and if the Large Load Customer were a tariff customer, it  
68 would contribute its portion of its class's share to the overall cost of the transmission  
69 system.

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<sup>8</sup> Utah Code Ann. §§ 54-26-101 – 901.

<sup>9</sup> Utah Code Ann. § 54-26-901(1)(a) and (2).

<sup>10</sup> Utah Admin. Code R746-318-301.

70 **Q. WHICH INTERPRETATION DO YOU SUPPORT?**

71 A. I believe that Subsection 2 and Section 901 refer to new transmission facilities that  
72 will be used by the Large Load Customer, not a share of the Company’s total  
73 transmission system or a share of the specific transmission assets used to serve the  
74 Large Load Customer. The LLSC appears to be charging the Customer its  
75 appropriate share under the Large Load Act (Act).

76 The Act creates a more lightly regulated market to serve Large Load Customers,  
77 separate from the rules of a regulated monopoly that protect and bind other  
78 customers. The Act specifically excludes this market from some of the most  
79 important provisions governing the operation of regulated electrical utilities in Utah.<sup>11</sup>  
80 These include the requirement that “Charges must be just; service adequate; rules  
81 reasonable,”<sup>12</sup> provisions on joint tariffs,<sup>13</sup> rules on tariff filing and transparency,<sup>14</sup>  
82 and “any other provision related to the regulation of rates, charges, or classifications  
83 of service.”<sup>15</sup> The State only requires Large Load Customers to pay charges that are  
84 specified in the Act.

85 [REDACTED]  
86 [REDACTED]  
87 [REDACTED]  
88 [REDACTED]  
89 [REDACTED]  
90 [REDACTED]  
91 [REDACTED]

<sup>11</sup> Utah Code Ann. § 54-26-102(2).  
<sup>12</sup> Utah Code Ann. § 54-26-102(2)(a), excluding LLSC’s from Utah Code Ann. § 54-3-1.  
<sup>13</sup> Utah Code Ann. § 54-26-102(2)(b), excluding LLSC’s from Utah Code Ann. § 54-3-4.  
<sup>14</sup> Utah Code Ann. § 54-26-102(2)(c), excluding LLSC’s from Utah Code Ann. § 54-3-2.  
<sup>15</sup> Utah Code Ann. § 54-26-102(2)(d).

92 **Q. DO YOU HAVE ANY OTHER FURTHER COMMENTS?**

93 A. The Division's analysis was somewhat delayed because PacifiCorp did not include  
94 some of sensitive information required to understand the LLSC in the initial filing to  
95 the Commission. The Act gives the Commission only 60 days to approve or reject  
96 Large Load Service Agreements.<sup>16</sup> Given this accelerated schedule, it would be  
97 helpful in any future LLSC filings if the Company reported all projected contract  
98 revenues, expenses, and associated accounting allocations in a single table in the  
99 initial filing, with a level of detail sufficient to determine compliance with relevant  
100 provisions of the Act and understand the structure of the LLSC. Detailed breakdowns  
101 of individual projects, invoices, and studies should be filed separately.

102 The Division understands that much of this information is commercially sensitive and  
103 highly proprietary. The Act's recently created Regulator Access Only – Highly  
104 Confidential<sup>17</sup> level was specifically designed to accommodate this type of  
105 information. Files classified as Regulator Access Only – Highly Confidential can only  
106 be viewed by the Commission, the Division, and the Office of Consumer Services.  
107 This level of protection should be sufficient to enable the Company to provide the  
108 information required to show that the LLSC complies with the Act and the related  
109 Utah Administrative Rules.

110 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

111 A. Yes.

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<sup>16</sup> Utah Code Ann. § 54-26-302(4).

<sup>17</sup> Utah Admin. Code R746-318-103.