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## Memorandum

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director  
Brenda Salter, Assistant Director  
Doug Wheelwright, Utility Technical Consultant Supervisor  
David Williams, Utility Technical Consultant  
Matthew Pernichele, Utility Technical Consultant

**Date:** April 2, 2026

**Re:** **Docket No. 26-035-08**, Division of Public Utilities' Audit of PacifiCorp's 2025 Fuel Inventory Policies and Practices

## Recommendation (No Action Required)

The Utah Division of Public Utilities (Division) has reviewed the confidential "PacifiCorp Coal Inventory Policies and Procedures" of PacifiCorp (Company) dated February 26, 2026. The Division finds that the Company is generally in compliance with the directive from the Public Service Commission of Utah (Commission) in Docket No. 09-035-23.<sup>1</sup> The Company commissioned a study in late 2025 that reviewed its coal inventory targets. The Division finds that the Company's 2026 Policies and Procedure Manual complies with the 2010 Order.

## Issue

This memorandum is in response to the Commission's 2010 Order, which directs the Division to "conduct an annual audit of the Company's fuel inventory management policies, procedures, and actual practices and provide a summary of its audit and associated findings to the Commission by no later than March 31 of each year for the previous year's

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<sup>1</sup> *In the Matter of the 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 No. 09-035-23, Report and Order on Revenue Requirement, Cost of Service and Spread of Rate at 106 (February 18, 2010) (2010 Order).



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activity.”<sup>2</sup> This memorandum (the 2025 Division Memo) does not preclude the Division’s analysis of the impact of coal inventory levels on associated net power cost and other related issues in other dockets and proceedings, such as Energy Balancing Account filings or general rate cases.

## **Background**

The Division met with the Company’s Fuel Resources Department via conference call on February 26, 2026. Prior to the call, the Company submitted the following documents to the Division (all documents are confidential):

- PacifiCorp Fuel Stock Balance Review (“2025 Summary Inventory Data”)
- PacifiCorp Coal Inventory – Confidential Review of 2025 Inventory Levels for the Utah Division of Public Utilities (the “2025 Review”)
- PacifiCorp Coal Inventory – Policies and Procedures - Updated February 26, 2026 (“2026 Policies and Procedure Manual”)
  - Redlined PacifiCorp Coal Inventory – Policies and Procedures - Updated February 26, 2026
- 2025 Casey Kaptur Study Final Report (“2025 Kaptur Study”)

The Company and the Division discussed the inventories at each of the Company’s owned and affiliated coal plants and discussed plant deliveries, coal supply, coal consumption, and related issues. The Company went over the 2025 Kaptur Study, which the Company commissioned after the Division’s comments in the previous year’s iteration of this docket.<sup>3</sup>

## **Discussion—General Inventory**

Every year, the Company presents the Division with a spreadsheet listing monthly coal inventory for coal generation plants in which the Company has an ownership stake. The Company has a target range for each plant; these target ranges are taken from the 2026 Manual. In the 2025 iteration of this memo, the Division recommended that the third-party

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<sup>2</sup> *Id.*

<sup>3</sup> *Division of Public Utilities’ Audit of PacifiCorp’s 2024 Fuel Inventory Policies and Practices*, Docket No. 25-035-17, Comments from the Division of Public Utilities [CONFIDENTIAL] at 5 (March 31, 2025).

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review of the coal inventory policy be updated, as it had last been updated in March of 2021 (the “2021 Kaptur Study”).<sup>4</sup> One of the reasons that the Division recommended the update was whether “any changes in storage policy are appropriate given the highly confidential situation that occurred in 2023 and 2024.”<sup>5</sup> The Company engaged Casey Kaptur, who had authored the March 2021 study, and he provided his updated study to the Company in December of 2025.<sup>6</sup>

The 2025 Kaptur Study resulted in a [REDACTED] at Hunter and Huntington plants (the “Utah Plants”) and at Jim Bridger and Dave Johnston.<sup>7</sup> For the Utah Plants, the 2021 Kaptur Study recommended an inventory level [REDACTED] (at 100% capacity factor); in the 2025 Kaptur Study, this target was [REDACTED]. Target levels at Jim Bridger and Dave Johnston [REDACTED], from [REDACTED], respectively, in the 2021 Kaptur Study, to [REDACTED] in the 2025 Kaptur Study.<sup>8</sup>

There were several factors and trends that the 2025 Kaptur Study considered when revising these targets. Despite the fact that [REDACTED] are expected in the coming years (as opposed to historical values or averages), the 2025 Kaptur Study:

[REDACTED]

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> 2025 Review at 2.

<sup>7</sup> The Utah Plants are [REDACTED]. See 2025 Review at 7: “PacifiCorp’s Utah coal plants receive [REDACTED]”

<sup>8</sup> 2025 Kaptur Study at 1.

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- [REDACTED]<sup>9</sup>

As an overall strategy, the Division agrees that these factors make the decision to [REDACTED] [REDACTED] at Company-operated plants a reasonable one. The reference to [REDACTED] [REDACTED]” is the issue mentioned above in this memo (the details of which are highly confidential). Essentially, the Company [REDACTED] [REDACTED] at some owned coal plants, due to [REDACTED] and other issues. For example, the 2025 Kaptur Report stated that due to the September 2022 fire at the Lila Canyon mine, [REDACTED] [REDACTED].”<sup>10</sup>

The 2025 Kaptur Study, like previous studies, uses a model to help guide a determination of optimal inventory levels. The high-level picture of the modeling is as follows:

[REDACTED]

This process is run as a Monte Carlo simulation. The model takes into account deterministic variables (such as heat rates, power prices, etc.) and stochastic variables ([REDACTED] [REDACTED]). [REDACTED] [REDACTED] are also factored in.<sup>12</sup>

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<sup>9</sup> *Id.* Regarding the Utah coal supply, all the coal for plants located in Utah [REDACTED] [REDACTED]. See 2025 Review at 8 (noting that the supply contracts with [REDACTED]).

<sup>10</sup> 2025 Kaptur Study at 9.

<sup>11</sup> *Id.* at 13.

<sup>12</sup> *Id.* at 16.

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## PacifiCorp-Operated Plants

One of the outputs of the modeling is a [REDACTED] [REDACTED] for the PacifiCorp-operated plants: the Utah Plants, Jim Bridger, and Dave Johnston.<sup>13</sup> For Jim Bridger:

[REDACTED] As shown in Figure 1-4,

[REDACTED] Hence, the 2025 Study recommends [REDACTED].<sup>14</sup>

For Dave Johnston, [REDACTED] [REDACTED],” and so the study recommends that inventories [REDACTED] [REDACTED]. For the Utah Plants, the chances of [REDACTED] if the days’ burn inventory [REDACTED].<sup>15</sup>

These modeling results result in the new recommended inventory targets as follows:

- Utah Plants: [REDACTED] days’ burn
- Jim Bridger: [REDACTED] days’ burn
- Dave Johnson: [REDACTED] days’ burn

The Division finds these targets to be reasonable in light of the modeling in the 2025 Kaptur Study and the factors and trends discussed in the 2025 Kaptur Report.<sup>16</sup>

Given the new targets, the Company’s inventories at its owned and operated plants were for the most part [REDACTED].

- The Utah Plants started the year [REDACTED] inventory range but ended the year [REDACTED].<sup>17</sup>
- Jim Bridger started the [REDACTED] inventory levels, and ended the year [REDACTED] levels.
- Dave Johnston ended the year [REDACTED].

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<sup>13</sup> *Id.* at 3.

<sup>14</sup> *Id.* at 61.

<sup>15</sup> *Id.* at 59.

<sup>16</sup> *Id.* at 1.

<sup>17</sup> 2025 Summary Inventory Data.

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- Naughton is converting its remaining units to gas in early 2026 [REDACTED]  
[REDACTED] Naughton will not be included in coal inventory reports going forward.

Regarding Dave Johnston, it should be noted that a regional outage in Wyoming affected the Dave Johnston plant in November 2025.<sup>18</sup> The Company states that: "[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]."<sup>19</sup> This may result in the inventory at Dave Johnston [REDACTED] during 2026.

### Joint-Owned Plants

The Company jointly owns the Hayden plant; the Company's ownership share is 17.5%. The 2025 ending inventory was [REDACTED]. However, the situation at Hayden is described by the Company as follows:

[REDACTED]

The Company has a 10% ownership share in Colstrip Units 3 and 4. The inventory at Colstrip was [REDACTED] for 2025.

The Company has a 21.4% ownership share in Craig Unit 1 and 2. Craig inventory at the end of 2025 was [REDACTED]. The Company explains the situation as follows:

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<sup>18</sup> Rocky Mountain Power announces 'internal investigation' of massive power outage, Oil City News (November 19, 2025), <https://oilcity.news/community/energy-community/2025/11/19/rocky-mountain-power-announces-internal-investigation-of-massive-power-outage/>.

<sup>19</sup> 2025 Review at 6.

<sup>20</sup> *Id.* at 10.

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The Division finds these deviations from the target levels to be reasonable in light of the economics and timing of plant closures and federal orders.

## **Conclusion**

The Company commissioned a new third-party review of the coal inventory policy at the end of 2025 (the 2025 Kaptur Report). Based on the modeling in the 2025 Kaptur Report, the Company established new inventory targets for its owned and operated coal plants. The Division finds the modeling and new targets to be reasonable in light of the factors mentioned in the report. The coal inventories at specific plants fluctuate during the year based on operational variance. The Company's reasons for cases where specific inventories were above or below the targets led the Division to believe that the Company is managing the inventories appropriately and is generally in compliance with the 2010 Order.

cc: Max Backlund, RMP  
Michele Beck, OCS

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<sup>21</sup> *Id.* at 11.