

Rocky Mountain Power  
Docket No. 26-035-20  
Witness: Richard J. Garlish

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Direct Testimony of Richard J. Garlish

April 2026

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address, and present position with PacifiCorp**  
3 **d/b/a Rocky Mountain Power.**

4 A. My name is Richard J. Garlish, and my business address is 1407 West North Temple,  
5 Salt Lake City, Utah 84116. I am currently employed as the President of the Rocky  
6 Mountain Power division of PacifiCorp.

7 **Q. Please summarize your professional experience.**

8 A. I have a Bachelor’s Degree in Liberal Arts from the Evergreen State College in  
9 Washington and a Juris Doctorate Degree from the University of Montana Law School.  
10 I joined PacifiCorp in 2020, and before taking my current position, I was Vice President  
11 of Government Affairs and General Counsel for Rocky Mountain Power. In that  
12 position, I was responsible for all legal and governmental affairs matters. Prior to  
13 joining PacifiCorp, I served as Senior Vice President and General Counsel at Peak  
14 Reliability, held a number of senior positions at Idaho Power Company, including  
15 Senior Attorney, Director and General Manager, and served as Senior Corporate  
16 Counsel at NorthWestern Energy.

17 **Q. What is the purpose of your testimony?**

18 A. I provide an overview of PacifiCorp, including its utility service in Utah and  
19 Washington, and briefly describe the proposed sale to a newly formed affiliate of  
20 Portland General Electric Company (“PGE”), to Gem Sub LLC (“Gem”), of  
21 PacifiCorp’s Washington service area and certain Washington-based assets (“Service  
22 Area Transfer”). I explain why PacifiCorp decided to sell its Washington service area,  
23 and introduce the PacifiCorp witnesses providing direct testimony in support of its

24 Application for Approval and Report of the Sale of Washington Service Area and  
25 Accounting Order.

26 **Q. Please summarize your testimony.**

27 A. PacifiCorp agreed to transfer its Washington service area and to sell certain  
28 Washington-based assets to benefit both PacifiCorp and customers. The Service Area  
29 Transfer represents a targeted and necessary step towards strengthening PacifiCorp's  
30 financial stability by streamlining its operations, reducing its risk profile, and adding a  
31 much-needed infusion of funds to increase liquidity. These benefits produce a  
32 financially stronger utility that directly benefits customers by allowing continued  
33 access to capital. The Service Area Transfer also benefits customers by providing a  
34 near-term rate credit.

## 35 II. BACKGROUND ON PACIFICORP

36 **Q. Please provide a description of PacifiCorp's operations.**

37 A. PacifiCorp is an indirect, wholly owned subsidiary of Berkshire Hathaway Energy  
38 Company. PacifiCorp provides retail electrical service to approximately 2.1 million  
39 retail electric customers in six western states. PacifiCorp consists of two core business  
40 units: (1) Rocky Mountain Power, which delivers electricity to retail customers in Utah,  
41 Wyoming, and Idaho, and (2) Pacific Power, which delivers electricity to retail  
42 customers in Oregon, Washington, and California.

43 PacifiCorp serves its customers with an integrated system of generation and  
44 transmission that spans ten states and connects customers and communities across the  
45 West. PacifiCorp owns, or has interests in, thermal, hydroelectric, wind-powered, solar,  
46 and geothermal generating facilities. PacifiCorp provides wholesale transmission

47 service under its open access transmission tariff approved by the Federal Energy  
48 Regulatory Commission and owns or has interests in approximately 17,700 miles of  
49 transmission lines. PacifiCorp operates two balancing authority areas—PacifiCorp  
50 Balancing Authority Area East and PacifiCorp Balancing Authority Area West—that  
51 together comprise the largest privately owned and operated grid in the Western United  
52 States.

53 **Q. Please briefly describe PacifiCorp’s services and operations in Utah.**

54 A. In Utah, PacifiCorp provides retail utility service to over 1,056,000 customers.  
55 Additionally, PacifiCorp boasts a generation capacity of 531 megawatts in Utah, which  
56 supports service to customers in all PacifiCorp states. Further, PacifiCorp owns and  
57 operates 7,358 miles of transmission lines and 24,772 miles of distribution lines in  
58 Utah.

59 **Q. Please briefly describe PacifiCorp’s services and operations in Washington.**

60 A. In Washington, PacifiCorp provides retail utility service to approximately 137,000  
61 customers in five counties, spanning approximately 2,730 square miles. This  
62 constitutes the Washington service area, which PacifiCorp plans to sell to Gem through  
63 the Service Area Transfer.

### 64 **III. OVERVIEW OF SERVICE AREA TRANSFER**

65 **Q. Please provide a brief overview of the Service Area Transfer.**

66 A. As further detailed in the testimony of PacifiCorp witness Joelle R. Steward and the  
67 other witnesses, Gem will purchase PacifiCorp’s Washington service area, along with  
68 select Washington-based generation, transmission, and distribution assets. The base  
69 purchase price for the Service Area Transfer is approximately \$1.9 billion. Upon

70 regulatory approval and completion of the transfer, PacifiCorp will no longer provide  
71 service as a public service company in the state of Washington. The assets sold, as well  
72 as PacifiCorp’s obligation to serve Washington customers, will transfer to Gem.  
73 Importantly, in purchasing the Washington service area, Gem alone will assume the  
74 role of service provider for PacifiCorp’s Washington customers, who will instead  
75 become customers of Gem.

76 **Q. What Utah law governs review of the Service Area Transfer?**

77 A. My understanding is that PacifiCorp’s sale of the service area and certain Washington-  
78 based assets requires approval pursuant to a commitment PacifiCorp agreed to in the  
79 2006 Public Service Commission of Utah (“Commission”) order approving  
80 MidAmerican Energy Holding Company’s acquisition of PacifiCorp, wherein  
81 PacifiCorp committed to requesting Commission approval of any “divestiture, spin-off,  
82 or sale of any integral PacifiCorp function[.]”<sup>1</sup>

83 **Q. What must PacifiCorp demonstrate for the Commission to approve the Service**  
84 **Area Transfer?**

85 A. My understanding is that PacifiCorp has not previously sought Commission approval  
86 of a proposed sale under this merger commitment, and for that reason the Commission  
87 has not yet identified an applicable legal standard for approving PacifiCorp’s proposed  
88 Service Area Transfer.

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<sup>1</sup> *In the Matter of the Application of MidAmerican Energy Holdings Company and PacifiCorp dba Utah Power & Light Company for an Order Authorizing Service Area Transfer*, Docket No. 05-035-54, Report and Order at 35 (Jan. 27, 2006).

89 **Q. What standard does PacifiCorp propose the Commission apply to its review of the**  
90 **application?**

91 A. When a Utah utility seeks to purchase properties from another Utah utility, Utah Code  
92 Ann. § 54-4-30 requires the purchaser to demonstrate that the proposed acquisition is  
93 “in the public interest.”<sup>2</sup> My understanding is that in previous orders assessing whether  
94 asset purchases are in the public interest, the Commission has considered whether the  
95 transaction will harm existing customers and whether there will be long-term financial  
96 benefits resulting from the transaction.<sup>3</sup> While my understanding is that Utah Code  
97 Ann. § 54-4-30 does not apply to the Service Area Transfer because PacifiCorp does  
98 not seek to acquire property of another public utility engaged in the same general line  
99 of business in the state of Utah, PacifiCorp requests the Commission apply a similar  
100 public interest criterion when considering whether to approve the Service Area  
101 Transfer.

102 **Q. Will the Service Area Transfer harm PacifiCorp’s Utah customers?**

103 A. No. As Ms. Steward explains, the Service Area Transfer will not harm PacifiCorp’s  
104 Utah customers. In fact, the Service Area Transfer is positive for customers because  
105 PacifiCorp will provide a \$68.9 million rate credit to customers in Utah over three years  
106 in addition to other quantifiable benefits, such as incremental wheeling revenues, as  
107 discussed by PacifiCorp witnesses. The calculation of the rate credit is discussed in the  
108 testimony of PacifiCorp witness Nikki Kobliha. Additionally, the Service Area

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<sup>2</sup> Utah Code Ann. § 54-4-30.

<sup>3</sup> See, e.g., *Application of Dixie Escalante Rural Electric Association for Approval of Acquisition of Electric Utility Plant and Equipment and Addition to Certificate of Public Convenience and Necessity*, Docket No. 20-066-03, Order Approving Acquisition, Amending Certificate of Public Convenience and Necessity No. 1930, and Canceling Certificate of Public Convenience and Necessity No. 1573 at 5 (Dec. 9, 2020) (approving proposed asset purchase due to a lack of harm to customers and the long-term financial benefits of the purchase).

109 Transfer improves PacifiCorp’s system load and resource balance, improves  
110 PacifiCorp’s financial position and helps manage its risk, and relieves PacifiCorp from  
111 the obligation to meet Washington’s climate laws. Therefore, the Service Area Transfer  
112 is consistent with the public interest.

#### 113 **IV. REASONS FOR THE SERVICE AREA TRANSFER**

114 **Q. Why did PacifiCorp decide to sell the Washington service area?**

115 A. The decision to transfer our Washington service area to Gem was not an easy one and  
116 was largely motivated by an effort to better manage risk and improve our financial  
117 position by scaling down our multi-state system.

##### 118 **A. Risk Management**

119 **Q. Can you explain how the Service Area Transfer helps PacifiCorp manage risk?**

120 A. Certainly. As I explained earlier, PacifiCorp operates in six states, which has generally  
121 proven cost effective and successful. However, operating in six states also comes with  
122 its share of difficulties. For instance, states are continuing to implement various policies  
123 that do not necessarily complement one another, making it increasingly difficult for  
124 PacifiCorp to plan for and meet individual states’ requirements.

125 **Q. Can you provide an example of such a policy?**

126 A. Yes. Take, for example, the Washington Climate Commitment Act (“CCA”).  
127 PacifiCorp’s non-Washington states, except California, oppose paying the costs  
128 associated with the Chehalis plant’s compliance with the CCA. As a result, PacifiCorp  
129 has been forced to absorb approximately \$45 million annually of the actual costs of  
130 providing power from the Chehalis plant. This is unsustainable, and exacerbates the  
131 financial challenges PacifiCorp now faces.

132 **Q. To what extent does the Service Area Transfer scale down PacifiCorp's system?**

133 A. By selling the Washington service area, PacifiCorp will scale down its overall system  
134 load by approximately eight percent, allowing PacifiCorp to streamline planning,  
135 financing, and operations of its multi-state system to the benefit of its remaining  
136 customers, including those in Utah.

137 **B. Financial Health Improvement**

138 **Q. Please summarize PacifiCorp's current financial position.**

139 A. As detailed in the testimony of Ms. Koblaha, PacifiCorp has been under extraordinary  
140 financial pressure in recent years. Recently, on November 10, 2025, S&P Global  
141 downgraded PacifiCorp's credit rating from BBB to BBB-, putting PacifiCorp's credit  
142 at the lowest rating level that is still considered investment grade. More recently,  
143 S&P Global placed all of its credit ratings on PacifiCorp on Negative Outlook, and  
144 Moody's revised its outlook of PacifiCorp from stable to negative. These are the latest  
145 in a series of credit downgrades and updates, stemming primarily from wildfire liability  
146 issues and adverse regulatory outcomes. As a result of these downgraded ratings,  
147 PacifiCorp's borrowing costs have increased and its access to capital has decreased,  
148 both of which impede PacifiCorp's near-term ability to make the capital investments  
149 that are necessary to reliably operate the system.

150 **Q. Can you explain how the Service Area Transfer helps PacifiCorp improve its**  
151 **financial health?**

152 A. Yes. The Service Area Transfer is a critical part of PacifiCorp's plan to stabilize its  
153 financial position and build investor confidence. The Service Area Transfer provides  
154 the cash and liquidity necessary to support PacifiCorp's operations as a large public

155 utility, eliminates PacifiCorp's ongoing losses from Chehalis relating to Washington's  
156 CCA, and relieves PacifiCorp from its obligation to make the required capital  
157 expenditures necessary for reliability and Clean Energy Transformation Act  
158 compliance in Washington. Further, the Service Area Transfer yields a gain on the sale  
159 attributable to the goodwill value of the business that can be shared between PacifiCorp  
160 and its customers.

161 **Q. Why is PacifiCorp's financial health important for customers?**

162 A. In short, a financially healthy utility can access capital at a lower cost. One more  
163 downgrade will result in PacifiCorp being below investment grade. Utilities are not  
164 designed to operate below investment grade for a sustained period of time because the  
165 industry is capital intensive and regulatory lag can put pressure on cash flows. In  
166 concrete terms, another downgrade will significantly increase the collateral required  
167 for PacifiCorp to transact in the wholesale energy and natural gas markets and a lack  
168 of liquidity could require suspension of PacifiCorp's hedging program, thereby  
169 increasing power cost volatility for customers. Lack of liquidity and an inability to  
170 access capital may also require prioritization of capital projects, which could affect  
171 PacifiCorp's ability to interconnect new customers requiring significant system  
172 upgrades, invest in new transmission or generation resources, or invest in the existing  
173 transmission and distribution system. These are a handful of the more direct and  
174 observable impacts that could result from another downgrade (*i.e.*, from a financially  
175 *unhealthy* utility) and it is these types of impacts that PacifiCorp is working to avoid  
176 through actions like the Service Area Transfer.

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## V. RELATED PROCEEDINGS

178 **Q. Are there any related proceedings in other jurisdictions related to the Service**  
179 **Area Transfer?**

180 A. Yes. In addition to approval from this Commission, the Service Area Transfer requires  
181 approval from the Federal Energy Regulatory Commission and PacifiCorp's other state  
182 regulators.

183

## VI. INTRODUCTION OF PACIFICORP WITNESSES

184 **Q. How is PacifiCorp supporting its application?**

185 A. PacifiCorp is presenting the following direct testimony in support of its application:

186 • **Joelle R. Steward**, Senior Vice President, Regulation, provides detailed  
187 information on the asset sale and Service Area Transfer, explains how the  
188 Service Area Transfer is consistent with the public interest, and discusses key  
189 aspects of the transaction documents.

190 • **Nikki L. Kobliha**, Senior Vice President of Finance, provides PacifiCorp's  
191 financial information relevant to the asset sale and Service Area Transfer, and  
192 discusses the calculation of the regulatory gain attributable to the goodwill  
193 value of the business, the proposed assignment of goodwill value to customers,  
194 and the calculation of customer rate credits.

195 • **Michael G. Wilding**, Vice President of Energy Supply Management ("ESM"),  
196 explains how PacifiCorp and Gem will seamlessly transition service in  
197 Washington, and demonstrates that the asset sale and Service Area Transfer  
198 does not harm resource adequacy and reliability for Utah customers.

199 • **Ramon J. Mitchell**, Managing Director of ESM Finance and Net Power Costs  
200 ("NPC"), presents PacifiCorp's forecast NPC incorporating the asset sale and  
201 Service Area Transfer.

202 • **Shelley E. McCoy**, Director of Revenue Requirement, presents PacifiCorp's  
203 revenue requirement incorporating the asset sale and Service Area Transfer and  
204 addresses cost allocation issues.

205

**VII. CONCLUSION**

206 **Q. What is your recommendation for the Commission?**

207 A. I recommend that the Commission approve the sale of Washington-based generation  
208 and transmission assets included in the Service Area Transfer, whereby Gem will also  
209 purchase PacifiCorp's Washington service area and certain Washington-based assets.

210 **Q. Does this conclude your direct testimony?**

211 A. Yes.