

REDACTED

Rocky Mountain Power

Docket No. 26-035-20

Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Direct Testimony of Michael G. Wilding

April 2026

1 **I. INTRODUCTION AND QUALIFICATIONS**

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 Michael G. Wilding, and I am the Vice President of Energy Supply
5 Management (“ESM”) for PacifiCorp. My business address is 825 Multnomah Street,
6 Suite 600, Portland, Oregon 97232.

7 **Q. Please describe your education and professional experience.**

8 A. I received a Master of Accounting from Weber State University and a Bachelor of
9 Science degree in accounting from Utah State University. As Vice President, ESM, my
10 responsibilities include directing PacifiCorp’s front office organization in commercial
11 and trading activities. ESM is responsible for PacifiCorp load service and the
12 generation dispatch, supplying reserves for the balancing authority area (“BAA”), and
13 commercially managing PacifiCorp’s diverse generation portfolio from real-time to
14 three years out. This includes resource adequacy, commercial transmission, electric and
15 natural gas hedging, term and day-ahead trading, real-time trading, system balancing,
16 and organized market participation in the Western Energy Imbalance Market and the
17 Extended Day-Ahead Market (“EDAM”). I am also responsible for PacifiCorp’s
18 carbon policy and reporting group. Before assuming my current position in February
19 2021, I worked on various regulatory projects including general rate cases, the
20 multi-state process, and net power cost filings. I have been employed by PacifiCorp
21 since 2014.

22 **Q. Have you testified in previous regulatory proceedings?**

23 A. Yes. I have previously testified in front of the Public Service Commission of Utah
24 (“Commission”), and in California, Idaho, Washington, Oregon, and Wyoming. I have
25 also filed testimony at the Federal Energy Regulatory Commission (“FERC”).

26 **II. PURPOSE OF TESTIMONY**

27 **Q. What is the purpose of your testimony in this proceeding?**

28 A. My testimony provides an overview of three exhibits to the Asset Purchase and Service
29 Area Transfer Agreement (the “Agreement”) between PacifiCorp and Gem Sub LLC
30 (“Gem”), an affiliate of Portland General Electric Company.¹ These exhibits include
31 the Power Purchase Agreement (“PPA”) Term Sheet (“PPA Term Sheet”),² Electric
32 Transmission Service and Interconnection Plan Transmission Plan (“Transmission
33 Plan”), and the Balancing Authority Services Term Sheet (“BAA Term Sheet”).³

34 **Q. Have the agreements contemplated by these term sheets and plans been finalized?**

35 A. No. But prior to closing, PacifiCorp and Gem will negotiate in good faith and use
36 reasonable best efforts to prepare and finalize definitive agreements contemplated by
37 the term sheets and plans attached to the Agreement as exhibits.

38 **Q. Please provide a summary of your direct testimony.**

39 A. In summary, I describe how the PPA Term Sheet, the Transmission Plan, and the BAA
40 Term Sheet support the Agreement to create a smooth transfer of the service area from
41 PacifiCorp to Gem. The PPA Term Sheet is a precursor to what will be the executed
42 PPA between PacifiCorp and Gem (“Bridge PPA”). The Bridge PPA provides a

¹ The Agreement is provided in Attachment 1 to the application.

² The PPA Term Sheet is provided in Attachment 1 to the application.

³ The Transmission Plan, as well as the BAA Term Sheet. are provided in Attachment 1 to the application.

43 prudent and necessary transitional mechanism that ensures Washington customers
44 remain in an equivalent energy position during the period between the transfer of assets
45 under the Agreement and the full development of Gem’s long-term resource portfolio.
46 As detailed in the PPA Term Sheet, the Bridge PPA provides firm energy, reliable
47 capacity, bundled renewable energy credits (“RECs”), and flexible term options to
48 align with project development timelines. I will also describe the Transmission Plan
49 and the BAA Term Sheet and explain why both these exhibits are a necessary part of
50 the Agreement. Lastly, I present the resource adequacy impact of the Agreement and
51 the value it will provide to the system before and after the anticipated Bridge PPA and
52 how PacifiCorp will continue to reliably serve load.

53 III. THE PPA TERM SHEET

54 **Q. Why does the Agreement contemplate a Bridge PPA between PacifiCorp and**
55 **Gem?**

56 A. The Agreement between PacifiCorp and Gem transfers retail load located in
57 Washington and select Washington-based assets from PacifiCorp to Gem (“Service
58 Area Transfer”). The Service Area Transfer includes peak retail load of approximately
59 800 megawatts (“MW”) while the dispatchable capacity contribution of the included
60 generation is approximately 500 MW. The transferred generation assets alone do not
61 provide the same overall energy and capacity that Washington customers currently
62 receive through their allocation of PacifiCorp’s broader system under the Washington
63 2026 Protocol. Because of this difference, PacifiCorp agreed to provide Gem with a
64 Bridge PPA that allows Gem time to secure its own supply, independent of PacifiCorp.
65 The agreed upon commercial terms of that Bridge PPA are included in the PPA Term
66 Sheet.

67 **Q. Why is the PPA Term Sheet an exhibit to the Agreement?**

68 A. The PPA Term sheet is attached to the Agreement to memorialize the agreed-to
69 commercial terms of the anticipated Bridge PPA. As I noted earlier, all terms and
70 conditions of the Bridge PPA are expected to be finalized before the closing of the
71 Service Area Transfer.

72 **Q. How does the Bridge PPA as considered in the PPA Term Sheet support the**
73 **Service Area Transfer between PacifiCorp and Gem?**

74 A. This PPA Term Sheet recognizes Washington's energy policy while allowing
75 PacifiCorp's remaining multi-state portfolio to continue operating efficiently for
76 customers in those states. The PPA Term Sheet addresses the difference between
77 Gem's energy-load position and PacifiCorp's current energy-load position for its
78 Washington customers over a transition period and Gem's need to have a comparable
79 volume of bundled RECs to meet its obligations under the Clean Energy
80 Transformation Act (CETA). Additionally, the Bridge PPA will support the Service
81 Area Transfer in several ways: (1) it is simple to administer; (2) it includes both energy
82 and capacity in an integrated product; (3) it provides bundled RECs that support CETA
83 compliance in Washington; (4) it aligns with the available transmission and operational
84 framework; and (5) [REDACTED]

85 [REDACTED]

86 **Q. How does the PPA Term Sheet support the Agreement and customers in all**
87 **jurisdictions?**

88 A. Washington customers retain a stable energy-load position during the transition, while
89 customers in PacifiCorp's remaining states realize a slight improvement to the overall
90 system capacity position.

91 **Q. What is the duration of the Bridge PPA?**

92 A. According to the PPA Term Sheet, the Bridge PPA begins when the Agreement closes
93 and continues for [REDACTED]

94 [REDACTED]

95 [REDACTED]

96 [REDACTED]

97 [REDACTED]

98 [REDACTED]

99 [REDACTED]

100 [REDACTED]

101 [REDACTED]

102 **Q. How are PacifiCorp's remaining customers protected if Gem chooses to exercise**
103 **its extension option?**

104 A. As I discuss further below, [REDACTED]

105 [REDACTED] before the end of the initial

106 [REDACTED] Consequently, if Gem exercises the extension option, [REDACTED]

107 [REDACTED] associated with the Bridge

108 PPA.

109 **Q. What energy product does the Bridge PPA provide?**

110 A. Under the PPA Term Sheet, [REDACTED]

111 [REDACTED]

112 [REDACTED]

113 [REDACTED]

114 [REDACTED] The energy delivered under the Bridge PPA offsets the difference in energy
115 from system generation resources allocated to Washington under the Washington 2026
116 Protocol and the resources conveyed under the Agreement.

117 **Q. What is the basis for the difference in energy between resources allocated to**
118 **Washington under the Washington 2026 Protocol and the resources conveyed**
119 **under the Agreement?**

120 A. The energy volume and shape is calculated from the modeling used by PacifiCorp to
121 support its 2026 Power Cost Only Rate Case (“PCORC”) before the Washington
122 Utilities and Transportation Commission (“Washington Commission”),⁴ with the goal
123 of establishing a Bridge PPA shape that is fair to both PacifiCorp customers and future
124 Gem customers.

125 **Q. How did you calculate the energy volume and shape for this PPA Term Sheet?**

126 A. This was achieved by creating two subsets of energy profiles: a PCORC energy profile
127 and a Gem energy profile. The PCORC energy profile was calculated by multiplying
128 each resource’s hourly generation profile by the generation allocation factors under the
129 2026 Washington Protocol, which the Washington Commission approved. The Gem
130 energy profile was created by summing the hourly generation profile of the assets

⁴ *Wash. Utils. & Transp. Comm’n v. PacifiCorp dba Pac. Power & Light Co.*, Washington Commission Docket No. UE-250224, Exh. MGW-1CT at 5-6 (Apr. 1, 2025).

131 conveyed in the Agreement: Chehalis, Goodnoe Hills, and Marengo I and II. Both
 132 energy profiles are based on a 2026 test period consistent with the test period used in
 133 the PCORC.

134 The hourly difference between the PCORC and Gem energy profiles is the
 135 source for the 24-hour shape for each month, which is calculated by averaging
 136 differences in energy for each of the 24 hours of a day across each month. This
 137 12-month x 24-hour Bridge PPA shape effectively captures the difference in average
 138 hourly energy between the Washington 2026 Protocol and the assets conveyed under
 139 the Agreement, so that the average hourly energy profile for Washington customers
 140 and the remaining five states is unchanged. On an annual basis, [REDACTED]

141 [REDACTED]
 142 [REDACTED].

143 [REDACTED]
 144 [REDACTED]
 145 [REDACTED] that Gem selects. This means that for the [REDACTED]
 146 [REDACTED]
 147 [REDACTED]

148 **Q. Why did you use the Washington 2026 Protocol to determine the [REDACTED]**
 149 **[REDACTED]?**

150 **A.** The Washington 2026 Protocol was used because it is the approved cost allocation
 151 methodology used to set rates for PacifiCorp customers in Washington. The
 152 Washington Commission approved the Washington 2026 Protocol as part of the 2026
 153 PCORC.

154 **Q. What pricing framework applies and why is it appropriate for the transition?**

155 A. [REDACTED]
156 [REDACTED]
157 [REDACTED]
158 [REDACTED]
159 [REDACTED]

160 **Q. What is the energy price?**

161 A. [REDACTED]
162 [REDACTED]
163 [REDACTED]
164 [REDACTED]

165 **Q. What is the capacity price?**

166 A. The capacity component complements the energy deliveries by committing reliable
167 capacity during peak periods. [REDACTED]
168 [REDACTED] This
169 capacity payment helps to offset the difference in revenue requirement increase due to
170 reallocation of resources among the remaining five states. [REDACTED]
171 [REDACTED]
172 [REDACTED]
173 [REDACTED]

174 **Q. Does the PPA Term Sheet include damages for non-performance?**

175 A. [REDACTED]
176 [REDACTED]

177 [REDACTED]

178 [REDACTED]

179 [REDACTED]

180 [REDACTED] ensures transparent and fair compensation

181 for energy damages.

182 **Q.** [REDACTED]

183 [REDACTED]

184 A. The energy and capacity are contingent upon the availability of the [REDACTED]

185 [REDACTED]

186 [REDACTED]

187 [REDACTED]

188 [REDACTED]

189 [REDACTED]

190 [REDACTED]

191 [REDACTED]

192 [REDACTED]

193 [REDACTED]

194 [REDACTED]

195 [REDACTED]

196 **Q. Does the PPA Term Sheet include RECs?**

197 A. Yes. Under the PPA Term Sheet, PacifiCorp will deliver bundled RECs [REDACTED]

198 [REDACTED]

199 [REDACTED]

The RECs

200 are transferred through the Western Renewable Energy Generation Information
201 System, and the agreement ensures exclusive rights for Gem and prevents double
202 counting. [REDACTED]

203 [REDACTED]

204 **Q. How did you determine the number of RECs to include in the PPA Term Sheet?**

205 A. Using the same methodology, described above, that was used to determine the [REDACTED]

206 [REDACTED]

207 [REDACTED] This method
208 is intended to keep both Washington customers and Utah customers whole during the
209 PPA compared to the RECs each state would be allocated absent the Service Area
210 Transfer.

211 IV. TRANSMISSION PLAN

212 **Q. Why does the Agreement include a Transmission Plan?**

213 A. The service area being transferred by PacifiCorp generally consists of two load areas,
214 Yakima and Walla Walla. These loads are not directly connected to each other. Today,
215 PacifiCorp serves these loads using a combination of transmission rights over
216 PacifiCorp's owned transmission system and third-party transmission systems.
217 Additionally, the generation included in the Agreement is moved to load using a
218 combination of transmission rights. To facilitate the Service Area Transfer and Gem's
219 future ability to serve load and move the generation resources to load a Transmission
220 Plan was necessary.

221 **Q. Please describe the Transmission Plan for the load and generation resources**
222 **included in the Agreement.**

223 A. The Transmission Plan contemplates various types of transmission that will be
224 transferred as part of the Agreement. First, there are certain Bonneville Power
225 Administration (“BPA”) transmission rights currently held by PacifiCorp to bring
226 Chehalis and Goodnoe Hills generation to load, and additional BPA transmission rights
227 to serve load within the Yakima load area. PacifiCorp has agreed to work with Gem
228 and BPA to transfer these BPA transmission rights to Gem.

229 Second, Gem will receive transmission rights on PacifiCorp’s transmission
230 system. This includes transmission rights from Mid-Columbia (“Mid-C”)-to-Walla
231 Walla and temporary transmission rights between Walla Walla and Wallula while that
232 line is being upgraded.

233 Third, certain PacifiCorp-owned transmission assets are included in the
234 Agreement and ownership will transfer to Gem. This includes transmission assets from
235 Mid-C-to-Yakima and transmission assets to move Marengo I and II to load.
236 Additionally, Gem will receive a partial ownership interest in the McNary-to-Wallula
237 line.

238 **Q. What does the Walla Walla upgrade entail and what are its customer benefits?**

239 A. The Walla Walla upgrade strengthens the Walla Walla-to-Wallula transmission line
240 and associated substations, increasing transfer capability across a key corridor. The
241 Walla Walla upgrade is needed to improve reliability, reduce congestion, and
242 strengthen the transmission backbone to improve future operations and enable future
243 projects.

244 **Q. Was PacifiCorp planning the Walla Walla upgrade before the Agreement?**

245 A. Yes. The Walla Walla upgrade was planned for future development in the area. While
246 transmission and construction studies still need to be completed, it is anticipated that
247 the Walla Walla upgrade will double the transmission capacity and provide both
248 PacifiCorp and Gem with sufficient transmission rights in the area.

249 **Q. How are responsibilities and costs for the Walla Wall upgrade structured?**

250 A. PacifiCorp and Gem will share funding and ownership equally and will execute joint
251 agreements that set roles for construction, operation, and maintenance. Charges are at
252 cost without markup, and the agreements will be filed with FERC, providing
253 transparency and accountability.

254 **V. BAA TERM SHEET**

255 **Q. Why does the Agreement include a BAA Term Sheet?**

256 A. The BAA Term Sheet provides sufficient runway for the Gem to transition from PACW
257 BAA while the service area remains in the PACW BAA.

258 **Q. What is the term of the BAA Term Sheet?**

259 A. PacifiCorp and Gem expect the Balancing Authority Services Agreement contemplated
260 in the BAA Term Sheet to last about three years beginning at closing, with Gem having
261 the right to terminate once Gem's BAA transition is complete. As necessary, the term
262 will be extended on a year-to-year basis or until Gem can transition out of PacifiCorp's
263 BAA. This flexibility ensures a smooth and reliable transition to the new owner.

264 **Q. What balancing authority services will PacifiCorp provide?**

265 A. Services include the full suite of ancillary services (regulation, imbalance energy,
266 frequency response, and operating reserves) per PacifiCorp's open access transmission
267 tariff ("OATT"). Gem may choose to self-supply some of these services as permitted

268 by PacifiCorp’s OATT as new resources are brought online, or with resources
269 conveyed in the Agreement, like Chehalis. Additionally, the BAA Term Sheet
270 contemplates the potential for Gem to purchase from PacifiCorp additional services
271 such as real-time operational and dispatch control, settlement of deviations, compliance
272 with FERC and North American Electric Reliability Corporation reliability standards
273 applicable to the BAA operator, and EDAM entity functions.

274 **VI. RESOURCE ADEQUACY IMPACTS ASSOCIATED WITH THE BRIDGE**
275 **PPA**

276 **Q. Did you evaluate the resource adequacy impact of the Service Area Transfer,**
277 **including the impacts of the Bridge PPA?**

278 A. Yes. I used the Western Resource Adequacy Program (“WRAP”) methodology to
279 evaluate the resource adequacy of the system before and after the Service Area
280 Transfer. I chose the WRAP methodology because it is an established resource
281 adequacy methodology in the West, and while PacifiCorp is not planning on becoming
282 a binding participant, PacifiCorp is a participant until October 2027. In this analysis, I
283 first evaluated the resource adequacy position of the six-state system position prior to
284 the Agreement, using a 2027 load forecast plus the WRAP Planning Reserve Margin
285 (“PRM”). Then I removed the assets conveyed in the Agreement, added the Bridge
286 PPA as characterized in the PPA Term Sheet, and removed the Washington load to
287 establish a resource adequacy position for the five states after the Agreement.

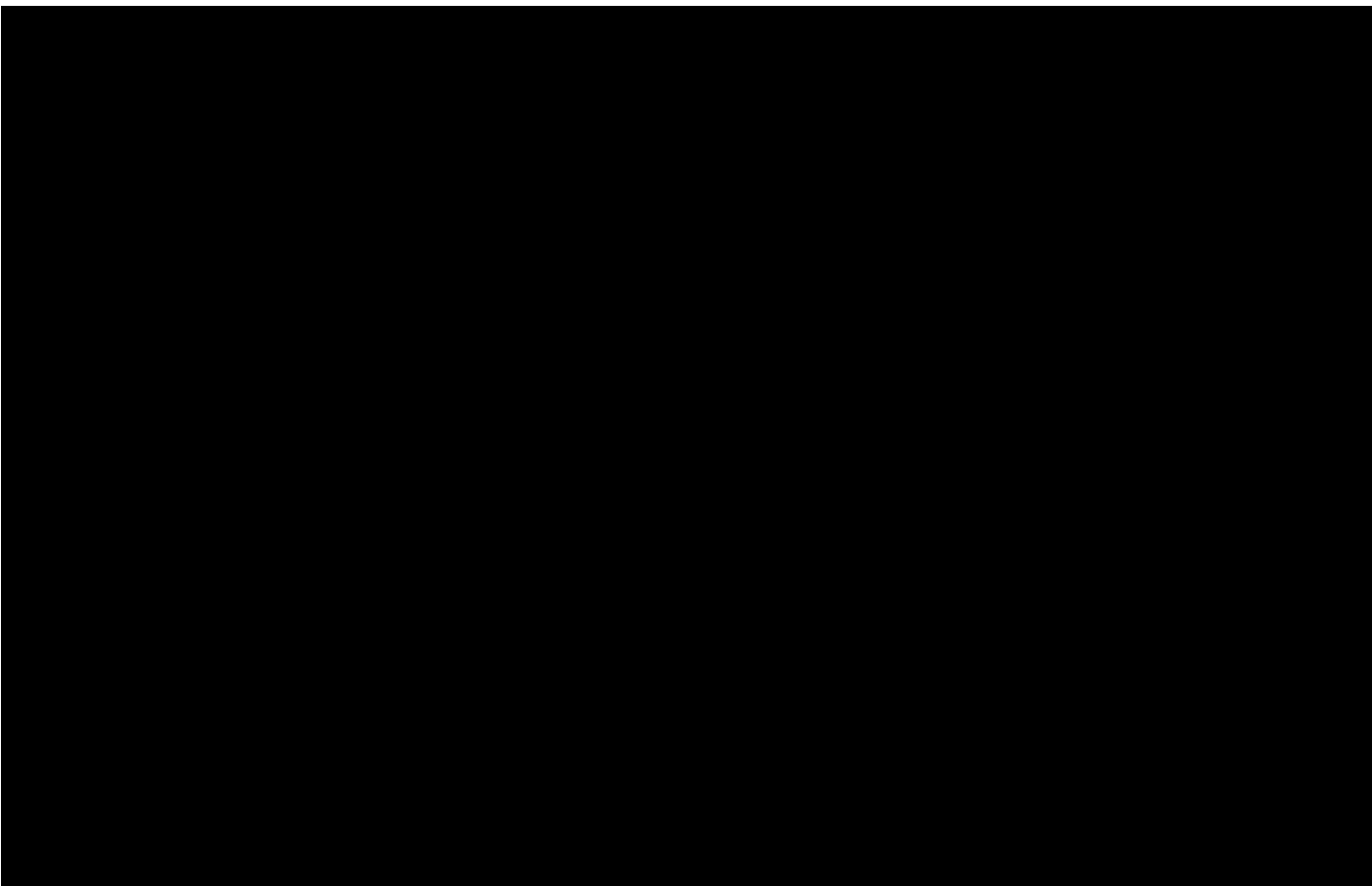
288 **Q. Did you evaluate the impacts of resource adequacy for the period when the**
289 **Agreement closes and the Bridge PPA becomes effective?**

290 A. To evaluate the resource adequacy impacts of the Agreement, I examined the change
291 in resource adequacy by resource type for the five-state system, shown in Confidential

292 Figure 1. The five-state net resource adequacy change is positive after the Agreement
293 because the obligation of Washington load plus the PRM is removed, which is greater
294 than the PPA obligation and the capacity contribution of the generation assets included
295 in the Agreement. The Washington load plus PRM obligation is between 704 MW to
296 961 MW, depending on the month, and is reflected as a positive value in the figure,
297 indicating a positive effect on the resource adequacy position of the five states. The
298 capacity contributions from generation resources and the PPA are reflected as negative
299 values in the figure, indicating a negative effect on the resource adequacy position of
300 the five states. The negative capacity credit from the Bridge PPA ranges from roughly
301 [REDACTED] After netting the positive and
302 negative changes in capacity and obligation, the overall resource adequacy benefit for
303 the five-state system is on average [REDACTED]

304 **Q. How will the resource adequacy position change after the Bridge PPA term**
305 **expires?**

306 A. To evaluate the resource adequacy after the term of the Bridge PPA expires, I use the
307 same data as above but remove the Bridge PPA obligation. After the term of the Bridge
308 PPA expires, the resource adequacy position improves further, because the five-state
309 system will continue to receive the benefit of a reduced system load obligation, without
310 the obligation to serve the Bridge PPA. Confidential Figure 2 shows the change in
311 resource adequacy for the five-state system after the term of the Bridge PPA expires.
312 The resource adequacy position for the five states improves [REDACTED]
313 [REDACTED]



314 **Q. Is the increased length to the system simply a result of a reallocation of generation**
315 **resources due to Washington using a different cost allocation methodology?**

316 A. No. The above analysis does not consider cost allocation. In other words, this is true
317 length that is being added to the system by transferring more load than generation as
318 part of the Service Area Transfer.

319 **Q. What is the value of the resource adequacy benefit to Utah customers after the**
320 **Service Area Transfer?**

321 A. The annual resource adequacy or capacity benefit of the system length created by the
322 Service Area Transfer is approximately [REDACTED]
323 [REDACTED]. On a Utah-allocated

324 basis,⁵ this results in an annual benefit of [REDACTED]

325 [REDACTED]

326 **Q. Please explain your calculation of the annual resource adequacy benefit.**

327 A. The Service Area Transfer immediately results in [REDACTED]

328 [REDACTED], deferring need for additional firm

329 capacity resources. After the term of the PPA expires, [REDACTED]

330 [REDACTED] To calculate the capacity value of the

331 additional system length I used the cost of a battery with a capacity contribution value

332 of 85.10 percent.⁶ The new system length of [REDACTED]

333 [REDACTED], is the equivalent to energy storage resource capacity of [REDACTED]⁷

334 To value this length I used an estimated price of a utility scale battery of [REDACTED]

335 [REDACTED], adjusted for an estimated energy arbitrage value of [REDACTED].⁸ The

336 annual resource adequacy or capacity benefit is estimated by multiplying the new

337 system length by the cost of the battery less the energy arbitrage value.⁹ This is done

338 [REDACTED]

⁵ Assumes total system benefit is allocated to each state as part of a five-state system under the 2020 Protocol.

⁶ Consistent with WRAP established qualifying capacity contribution for energy storage resources.

⁷ [REDACTED]

⁸ Arbitrage value of a battery with four-hour duration and 85 percent round-trip efficiency, calculated based on forecasted hourly Mid-Columbia market prices. Because actual operations do not allow for perfect foresight, the battery is assumed to charge when an hour has projected prices that are among the six lowest in a given day, while the battery discharges when an hour is among the six highest prices. In addition, a minimum state of charge is maintained to provide flexibility and allow the battery to contribute to operating reserve requirements until the next daily charging cycle begins.

⁹ [REDACTED]

339 VII. RELIABILITY IN THE PACW BAA ASSOCIATED WITH THE
340 AGREEMENT

341 Q. How will the Bridge PPA affect reliability in the PACW BAA?

342 A. When the Service Area Transfer closes, PacifiCorp will no longer be able to rely on
343 reserve capacity from the Chehalis natural gas plant. However, there are several factors
344 that support continued reliable operations in PACW despite the loss of Chehalis.

345 1. Lewis River hydro and Mid-Columbia Grant County hydro

346 The existing hydroelectric resources in PACW are largely unaffected by the
347 Agreement. These resources are the primary source of reserves for system regulation
348 in PACW. These resources respond very quickly when needed, and at most times of
349 the year are the most economical resources to provide reserves in PACW.

350 2. Dynamic transmission capacity between PACE and PACW

351 PacifiCorp's interconnected transmission system between its two BAAs is not
352 impacted by the Agreement. This transmission connectivity allows PacifiCorp to hold
353 operating reserves for PACW in the PACE BAA, and transfer energy in real-time as
354 needed to support reliability in PACW. This co-optimization between the two BAAs
355 leads to lower overall system costs as PacifiCorp can hold reserves where it is most
356 economical. After the term of the Bridge PPA, the reduction in energy needs will free
357 up transmission connectivity for optimization between the remaining five states to
358 economically serve load between PACE and PACW.

359 3. Hermiston

360 The Hermiston natural gas plant will play a critical role by providing reserve
361 capacity that may otherwise have been held on Chehalis.

VIII. CONCLUSION

362

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

364 A. I recommend the Commission approve the Service Area Transfer because the PPA
365 Term Sheet, Transmission Plan, and BAA Term Sheet collectively ensure PacifiCorp's
366 remaining customers are held harmless while also ensuring a smooth transition from
367 PacifiCorp to Gem for Washington customers.

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

369 A. Yes.