



Rocky Mountain Power Business Update

Utah Public Service Commission
March 7, 2017

Agenda



- Introductions
Jeff Larsen
- CEO Update / Operations
Cindy Crane
- Customer Service Update
Cindy Crane
- Wind Repowering Project
Mark Sturtevant
- Business Plan Overview
Jeff Larsen
- Environmental Update
Chad Teply
- QF Status Update
Gary Hoogeveen
- Regulatory Update
Jeff Larsen
- Wrap-up and Roundtable Discussion
All

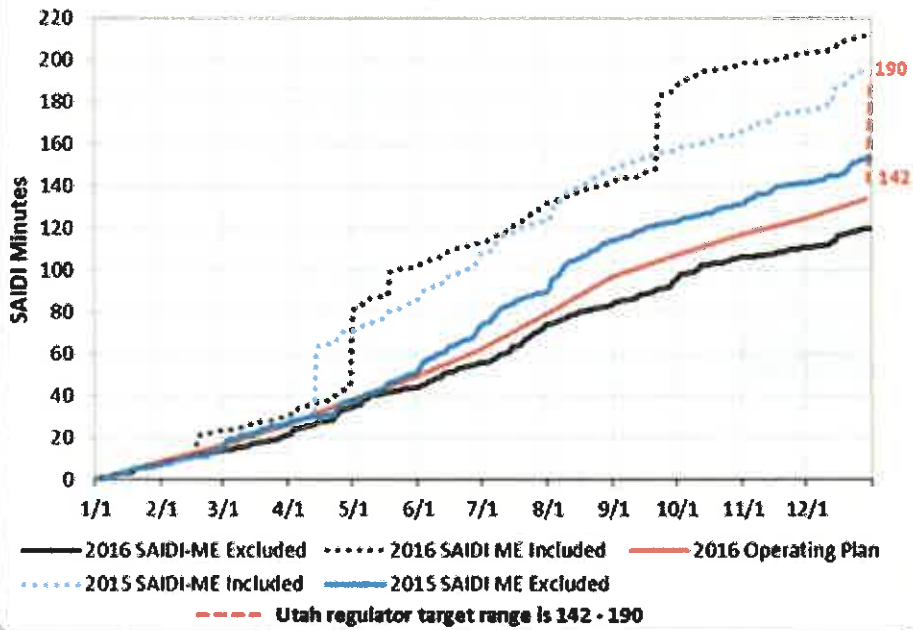


CEO Update Operations

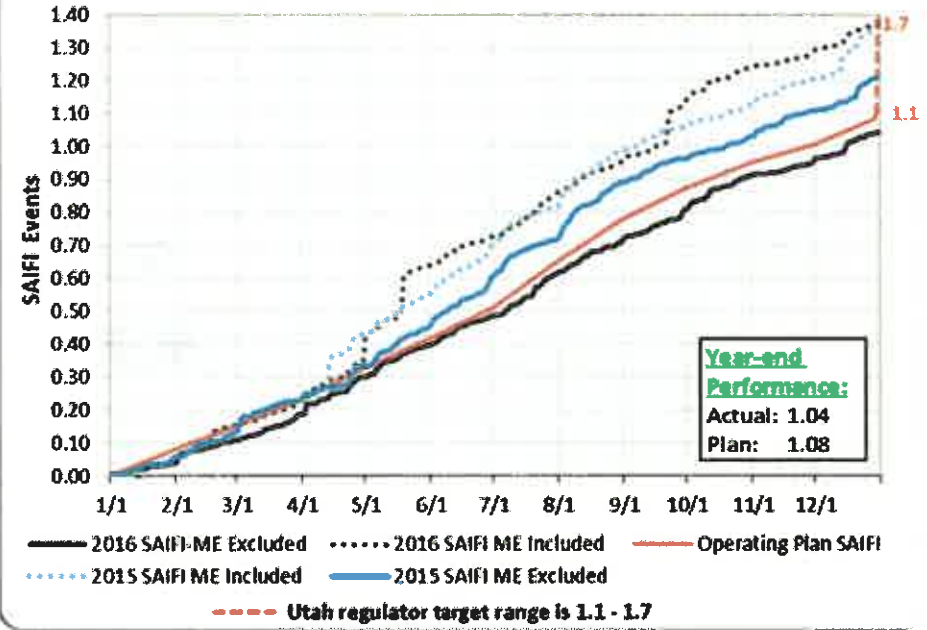
2016 Reliability Performance



Utah SAIDI Compared to Plan
Excludes Prearranged and Customer Requested.

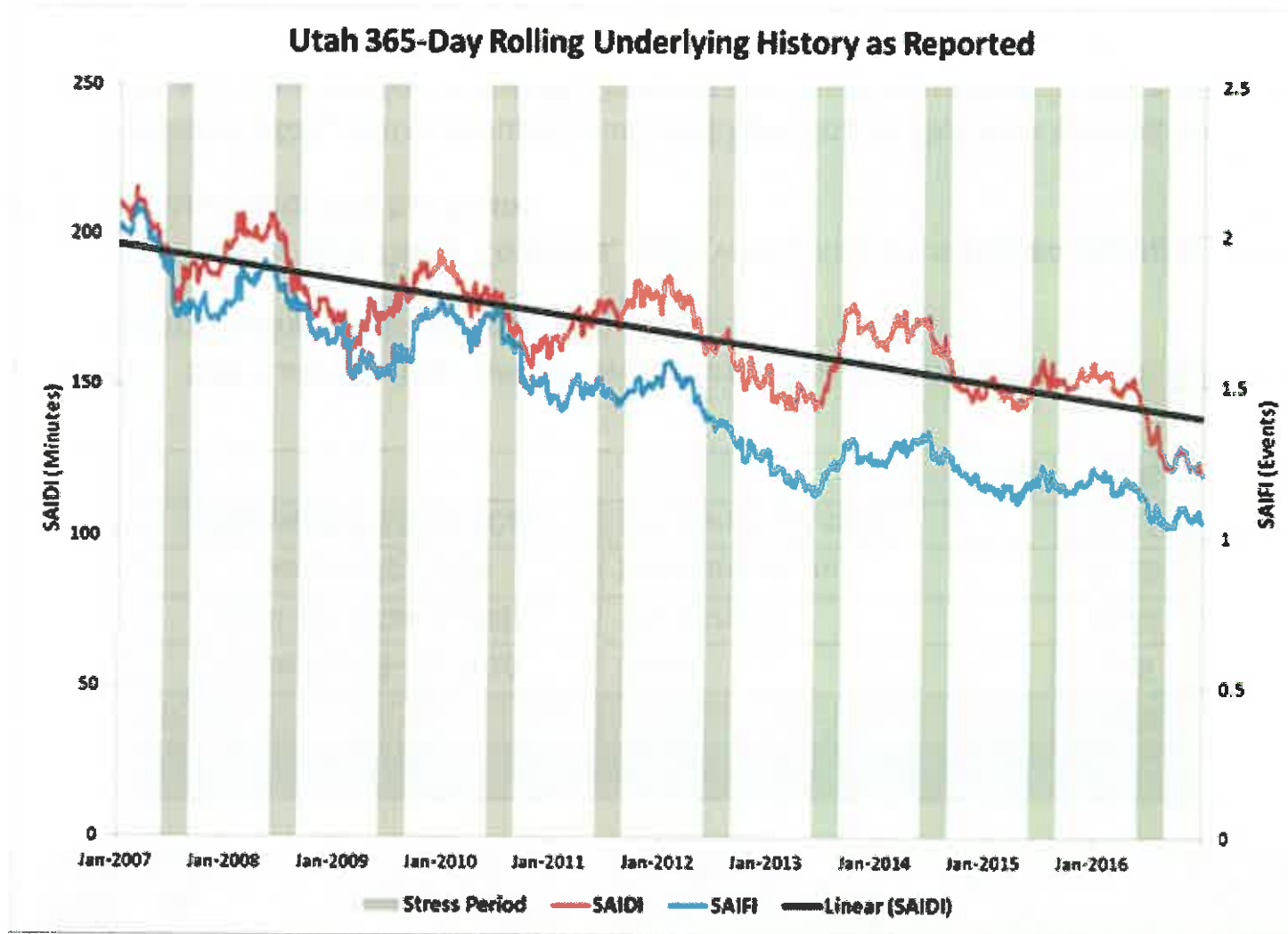


Utah SAIFI Compared to Plan
Excludes Prearranged and Customer Requested.



"ME" – Major Event
 "SAIFI" – System Average Interruption Frequency Index
 "SAIDI" – System Average Interruption Duration Index

2016 Reliability Performance



2016 Major Outage Events



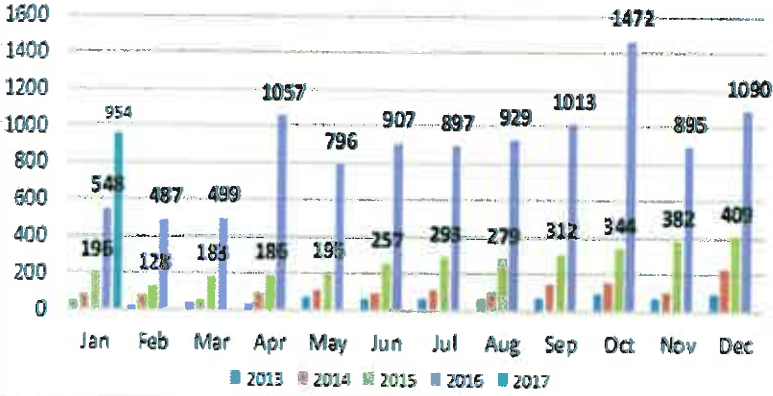
Major Events		
Date	Cause	SAIDI
February 18-19, 2016	Storm	9.65
April 30 – May 1, 2016	Wind storm	36.86
May 19-20, 2016	Lightning storm	11.29
September 22-24, 2016	Wind and rain storm	34.15
	Total	91.95

- **February 18-19 - Salt Lake Valley**, severe windstorm heavily impacted areas followed by snow, impacting travel and loading electrical lines with snow.
- **April 30 - May 1 - Weber and Davis Counties**, high winds and tree-related outages broke poles and ripped equipment and mounting hardware.
- **May 19-20 - Northern Utah**, storm brought wind and lightning to the area causing large scale outages to the distribution and transmission network. Transmission feeds were heavily impacted when lightning destroyed static lines which then dropped into transmission lines, causing several circuit breakers to trip and de-energize. As several transmission feeds were lost, loading levels on alternate sources increased, causing those sources to overload and de-energize consistent with reliability standards requirements.
- **September 22-24**, high winds and lightning, initially in Tremonton and Smithfield, moved south where it continued to grow in strength and began heavily impacting customers in the Layton and Ogden operating areas. In addition to the strong wind and lightning, several areas experienced damage caused by a tornado which was accompanied by heavy rains.

Growth in Net Metering



RMP New Monthly Net Metering Customers 2013-2017



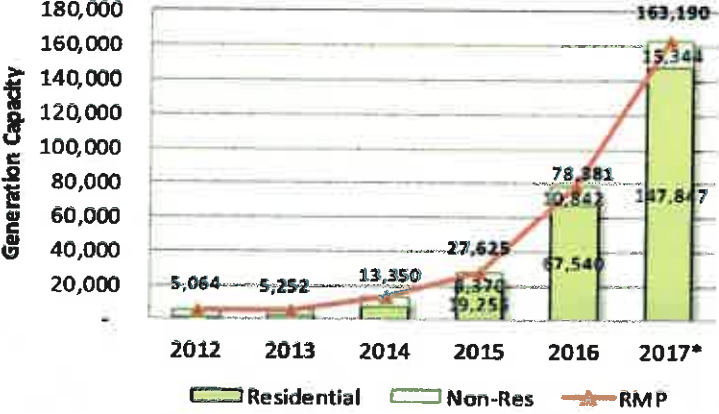
RMP Cumulative Totals

As of February 14, 2017

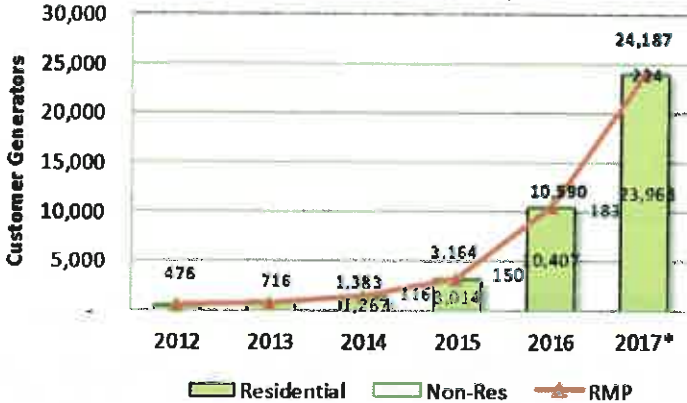
State	Total Customers	Residential Customers	Non-Res Customers	Residential Size (kW)	Non-Res Size (kW)	Total Generation (kW)
ID	227	203	24	1,146	387	1,534
UT	18,137	17,408	729	105,727	36,606	142,333
WY	244	194	50	820	509	1,330
RMP	18,608	17,805	803	107,693	37,503	145,196

Average Size of Residential System 6.0 kW
 Average Size of Non-Residential System 46.7 kW

RMP Net Metering Incremental kW by year



RMP Net Metering Incremental Customers by year



As of January 31, 2017



Customer Service Update

Rocky Mountain Power - J.D. Power Residential and Small-Midsize Business Studies



J.D. Power Overall Customer Satisfaction Results	Rocky Mountain Power Residential Results		Rocky Mountain Power Small-Midsize Business Results	
	2015	2016	2015	2016
	Score 696 Rank: 22 of 140 First quartile Top 16%	Score 678 Rank: 75 of 137 Third quartile Top 55%	Score 736 Rank: 9 of 86 First quartile Top 10%	Score 756 Rank: 32 of 86 Second quartile Top 37%

Rocky Mountain Power - Large Industrial Customer Key Account Results: 2012-2016

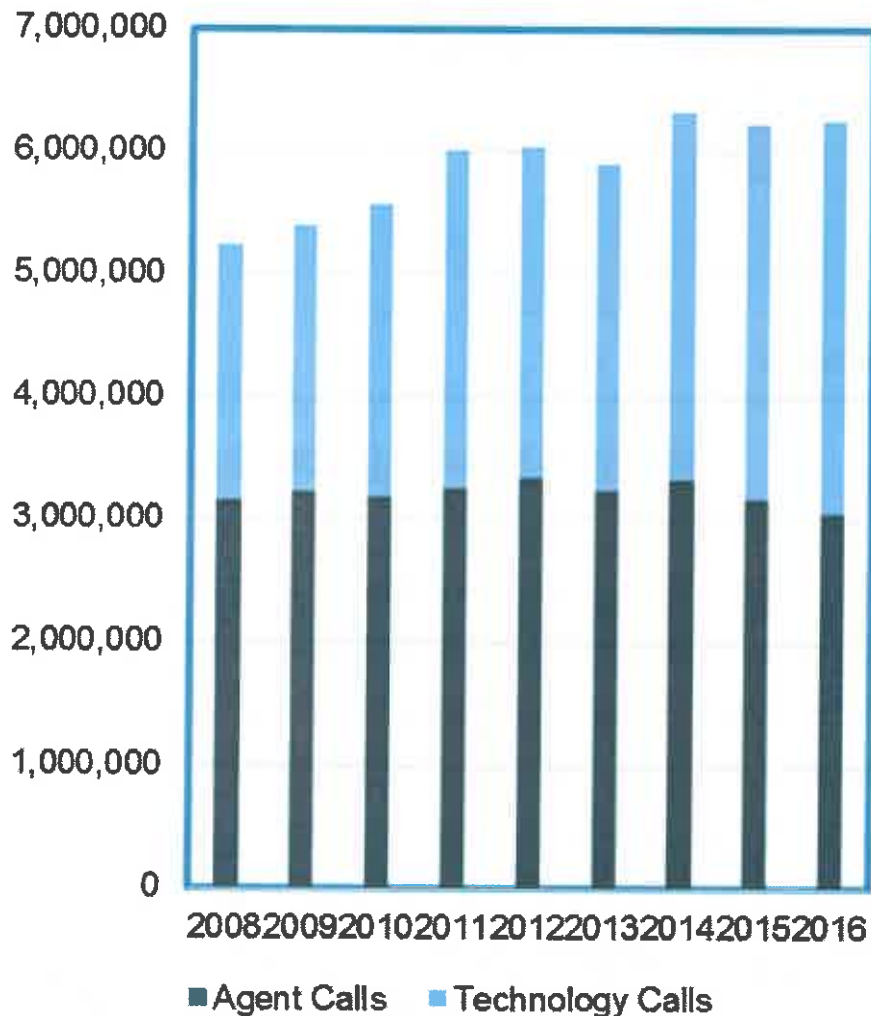


Drivers	Rocky Mountain Power: Very Satisfied Customers (% 8-10)					National Rankings Among 100 Largest U.S. Electric Utility Operating Companies (Only available for overall satisfaction)				
	2012 n=136	2013 n=121	2014 n=122	2015 n=120	2016 n=123	2012	2013	2014	2015	2016
Overall Satisfaction	94.9%	95.0%	94.3%	98.3%	96.7%	3	5	5	2	4
Account Manager	99.3%	100%	97.5%	100%	98.4%					
Electric Reliability	94.9%	92.6%	94.3%	95.8%	93.5%					
Power Quality	93.4%	92.6%	92.6%	97.5%	95.9%					
Price	85.8%	87.9%	82.2%	84.5%	87.4%					
Energy Efficiency	91.9%	97.5%	92.5%	95.8%	93.4%					
Handling Customer Contacts	86.0%	78.4%	95.2%	98.2%	97.4%					
Company Image	95.6%	87.5%	94.2%	94.9%	92.7%					
Value of Products & Services	90.4%	3.0%	92.4%	91.3%	92.6%					
Customer Loyalty	84.2%	87.6%	85.1%	78.6%	73.2%					

Customer Service Contact Center Performance



Number of Customer Calls

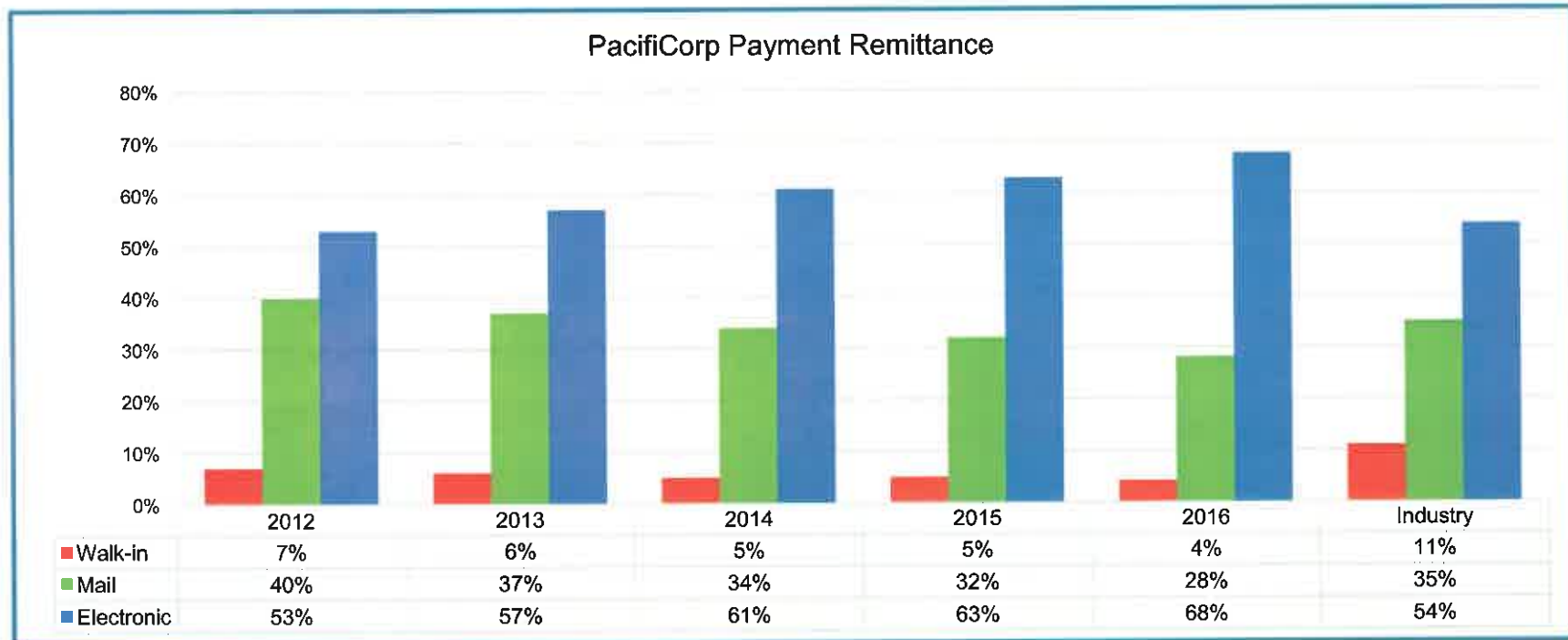


- 2016 overall service level = 81% calls answered within 30 seconds
- Outage calls make up 18% of total annual call volume
- Technology handled calls continue to grow, now exceeding 52% of total call volume
- Interactive Voice Response (IVR) ranked #3 of 100 utilities ranked by IVR Doctors and #3 of 90 utilities ranked by ESource
 - IVR self-service includes outage reporting, account balance, make payment, and Equal Pay enrollment added Equal Pay added in 2016.
 - Self-service option to extend bill date will be available mid-2017.
- Customers receive updates via voice or mobile app--estimated time of restoration and to confirm that power has been restored at their location. Text messaging coming at year end!
- Website information refreshed every 30 minutes during large scale events

Digital is Here



- Paperless Billing Enhanced in 2016
 - Traditional method: receive email notification with link to web account log in to retrieve bill (RMP enrollment = 257,650)
 - New option made available mid 2016: receive email notification with a secure attachment – color PDF of bill (RMP enrollment = 21,477)
- Remittance Trends (6 states)

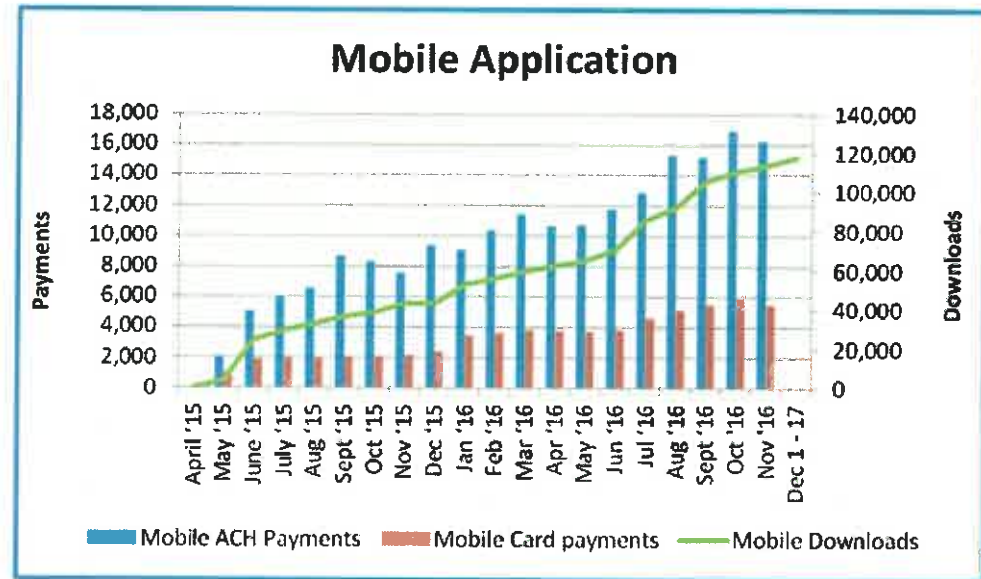


Mobile App Usage Continues to Grow



Launched April 2015:

- Review account balance
- Pay your bill and receive payment notifications
- Report an outage, receive updates and notifications



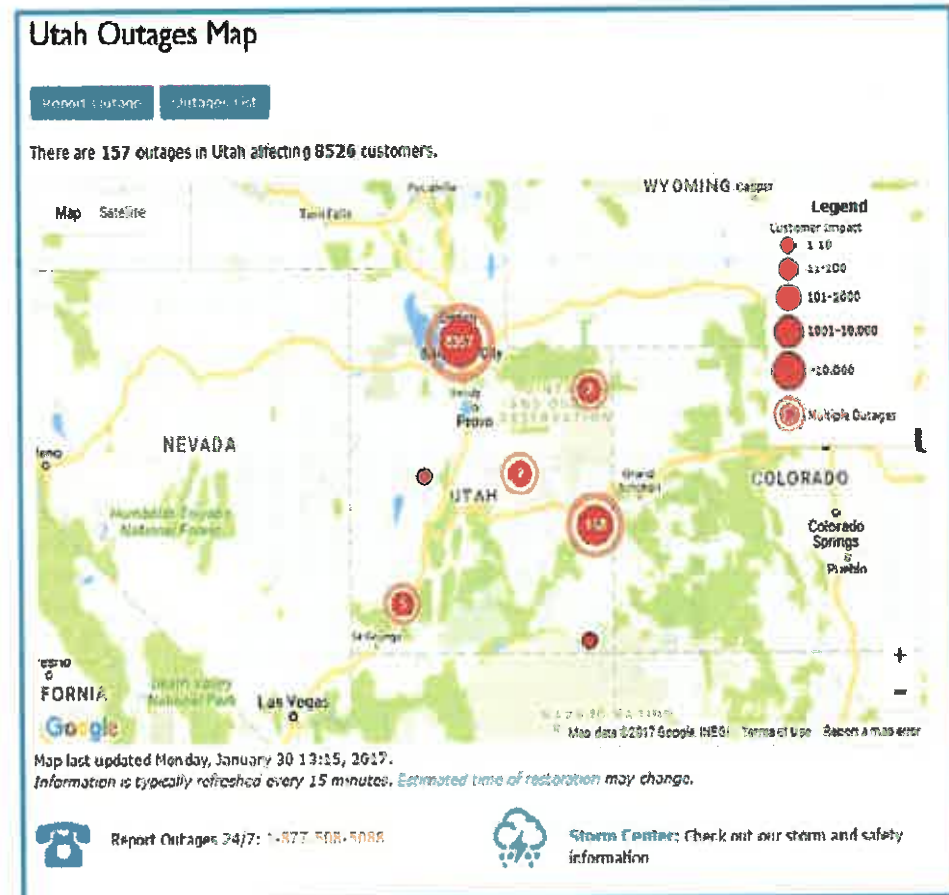
Enhanced June 2016:

- New 'Your Account' dashboard
- View/enroll in paperless billing
- View bill via color PDF
- View/Enroll in Equal Pay
- New 'Ways 2 Save' News Feed

Customer Tools Under Construction in 2017



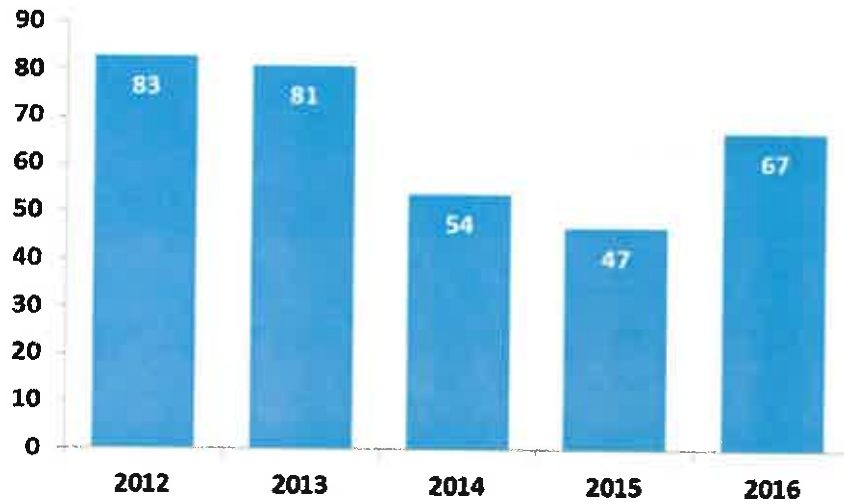
- Outage Communications
 - Outage map – web (mid-year) & mobile (fall)
 - Outage updates by text, email, voice (winter 2017-18)
- Energy Usage Web
 - High bill by text or email, monthly projections, graphical usage display
- Your Alerts
 - Customer options to receive text, email or voice notifications for billing, outage, and payment reminders



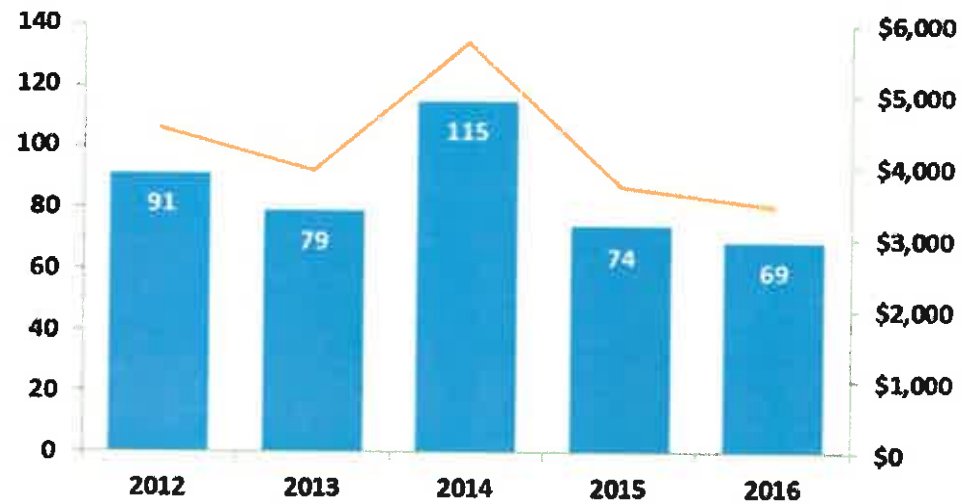
Utah Commission Complaints And Customer Guarantee Failures



Commission Complaints



Customer Guarantees



— Line represents Guarantee payouts



Wind Repowering

Wind Repowering



Repowering Background

- Technology improvements in the wind industry continue to increase wind turbine generator (WTG) efficiency and output.
- Repowering consists of the replacement or upgrade of WTG components (blades, hubs, drivetrain, generator, control systems, etc.) to take advantage of technology improvements that increase generation and extend asset life.
- Repowering is pursued when the economics demonstrate that the additional capital investment and the associated benefits of extended Production Tax Credits (PTCs), additional energy, and life extension are favorable to the status quo.
- Repowering can also include the reconstruction of a foundation, tower, nacelle and blades, or a subset of those elements, or the entire reconstruction of an existing wind project.
- Repowered WTGs must meet Internal Revenue Service 80/20 test calculations, meaning that the retrofitted WTG qualifies for PTCs if the fair market value of the retained property (foundation, tower) is no more than 20 percent of the facility's total value after the installation of the new property (nacelle, blades).

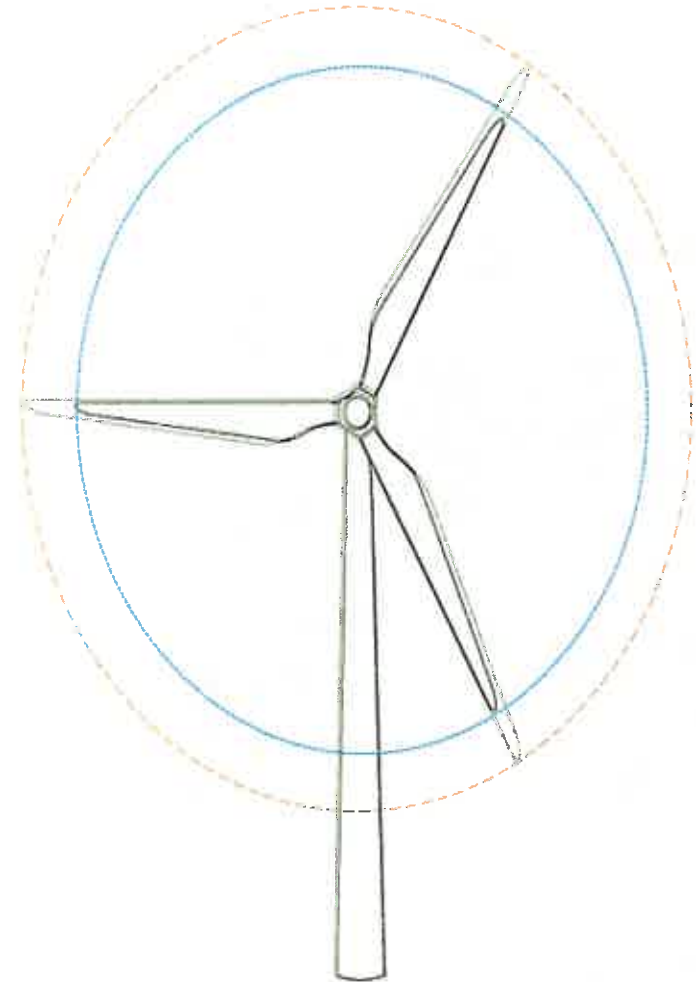


Wind Repowering Benefits



Benefits of Wind Repowering

- Repowered projects capture an additional 10-years of production tax credits (PTCs) for the full output of each repowered facility—these savings are passed through to customers.
- Modern technology and longer blade lengths increase annual energy production by an estimated 14% to 32%, depending upon the project.
- Existing foundations and towers are utilized, resulting in minimal environmental impact and permitting requirements, and no increase in project footprint.
- New equipment reduces future operating costs.
- Project life extended 10-years.



Wind Repowering Safe Harbor Purchase



Safe Harbor Equipment Purchase

- As recently reported in its 10K, PacifiCorp executed WTG equipment purchases in December 2016 with leading wind turbine equipment suppliers.
- To realize the full value of available federal PTCs of \$23/MWh for a 10-year period, a five percent “safe harbor” investment was required in 2016. Repowered WTGs must be commissioned before December 31, 2020.
- These safe harbor equipment purchases support 905 MW of repowering at the Wyoming wind fleet (Glenrock, Rolling Hills, Seven Mile Hill, High Plains, McFadden Ridge, and Dunlap), the Marengo project in Washington, and the Leaning Juniper project in Oregon.
- Construction must be completed by the end of 2020, enabling the repowered projects to qualify for 100% of PTCs.

Wind Repowering Next Steps



Next Steps

- Evaluating wind project sites to determine optimum repowering equipment specifications (rotor diameters, generator ratings) to match site conditions, collection system infrastructure, and transmission constraints.
- Evaluating potential repowering of other PacifiCorp wind projects (e.g. Foote Creek) to determine if sites can be economically repowered given unique site attributes and existing WTG equipment likely to be retained (towers, foundations).
- Construction focused in 2019 and 2020 to avoid truncating existing 10-year PTC windows for existing wind projects.
 - PTCs from the majority of PacifiCorp projects will expire between January 2019 and September 2020.
 - Dunlap project PTCs expire in late 2020, driving a 2020 project completion.



PacifiCorp

Fall 2016 Business Plan Overview

Safe Harbor Cautionary Statement Regarding Forward Looking Statements



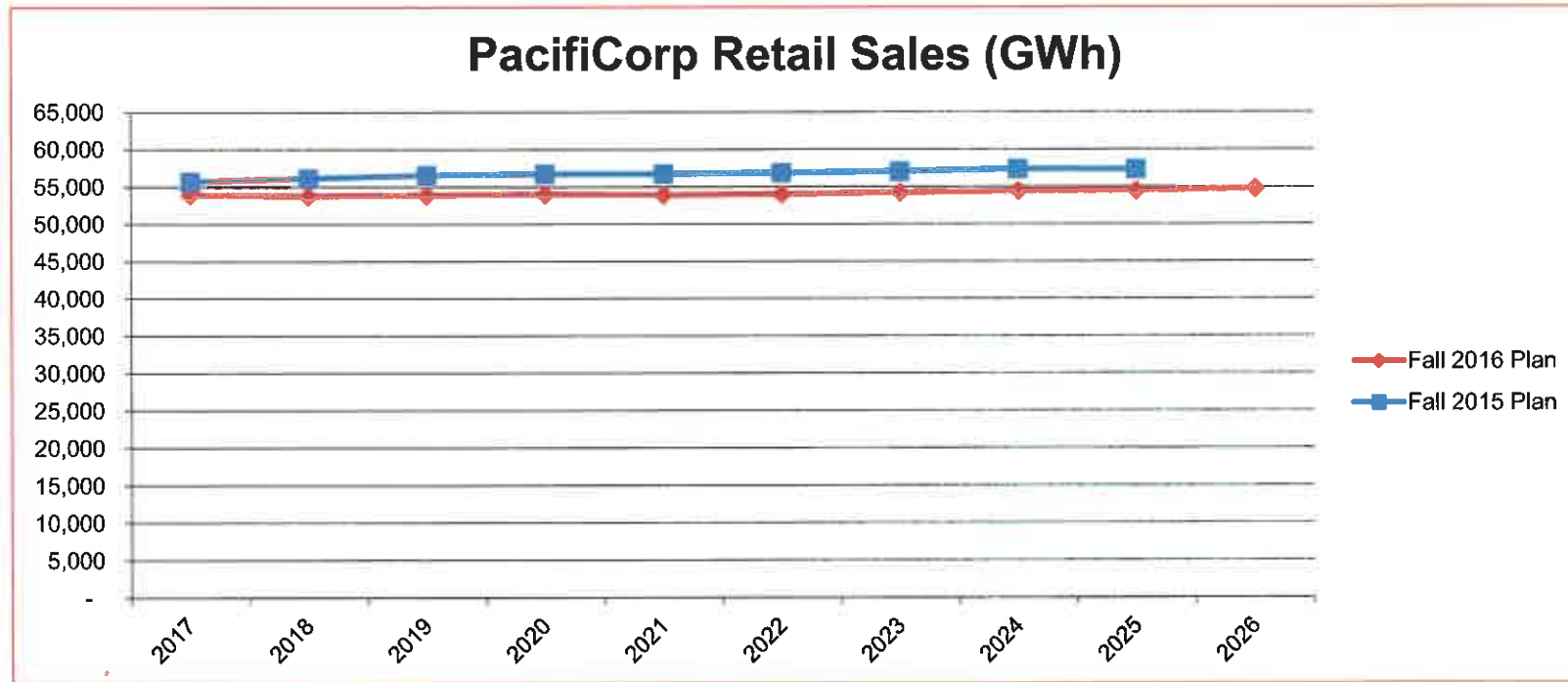
- Certain statements contained herein are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this document include, but are not limited to, statements regarding future capital and operating expenditures and projected load growth.
- Rocky Mountain Power (RMP) wishes to caution readers, and others to whom forward-looking statements are addressed, that any such forward-looking statements are not guarantees of future performance and that actual results may differ materially from estimates in the forward looking statements. The Company undertakes no obligation to revise these forward looking statements to reflect events or circumstances after the date hereof.
- The following important factors, among others, could affect the group's actual future:
 - Any regulatory changes (including changes in environmental regulations) that may increase the operating costs of the group, may require the group to make unforeseen expenditures;
 - Future levels of industry generation and supply, demand and pricing, political stability, competition and economic growth in the relevant areas in which the Company has operations.

Sales and Load Growth Overview



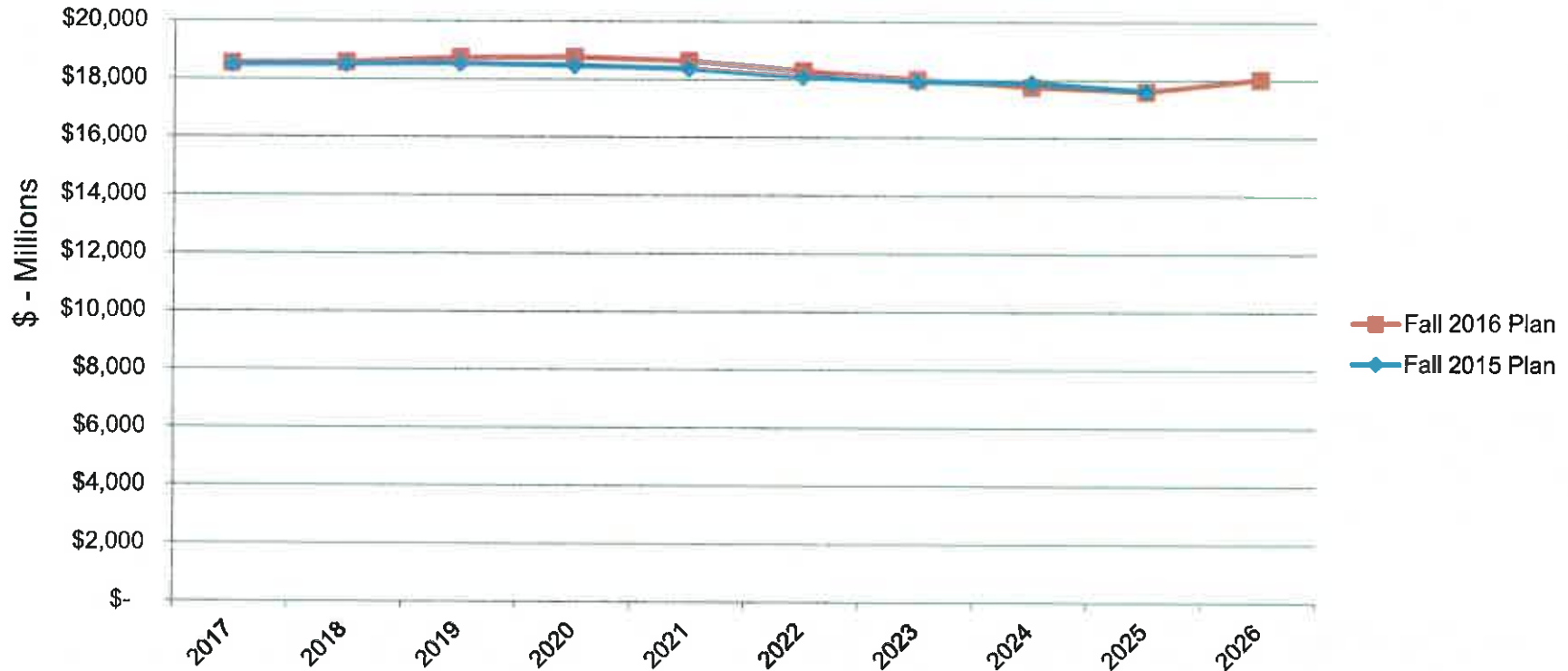
- Retail load continues to grow through the plan period at a compound annual growth rate (CAGR) of 0.1%, or a total of 657 GWh, from 2016-2026.
- Load growth continues to be stronger in the eastern service territory compared to the western states.
 - Pacific Power retail load decreases at a CAGR of (0.5)%, or (905) GWh, from 2016-2026.
 - Rocky Mountain Power retail load grows at a CAGR of 0.4%, or 1,562 GWh, from 2016-2026.

Sales and Load Growth Overview (cont'd.)



	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Retail Sales (GWH)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Residential	15,748	15,684	15,676	15,612	15,483	15,489	15,471	15,545	15,392	15,378
Commercial	16,852	16,906	16,913	16,914	16,893	16,907	16,944	17,010	17,051	17,097
Industrial	19,529	19,408	19,540	19,676	19,724	19,827	20,007	20,083	20,264	20,455
Irrigation	1,426	1,422	1,418	1,412	1,408	1,403	1,399	1,394	1,389	1,384
Other	424	424	424	425	424	424	424	425	424	424
Total Sales by Class	53,979	53,844	53,971	54,039	53,931	54,051	54,246	54,459	54,520	54,738
Fall 2015 Plan	55,733	56,120	56,548	56,728	56,716	56,860	57,012	57,338	57,337	

Net Plant-in-Service



(\$, millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fall 2016 Plan	\$ 18,543	\$ 18,565	\$ 18,732	\$ 18,745	\$ 18,629	\$ 18,284	\$ 18,012	\$ 17,755	\$ 17,595	\$ 18,027
Fall 2015 Plan	\$ 18,487	\$ 18,505	\$ 18,539	\$ 18,468	\$ 18,367	\$ 18,102	\$ 17,938	\$ 17,905	\$ 17,622	

Capital Expenditures



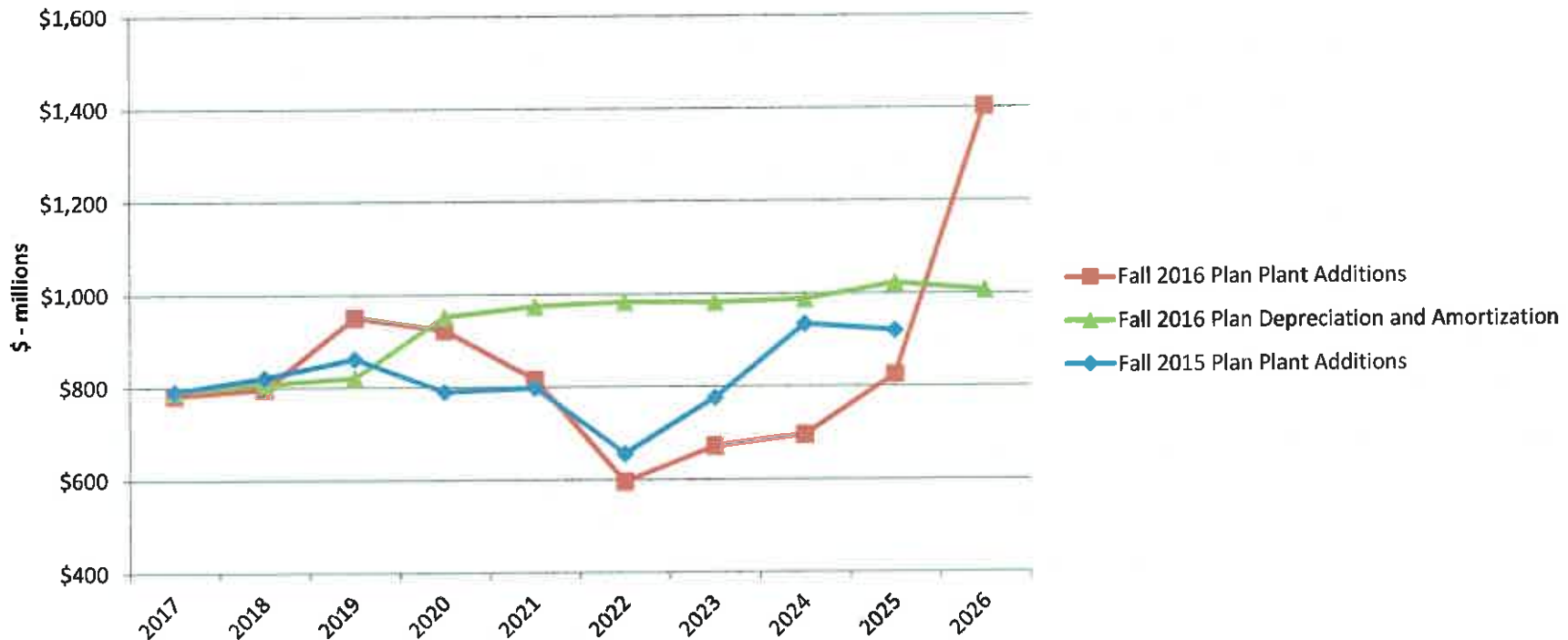
Capital Expenditures incl. AFUDC (\$, millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Gas-Fueled Plants	0.0	0.0	0.0	0.0	0.0	0.0	63.6	171.0	203.1	412.4
Other Generation	7.7	47.0	47.1	113.2	0.0	0.0	0.0	0.0	0.0	0.1
Transmission	118.7	107.5	84.7	55.1	48.3	52.2	33.8	28.4	28.3	56.1
Other	135.4	174.6	166.4	113.5	111.8	113.8	118.9	128.1	140.2	157.9
Construction Projects	\$261.8	\$329.1	\$298.2	\$281.8	\$160.1	\$166.0	\$216.3	\$327.5	\$371.6	\$626.5
Environmental	31.9	21.5	14.5	26.3	19.4	17.3	23.7	7.9	7.2	6.2
Thermal Operations	160.5	204.7	196.0	184.9	205.6	144.1	152.5	193.3	151.2	117.6
Wind Operations	21.8	23.4	25.7	23.7	22.4	19.1	16.6	14.9	14.6	14.2
Hydro Ops	21.0	23.5	45.4	55.9	46.6	15.8	13.8	11.2	28.2	46.7
Hydro License Implementation	11.6	8.7	15.9	33.6	23.3	10.2	14.0	136.3	5.8	1.1
Distribution	153.3	133.5	152.9	165.8	162.9	163.8	166.7	171.8	176.0	167.6
Transmission	79.3	77.0	77.2	88.7	87.4	88.9	114.8	108.6	118.6	132.5
IT	32.0	32.1	32.6	35.9	25.0	20.4	25.9	27.3	22.8	21.1
Other	49.5	55.7	63.9	72.8	52.9	59.2	78.3	84.5	66.7	57.9
Operating Projects	\$560.9	\$580.1	\$624.1	\$687.6	\$645.5	\$538.8	\$606.3	\$755.8	\$591.1	\$564.9
Total Capital Expenditures	\$822.7	\$909.2	\$922.3	\$969.4	\$805.6	\$704.8	\$822.6	\$1,083.3	\$962.7	\$1,191.4

(1) Figures include AFUDC

Plant-in-Service



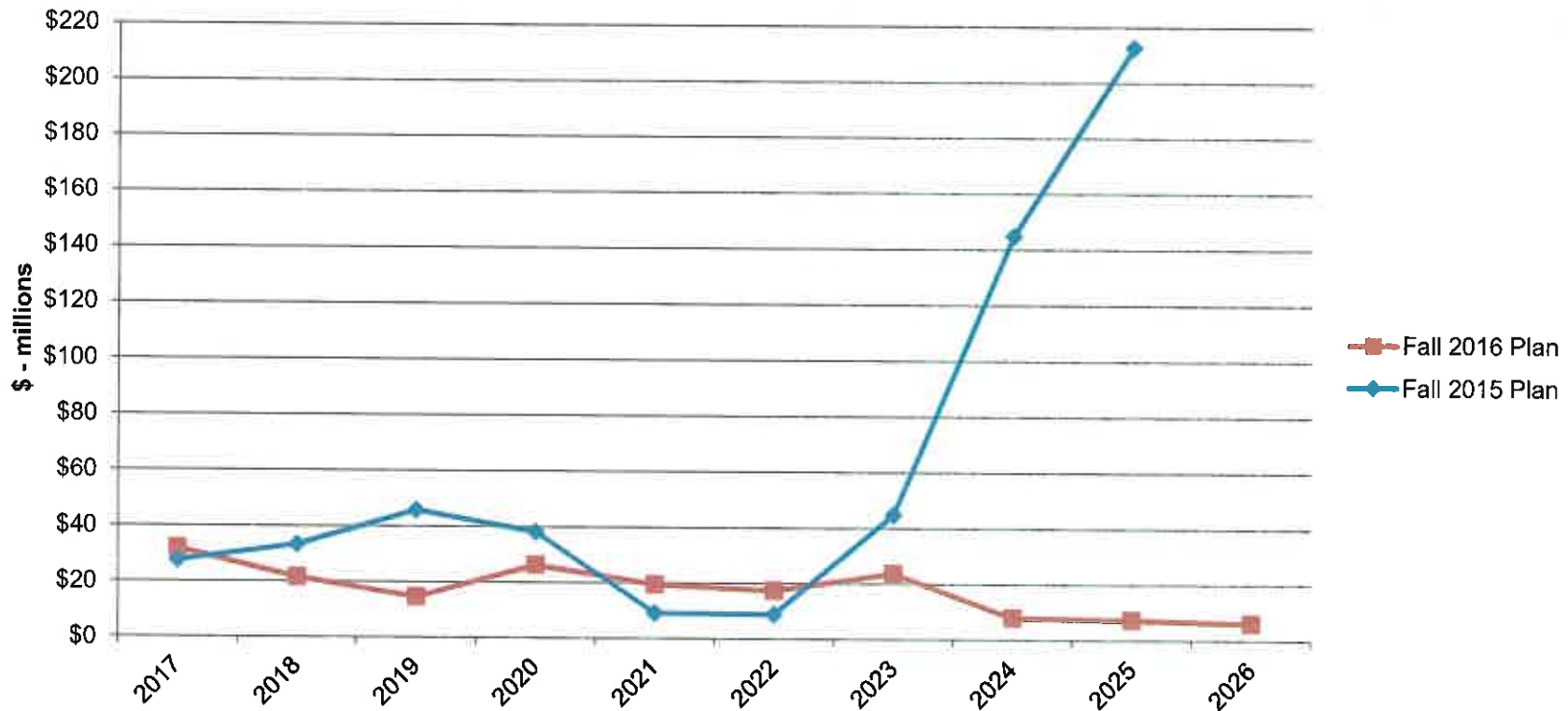
Plant Additions and Depreciation



(\$, millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fall 2016 Plan Plant Additions	\$ 781.7	\$ 796.0	\$ 950.5	\$ 922.0	\$ 815.8	\$ 594.5	\$ 671.1	\$ 694.8	\$ 824.9	\$1,401.7
Fall 2016 Plan Depreciation and Amortization	\$ 790.6	\$ 807.4	\$ 820.5	\$ 952.1	\$ 974.2	\$ 982.6	\$ 981.3	\$ 987.9	\$1,021.7	\$1,006.6
Fall 2015 Plan Plant Additions	\$ 790.7	\$ 821.2	\$ 861.2	\$ 789.3	\$ 797.6	\$ 655.7	\$ 775.6	\$ 934.2	\$ 919.5	

Note: EPIS additions include capital expenditures, acquisitions and ARO establishment.

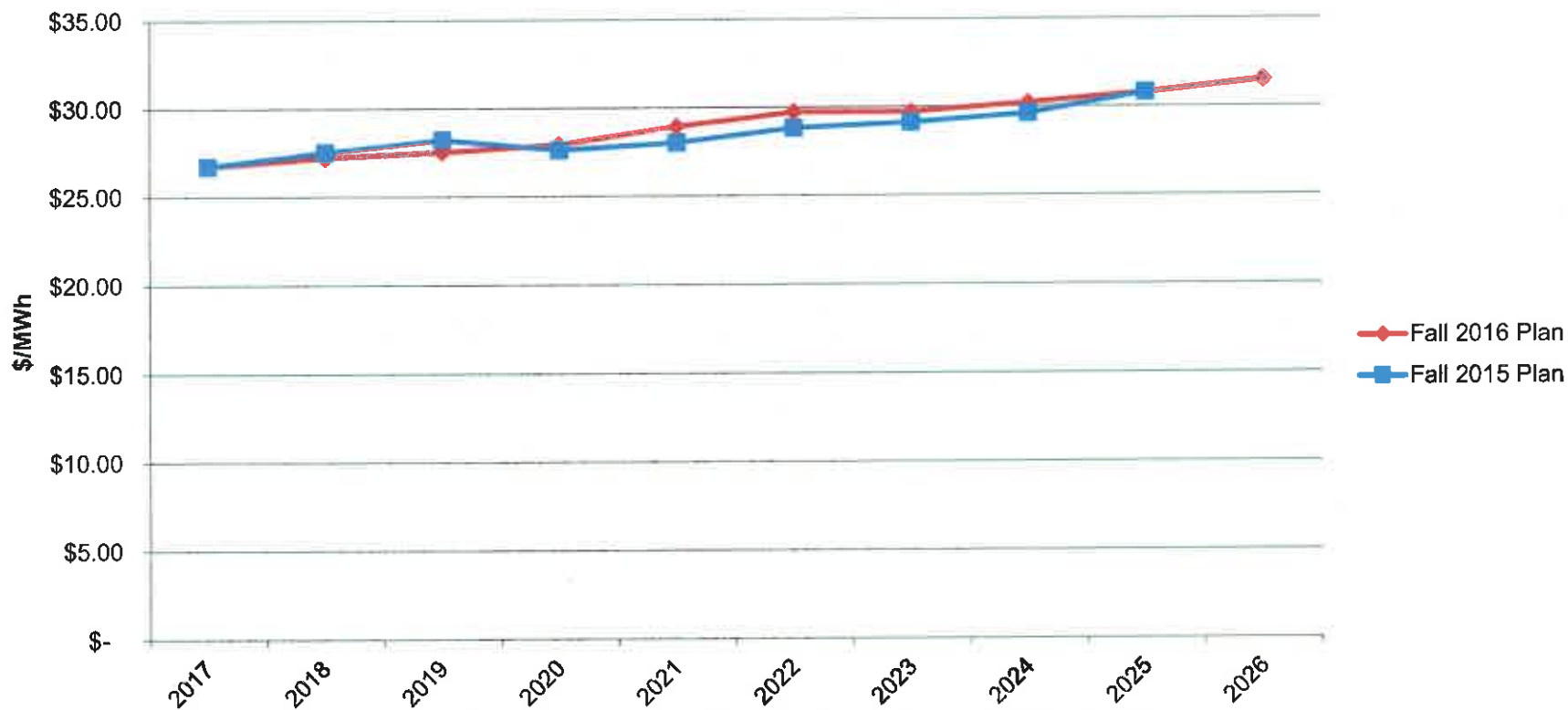
Construction Projects – Environmental



Environmental (\$, millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fall 2016 Plan	\$ 31.9	\$ 21.5	\$ 14.5	\$ 26.3	\$ 19.4	\$ 17.3	\$ 23.7	\$ 7.9	\$ 7.2	\$ 6.2
Fall 2015 Plan	\$ 27.5	\$ 33.4	\$ 45.8	\$ 38.2	\$ 9.2	\$ 8.8	\$ 44.9	\$ 144.8	\$ 212.7	

*These figures are estimates of cash spend by year and do not include AFUDC

Net Power Costs

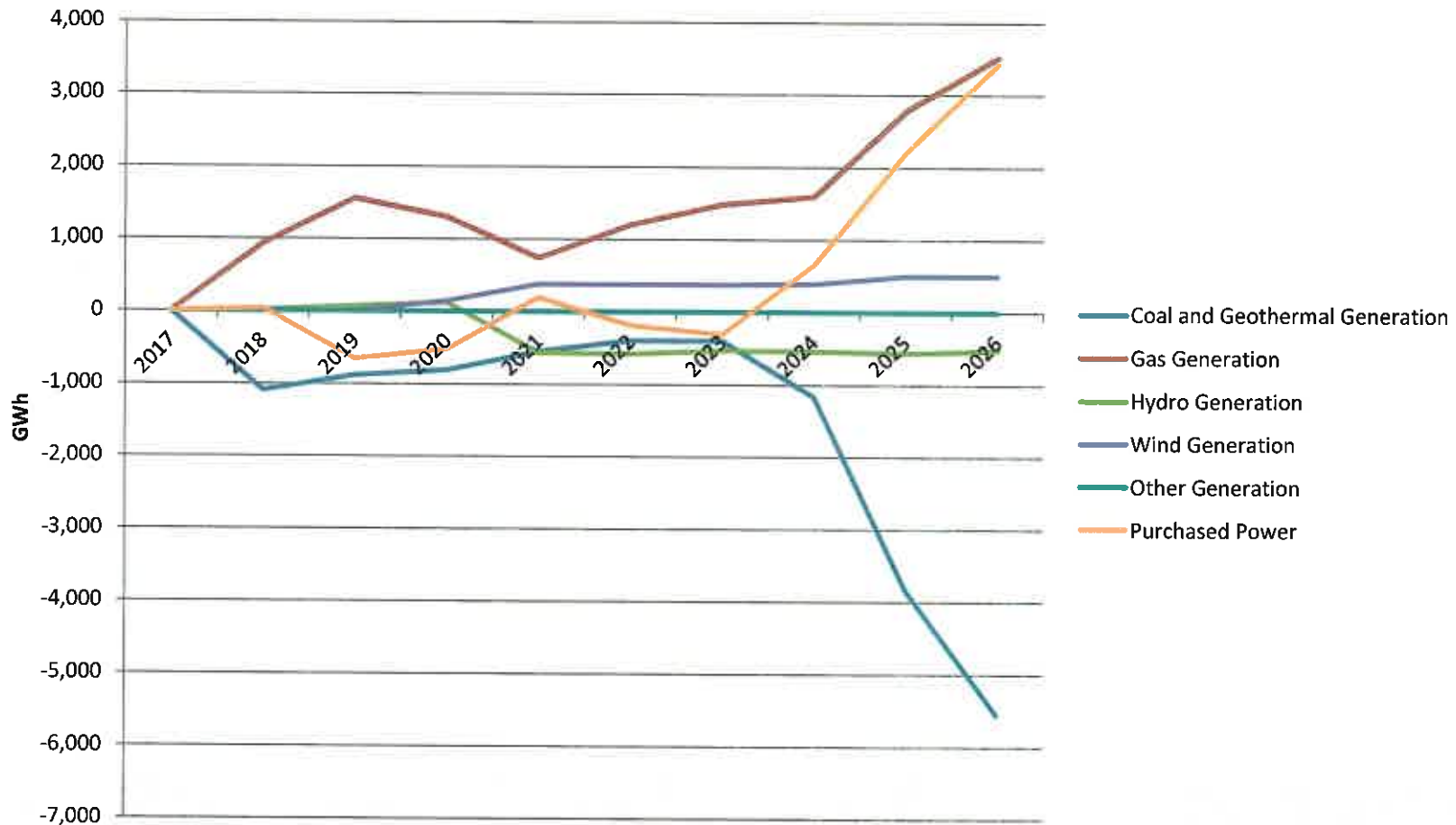


(\$/MWh)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fall 2016 Plan	\$ 26.70	\$ 27.20	\$ 27.50	\$ 27.90	\$ 28.90	\$ 29.70	\$ 29.70	\$ 30.20	\$ 30.80	\$ 31.50
Fall 2015 Plan	\$ 26.70	\$ 27.50	\$ 28.20	\$ 27.60	\$ 28.00	\$ 28.80	\$ 29.10	\$ 29.60	\$ 30.80	
Fall 2016 Plan Annual % Change	2.69%	1.87%	1.10%	1.45%	3.58%	2.77%	0.00%	1.68%	1.99%	2.27%

Fuel Type



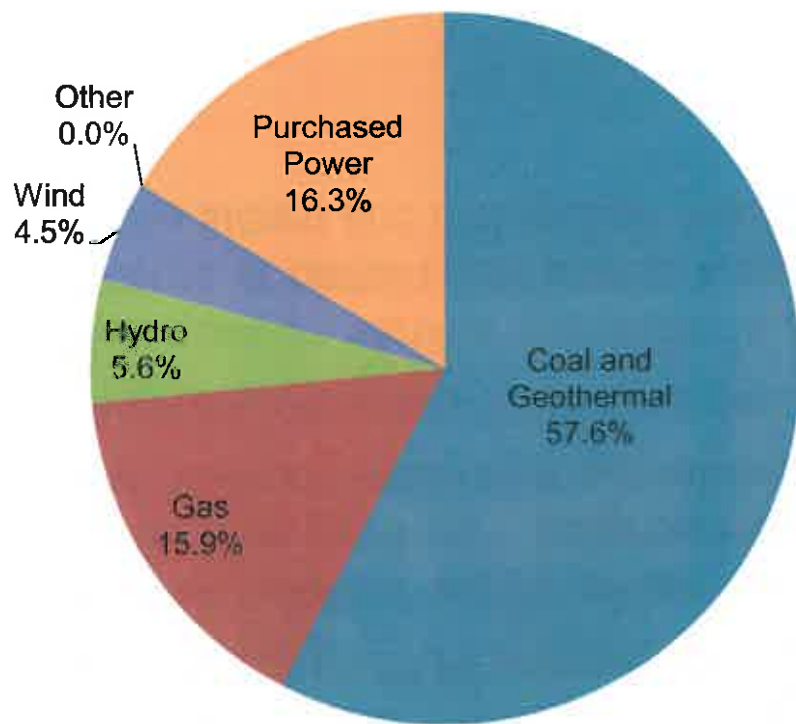
Cumulative Change in Fuel Type from 2017



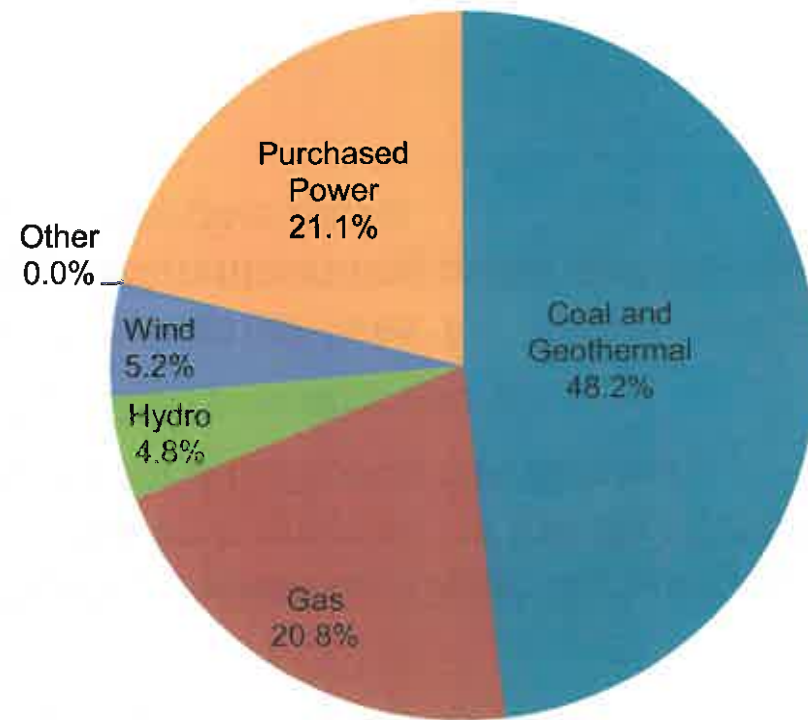
Fuel Type (Con't)



2017



2026



Other Expenses

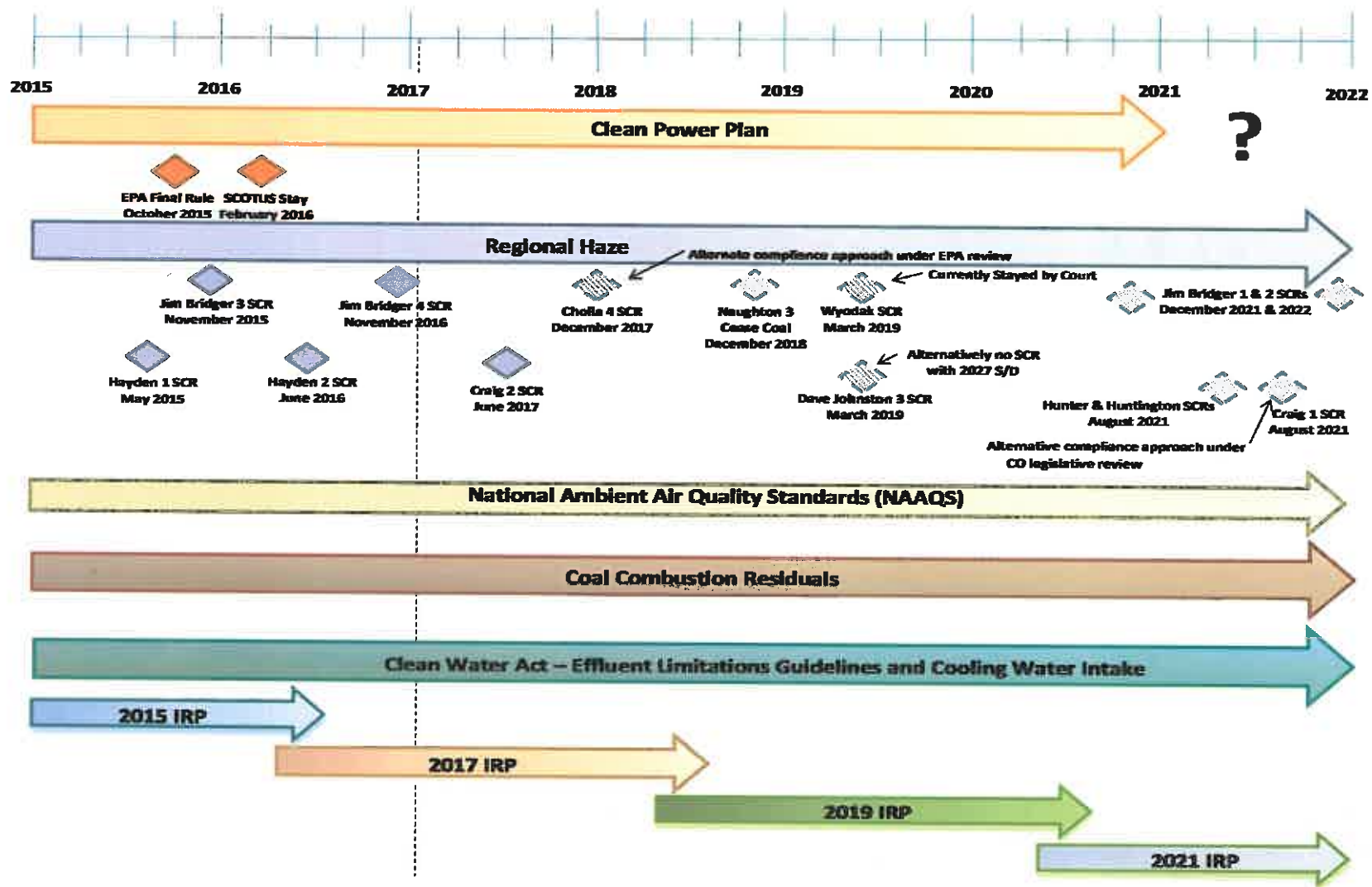


- Operations and maintenance costs remain flat at a CAGR of (0.1)%, or a decrease of \$8.2m, from 2016-2026 primarily due to:
 - Annual inflation mostly offset with efficiency initiatives. Other fluctuations due to generation overhauls, pension expense, one-time charges for the ISO Certification, and Klamath settlement agreement funding for a California fish hatchery.
- Depreciation increases \$225.1m from 2016 to 2026 primarily due to:
 - Net plant in service additions, accelerated thermal lives for certain states, early closure of certain coal plants, increasing decommissioning rates, and the expiration of the steam and distribution reserve customer give-backs.

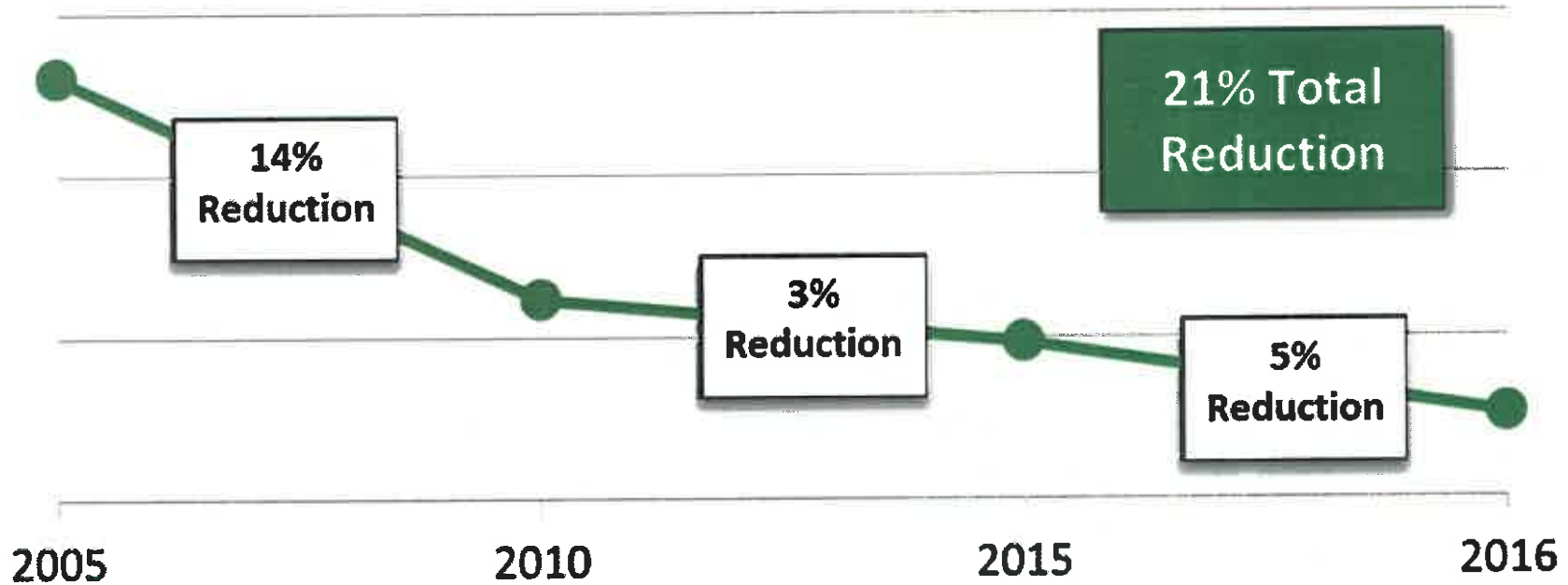


Environmental Update

Parallel Path Compliance Requirements



2005-2016 PacifiCorp CO₂ Emissions Intensity

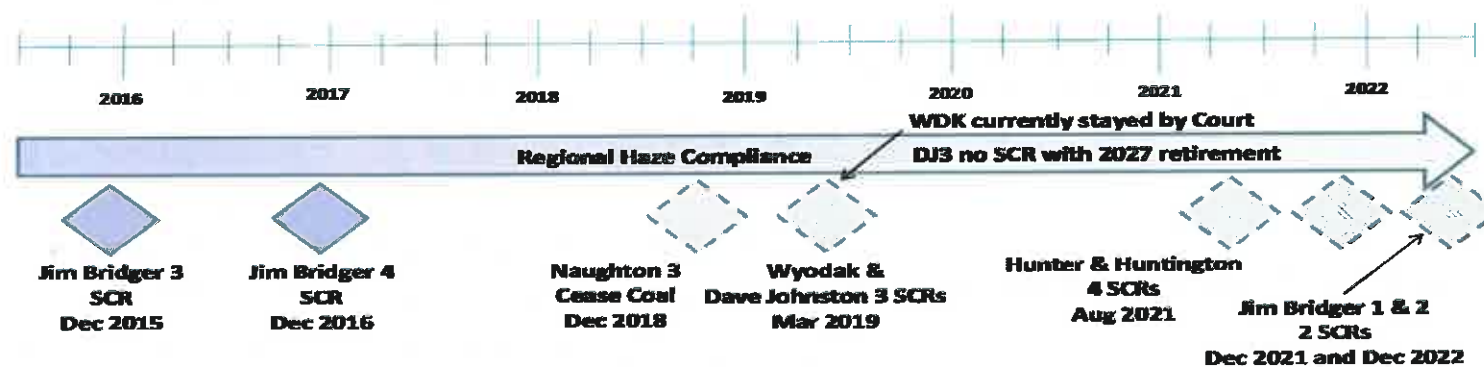


Federal Activities - Clean Power Plan



- The final Carbon Pollution Emissions Guidelines for Existing Stationary Sources (“Clean Power Plan”) was published in the *Federal Register* on October 23, 2015
- On February 9, 2016, the U.S. Supreme Court issued a stay of the Clean Power Plan until current legal challenges are resolved either at the Circuit Court of Appeals for the District of Columbia or at the U.S. Supreme Court
- The Circuit Court of Appeals for the District of Columbia heard oral arguments on the appeal on September 27, 2016
- Fate of the Clean Power Plan uncertain

Regional Haze Compliance Requirements - Operated Plants



Utah

- The EPA published its final action on the Utah Regional Haze state implementation plan (“SIP”) in the *Federal Register* on June 30, 2016, requiring installation of SCR on Hunter Units 1 and 2 and Huntington Units 1 and 2 by August 5, 2021, under a FIP
- PacifiCorp and other parties filed requests for administrative reconsideration and stay of EPA’s Utah federal implementation plan (“FIP”) final action by September 6, 2016
- PacifiCorp and other parties filed motions for judicial stay with the court on September 28, 2016
- All briefing completed, await court order on stay motion
- Briefing on merits begins in March 2017

Wyoming

- Effective March 3, 2014, the EPA approved the Wyoming Regional Haze state implementation plan (“SIP”) requirements for Jim Bridger Units 1 and 2 SCR installations in 2021 and 2022
- At the same time, EPA issued a FIP for the Wyodak plant, requiring the installation of SCR within five years (i.e., by 2019)
- The court’s decision on the appeals of EPA’s final actions will not likely occur until late-2017, at the earliest

Regional Haze Compliance Requirements – Partner - Operated Plants



Arizona

- EPA issued its pre-publication final action on the Arizona SIP revision on January 13, 2017, approving the state's plan which allows the unit to remain coal-fueled through April 2025 and avoid the installation of SCR, with the commitment to cease coal-fueled operation.
- The Cholla FIP appeal is expected to remain in abeyance until the EPA's final action is complete, with the parties required to provide status updates to the court every 90 days.

Colorado

- The State of Colorado, EPA, and other parties to the Craig Unit 1 Regional Haze settlement have negotiated an alternative compliance plan which is expected to result in the unit being retired in 2025. The alternative also allows for gas conversion.
- Colorado legislature approval of the alternative is expected during 2017 legislative session. EPA process to follow thereafter.

Montana

- There are no pending Regional Haze compliance obligations for Colstrip Units 3 and 4.

Regional Haze Cases



Plant	2015 IRP Update (Pref. Port.)	2017 IRP (Ref. Case)	2017 IRP (Alt. Case RH-1)	2017 IRP (Alt. Case RH-2)	2017 IRP (Alt. Case RH-3)	2017 IRP (Alt. Case RH-4)	2017 IRP (Alt. Case RH-5)	2017 IRP (Alt. Case RH-6)
Hunter 1	SCR 2021 Ret. 2042	SCR 2021 Ret. 2042	No SCR,NO _x + 2021 Ret. 2042	No SCR Ret. 2031	No SCR,NO _x + 2026 Ret. 2042	SCR 2021 ⁽¹⁾ Ret. 2042	RH-1	SCR 8/4/2021 Ret. 7/31/2021
Hunter 2	No SCR Ret. 2032	SCR 2021 Ret. 2042	No SCR,NO _x + 2021 Ret. 2042	No SCR Ret. 2031	No SCR,NO _x + 2027 Ret. 2042	No SCR,NO _x + 2027 ⁽¹⁾ Ret. 2042	RH-1	SCR 8/4/2021 Ret. 7/31/2021
Huntington 1	SCR 2022 Ret. 2036	SCR 2021 Ret. 2036	No SCR Ret. 2036	No SCR Ret. 2036	No SCR,NO _x + 2026 Ret. 2036	SCR 2021 ⁽²⁾ Ret. 2036	RH-1	SCR 8/4/2021 Ret. 7/31/2021
Huntington 2	No SCR Ret. 2029	SCR 2021 Ret. 2036	No SCR Ret. 2036	No SCR Ret. 2036	No SCR,NO _x + 2027 Ret. 2036	No SCR,NO _x + 2027 ⁽²⁾ Ret. 2036	RH-1	SCR 8/4/2021 Ret. 7/31/2021
Jim Bridger 1	SCR 2022 Ret. 2037	SCR 2022 Ret. 2037	No SCR Ret. 2032	No SCR Ret. 2024	No SCR Ret. 2028	No SCR,NO _x + 2022 ⁽¹⁾ Ret. 2032	RH-3	SCR 12/31/2022 Ret. 12/30/2022
Jim Bridger 2	SCR 2021 Ret. 2037	SCR 2021 Ret. 2037	No SCR Ret. 2035	No SCR Ret. 2028	No SCR Ret. 2032	SCR 2021 ⁽¹⁾ Ret. 2037	RH-3	SCR 12/31/2021 Ret. 12/30/2021
Naughton 3	No Gas Conv. Ret. 2017	Gas Conv. 2019 ⁽³⁾ Ret. 2029	No Gas Conv. Ret. 2017	Gas Conv. 2019 ⁽³⁾ Ret. 2029	No Gas Conv. Ret. 2017	Gas Conv. 2019 ⁽³⁾ Ret. 2029	RH-2	No Gas Conv. Ret. 2017
Cholla 4	Gas Conv. 2025 Ret. 2042	Gas Conv. 2025 Ret. 2042	No Gas Conv. Ret. Apr-2025	No Gas Conv. Ret. 2020	No Gas Conv. Ret. Apr-2025	No Gas Conv. Ret. Apr-2025	RH-2	No Gas Conv. Ret. Apr-2025
Craig 1	SCR 2021 Ret. 2034	No SCR Ret. 2025	No SCR Ret. 2025	Gas Conv. 2023 ⁽⁴⁾ Ret. 2034	No SCR Ret. 2025	No SCR Ret. 2025	RH-1	No SCR Ret. 2025

Regional Haze Case (Footnotes)

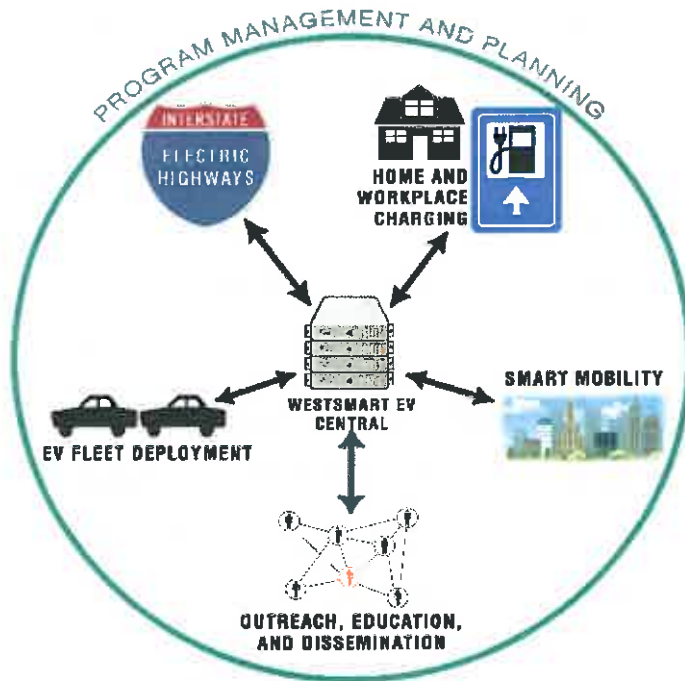


- 1) The Alternative Regional Haze Cases for Hunter units 1 and 2 and Jim Bridger units 1 and 2 have been developed for analysis purposes only with consideration given to the fact that the emissions profiles for the units are effectively identical in the Regional Haze context. The compliance actions in this scenario could effectively be swapped and provide the same Regional Haze compliance outcome. The matrix presentation of different compliance actions between the units is necessary for analysis data preparation, but does not dictate or represent pre-determined individual partner plant owner strategies or preferences or individual unit strategies or preferences.
- 2) The Alternative Regional Haze Cases for Huntington 1 and 2 have been developed for analysis purposes only with consideration given to the fact that the emissions profiles for the units are effectively identical in the Regional Haze context. The compliance actions for the units in this scenario could effectively be swapped and provide the same Regional Haze compliance outcome. The matrix presentation of different compliance actions between the units is necessary for analysis data preparation, but does not dictate or represent pre-determined individual unit strategies or preferences.
- 3) Naughton 3 will cease coal fueled operation by year-end 2017, under this scenario.
- 4) Craig 1 will cease coal fueled operation by end of August 2023, under this scenario.

Leveraging Environmental Stewardship Opportunities



WestSmartEV Community Partnership / Wasatch Front Emission Reductions / ID, UT, WY Community Partnerships



Houweling Nurseries UT Economic Development / Waste Heat and CO₂ Utilization

Leveraging Opportunities (Continued)



- CO₂ Sequestration
 - Under RMPs' STEP Clean Coal research initiatives, RMP will participate in the University of Utah's CarbonSAFE feasibility study to evaluate permanent geological sequestration in the vicinity of the Hunter and Huntington plants. The U.S. Department of Energy (DOE) is a major source of funding for this feasibility study.
 - RMP is participating with the University of Wyoming Carbon Management Institute in another U.S. DOE CarbonSAFE study to evaluate permanent geological sequestration in the Rock Springs Uplift which is adjacent to the Jim Bridger plant.
 - Working with a development company to evaluate the feasibility of CO₂ capture for the purposes of enhanced oil recovery (EOR) at the Dave Johnston plant.
 - Working with a technology development company to evaluate a CO₂ capture technology in which the captured CO₂ is incorporated into building products.
 - Assisting the Wyoming Infrastructure Authority on the process of selecting candidate technologies to test CO₂ capture technologies and processes at the Wyoming Integrated Test Center (ITC).

Leveraging Opportunities (Continued)



- Rare Earth Elements

- Assisting the University of Wyoming in its U.S. DOE study to evaluate recovering rare earth elements from coal combustion residuals

- Biomass

- RMP's STEP Clean Coal research initiatives, RMP is preparing to perform two 18-hour co-firing tests using a 10 percent blend of processed biomass and 90 percent coal at Hunter Unit 3
 - Processed Biomass is processed from a low-grade forestry residue and will be supplied by AEG CoalSwitch and Amaron.
 - The test burn is scheduled between the last quarter of 2017 and the first quarter of 2018
 - Work is being conducted with the University of Utah



State Environmental Policy Updates



- Idaho
 - No active environmental policy legislation currently under review
- Utah
 - Utah legislature considering fees for landfilling CCR waste
- Wyoming
 - Legislature considered electricity production standard establishing minimum procurement requirements of fossil generation for electric utilities - The proposed legislation was sent to interim for study.
 - Legislature considered increasing the tax on wind production by \$4 per MWh - The bill failed in committee.
 - EPA has rejected portions of Utah's and Wyoming's Emissions Transportation SIPs, citing that modeling has demonstrated that ozone from these states impact areas around the Denver metropolitan area.
 - An updated modeling effort to address EPA's concerns is underway. If the modeling efforts are unsuccessful, the states would be required to provide SIP provisions that would address this issue.

State Environmental Policy Updates



- Oregon
 - In February 2017, the Oregon Department of Environmental Quality finalized a study commissioned by the legislature on the potential adoption of a cap-and-trade program in Oregon
- Washington
 - Governor Inslee, and others, are proposing carbon tax following failure of Initiative 732
 - At least four proposals, with varying structures and allocations of tax revenue generated, have been submitted; proposals will be heard in the legislature Feb-March 2017
- California
 - California Air Resources Board currently proposing regulatory amendments for post-2020 cap-and-trade program including allowance allocation to electric utilities
 - Legislation expected in 2017 to extend cap-and-trade program beyond 2020
 - Ongoing legal uncertainty: decision in California Chamber of Commerce v. CARB expected by May 2017



QF Status Update

Qualifying Facility Resource Challenges



- The Company's Qualifying Facility (QF) Queue has grown significantly as costs for solar and wind have come down
- The need for generation is being outpaced by QF additions, and the facilities are also causing transmission constraints
- QF contract term length was recently addressed in several states with the following outcomes:
 - Utah – 15 year contract length
 - Idaho – 2 years for pricing component of contract, but contracts can be for 20 years
 - Wyoming – no change; ordered a collaborative process
- Since Utah's required term was shortened to 15 years in Feb. 2016, 31 QF projects representing 2,366 MWs of nameplate capacity have joined the Queue
- Large development sites are split into smaller projects to take advantage of PURPA's "1 Mile" rule
- Efforts are underway to 'modernize' PURPA in D.C. but there is no guarantee PURPA reform will succeed

Current PacifiCorp Qualifying Facility Resources¹



State	Biomass	Cogen	Hydro	Geothermal	Methane	Solar	Wind	TOTAL MW
CA	10		9					19
ID		6	22		2		165	194
OR	69	7	45	5	17	209	144	496
UT		117	2		5	835	82	1042
WA			3					3
WY		137	2			80	264	483
TOTAL MWs	79	267	83	5	24	1124	655	2237

¹ Includes projects that have executed PPAs - operating and under development/construction, all values are in MW of nameplate capacity

PacifiCorp Qualifying Facility Resources in the Queue¹



State	Wind		Solar		Other		Total	
	# of Projects	MW	# of Projects	MW	# of Projects	MW	# of Projects	MW
CA								
ID								
OR	1	80 MW	16	572 MW			17	652 MW
UT			31	2366 MW	2	0.3 MW	33	2366 MW
WA								
WY	12	916 MW	10	501 MW			22	1417 MW
TOTAL	13	996 MW	57	3439 MW	2	0.3 MW	72	4435 MW

¹ Includes projects that have requested pricing for PPAs to begin qualifying process

Impacts to the Rocky Mountain Power System



- QF projects are often located without regard to transmission constraints
 - This contributes to congestion and often requires existing generation to be curtailed
 - This can cause operating inefficiencies and reliability issues on our system
 - Transmission upgrade costs should not be borne by ratepayers to relieve this congestion
 - This will cause further back-down of existing generation
 - The siting of the QF's is outside of RMP's control, leading to the aforementioned inefficiencies and congestion



Regulatory Updates

Regulatory Update



- Washington Expedited Rate Filing
 - UTC approved 2-year rate plan and decoupling mechanism
- NPC/REC Mechanism Filings
 - Utah – March 15
 - Oregon – April 1
 - Idaho – April 1
 - Wyoming – April 15
- MSP – Extension for 2017 Protocol filed in Idaho, Oregon, Utah, and Wyoming
- 2017 IRP Filing – March 31
- Utah Contracts – Nucor and US Mag contracts expired at the end of 2017; new contract discussions on going



Wrap-up and Roundtable Discussion

