ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 330
Salt Lake City, UT 84116

August 5, 2025

***VIA ELECTRONIC FILING***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

**Re: Docket No. 25-035-47**
**In the Matter of the Application of Rocky Mountain Power for Approval of the 2026 Inter-Jurisdictional Cost Allocation Protocol**
Rocky Mountain Power Application and Testimony

PacifiCorp, d/b/a Rocky Mountain Power ("Company"), hereby respectfully submits this application ("Application") in accordance with Utah Code Ann. §§ 54-4-1, 54-4-21, and 54-4-23 to the Public Service Commission of Utah ("Commission") to request approval of PacifiCorp's 2026 Inter-Jurisdictional Cost Allocation Protocol ("2026 Protocol"). Confidential information has been uploaded to the Commission's SFTP site and is provided in accordance with Commission Rule R746-1-602 and 603.

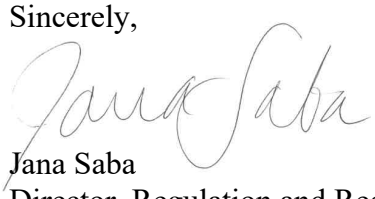
Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com
jana.saba@pacificorp.com
max.backlund@pacificorp.com
Ajay.kumar@pacificorp.com
Katherine.smith@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Max Backlund, Utah Regulatory Affairs Manager, at (801) 220-3121 or max.backlund@pacificorp.com.

Sincerely,



Jana Saba
Director, Regulation and Regulatory Operations

Enclosures

CC: Division of Public Utilities
Office of Consumer Services

## CERTIFICATE OF SERVICE

Docket No. 25-035-47

I hereby certify that on August 5, 2025, a true and correct copy of the foregoing was served by electronic mail to the following:

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*Attorneys for Rocky Mountain Power*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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|---|---|---|
| In the Matter of the Application of Rocky Mountain Power for Approval of the 2026 Inter-Jurisdictional Cost Allocation Protocol | ) ) ) ) | DOCKET NO. 25-035-47 |

# ROCKY MOUNTAIN POWER'S APPLICATION FOR APPROVAL OF THE 2026 INTER-JURISDICTIONAL ALLOCATION PROTOCOL

PacifiCorp, d/b/a Rocky Mountain Power ("Rocky Mountain Power" or the "Company"), hereby respectfully submits this application ("Application") in accordance with Utah Code Ann. §§ 54-4-1, 54-4-21, and 54-4-23 to the Public Service Commission of Utah ("Commission") and requests approval of PacifiCorp's 2026 Inter-Jurisdictional Cost Allocation Protocol ("2026 Protocol"). The Company respectfully requests that the Commission complete its review and issue an order with respect to this Application no later than December 31, 2025, for the reasons discussed herein.

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is an electrical corporation and public utility in the state of Utah, providing electric service to retail customers as Rocky Mountain Power in Utah, Idaho, and Wyoming, and as Pacific Power in California, Oregon, and Washington.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 1,000,000 customers in Utah. Rocky Mountain Power's principal place of business in Utah is 1407 W. North Temple, Suite 330, Salt Lake City, Utah 84116.

**BACKGROUND**

3. Rocky Mountain Power provides retail electric service to approximately two million customers in six western states, including Utah. Rocky Mountain Power owns substantial generation, transmission, and distribution facilities. Augmented with wholesale power purchases and long-term transmission contracts, these facilities have operated as a single system on an integrated basis to provide service to all customers in a cost-effective manner. States, however, are implementing energy policies that make it increasingly difficult for Rocky Mountain Power to operate and maintain a single resource portfolio for customers across all jurisdictions while meeting its legal obligations in each state. The 2026 Protocol implements an initial phase toward a transition from a cost-allocation methodology that contemplates the operation of a single resource portfolio to a cost-allocation methodology that acknowledges the need for state or regional resource portfolios to meet load obligations on a least-cost basis, while complying with state energy policies and preventing cross-subsidization among jurisdictions.

4. On April 15, 2020, the Commission issued its Order adopting the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol").[1] Section 2 of the 2020 Protocol provided the effective period through December 31, 2023. On April 12, 2023, the Company filed

[1] *Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 19-035-42, Order Approving 2020 Protocol (Apr. 15, 2020).

for extension of the 2020 Protocol through December 31, 2025. The Commission issued an Order authorizing the requested extension on July 27, 2023.[2]

5. Parties negotiated the 2020 Protocol over the course of several years through the Company's Multi-State Process. The 2020 Protocol, as extended, provided a cost-allocation methodology for use in Rocky Mountain Power's rate filings from 2020 through 2025 along with an outline for a subsequent allocation methodology to be negotiated by the Framework Issues Workgroup, which included the original signatories of the 2020 Protocol and any stakeholder committing to engage in discussions on the Framework Issues by subsequently signing the 2020 Protocol. The Company continued negotiations with stakeholders until it was clear that the Framework Issues Workgroup would not reach consensus on the terms of a replacement cost-allocation methodology in time to seek the required approvals before January 1, 2026. In July 2024, the Company informed its commissions[3] that it was terminating the Framework Issues Workgroup in accordance with Section 2.2.3 and would propose a new cost-allocation methodology by December 31, 2025.

**REQUEST FOR APPROVAL OF THE 2026 PROTOCOL**

6. The 2026 Protocol is intended to supersede the 2020 Protocol for Utah, Idaho, Wyoming, California, and Oregon, and align with the changes proposed in the Washington 2026 Protocol to ensure that all resources are 100 percent allocated.[4] The 2026 Protocol is the first phase in a multi-phase process to transition the Company's cost-allocation methodology to accommodate

[2] *Application of Rocky Mountain Power for Approval of an Extension to the 2020 Inter-Jurisdictional Cost Allocation Agreement,* Docket No. 23-035-20, Order Approving Extension of the 2020 Protocol (Jul. 27, 2023).
[3] The commissions are this Commission, the Idaho Public Utilities Commission, the Wyoming Public Service Commission, the California Public Utilities Commission, the Public Utility Commission of Oregon, and the Washington Utilities and Transportation Commission.
[4] The Washington 2026 Protocol was proposed in Washington through a power-cost only rate case filed in April 2025. *See Washington Utilities and Transportation Commission v. PacifiCorp d/b/a Pacific Power and Light Co.*, Docket No. UE-250224, Initial Filing (Apr. 1, 2025).

diverging resource portfolios and changes to operations needed to address individual state energy policies.

7. The 2026 Protocol maintains allocations from much of the 2020 Protocol, while addressing developments in state energy policies and changes in the industry driving updates to the allocation methodology that need to be addressed now. Accordingly, the Commission can use the 2026 Protocol to set just and reasonable rates in the Company's rate filings in Utah, pending further development of a replacement cost-allocation methodology in phase two. The Company requests that upon approval by the Commission, the 2026 Protocol be effective for new regulatory filings beginning January 1, 2026, and remain in effect until superseded by a future amendment or new protocol approved by the Commission.

8. The 2026 Protocol includes:

- An allocation of existing generation resources in line with prior Commission decisions, allowing for dynamic allocation of a portfolio of generation resources to Utah, Idaho, Wyoming, California, and Oregon;
- A proposal allowing for flexibility in allocating costs for new resources to allow for state autonomy when procuring such new resources to achieve state-specific policy objectives, by allowing Rocky Mountain Power to identify a specific allocation factor for each new resources;
- A proposal for allocating costs associated with new large loads over 50 megawatts;
- Allocation of non-wildfire related insurance premiums for excess liability and costs for non-wildfire liability not covered by insurance in line with historical practice, with a commitment to address wildfire related insurance coverage and liability on a state-by-state basis;

- A description of inter-jurisdictional allocation policies, procedures, or methods which, if applied by each state for rate proceedings, will provide the Company a reasonable opportunity to recover its prudently incurred cost of service; and
- A description of the way costs and revenues associated with all components of the Company's regulated service, including costs and revenues associated with generation, transmission, distribution, and wholesale transactions, should be assigned or allocated among states.

9. The proposed allocation of a particular expense or investment to a state under the 2026 Protocol is not intended to and will not prejudge the prudence of those costs or the extent to which any particular cost may be reflected in rates.

10. Nothing in the 2026 Protocol is intended to abrogate the Commission's rights and its obligations to: (1) determine fair, just, and reasonable rates based upon applicable laws and the record established in rate proceedings conducted by that commission; (2) consider the impact of changes in laws, regulations, or circumstances on inter-jurisdictional allocation policies and procedures when determining fair, just, and reasonable rates; or (3) establish different allocation policies and procedures for purposes of allocating costs and revenues within that state to different customers or customer classes.

11. The 2026 Protocol does not address or consider intra-state cost-allocation issues and using the 2026 Protocol for inter-jurisdictional cost-allocation purposes does not suggest or require similar treatment to be applied to intra-jurisdictional cost allocations for class cost of service purposes within any state.[5]

[5] Section 13.0 of the 2026 Protocol identifies that the Company will work within the regulatory framework (i.e., a special contract or tariff) within that state to assign the costs to the New Large Load customer. *See* Exhibit RMP___(RTL-1) at 16.

12. The 2026 Protocol, presented as an exhibit to the direct testimony of Rick T. Link, also includes the following appendices:

- Capitalized terms in the 2026 Protocol are defined in Appendix A.
- Tables identifying the allocation factors to be applied to each component of the Company's revenue requirement calculation are included as Appendix B.
- The definition and algebraic derivation of each allocation factor, along with associated Federal Energy Regulatory Commission accounts, are contained in Appendix C.
- An explanation of the treatment of certain legacy interruptible contracts for allocation purposes is attached as Appendix D.

13. In support of this Application the Company provides the testimony of witnesses

- **Cindy A. Crane**, Chief Executive Officer and Board Chair of PacifiCorp, provides an overview of the Company and a summary of the process that led to this filing;
- **Rick T. Link**, Senior Vice President, Resource Planning and Procurement, describes and supports the Company's new inter-jurisdictional cost allocation methodology for Utah;
- **Ramon J. Mitchell**, Director of Net Power Costs, presents the impact of the 2026 Protocol on the Company's NPC forecast;
- **Shelley E. McCoy**, Director of Revenue Requirement, calculates impacts to the Company's revenue requirements from the 2026 Protocol; and
- **Michael G. Wilding**, Vice President, Energy Supply Management, explains how the 2026 Protocol supports resource adequacy for customers, describes the Company's proposed changes to its hedging program and Western Resource

Adequacy Program compliance, and explains the Company's participation in organized markets.

14. Communications regarding this filing should be addressed to:

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In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word or plain text format to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries related to this application may be directed to Max Backlund, Utah Regulatory Affairs Manager at (801) 220-3121.

**PROPOSED COMMISSION PROCESS**

15. The 2026 Protocol has been developed as an integrated, interdependent whole. If any state commission disapproves, alters, or conditions approval of the 2026 Protocol, Rocky

Mountain Power reserves its right to petition for an amendment to revise the 2026 Protocol.[6] Accordingly, the Company recommends that the Commission approve the 2026 Protocol without modification and that the approval be conditioned on the other commissions approving the 2026 Protocol without change.

16. Rocky Mountain Power respectfully requests that the Commission approve the use of the 2026 Protocol for inter-jurisdictional cost-allocation purposes effective January 1, 2026. Absent approval by December 31, 2025, the Company will be without an approved allocation methodology for use in determining the appropriate costs for Utah customers and will be forced to seek temporary extensions of the 2020 Protocol in individual rate proceedings starting January 1, 2026. The Company also proposes that within 30 days of receipt of the Application, the Commission establish a schedule for further proceedings.

17. Rocky Mountain Power plans to implement any rate changes resulting from the 2026 Protocol in its next general rate case. In the interim, the Company will seek to track any differences in costs and revenues through deferred accounting.

## CONCLUSION

WHEREFORE, by this Application, the Company respectfully requests that the Commission issue an order approving the 2026 Protocol as described in the direct testimony of Mr. Link, and supported by the direct testimonies of Ms. Crane, Mr. Mitchell, Ms. McCoy, and Mr. Wilding.

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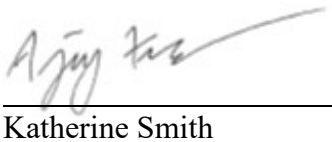
[6] California has historically reviewed allocation methodologies in conjunction with a general rate case. The Company's next regulatory-mandated general rate case in California will not be filed until 2026 at the earliest.

DATED this 5th day of August 2025.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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