Docket No. 25-035-47
Witness: Shelley E. McCoy

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Shelley E. McCoy

August 2025

I. INTRODUCTION

Q. Please state your name, business address and present position with PacifiCorp, d/b/a Rocky Mountain Power ("Company").

A. My name is Shelley E. McCoy, and my business address is 825 NE Multnomah, Suite 2000, Portland OR 97232. I am currently employed as the Director of Revenue Requirement at the Company.

II. QUALIFICATIONS

Q. Briefly describe your educational and professional background.

A. I earned a Bachelor of Science degree in Accounting from Portland State University. In addition to my formal education, I have attended several utility accounting, ratemaking, and leadership seminars and courses. I have been employed by the Company since November 1996. My past responsibilities have included general and regulatory accounting, budgeting, forecasting, and reporting. I assumed my current position in November 2022.

Q. What are your responsibilities as director of revenue requirement?

A. My primary responsibilities include overseeing the calculation and reporting of the Company's regulated earnings or revenue requirement, assuring that the inter-jurisdictional cost-allocation methodology is correctly applied, and explaining those calculations to regulators in the jurisdictions in which the Company operates.

Q. Have you testified in previous regulatory proceedings?

A. Yes. I have provided testimony in multiple dockets before the Utah, Idaho, Wyoming, California, Oregon, and Washington public utility commissions.

III. PURPOSE OF TESTIMONY

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

A. My testimony supports the Company's Application for Approval of the 2026 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2026 Protocol"). Specifically, my testimony provides details on:

- Differences between the 2026 Protocol and the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol"); and
- The estimated $23.5 million Utah-allocated revenue requirement impact of implementing the 2026 Protocol as shown in Table 1 below.

TABLE 1 – 2026 Protocol Estimated Revenue Requirement Impact

	CA	OR	UT	ID	WY	Total
Total Generation Rev. Req. Impact	$ 853,158	$ 14,876,676	$ 24,114,868	$ 3,070,525	$ 5,691,036	$ 48,606,264
SO Allocation Change Rev. Req. Impact	$ 2,262,606	$ (548,317)	$ (628,634)	$ (534,430)	$ 185,698	$ 736,924
2026 Protocol Rev. Req. Impact	$ 3,115,764	$ 14,328,359	$ 23,486,234	$ 2,536,096	$ 5,876,734	$ 49,343,187
Present Revenues - December 2024 ROO	$ 135,613,126	$ 1,604,698,740	$ 2,266,222,485	$ 346,541,857	$ 692,325,473	
Est. Average Rate Impact	2.30%	0.89%	1.04%	0.73%	0.85%	

IV. COMPARISON OF THE 2026 PROTOCOL TO THE 2020 PROTOCOL

Q. What is the 2020 Protocol?

A. The 2020 Protocol is the multi-jurisdictional allocation methodology that has been adopted by parties of the Multi-State Process and approved by the Public Service Commission of Utah ("Commission") for use in allocating costs for ratemaking purposes; however, it is set to expire December 31, 2025.[1] Due to this approaching expiration date, the Company needs to develop a new allocation methodology to determine fair, just, and reasonable rates in the jurisdictions where it operates. This new proposed allocation methodology will be known as the 2026 Protocol.

[1] *In the Matter of the Application of Rocky Mountain Power for an Extension to the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 23-035-23, Order Approving Extension of the 2020 Protocol (July 27, 2023).

Q. Please describe the fundamental differences between the 2026 Protocol and the 2020 Protocol.

A. The 2026 Protocol supports the transition to the resource portfolios needed to accommodate individual and diverging state energy policies. Notably, the 2026 Protocol implements a transition from a cost-allocation methodology applicable to the operation of generation resources as a single portfolio to a cost allocation methodology where state or regional resource portfolios can be used to meet load obligations consistent with state energy policies and prevent cross-subsidization among jurisdictions. Company witness Rick T. Link more thoroughly discusses the specifics of the 2026 Protocol.[2]

Q. What is the Company's proposed effective period for the 2026 Protocol?

A. Upon approval by the respective commission in each jurisdiction, the 2026 Protocol will be effective for new regulatory filings made in that jurisdiction beginning January 1, 2026, and will remain in effect until approval of amendments or a new cost allocation protocol.

Q. What is the Washington 2026 Protocol?

A. As explained in the testimony of Company witness Cindy A. Crane, the Washington 2026 Protocol is a separate allocation methodology intended to address specific, near-term energy policy and requirements in Washington by creating a defined resource portfolio.[3]

V. ALLOCATION OF GENERATION RESOURCES

Q. How are generation resources allocated under the 2026 Protocol?

A. The 2026 Protocol establishes that generation resources will continue to be dynamically allocated for Utah, Idaho, Wyoming, California, and Oregon ("the Five States"), excluding the fixed portion allocated to Washington as identified in the Washington 2026 Protocol,

[2] *See* Direct Testimony of Rick T. Link at 5-32.
[3] Direct Testimony of Cindy A. Crane at 10-11.

and with one exception—the Chehalis generation facility. The 2026 Protocol reflects an immediate reassignment of the costs associated with the Chehalis generation facility from being allocated to all Company operating jurisdictions to being situs-assigned to Washington.

Q. What differences exist between the methodology for allocating generation costs and benefits under the 2020 Protocol and the 2026 Protocol?

A. While the situs allocation of the Chehalis generation facility to Washington is the most notable difference, the calculation of the allocation factors for non-emitting, natural gas, and coal resources are also slightly different. I will describe each of these changes separately below:

- **Non-emitting resources except the Rolling Hills Wind facility ("Rolling Hills"):** Costs and benefits of existing non-emitting resources will be dynamically allocated to the Five States for the share excluding the fixed portion allocated to Washington as identified in the Washington 2026 Protocol, based on the System Generation 5A ("SG5A") allocation factor as detailed in Appendix C to the 2026 Protocol.
- **Natural gas resources except Chehalis and Jim Bridger Units 1 and 2:** Costs and benefits of existing natural gas resources will be dynamically allocated to the Five States and will be based on a System Generation 5B ("SG5B") allocation factor as detailed in Appendix C to the 2026 Protocol.
- **Rolling Hills:** Costs and benefits of Rolling Hills will be dynamically allocated to Utah, Idaho, Wyoming, and California (excluding a larger fixed-share being allocated to Washington), based on the System Generation 5C ("SG5C") allocation factor as detailed in Appendix C to the 2026 Protocol.

- **Chehalis:** Costs and benefits of the Chehalis generation facility will be situs assigned to the state of Washington.
- **Jim Bridger Units 1 and 2:** Costs and benefits of the Jim Bridger Units 1 and 2 generating facilities will be allocated based on the SG5A allocation factor.
- **Coal Resources:** Costs and benefits of existing coal-fired resources will be dynamically allocated to the Five States based on a SG5B allocation factor.

Q. Has the Company quantified the revenue requirement impact that results from the reallocation of generation resources discussed above?

A. Yes. Utah's revenue requirement increases by approximately $24.1 million with the reallocation of generation resources discussed above. A proxy generation resource reallocation revenue requirement calculation for all impacted states, except Washington, is provided in Table 2 below. This revenue requirement impact was calculated based on readily available information and does not contemplate certain state-specific regulatory adjustments (such as Utah's Sustainable Transportation and Energy Plan buy-down, decommissioning, etc.). The Company expects to refine this calculation prior to a deferred accounting request to track the costs and benefits associated with the implementation of the 2026 Protocol.

TABLE 2 – Generation Revenue Requirement Impact

	CA	OR	UT	ID	WY	Total
SG5A	$ (40,462)	$ (800,723)	$ (1,381,214)	$ (185,002)	$ (424,313)	$ (2,831,714)
SG5B	$ 512,060	$ 10,133,426	$ 17,479,742	$ 2,341,259	$ 5,369,833	$ 35,836,320
SG5C	(5,018)	-	(171,281)	(22,942)	(52,618)	(251,858)
Oregon Incremental Steam		$ (703,671)				$ (703,671)
Total Non-NPC Impact	$ 466,580	$ 8,629,032	$ 15,927,247	$ 2,133,316	$ 4,892,902	$ 32,049,077
NPC Impact*	$ 386,578	$ 6,247,644	$ 8,187,622	$ 937,209	$ 798,134	$ 16,557,187
Total Generation Rev. Req. Impact	$ 853,158	$ 14,876,676	$ 24,114,868	$ 3,070,525	$ 5,691,036	$ 48,606,264

Q. Please describe the process used for developing the proxy calculation.

A. Starting with actual accounting data for calendar year 2024,[4] the Company identified all components of generation resource revenue requirement that would be impacted by the resource allocation changes discussed previously. This includes generation-specific revenues, non-net power costs, operations and maintenance expense, depreciation and amortization, electric plant placed in-service, accumulated deferred income tax, and other generation-specific rate base items. No changes were made for items such as property taxes and administrative and general expenses which are not resource specific.

Q. What data did you use to calculate energy and demand-based allocation factors for the generation resources that are still dynamically allocated?

A. Consistent with the accounting data, the Company used 2024 weather-normalized load data that was also used in the Company's December 2024 Results of Operations reports filed with the Commission. The fixed allocation of Washington resources is consistent with percentages filed in the Washington 2026 Protocol.

Q. What rate of return assumptions were relied upon in the revenue requirement calculation presented above?

A. To calculate the return-on-rate base component of revenue requirement, the Company used a five-quarter average 2024 actual capital structure and a 9.55 percent average return on equity. The actual revenue requirement impact will be dependent on each state's authorized cost of capital.

[4] Rate base was calculated using period ending December 31, 2024.

VI. ALLOCATION OF TRANSMISSION

Q. How has the allocation of transmission costs changed under the 2026 Protocol?

A. As is done in the 2020 Protocol, the 2026 Protocol continues to allocate transmission costs using the System Generation ("SG") factor calculated based on a classification of costs as 75 percent demand-related and 25 percent energy-related, and based on 12 monthly coincident peaks, using weather-normalized retail peak and energy data, as more thoroughly defined in Appendix C of the 2026 Protocol. The only exception to this methodology applies to new large loads in Section 13.0 of the 2026 Protocol, which is described by Mr. Link.[5]

VII. ALLOCATION OF DISTRIBUTION

Q. How does the 2026 Protocol propose to allocate distribution costs?

A. As with the 2020 Protocol, the 2026 Protocol establishes that all distribution-related expenses and investments that can be directly allocated will be directly allocated to the states where the related distribution facilities are located. Those costs that cannot be directly assigned will be allocated on the System Net Plant-Distribution ("SNPD") factor, as defined in Appendix C to the 2026 Protocol.[6]

VIII. ADMINISTRATIVE AND GENERAL COSTS

Q. How does the 2026 Protocol propose to allocate administrative and general costs?

A. Consistent with the 2020 Protocol, the 2026 Protocol establishes that administrative and general costs, general plant, and intangible plant, both expenses and investments, which can be directly allocated should be directly allocated to the appropriate state, and those

[5] Direct Testimony of Rick T. Link at 31 (Aug. 5, 2025).
[6] Exhibit RMP___(RTL-1) at 43.

costs that must be allocated among states should be allocated consistent with Appendix B to the 2026 Protocol.[7]

IX. SYSTEM OVERHEAD COSTS

Q. How does the 2026 Protocol propose to allocate system overhead costs?

A. The 2026 Protocol establishes that system overhead costs, i.e. costs which support more than a single function such as generation or transmission, should be allocated on a new System Overhead ("SO") allocation factor that is based on one-third weightings of the System Capacity ("SC"), System Energy ("SE"), and System Gross Plant Distribution ("SGPD") allocation factors as those terms are defined in Appendix C to the 2026 Protocol.[8]

Q. How does this differ from the method for allocating system overhead costs under the 2020 Protocol?

A. The SO allocation factor used under the 2020 Protocol was based on the ratio of gross plant allocated or situs assigned to each state, excluding any gross plant allocated by the SO allocation factor. Generation and transmission gross plant was allocated using the SG allocation factor, mining plant on the SE allocation factor, and distribution plant was directly allocated to the states where the plant was located. The Company's new proposal for the SO allocation factor continues to preserve a similar dynamic nature that is used in the allocation of administrative and general costs under the SO allocation factor formula approved in the 2020 Protocol.

[7] *See* Exhibit RMP___(RTL-1) at 20-35.
[8] Exhibit RMP___(RTL-1) at 39-44.

Q. Why is the Company proposing a change to the way the SO allocation factor is calculated?

A. As the Company begins to adapt its cost allocation methodology to accommodate diverging resource portfolios, changes in the allocation of generation resources will have an impact on the calculation of the SO allocation factor under the 2020 Protocol. As more resource allocations become fixed, a major component in the 2020 Protocol SO allocation factor also becomes fixed. However, because administrative and general costs are dynamic, it follows that the allocation of these costs should also remain dynamic and not be anchored to fixed shares of allocated generation resource costs.

Q. Has the Company quantified the revenue requirement impact of the SO allocation factor change discussed above?

A. Yes. Utah's revenue requirement would decrease by approximately $0.6 million from the changes to the SO allocation factor. An estimate of how the proposed change in the SO allocation factor impacts revenue requirement for all impacted states, except Washington, is provided in Table 3 below.

TABLE 3 – SO Allocation Factor Impact

	CA	OR	UT	ID	WY	Total
SO Percentage Change	0.33%	-0.08%	-0.09%	-0.08%	0.03%	
SO Allocated	$ 2,262,606	$ (548,317)	$ (628,634)	$ (534,430)	$ 185,698	$ 736,924

X. SYSTEM ENERGY ALLOCATION FACTOR

Q. Does the 2026 Protocol propose any changes to the System Energy ("SE") allocation factor?

A. Yes. Fundamentally, the dynamic calculation of the SE allocation factor will remain the same under the 2026 Protocol. However, due to the re-allocation of certain generation resources, a change is needed. For example, natural gas resources, except Chehalis and Jim

Bridger Units 1 and 2, are no longer allocated to the Washington jurisdiction and therefore the fuel costs associated with these resources should also be excluded from Washington. Accordingly, the Company is proposing new SE allocation factors for items such as net power costs that would follow the resource allocation (i.e., a SG5A resource would correspond to SE5A of associated energy costs). The Federal Energy Regulatory Commission account assignments and algebraic derivations for the SE5A allocation factor are provided in Appendix B and Appendix C to the 2026 Protocol, respectively.[9]

XI. ALLOCATION OF TAXES AND FEES

Q. How will taxes and fees be allocated among the states?

A. State-specific Schedule M and deferred income tax amounts will be allocated using the Company's tax software system, calculated using the federal tax rate and the Company's combined state-effective tax rate. The Washington public utility tax is allocated using the SO factor in lieu of Washington income tax. Franchise taxes, revenue related taxes, local business income taxes, commission assessments and fees, and usage related taxes would be allocated on a situs basis or treated as pass through to the local community (e.g., the Multnomah County Business Income Tax). Wyoming wind tax will be system allocated using the SG5A factor consistent with the proposed allocation of the underlying resource.

Property taxes will be allocated based on gross plant using a Gross Plant System ("GPS") factor, defined in Appendix C to the 2026 Protocol.[10] State taxes enacted as a replacement for property taxes, such as the Idaho Kilowatt Hour tax, will be considered the same as property tax and allocated on the GPS factor. Generation and fuel-related taxes or royalties, other than those associated with a carbon or greenhouse gas pricing program will

[9] Exhibit RMP___(RTL-1) at 20-22; Exhibit RMP___(RTL-1) at 40.
[10] Exhibit RMP___(RTL-1) at 37-38

follow the allocation of the underlying resource costs. Other taxes such as payroll taxes are embedded in the cost of expense or capital. Balances associated with the Trojan decommissioning will continue to be allocated using the Trojan decommissioning factor.

XII. CONCLUSION

Q. What action do you recommend the Commission take with respect to the 2026 Protocol application?

A. I recommend that the Commission find that the 2026 Protocol is in the public interest and request that the Commission approve the application including all the terms and conditions of the 2026 Protocol in its order in this proceeding.

Q. Does this conclude your direct testimony?

A. Yes.