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

I. INTRODUCTION AND QUALIFICATIONS

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

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

Q. Please describe your education and professional experience.

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

Q. Have you testified in previous regulatory proceedings?

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

II. PURPOSE OF TESTIMONY

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

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

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

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

Q. Please provide a summary of your direct testimony.

A. In summary, I describe how the PPA Term Sheet, the Transmission Plan, and the BAA Term Sheet support the Agreement to create a smooth transfer of the service area from PacifiCorp to Gem. The PPA Term Sheet is a precursor to what will be the executed 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.

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

III. THE PPA TERM SHEET

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

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

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

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

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

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

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

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

Q. What is the duration of the Bridge PPA?

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

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

A. As I discuss further below, [redacted] before the end of the initial [redacted] Consequently, if Gem exercises the extension option, [redacted] associated with the Bridge PPA.

Q. What energy product does the Bridge PPA provide?

A. Under the PPA Term Sheet, [redacted] The energy delivered under the Bridge PPA offsets the difference in energy from system generation resources allocated to Washington under the Washington 2026 Protocol and the resources conveyed under the Agreement.

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

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

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

A. This was achieved by creating two subsets of energy profiles: a PCORC energy profile and a Gem energy profile. The PCORC energy profile was calculated by multiplying each resource's hourly generation profile by the generation allocation factors under the 2026 Washington Protocol, which the Washington Commission approved. The Gem 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).

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

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

[redacted] that Gem selects. This means that for the [redacted]

Q. Why did you use the Washington 2026 Protocol to determine the [redacted]?

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

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

A. [redacted]

Q. What is the energy price?

A. [redacted]

Q. What is the capacity price?

A. The capacity component complements the energy deliveries by committing reliable capacity during peak periods. [redacted] This capacity payment helps to offset the difference in revenue requirement increase due to reallocation of resources among the remaining five states. [redacted]

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

A. [redacted]

[redacted] ensures transparent and fair compensation for energy damages.

Q. [redacted]

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

Q. Does the PPA Term Sheet include RECs?

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

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

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

A. Using the same methodology, described above, that was used to determine the [redacted] This method is intended to keep both Washington customers and Utah customers whole during the PPA compared to the RECs each state would be allocated absent the Service Area Transfer.

IV. TRANSMISSION PLAN

Q. Why does the Agreement include a Transmission Plan?

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

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

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

Second, Gem will receive transmission rights on PacifiCorp's transmission system. This includes transmission rights from Mid-Columbia ("Mid-C")-to-Walla Walla and temporary transmission rights between Walla Walla and Wallula while that line is being upgraded.

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

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

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

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

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

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

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

V. BAA TERM SHEET

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

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

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

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

Q. What balancing authority services will PacifiCorp provide?

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

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

VI. RESOURCE ADEQUACY IMPACTS ASSOCIATED WITH THE BRIDGE PPA

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

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

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

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

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

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

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

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

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

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

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

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

[redacted]

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

A. The Service Area Transfer immediately results in [redacted], deferring need for additional firm capacity resources. After the term of the PPA expires, [redacted] To calculate the capacity value of the additional system length I used the cost of a battery with a capacity contribution value of 85.10 percent.[6] The new system length of [redacted], is the equivalent to energy storage resource capacity of [redacted][7] To value this length I used an estimated price of a utility scale battery of [redacted], adjusted for an estimated energy arbitrage value of [redacted].[8] The annual resource adequacy or capacity benefit is estimated by multiplying the new system length by the cost of the battery less the energy arbitrage value.[9] This is done [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]

VII. RELIABILITY IN THE PACW BAA ASSOCIATED WITH THE AGREEMENT

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

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

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

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

2. Dynamic transmission capacity between PACE and PACW

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

3. Hermiston

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

VIII. CONCLUSION

Q. What is your recommendation for the Commission?

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

Q. Does this conclude your direct testimony?

A. Yes.