

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY

Respondent.

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DOCKET UE-210829

**CROSS-EXAMINATION EXHIBIT OF MATTHEW D. MCVEE  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT MDM-\_\_X**

*News from the States*, August 21, 2024, “Lawmakers want RMP to restructure its rate system and split PacifiCorp”

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# Lawmakers want RMP to restructure its rate system and split PacifiCorp

ENVIRONMENT, GOV & POLITICS | Aug 21, 2024 | 7:24 pm ET | By Alixel Cabrera

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The Huntington coal-fired power plant, operated by PacifiCorp, is pictured in Emery County on Wednesday, July 31, 2024. (Photo by Spenser Heaps for Utah News Dispatch)

After a 30.5% rate increase proposal from Rocky Mountain Power, the Utah Legislature wants the utility to restructure its rate system to avoid bearing costs from other states, and maybe split PacifiCorp, its parent company, forming a consortium of states with similar policies.

PacifiCorp has two subsidiaries: Rocky Mountain Power, which serves Utah, Idaho and Wyoming; and Pacific Power, which serves California, Oregon and Washington. The Utah legislature hopes that separation becomes more official, limiting the collaboration between the six states.

“The Legislature would like you to take a look at the potential of separating PacifiCorp, maybe, let the Northwest, the coast, do their thing, (and) bring Idaho, Wyoming and Utah into a consortium,” Rep. Carl R. Albrecht, R-Richfield told Rocky Mountain executives Wednesday afternoon. “Policy wise, it makes better sense for Utah.”

There has been a lot of “push and pull” on policy in the states that Rocky Mountain Power serves, said Natural Resources, Agriculture, and Environment Interim Committee chair Sen. Scott Sandall, R-Tremonton, at an earlier meeting on Wednesday. Utah residents would be best represented in a different structure, he said.

“We would ask you, PacifiCorp, Rocky Mountain Power, to come up with a scenario where a different structure could be envisioned going forward, where Utah would maybe combine with states who have policy objectives the same as we do,” Sandall said.

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The report the committee asked from Rocky Mountain Power is due in November, and lawmakers would like the utility to examine policy alignments, investment, financial strength and wildfire costs to come up with a new rate structure. Some also asked Rocky Mountain Power’s shareholders to take up some of the burden of the rate increase that was proposed.

The utility could certainly produce a high-level report by November, Dick Garlish, president of Rocky Mountain Power told the committee. However, restructuring will need to be discussed at length, because the six state system “has a lot of entanglements.” And that could be a 20-month process.

“It is going to be an exercise looking at what are the costs and the benefits and the burdens, and how they would look in a different structure, because there are costs associated with restructuring, and that would have an effect, potentially on rates,” Garlish said.

Other questions that need to be addressed are whether a restructuring would help with reliability and affordability, and what it would mean for investment, meeting demands for existing and new power load, and the financial stability of a new entity.

Also, add to the cost analysis what Utah would lose without the collaboration, Garlish said.

Because PacifiCorp works as an integrated six-state system, Garlish said, “it provides benefits to Utah customers, because we can take advantage of the diversity of loads and resources and our facilities.”

Advocates, including Logan Mitchell, a climate scientist and energy analyst at Utah Clean Energy, raised concerns over breaking up PacifiCorp, arguing that a utility with a large regional footprint can take better advantage of diverse renewable resources, which protects customers from rising fuel costs.

“Sun shining in Utah and wind blowing in Wyoming or Oregon ensure reliability while making full use of renewable energy with zero fuel costs,” Mitchell wrote in an email. “Breaking up PacifiCorp puts that at risk and would likely make it harder for Utah to sell energy to neighboring states.”

## **Fuel prices caused increase**

Rocky Mountain Power applied for the 30.5% rate increase to the Public Service Commission in late June, citing increased costs of fuel and wholesale power, tied with ongoing new electric transmission and generation projects.

The case is still under review, but if the utility succeeds, the hike would be done in two installments. An initial part of it would go into effect on Feb. 23, 2025 and the rest on Jan. 1, 2026. The full rate increase would represent an additional average of \$24.12 per month for residential customers in the state.

The request to split from PacifiCorp and revisit its rate structure comes after Utah Republican lawmakers drafted substantial bills during the 2024 legislative session to shape the state’s energy policy, prioritizing the preservation of the state’s resources – such as fossil fuels – while they look at how cleaner energy technologies evolve.

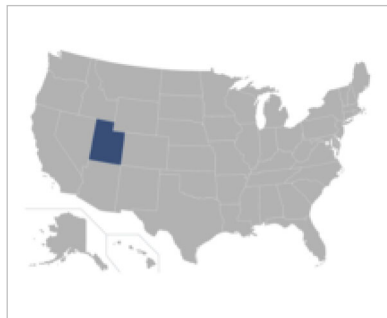
The Legislature has warned that if Utah were to follow the footsteps of blue states, such as California and Oregon, which have pursued clean energy strategies more aggressively, electricity prices in the state would soar and the grid would become more unreliable.

However, in this discussion, lawmakers grilled Garlish, questioning whether this rate increase was due to wildfires in California and Oregon, which Garlish denied, stating that “to say that our insurance went up because we had a fire in Oregon, isn’t accurate. The entire insurance market across the western United States for (investor-owned utilities) and co-ops has exploded.”

“The other side of the coin is we don’t want to be responsible for poor policies that Washington, Oregon and California did not implement to control fire,” Albrecht said. “And I think the Utah ratepayers shouldn’t suffer because of poor policies made in those states.”

To questions over whether their aggressive intent to transition to renewables took Utah utility prices up, Garlish said that the rate case will not take into account which energy policies are best.

“(The increases) are really driven by the inflationary pressures, increased insurance costs, and the investments made in transmission (and) generation that we think are going to benefit Utah customers in the long term,” Garlish said.



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