

Exh. RTL-2
Docket UE-25____
Witness: Rick T. Link

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-25____

**PACIFICORP
EXHIBIT OF RICK T. LINK**

Washington 2026 Protocol

April 2025

The Washington 2026 Protocol

Introduction

PacifiCorp d/b/a Pacific Power and Light Company (PacifiCorp or Company) proposes this cost allocation protocol to address the imminent removal of coal resources from Washington rates, as required by Washington's Clean Energy Transformation Act (CETA), and the reallocation of existing resources using fixed allocation factors.

Background

PacifiCorp is a multi-jurisdictional electric utility that provides services in six states (California, Idaho, Oregon, Utah, Wyoming, and Washington). Currently, Washington uses the Washington Inter-Jurisdictional Allocation Methodology (WIJAM) for determining which costs are eligible for recovery in rates from customers in PacifiCorp's Washington service area.¹

In the context of inter-jurisdictional cost allocation, the Washington Utilities and Transportation Commission (Commission) will consider a resource to be *used and useful* to Washington customers² if the resource “provides *quantifiable direct or indirect benefits to Washington [ratepayers] commensurate with its costs.*”³ To modify a cost allocation methodology, “any changes should be considered in the context of an overall review of that methodology.”⁴ Additionally, Parties must demonstrate that “any changes proposed more closely aligns with the allocation of costs based on causation[.]”⁵ Finally, “the party advocating for the change must make a detailed and persuasive showing demonstrating that the proposed change is appropriate.”⁶

Terms of the Protocol

- 1. Implementation.** The Washington 2026 Protocol includes modifications to the WIJAM subject to approval by the Commission, including the implementation of fixed factors, removal of coal resources, and the situs allocation of the Chehalis generating facility among other changes. The Washington 2026 Protocol will be implemented in two phases. The Washington 2026 Protocol is part of the larger integrated transition to the 2026 Protocol for all the states in which PacifiCorp serves customers and represents the first step of Phase 1. Phase 2 will involve the introduction of fixed allocation factors in other states, a possible reconciliation of new issues that may arise as other states review implementation of the 2026 Protocol in their jurisdictions, the use of market settlements and locational marginal pricing to track net power costs, and potential review of transmission allocations.

¹ Prior to the WIJAM methodology being approved in Docket No. UE-191024, PacifiCorp had used the Western Control Area methodology, which was approved in Docket No. UE-061546.

² See RCW 80.04.250.

³ Docket No. UE-050684, Order 04 ¶ 68.

⁴ Docket No. UE-130043, Order 05 ¶ 92–94.

⁵ *Id.*

⁶ *Id.*

2. **Prudence.** The proposed allocation of a particular expense or investment under the Washington 2026 Protocol is not intended to and will not prejudice, or prevent any party from taking a position on the prudence of those costs or the extent to which any particular cost may be reflected in rates. Nothing in the Washington 2026 Protocol is intended to abrogate the Commission's right or obligation to: (1) determine fair, just, and reasonable rates based upon applicable laws and the record established in rate proceedings conducted by the 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 to different customers or customer classes.
3. **System Transmission.** All existing system transmission costs and benefits will continue to be allocated using the System Generation (SG) factor as specified in Attachment 1.
4. **Existing Resources.** Existing resources will be allocated using the Fixed SG-Factor (SG-F) as identified below.

4.1. Existing Non-Emitting Resources.⁷ The allocation factors for non-emitting resources that are not qualifying facilities as defined under the Public Utility Regulatory Policies Act are as follows:

	Allocation Factor
Rolling Hills Wind (SG-FR)	34.873%
Existing Non-emitting Resources (SG-F)	7.897%

4.2. Existing Natural Gas Resources. The Hermiston natural gas plant will be removed from Washington rates. Washington will be allocated the following natural gas resources using the fixed factors identified below:

	Allocation Factor
Chehalis	100%
Jim Bridger 1 (SG-F)	7.897%
Jim Bridger 2 (SG-F)	7.897%

5. **Existing and Future Qualifying Facilities.** The costs and benefits of existing Washington power purchase agreements for Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act, will continue to be situs assigned to Washington.
6. **Existing Coal Resources.** Consistent with RCW 19.405.030, PacifiCorp will remove from Washington rates all operating costs and benefits associated with Bridger Units 3-4 and Colstrip Unit 4 on December 31, 2025.

⁷ Existing Resources are non-emitting resources that have been system allocated and in-service before January 1, 2027 and included in the 2025 PCORC.

7. **New Resources.** New Resources, that are not qualifying facilities as defined under the Public Utility Regulatory Policies Act, acquired for Washington after April 1, 2025, will be assigned on a situs basis to Washington unless circumstances justify a cost-sharing proposal with other states. If circumstances allow, then PacifiCorp may propose an alternative allocation at or before a prudence review occurs for a new resource.
8. **Net Power Costs.** Forecasted net power costs for ratemaking purposes will be allocated consistent with Sections 3,4,5,6, and 7. Additionally, Washington customers will receive all direct and indirect benefits associated with their proportional system-allocated share of existing transmission, including Western Energy Imbalance Market and Extended Day-Ahead Market benefits.
 - 8.1. PacifiCorp's energy supply management's risk management policy will be modified to create a separate book for Washington. The risk management policy will create limits to address resource adequacy and price volatility based on the Washington load and resources. Purchases made in the Washington book in accordance with the risk management policy will be situs assigned to Washington.
 - 8.2. **Actual Net Power Costs.** Actual net power costs for ratemaking purposes will include only the generation resources and situs assigned purchases in section 7.1 that are included in Washington rates.
9. **System Overhead (2026 SO Factor).** Costs that support more than one function, such as generation, transmission, or distribution plant, will continue to be allocated on the System Overhead (SO) Factor but will be calculated based on an equal one-third weighting of the System Capacity (SC) Factor, System Energy Factor, and System Gross Plant Distribution (SGPD) Factor as identified in the 2020 Protocol as the Post-Interim SO Factor.
 - 9.1. PacifiCorp will propose a mechanism to manage the Company's excess liability insurance costs and separately address the inter-jurisdictional allocation of these costs in that filing.
10. **Decommissioning Costs of Coal-Fired Resource Being Removed from Washington Rates.** Washington will continue to be allocated ongoing and expected decommissioning expenses for a WIJAM/WCA share of Jim Bridger Units 3-4 and Colstrip Unit 4 consistent with the previous terms of the WIJAM.
11. **Decommissioning Costs of Gas-Fired Resources for Washington.** PacifiCorp will address the decommissioning costs of gas-fired resources that have been removed from or reassigned to Washington in a future rate proceeding or through Phase 2 of the cost allocation process.
12. This Protocol proposes modifications to the WIJAM, which serves as the basis for allocating costs in Washington. PacifiCorp will allocate costs based on the WIJAM and

the preceding WCA subject to the modifications in this Washington 2026 Protocol for ratemaking purposes in Washington unless a different cost allocation method is approved by the Commission.

- 13.** Attachment 1 contains updated allocation factors that reflect the changes necessary to implement the Washington 2026 Protocol in this 2025 Washington power cost only rate case (PCORC). Allocation factors will default to the approved WIJAM allocation factors if they are not specifically contained in Attachment 1. Attachment 1 may be updated again when PacifiCorp files its next General Rate Case to revise the factors to reflect the implementation of this Protocol as described in Section 1.

ATTACHMENT 1

Any account/factor combo that does not show up in this table is not part of the proposed changes in the Washington 2026 Protocol and default back to the WIJAM approved allocations

FERC ACCOUNT	DESCRIPTION	WIJAM	Modified Factors
447NPC	Sales for Resale-NPC	SG SE	SG-F SG-F
Steam Power Generation 500, 502, 504-514	Steam Plant O&M Colstrip 4 JB 1&2 JB 3&4	CAGW JBG JBG	System - Non-WA SG-F System - Non-WA
501	Fuel Related Colstrip 4 JB 1&2 JB 3&4	SE CAGW JBE JBG	SG-F System - Non-WA SG-F System - Non-WA
501NPC	Fuel Related Colstrip 4 JB 1&2 JB 3&4	CAEW JBE JBG	System - Non-WA SG-F System - Non-WA
503NPC	Steam From Other Sources	SE	SG-F
Hydraulic Power Generation 535 - 454	Hydro Plant O&M	SG	SG-F
Solar Power Generation 558	Solar Plant O&M	S	Situs
Wind Power Generation 558	Wind Plant O&M	SG	SG-F
Renewable Generation 559	Renewable Plant O&M Geothermal	SG	SG-F
Other Power Generation 546, 548-554	Other Production Plant O&M Chehalis Hermiston	CAGW CAGW	Situs - WA Situs - Non-WA
547NPC	Fuel-NPC Chehalis Hermiston	JBG CAGW CAGW	SG-F Situs - WA Situs - Non-WA
Other Power Supply 555NPC	Purchased Power-NPC	SG SE	SG-F SG-F
556	System Control & Load Dispatch	SG	SG-F
557	Other Expenses	SG SO	SG-F SO

FERC ACCOUNT	DESCRIPTION	WIJAM	Modified Factors
565NPC	Transmission of Electricity by Others-NPC	SG SE	SG-F SG-F
<u>Depreciation Expense</u>			
403SP	Steam Depreciation Colstrip 4 JB 1&2 JB 3&4	CAGW JBG JBG	System - Non-WA SG-F System - Non-WA
403HP	Hydro Depreciation	SG	SG-F
403OP	Other Production Depreciation Chehalis Hermiston	CAGW CAGW	Situs - WA Situs - Non-WA
403XP	Solar Production Depreciation	S	Situs
403WP	Wind Production Depreciation Wind - Except Rolling Hills Rolling Hills Wind	SG SG	SG-F SG-FR
403RP	Renewable Production Depreciation Geothermal	SG	SG-F
<u>Amortization Expense</u>			
404HP	Amortization of Other Electric Plant	SG	SG-F
<u>Deferred Income Taxes</u>			
41110	Deferred Income Tax - Federal-CR Production JB 1&2 JB 3&4 Colstrip 4 Chehalis Hermiston Rolling Hills Wind	SG SO JBG JBG CAGW CAGW CAGW SG	SG-F SO SG-F System - Non-WA System - Non-WA Situs - WA Situs - Non-WA SG-FR
<u>Adjustments to Calculated Tax:</u>			
40910		SO	SO
40910		SG	SG-F
<u>Steam Production Plant</u>			
310 - 316	Steam Plant Colstrip 4 JB 1&2 JB 3&4	CAGW JBG JBG	System - Non-WA SG-F System - Non-WA
<u>Hydraulic Plant</u>			
330 - 336	Hydro Plant	SG	SG-F
<u>Solar Production Plant</u>			
338	Solar Plant	S	Situs
<u>Wind Production Plant</u>			
338	Wind Plant Wind - Except Rolling Hills Rolling Hills Wind	SG SG	SG-F SG-FR

FERC ACCOUNT	DESCRIPTION	WIJAM	Modified Factors
<u>Renewable Production Plant</u>			
339	Renewable Plant Geothermal	SG	SG-F
<u>Other Production Plant</u>			
340-346	Other Production Plant Chehalis Hermiston	CAGW CAGW	Situs - WA Situs/System-Non-WA
<u>Unclassified Production Plant</u>			
106.3	Unclassified Production Plant	SG	SG-F
<u>General Plant</u>			
389 - 398	General Plant	SO	SO
<u>Total Rate Base Additions</u>			
22841	Accum Misc Oper Provisions - Other	CAGW	Situs - WA
282	Accumulated Deferred Income Taxes Production JB 1&2 JB 3&4 Colstrip 4 Chehalis Hermiston Rolling Hills Wind	SG SO JBG JBG CAGW CAGW CAGW SG	SG-F SO SG-F System - Non-WA System - Non-WA Situs - WA Situs - Non-WA SG-FR
<u>Production Plant Accumulated Depreciation</u>			
108SP	Steam Prod Plant Accumulated Depr Colstrip 4 JB 1&2 JB 3&4	CAGW JBG JBG	System - Non-WA SG-F System - Non-WA
108HP	Hydraulic Prod Plant Accum Depr	SG	SG-F
108XP	Solar Plant - Accumulated Depr	S	Situs
108WP	Wind Plant - Accumulated Depr Wind - Except Rolling Hills Rolling Hills Wind	SG SG	SG-F SG-FR
108RP	Renewable Plant - Accumulated Depr Geothermal	SG	SG-F
108OP	Other Production Plant - Accum Depr Chehalis Hermiston	CAGW CAGW	Situs - WA Situs/System-Non-WA
<u>General Plant Accumulated Depreciation</u>			
108GP	General Plant Accumulated Depr	SO	SO
<u>Accumulated Provision for Amortization</u>			
111GP	Accum Prov for Amort-General	SO	SO
111HP	Accum Prov for Amort-Hydro	SG	SG-F
111IP	Accum Prov for Amort-Intangible Plant	SO	SO