

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1050

In the Matter of

PACIFICORP, dba PACIFIC POWER,

ORDER

Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol.

DISPOSITION: 2020 PROTOCOL ADOPTED

**I. INTRODUCTION**

PacifiCorp, dba Pacific Power, seeks approval of its 2020 Inter-Jurisdictional Allocation Protocol (2020 Protocol) to update the company's inter-jurisdictional allocation methodology. The Oregon signatories to the 2020 Protocol—PacifiCorp, Commission Staff, the Oregon Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC), and the Sierra Club (the Oregon Stipulating Parties)—filed a stipulation and joint testimony requesting we adopt the stipulation and approve the 2020 Protocol, specifically sections 3 and 4.<sup>1</sup> Small Business Utility Advocates (SBUA) filed an objection to the Oregon Stipulation on January 14, 2020. On January 21, 2020 the Oregon Stipulating Parties moved for leave to respond to the SBUA objection, and filed a response. In this order, we adopt the stipulation, approve Sections 3 and 4 of the 2020 Protocol as filed, reject SBUA's objection, and grant the Oregon Stipulating Parties' request for leave to respond to the objection.

**II. BACKGROUND**

This docket is our long-standing and ongoing proceeding for PacifiCorp's multi-state allocation methodology.<sup>2</sup> PacifiCorp's allocation protocols are used in regulatory proceedings to determine how PacifiCorp's system costs are allocated among the utility's

<sup>1</sup> We refer to the "Oregon Stipulation" and "Oregon Stipulating Parties" to avoid confusion with the larger 2020 Protocol document and 2020 Protocol signatories.

<sup>2</sup> Order No. 02-193 (Mar 26, 2002) (the order initiating this docket identified three goals for the MSP: (1) allow PacifiCorp an opportunity to recover its prudently incurred costs, (2) ensure that Oregon's share of costs is equitable, and (3) meet the public interest standard).

service territories in six states (Utah, Oregon, Idaho, Wyoming, Washington, and California). The protocols allocate PacifiCorp's costs, which are then subject to our review.

On December 3, 2019, PacifiCorp filed the 2020 Protocol with supporting testimony. The 2020 Protocol is PacifiCorp's fifth multi-state allocation agreement.<sup>3</sup> The 2020 Protocol prescribes an allocation methodology for all components of PacifiCorp's service. It has been signed by PacifiCorp and 22 other parties from five states, and is subject to review by state commissions in each of PacifiCorp's six states. The agreement contains a calculation methodology to determine what percentage of PacifiCorp's system costs are assigned to individual states and subject to state commission review in regulatory proceedings such as general rate cases and net power cost cases.

Seven Oregon stakeholders have intervened in this proceeding over the last decade. For this cycle of PacifiCorp's allocation agreement, four Oregon parties signed the 2020 Protocol itself, and these parties and PacifiCorp separately memorialized their agreement in a stipulation with supporting testimony.

The Oregon Stipulation states that the parties support approval of the 2020 Protocol as the basis for allocating all components of PacifiCorp's regulated service for the purpose of establishing just and reasonable rates in Oregon during the term of the 2020 Protocol.<sup>4</sup> The Oregon Stipulation further states that the 2020 Protocol governs inter-jurisdictional allocation issues only, and that we remain responsible for establishing just and reasonable rates for PacifiCorp's Oregon customers. The Oregon Stipulating Parties request that we approve the Oregon Stipulation and 2020 Protocol as filed.

SBUA argues that the Commission should not issue an order approving the Oregon Stipulation at this time and suggests an evidentiary hearing may be appropriate prior to consideration of the 2020 Protocol and the Oregon Stipulation. The Oregon Stipulating Parties request an opportunity to respond to SBUA's objection. They argue that the objection fails to identify any substantive deficiency in the 2020 Protocol, and mischaracterizes the Oregon Stipulation.

### III. DISCUSSION

We review the terms of any stipulation for reasonableness and accord with the public interest.<sup>5</sup> The Oregon Stipulating Parties request that we adopt the Oregon Stipulation

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<sup>3</sup> See Orders No. Order No. 05-021 (Jan 12, 2005); Order No. 11-244 (Jul 5, 2011); Order No. 16-319 (Aug 23, 2016); Order No. 17-124 (Mar 29, 2017) (all in Docket UM 1050).

<sup>4</sup> Oregon Stipulation at 2 (Dec 30, 2019).

<sup>5</sup> *In re PacifiCorp, Transition Adjustment, Five-Year Cost of Service Opt-out*, Docket UE 267, Order No. 15-060 at 4 (Feb 24, 2015) ("we clarify that we do not defer to, and are not bound by the terms of *any* stipulation. Although we encourage parties to resolve disputes informally, we must review the terms of any

and approve sections 3 and 4 of the 2020 Protocol for use in PacifiCorp regulatory proceedings through 2023.<sup>6</sup> In this order, we adopt the Oregon Stipulation as filed, approve sections 3 and 4 of the 2020 Protocol, and explain our overall approach to reviewing the 2020 Protocol.

We reject SBUA's objection. Our approval represents that the Company's general allocation framework, supported by the Oregon Stipulating Parties, is reasonable. Our approval does not set rates, determine prudence, or bind future Commissions. We agree with SBUA that a much more substantial and thorough evidentiary review will be necessary to examine whether or not application of the 2020 Protocol is appropriate in any particular circumstance, and we intend to pursue such an examination in future dockets whenever application of the protocol will produce rate impacts for customers.

SBUA's objection does not substantively analyze the proposal or raise any specific disagreement with its provisions. We would expect an objection to identify some substantive elements in the filing or testimony as the focus of more process. Instead, SBUA raises no substantive issues and presents concerns that are wholly based on the process we should use to set rates. These process concerns are not sufficient grounds for rejecting the Oregon Stipulation in this instance, because adopting the Oregon Stipulation and approving the 2020 Protocol does not set rates. As the Oregon Stipulating Parties note, "...the 2020 Protocol does not bind and cannot be used to prohibit arguments that the 2020 Protocol no longer produces results that are just, reasonable, or in the public interest."<sup>7</sup> With no other substantive grounds presented for rejecting the Oregon Stipulation or the framework presented in the 2020 Protocol, we reject SBUA's objection.

We approach the 2020 Protocol with the foundational principle that we value agreement among PacifiCorp's states in the context of an allocation agreement. We first stated this principle fifteen years ago,<sup>8</sup> and have relied on the parties' consensus in approving previous protocols. In this proceeding, the parties emphasize that the 2020 Protocol is a negotiated agreement, resulting from nearly three years of discussions in PacifiCorp's multi-state process (MSP). The document itself is signed by diverse and varied stakeholders from Oregon, Utah, Wyoming, Idaho, and Washington. The Oregon

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stipulation for reasonableness and accord with the public interest. We also affirm that, as set out in OAR 860-001-0350, we may adopt or reject a stipulation in its entirety, or adopt it with modifications to its terms.").

<sup>6</sup> Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullings, Hausman/9, 11.

<sup>7</sup> Oregon Stipulating Parties Motion for Leave to Respond and Response to the Small Business Utility Advocates' Objection to the Stipulation at 6 (Jan 21, 2020).

<sup>8</sup> Order No. 05-021 at 7 ("We believe that there are benefits to an agreement among all of the states.").

Stipulating Parties state that throughout the negotiations, PacifiCorp provided studies, analysis and other information in response to requests for information.

The 2020 Protocol makes limited changes to the currently-effective 2017 Protocol which we have used for PacifiCorp's regulatory filings in Oregon for the last three years.<sup>9</sup> Below we analyze some specific modifications to the 2017 Protocol, referred to as "Implemented Issues."

The remainder of this order focuses on our approval of the "Implemented Issues" in sections 3 and 4 of the 2020 Protocol. Our record for evaluating the Implemented Issues consists only of the 2020 Protocol itself, the Oregon Stipulation, and the two sets of narrative supporting testimony. We focus on sections 3 and 4 of the 2020 Protocol because these are the sections that will be implemented in the near term and which can be evaluated based on the narrative testimony in our record.

The 2020 Protocol contains significant detail on numerous other issues, with signatory agreement on parts of a future allocation framework (Resolved Issues) and a framework for stakeholders to have future discussions on more difficult, unresolved issues (Framework Issues). We comment briefly on certain of these issues in order to inform future discussion among the Oregon Parties and the signatories. However, we do not reach a decision on these issues in this order, either because we have no record to evaluate them, or because they are merely identified in the 2020 Protocol as issues that will be addressed in a future agreement,<sup>10</sup> and consequently will be reviewed by a future Commission.<sup>11</sup>

## **A. Section 3 of the 2020 Protocol**

### **1. Description of Key Terms**

Section 3 contains the allocation method for the interim period, effective immediately and terminating no later than December 31, 2023.<sup>12</sup> The Oregon Stipulating Parties

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<sup>9</sup> Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/10 ("The 2020 Protocol includes substantially similar terms as the 2017 Protocol.").

<sup>10</sup> Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/8-9 ("The resolved issues are part of a future post-interim period method agreement. No party to the 2020 Protocol is committed to such an agreement until all aspects can be reviewed in their entirety. Only if and when a post-interim period method is reached, will the parties to such a future agreement seek Commission approval. Nothing in this filing, or the 2020 Protocol, prejudices that subsequent filing.").

<sup>11</sup> See e.g., *In the Matter of Public Utility Commission of Oregon, Investigation of the Oregon Universal Service Fund*, Docket No. UM 1481, Order No. 15-365 (Nov 12, 2015) (The Commission declined to adopt portions of a stipulation with specific disbursement levels that would apply six years later, stating "as a quasi-legislative body, we have no authority to bind this Commission on such future decisions.").

<sup>12</sup> Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/6, n.7.



characterize this section as largely extending the 2017 Protocol, subject to the modifications listed.

The 2020 Protocol modifies two financial terms from the 2017 Protocol. First, it discontinues a charge from the 2017 Protocol referred to as the “equalization adjustment.”<sup>13</sup> Second, it removes the “floor” or minimum on Oregon’s dynamic embedded cost differential (ECD or hydro endowment), which is a credit to Oregon, and includes a cap of \$11 million.<sup>14</sup>

The 2020 Protocol also changes the treatment of Qualifying Facilities (QFs) so that future QF contracts are the responsibility of the state approving them. The treatment is outlined in Section 4.4 of the protocol.

Otherwise, the 2020 Protocol maintains the status quo allocation, with existing and new generation and transmission resources (online before 2024) treated as system resources and allocated to Oregon based on our use of the PacifiCorp system. Oregon’s use will continue to be measured with the System Generation (SG) factor.<sup>15</sup> PacifiCorp explains the SG factor is comprised of 75 percent demand or capacity use, and 25 percent energy use. The 75 percent demand, or capacity use, reflects the relative capacity requirements of each state based on 12 monthly coincident peaks. The 25 percent system energy use is based on weather-normalized energy for each jurisdiction.

## **2. *Commission Resolution***

We find section 3 is in the public interest as it largely maintains our current allocation methodology with the SG factor. We accept PacifiCorp’s justification that continuation of the SG factor is well-grounded in past protocols and produces an overall cost allocation result that is acceptable to all states.<sup>16</sup>

We emphasize that the 2020 Protocol does not prejudge the prudence of any cost. The Oregon Stipulating Parties explain that the 2020 Protocol does not alter our authority to

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<sup>13</sup> Order No. 17-124 at 2 (Equalization adjustment was a \$9.07 million annual charge (\$2.6 million for Oregon) representing approximately two-tenths of one percent of each state’s annual revenue requirement. The equalization adjustment was intended to reduce the shortfall the company experienced under the 2010 Protocol.).

<sup>14</sup> The ECD or hydro endowment is calculated based on the difference between the total cost of the company’s northwest hydro facilities and the cost of all other company resources in service prior to 2005. The calculation is more fully explained at PAC/200, McDougal/4.

<sup>15</sup> PAC/100, Lockey/13.

<sup>16</sup> See PAC/200, McDougal/10 (Explaining that a wide range of demand and energy classification methods could be supported on a technical basis, but the 75 percent demand / 25 percent energy method continues to be selected because it produces an overall cost allocation result that is acceptable to all the states.); PAC/101, Lockey/121 (2020 Protocol, Appendix F, stating that Washington accepts the SG allocation for its rate case for certain system transmission and non-emitting resources).

determine fair, just, and reasonable rates.<sup>17</sup> The 2020 Protocol also does not alter our authority, or the rights of the Oregon Stipulating Parties,<sup>18</sup> to address changed or unforeseen circumstances when we evaluate PacifiCorp's rates. In its objection, SBUA suggests that a hearing could be conducted to examine the 2020 Protocol because "setting rates which are just and reasonable [is] a crucial part of the function of the Commission."<sup>19</sup> Our order approving the 2020 Protocol does not establish or change rates for customers. The Oregon Stipulating Parties correctly explain that, when rates are set in future proceedings, the 2020 Protocol does not change our ability and responsibility to approve just and reasonable rates supported by evidence. Indeed, we note that in these future proceedings we expect parties to develop robust records that the Commission will carefully examine.

## **B. Section 4 of the 2020 Protocol**

### ***1. Description of Key Terms***

Section 4 contains the "Implemented Issues" with provisions that include states' decisions to exit coal-fueled resources, reassignment of coal-fueled resources, decommissioning costs, and treatment of QFs. PacifiCorp describes the first three issues as setting forth a process that will be used to allow states to set a date-certain for ending their participation in the costs or benefits from existing coal-fueled resources, and to allow other states to review whether to take on an additional share of the costs and benefits of coal-fueled generation.<sup>20</sup>

Regarding QFs, PacifiCorp explains that the 2020 Protocol sets forth a transitional approach for allocating the costs of QFs to the state where the QFs are approved, with full situs-allocation of QFs beginning in 2029. During the transitional period, QFs with executed contracts or legally enforceable obligations as of December 31, 2019, will continue to be system allocated.<sup>21</sup> For QFs that have executed contracts or legally enforceable obligations that arise after December 31, 2019, their costs will be system allocated based on a forecasted reasonable energy price, and any costs above that reasonable energy price will be situs assigned to the state approving the QF contract.

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<sup>17</sup> PAC/101, Lockey/6 (2020 Protocol at Section 1 states "The proposed allocation of a particular expense or investment to a State under the 2020 Protocol is not intended to and will not prejudice the prudence of that cost or the extent to which any particular cost may be reflected in rates.").

<sup>18</sup> *Id.* (2020 Protocol at Section 1 states "Parties support the 2020 Protocol, but their support will not, in any manner, affect or negate their right to address changed or unforeseen circumstances, including changes in laws or regulations.").

<sup>19</sup> SBUA Objection to the Stipulation (Jan 14, 2020).

<sup>20</sup> PAC/100, Lockey/15.

<sup>21</sup> The 2020 Protocol calls for the costs of these projects to then be situs assigned after the end of 2029.

## 2. *Commission Resolution*

We noted in approving the 2017 Protocol that “Oregon will be facing new and unique allocation issues due to the passage of SB 1547 which, in part, requires the removal of coal resources from Oregon rates by 2030.”<sup>22</sup> The 2020 Protocol provides a reasonable path for us to meet the 2030 deadline established in SB 1547.<sup>23</sup> We approve the general concept in the 2020 Protocol whereby we will issue an “exit order” that will set an end-date for Oregon’s allocation of the costs and benefits of each coal-fueled plant. We believe the process set out in the 2020 Protocol gives PacifiCorp sufficient notice regarding exits, to ensure that appropriate ratemaking treatment can be accomplished in Oregon and other states.

We have some uncertainty about the specific sequence and dates listed in the 2020 Protocol because we do not have a record in this proceeding to evaluate those specific dates, and will need to engage in detailed review in a separate proceeding to establish appropriate Oregon exit dates. We similarly will evaluate the years for depreciable lives when PacifiCorp presents a record for those dates in a separate proceeding. We recognize that the Oregon Stipulating Parties have committed among themselves to support the exit dates listed in the 2020 Protocol. We will require an evidentiary record that makes a strong case for the exit dates we ultimately adopt, and we expect that such a record will need to at least evaluate why the dates established in the 2020 Protocol are more appropriate than other Oregon exit dates.

Accordingly, we clarify that we expect the development of a record in future proceedings that supports the exit dates detailed, and we expect that the Oregon Stipulating Parties (and other parties to our proceedings) will work with the Commission to develop that record so that our decisions are informed by robust analysis and calculated to result in just and reasonable rates. We again emphasize that approval of the 2020 Protocol does not pre-determine prudence or reasonableness of costs in ratemaking, or pre-determine closure dates for coal-fueled resources.<sup>24</sup>

We approve the 2020 Protocol’s provision that will transition above-market QF costs to the state responsible for those rates. We approved a similar concept in the 2017 Protocol, which allowed for situs assignment of costs above what the company would have otherwise incurred for a comparable resource.<sup>25</sup> We similarly approve the 2020 Protocol, which contains a more explicit description of the generic energy price that new QFs will

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<sup>22</sup> Order No. 16-319 at 6.

<sup>23</sup> ORS 757.518(2) (2019) (“On or before January 1, 2030, an electric company shall eliminate coal-fired resources from its allocation of electricity.”).

<sup>24</sup> Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/8.

<sup>25</sup> PacifiCorp’s Direct Testimony in Support of the 2017 Protocol, PAC/100, Dalley/14 (Dec 30, 2015).

be compared to (describing it as a market price with a weighting applied for each market hub by month, and heavy and light load hours).<sup>26</sup>

### **C. Discussion of Framework and Resolved Issues**

There are many important concepts in the Framework and Resolved Issues that we do not address in this order, but we briefly touch on the Nodal Pricing Model (NPM) to emphasize the high level of transparency we expect to see with a nodal pricing proposal. The 2020 Protocol contains the parties' Memorandum of Understanding supporting the company's pursuit of a NPM. The NPM is described as a method for pricing electricity that is based on the marginal cost (\$/MWh) of serving the next increment of demand at a given pricing node consistent with existing transmission constraints and the performance characteristics of resources.<sup>27</sup> PacifiCorp explains the purpose of pursuing this pricing regime is to allow states to pursue and be allocated the costs and benefits of different portfolios, while maintaining the benefits of system dispatch as much as practicable. PacifiCorp also concedes this is a complex issue.<sup>28</sup>

When PacifiCorp presents nodal pricing for our review, we will seek to understand how bidding, congestion and other parameters impact the cost of a resource and the "credits" applied. We ask PacifiCorp to aim for extensive transparency around how the day ahead nodal pricing is designed, with explanations of how resources will be bid into the model, how resources will win awards to run, descriptions of what conditions or decisions impact clearing prices, and how congestion occurs and can be mitigated.

We also comment briefly on how the Resolved Issues, which represent areas in which the signatories to the 2020 Protocol reached agreement on issues for future implementation, may be impacted by continuing negotiation of the Framework Issues. The manner in which the parties resolve the significant open questions represented by the Framework Issues may impact our view of the appropriate resolution of the Resolved Issues. An important example is allocation of transmission. The 2020 Protocol identifies, as a Resolved Issue, application of the 75 percent demand / 25 percent energy method for system allocation of all transmission costs. We note, however, that the Framework Issues include implementation of the NPM and discussion of state-specific resource selection in integrated resource planning (IRP), both of which could have an impact on how transmission should be allocated in a new agreement. While we acknowledge the effort that the signatories to the 2020 Protocol and the Oregon Stipulating Parties have dedicated to resolving some future issues, we encourage revisiting the Resolved Issues following resolution of the Framework Issues in order to ensure that the rationale for the agreed resolution remains robust.

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<sup>26</sup> PAC/300, Wilding/5.

<sup>27</sup> PAC/101, Lockey/74 (2020 Protocol, Appendix A, Definitions).

<sup>28</sup> PAC/100, Lockey/26.

**D. Conclusion**

We adopt the Oregon Stipulation and approve sections 3 and 4 of the 2020 Protocol. We find the Oregon Stipulation to be reasonable and consistent with the public interest. We emphasize that this determination does not bind future Commissions, particularly if circumstances change, or if evidence is later presented that leads to different conclusions. Similarly, we do not set or establish rates through approval of the 2020 Protocol. For these reasons, we grant the Oregon Stipulating Parties' motion to respond to SBUA's objection, reject SBUA's objection to the Oregon Stipulation, and decline to conduct a hearing in this docket.

**IV. ORDER**

IT IS ORDERED that:

1. The January 21, 2020 motion of the Oregon Stipulating Parties is granted.
2. The Oregon Stipulation, attached as Appendix A, is adopted.
3. Sections 3 and 4 of the 2020 Protocol, attached as Appendix B, are approved.

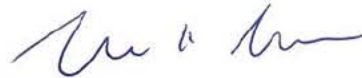
Made, entered, and effective Jan 23 2020.



**Megan W. Decker**  
Chair



**Letha Tawney**  
Commissioner



**Mark R. Thompson**  
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of  
PACIFICORP, d/b/a PACIFIC POWER,  
Petition for Approval of the 2020 Inter-  
Jurisdictional Allocation Protocol.

**STIPULATION**

1           This Stipulation addresses all the issues among PacifiCorp d/b/a Pacific Power  
2           (PacifiCorp), Public Utility Commission of Oregon (Commission) Staff, the Oregon  
3           Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC),  
4           and Sierra Club (collectively the Stipulating Parties) regarding the 2020 PacifiCorp  
5           Inter-Jurisdictional Allocation Protocol (2020 Protocol) filed in Docket No. UM 1050  
6           on December 3, 2019.

**PARTIES**

7  
8           1. The parties to this Stipulation are PacifiCorp, Staff, CUB, AWEC, and Sierra  
9           Club. All of the Stipulating Parties are signatories to the 2020 Protocol. Other Parties  
10          to this proceeding are Calpine Energy Solutions, LLC (Calpine), Northwest &  
11          Intermountain Power Producers Coalition (NIPPC), NW Energy Coalition (NWEC),  
12          Portland General Electric (PGE), and the Renewable Energy Coalition. This Stipulation  
13          is a full settlement of the issues by the Stipulating Parties.

**BACKGROUND**

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15          2. On December 3, 2019, PacifiCorp filed the 2020 Protocol, with direct  
16          testimony and exhibits from Etta Lockey, Michael G. Wilding, and Steven E.

1 McDougal. The 2020 Protocol was the result of multi-year negotiations through  
2 PacifiCorp's Multi-State Process (MSP). Docket No. UM 1050 is an ongoing  
3 investigation in which PacifiCorp submits its allocation method for Commission  
4 approval following the MSP stakeholder process.

5 3. On April 4, 2002, CUB filed its notice of intervention. On March 13, 2002,  
6 AWEC (fka Industrial Customers of Northwest Utilities) filed its petition to intervene.

7 4. On May 9, 2002, PGE filed its petition to intervene.

8 5. On October 10, 2003, NVEC filed its petition to intervene

9 6. On March 3, 2016, Calpine (fka Noble Americas Energy Solutions LLC)  
10 filed its petition to intervene.

11 7. On March 31, 2016, NIPPC filed its petition to intervene.

12 8. On February 21, 2017, Sierra Club filed its petition to intervene.

13 9. On December 10, 2019, Administrative Law Judge Nolan Moser issued a  
14 prehearing conference memorandum adopting a procedural schedule for this proceeding.

15 10. On December 16, 2019, Small Business Utility Advocates filed its petition to  
16 intervene.

17 **AGREEMENT**

18 11. The Stipulating Parties support Commission approval of the 2020 Protocol as  
19 the basis for allocating all components of PacifiCorp's regulated service for the purpose  
20 of establishing just and reasonable rates in Oregon during the term of the 2020 Protocol.

21 12. The Stipulating Parties agree that the 2020 Protocol governs inter-  
22 jurisdictional allocation issues only, and that the Commission alone remains responsible  
23 for establishing just and reasonable rates for PacifiCorp's Oregon customers.

1           13. The Stipulating Parties agree to submit this Stipulation to the Commission  
2 and request that the Commission approve the Stipulation and 2020 Protocol as filed.  
3 The Stipulating Parties agree that this Stipulation and the 2020 Protocol are in the public  
4 interest and that the allocation methodology in the 2020 Protocol will result in rates that  
5 are fair, just, and reasonable, as required by ORS 756.040.

6           14. This Stipulation will be offered into the record of this proceeding as evidence  
7 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this  
8 Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this  
9 Stipulation at any hearing before the Commission, and recommend that the Commission  
10 issue an order adopting the settlements contained herein. The Stipulating Parties also  
11 agree to cooperate in drafting and submitting joint testimony or a brief in support of the  
12 Stipulation in accordance with OAR 860-001-0350(7).

13           15. If this Stipulation is challenged, the Stipulating Parties agree that they will  
14 continue to support the Commission's adoption of the terms of this Stipulation. The  
15 Stipulating Parties agree to cooperate in cross-examination and put on such a case as  
16 they deem appropriate to respond fully to the issues presented, which may include  
17 raising issues that are incorporated in the settlements embodied in this Stipulation.

18           16. The Stipulating Parties have negotiated this Stipulation as an integrated  
19 document. If the Commission rejects all or any material part of this Stipulation or adds  
20 any material condition to any final order that is not consistent with this Stipulation, each  
21 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present  
22 evidence and argument on the record in support of the Stipulation or to withdraw from  
23 the Stipulation. To withdraw from the Stipulation, a Stipulating Party must provide



1 written notice to the Commission and other Stipulating Parties within five days of  
2 service of the final order rejecting, modifying, or conditioning this Stipulation.  
3 Stipulating Parties shall be entitled to seek rehearing or reconsideration pursuant to  
4 OAR 860-001-0720 in any manner that is consistent with the agreement embodied in  
5 this Stipulation.

6 17. By entering into this Stipulation, no Stipulating Party shall be deemed to  
7 have approved, admitted, or consented to the facts, principles, methods, or theories  
8 employed by any other Stipulating Party in arriving at the terms of this Stipulation, other  
9 than those specifically identified in the body of this Stipulation. No Stipulating Party  
10 shall be deemed to have agreed that any provision of this Stipulation is appropriate for  
11 resolving issues in any other proceeding, except as specifically identified in this  
12 Stipulation.

13 18. The Stipulating Parties agree that this Stipulation represents a compromise in  
14 the positions of the Stipulating Parties. Without the written consent of each Stipulating  
15 Party, evidence of conduct or statements, including but not limited to term sheets or  
16 other documents created solely for use in settlement conferences in this docket, are  
17 confidential and not admissible in the instant or any subsequent proceeding, unless  
18 independently discoverable or offered for other purposes allowed under ORS 40.190.

19 19. This Stipulation is not enforceable by any Stipulating Party unless and until  
20 adopted by the Commission in a final order. Each signatory to this Stipulation  
21 acknowledges that they are signing this Stipulation in good faith and that they intend to  
22 abide by the terms of this Stipulation unless and until the Stipulation is rejected or


1 adopted only in part by the Commission. The Stipulating Parties agree that the  
2 Commission has exclusive jurisdiction to enforce or modify the Stipulation.

3 20. This Stipulation may be executed in counterparts and each signed counterpart  
4 shall constitute an original document.

5 21. This Stipulation is entered into by each Stipulating Party on the date entered  
6 below such Stipulating Party's signature.

**PACIFICORP**

**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON**

By:   
Date: 12/30/19

By: \_\_\_\_\_  
Date: \_\_\_\_\_

**OREGON CITIZENS' UTILITY  
BOARD (CUB)**

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS (AWEC)**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_

**SIERRA CLUB**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

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**PACIFICORP**

**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON**

By: \_\_\_\_\_

By: 

Date: \_\_\_\_\_

Date: 12/30/19

**OREGON CITIZENS' UTILITY  
BOARD (CUB)**

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS (AWEC)**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SIERRA CLUB**

By: \_\_\_\_\_

Date: \_\_\_\_\_

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**PACIFICORP**

**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**OREGON CITIZENS' UTILITY  
BOARD (CUB)**

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS (AWEC)**

By: *Del Oates* \_\_\_\_\_

By: \_\_\_\_\_

Date: 12-30-19 \_\_\_\_\_

Date: \_\_\_\_\_

**SIERRA CLUB**

By: \_\_\_\_\_

Date: \_\_\_\_\_

1 adopted only in part by the Commission. The Stipulating Parties agree that the  
2 Commission has exclusive jurisdiction to enforce or modify the Stipulation.

3 20. This Stipulation may be executed in counterparts and each signed counterpart  
4 shall constitute an original document.

5 21. This Stipulation is entered into by each Stipulating Party on the date entered  
6 below such Stipulating Party's signature.

**PACIFICORP**

**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**OREGON CITIZENS' UTILITY  
BOARD (CUB)**

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS (AWEC)**

By: \_\_\_\_\_

By:  \_\_\_\_\_  
Date: 12/30/19 \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SIERRA CLUB**

By: \_\_\_\_\_

Date: \_\_\_\_\_

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BOARD (CUB)**

**ALLIANCE OF WESTERN ENERGY  
CONSUMERS (AWEC)**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SIERRA CLUB**

By: 

Date: 12.30.19

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112 PacifiCorp's proposal, including proposing alternative allocation methodologies, filing a  
113 complaint, or requesting an investigation of PacifiCorp's proposal.

114 **2.2.3. Post-Interim Period Method Agreement Not Reached**

115 If the Company determines that it is unlikely that a Post-Interim Period Method agreement  
116 will be reached before the end of the Interim Period, then the Company will propose an allocation  
117 method for the Post-Interim Period for consideration by the Commissions. Parties are free to take  
118 any position regarding PacifiCorp's proposal, including proposing alternative allocation  
119 methodologies, or initiating a complaint or investigation of PacifiCorp's proposal.

120 **2.2.4. Early Commission Approvals of Post-Interim Period Method**

121 If a Post-Interim Period Method agreement is reached on or before December 31, 2022,  
122 any Post-Interim Period Method agreement will address whether and the degree to which the  
123 Company will use the Post-Interim Period Method in regulatory proceedings or filings commenced  
124 after December 31, 2022.

125 **2.2.5. Regulatory Filings to Implement Post-Interim Period Method**

126 Any Post-Interim Period Method agreement will address whether and the degree to which  
127 the Company may use the Post-Interim Period Method in regulatory proceedings or filings  
128 commenced during the Interim Period while Commission approvals of the Post-Interim Period  
129 Method agreement are pending but to be effective after the end of the Interim Period.

130 **3. Interim Period Allocation Method**

131 The 2017 Protocol expires December 31, 2019.<sup>4</sup> The Parties representing interests in the  
132 States of California, Idaho, Oregon, Utah, and Wyoming (collectively referred to as the "Five State  
133 Parties" and the "Five States") agree that the methodology outlined in the 2017 Protocol being

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<sup>4</sup> As proposed in PacifiCorp's 2019 California general rate case filing, the 2017 Protocol does not expire in California on December 31, 2019.

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134 used by the Company in 2019 should continue, as outlined and modified in Section 3, during the  
135 Interim Period while the Parties continue to negotiate the Framework Issues necessary to develop  
136 the Post-Interim Period Method. The Washington Parties agree that the methodology outlined in  
137 the WCA being used in 2019 should, subject to the terms included in Appendix F, continue during  
138 the Interim Period while the Parties continue to negotiate the Framework Issues necessary to  
139 develop the Post-Interim Period Method.

140 For the Five States, the terms of the 2017 Protocol that will be used during the Interim  
141 Period under the 2020 Protocol are provided in Section 3.1. The 2017 Protocol terms that are  
142 being modified by this Agreement are provided in Section 3.2.

143 **3.1. Continuing Terms of the 2017 Protocol for the Five States Interim**  
144 **Period Allocation Methodology<sup>5</sup>**

145 Items included in the Company's results of operations will be allocated on the factors set  
146 forth below. The FERC account and allocation factor combinations are included in Appendix B.  
147 The algebraic derivation and factor definitions are included in Appendix C.

148 **3.1.1. Classification of Interim Period Resources**

149 All Fixed Costs of Interim Period Resources will be classified as 75 percent Demand-  
150 Related and 25 percent Energy-Related. All Non-Firm Purchases and Sales will be classified as  
151 100 percent Energy-Related.

152 **3.1.2. Allocation of Interim Period Resource Costs and Wholesale Revenues**

153 Interim Period Resources will be allocated to one of two categories for inter-jurisdictional  
154 allocation purposes: State Resources or System Resources. A complete description of allocation  
155 factors to be used is set forth in Appendix B.

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<sup>5</sup> Terminology in Section 3.1 has been modified from the language in the 2017 Protocol to maintain consistency in the use of terms within the 2020 Protocol.



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156 There are three types of State Resources. The remaining types of Interim Period Resources  
157 are System Resources, which constitute the substantial majority of PacifiCorp's Resources.  
158 Benefits and costs associated with each category and type of Interim Period Resource will be  
159 assigned or allocated to States on the following basis.

160 **3.1.2.1. Interim Period State Resources**

161 Benefits and costs associated with the three types of State Resources will be assigned or  
162 allocated as follows:

- 163 • Demand-Side Management ("DSM") Programs: Costs associated with DSM  
164 Programs, including Class 1 DSM Programs, will be allocated on a situs basis to  
165 the State in which the investment is made. Benefits from these programs, in the  
166 form of reduced consumption and contribution to Coincident Peak, will be reflected  
167 in the Load-Based Dynamic Allocation Factors.
- 168 • Portfolio Standards: The portion of costs associated with Interim Period Resources  
169 acquired to comply with a State's Portfolio Standard adopted, either through  
170 legislative enactment or by a State's Commission, that exceed the costs PacifiCorp  
171 would have otherwise incurred, will be allocated on a situs basis to the Jurisdiction  
172 adopting the Portfolio Standard.
- 173 • State-Specific Initiatives: Costs and benefits associated with Interim Period  
174 Resources acquired in accordance with a State-specific initiative will be allocated  
175 and assigned on a situs basis to the State adopting the initiative. State-specific  
176 initiatives include, but are not limited to, the costs and benefits of incentive  
177 programs, net-metering tariffs, feed-in tariffs, capacity standard programs, solar

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178 subscription programs, electric vehicle programs, and the acquisition of renewable  
179 energy certificates.

180 **3.1.2.2. Interim Period System Resources**

181 All Interim Period Resources that are not State Resources are System Resources and will  
182 be allocated as follows:

- 183 • Generally, all Fixed Costs associated with System Resources and all costs incurred  
184 under Wholesale Contracts will be allocated based upon the System Generation  
185 (“SG”) Factor.
- 186 • Generally, all Variable Costs associated with System Resources will be allocated  
187 based upon the System Energy (“SE”) Factor.
- 188 • Revenues received by PacifiCorp under Wholesale Contracts will be allocated  
189 based upon the SG Factor.

190 **3.1.3. Re-functionalization and Allocation of Transmission Costs and**  
191 **Revenues**

192 Before filing any request to approve a reclassification of facilities as transmission or  
193 distribution with FERC, PacifiCorp will submit filings seeking review and authorization of any  
194 such reclassification with the Commissions. The cost responsibility for any assets reclassified  
195 under FERC policy will be assigned or allocated consistent with other assets in the relevant  
196 function.

197 Costs associated with transmission assets, and firm wheeling expenses and revenues, will  
198 be classified as 75 percent Demand-Related, 25 percent Energy-Related, and allocated based upon  
199 the SG Factor. Non-firm wheeling expenses and revenues will be allocated based upon the SE  
200 Factor. In the event that PacifiCorp joins a regional independent system operator, the allocation  
201 of transmission costs and revenues may be reevaluated and revised as provided for in Section 8.4.

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20-024202                   **3.1.4. Allocation of Distribution Costs**

203                   All distribution-related expenses and investment that can be directly allocated will be  
204 directly allocated to the State where they are located. Those costs that cannot be directly allocated  
205 will be allocated consistent with the factors set forth in Appendix B.

206                   **3.1.5. Allocation of Administrative and General Costs**

207                   Administrative and General Costs, General Plant costs, and Intangible Plant costs will be  
208 allocated consistent with the factors set forth in Appendix B.

209                   **3.1.6. Allocation of Special Contracts**

210                   Revenues associated with Special Contracts will be included in State revenues, and loads  
211 of Special Contract customers will be included in Load-Based Dynamic Allocation Factors as  
212 appropriate (see Appendix G). Special Contracts may or may not include Customer Ancillary  
213 Service Contract attributes. Load curtailments and buy-through arrangements will be handled as  
214 appropriate (see Appendix G).

215                   **3.1.7 Miscellaneous Costs and Taxes**

216                   Miscellaneous costs described below will be allocated as follows:

- 217                   • Generation-related dispatch costs and associated plant will be allocated on the SG  
218 Factor.
- 219                   • Miscellaneous regulatory assets and liabilities, and miscellaneous deferred debits  
220 will be allocated with the appropriate allocation factor depending on the related  
221 assets or underlying costs.

222                   Taxes and fees will be allocated as follows:

- 223                   • Income taxes will be calculated using the federal tax rate and PacifiCorp's  
224 combined State effective tax rate. State-specific Schedule M and deferred income  
225 tax amounts will be allocated using the Company's tax software system. Consistent

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226 with prior system allocation methods, the Washington Public Utility Tax is  
 227 allocated using the SO Factor in lieu of a Washington income tax.

- 228 • Franchise taxes, revenue related taxes, Commission assessments and fees, and  
 229 usage related taxes are situs or a pass through.
- 230 • Property taxes are system allocated based on gross plant and allocated on a Gross  
 231 Plant System ("GPS") Factor.
- 232 • Generation and fuel-related taxes will be allocated using the SG Factor.
- 233 • Other taxes such as payroll taxes are embedded in expenses or capital costs.

234 Balances associated with the Trojan Decommissioning will be allocated using the Trojan  
 235 Decommissioning ("TROJD") Factor. This will not impact State-specific treatment of this item.

236 **3.1.8. State Programs Regarding Access to Alternative Electricity Suppliers**

237 **3.1.8.1. Treatment of Oregon Direct Access Programs**

238 This Section describes treatment of loads lost to Oregon Direct Access Programs during  
 239 the term of the 2020 Protocol.

240 **3.1.8.1.1. Customers Electing PacifiCorp’s One- and**  
 241 **Three-Year Oregon Direct Access Programs**

242 Customer loads electing to be served on PacifiCorp’s one- and three-year Oregon Direct  
 243 Access Programs will be included in the Load-Based Dynamic Allocation Factors for all Interim  
 244 Period Resources, and the transition cost payments from these customers will be situs assigned  
 245 and allocated to Oregon.

246 **3.1.8.1.2. Customers Electing PacifiCorp’s Five Year Opt-**  
 247 **Out Program Under the Oregon Direct Access**  
 248 **Program**

249 The treatment will be consistent with Order No. 15-060, as clarified through Order No. 15-  
 250 067, of the Oregon Public Utility Commission in Docket UE 267, and Oregon Schedule 296, which

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251 allow Oregon Direct Access Consumers to permanently opt-out of cost-of-service rates after  
252 payment of ten years of transition costs in Oregon. If an Oregon Direct Access Consumer is paying  
253 transition costs during the Interim Period, the Oregon Direct Access Consumer's load(s) will be  
254 included in Load-Based Dynamic Allocation Factors, and the transition cost payments from these  
255 consumers will be situs-assigned to Oregon. If any Oregon Direct Access Consumer reaches the  
256 end of the 10-year period covered by the transition cost payments during the Interim Period, the  
257 load(s) for that Oregon Direct Access Consumer will be excluded from Load-Based Dynamic  
258 Allocation Factors. Thereafter, if an Oregon Direct Access Consumer elects to return to Oregon  
259 cost-of-service rates by providing four-years notice under Schedule 296, its load will be treated as  
260 new load and incorporated in PacifiCorp's Resource planning process.

261 **3.1.8.1.3. New Laws or Regulations**

262 To the extent Oregon adopts new laws or regulations regarding Oregon Direct Access  
263 Programs, Oregon's treatment of loads lost to Oregon Direct Access Programs may be re-  
264 determined in a manner consistent with the new laws and regulations. In the event Oregon adopts  
265 such new laws or regulations, the Company will inform the Commissions and the Parties of the  
266 same.

267 **3.1.8.2. Utah Eligible Customer Program**

268 If, pursuant to Utah Code Annotated Section 54-3-32, an eligible customer in Utah transfers  
269 service to a non-utility energy supplier, the Public Service Commission of Utah will make  
270 determinations under Utah law as contemplated therein. The Company will inform the  
271 Commissions and the Parties of the Public Service Commission of Utah's determinations.

272 **3.1.8.3. Other State Actions**

273 In the event any State adopts laws or regulations governing customer access to alternative  
274 electricity suppliers, the Company will inform the Commissions and the Parties of the same.

ORDER NO.  
20-024275 **3.1.9. Loss or Increase in Load**

276 Any loss or increase in retail load occurring as a result of condemnation or  
277 municipalization, sale or acquisition of new service territory that involves less than five percent of  
278 system load, realignment of service territories, changes in economic conditions, or gain or loss of  
279 large customers will be reflected in changes in the Load-Based Dynamic Allocation Factors. The  
280 allocation or assignment of costs and benefits arising from merger, sale, or acquisition transaction  
281 proposed by the Company involving more than five percent of system load will be considered on  
282 a case-by-case basis in the course of Commission approval proceedings.

283 **3.1.10. Commission Regulation of Interim Period Resources**

284 PacifiCorp will plan and acquire new Interim Period Resources on a system-wide risk-  
285 adjusted, least-cost basis. Prudently incurred investments in Interim Period Resources will be  
286 reflected in rates consistent with the laws and regulations in each State, as approved by individual  
287 Commissions.

288 **3.2. Modifications to the 2017 Protocol During the Interim Period**289 **3.2.1. Net Power Costs Filings**

290 For Net Power Costs (“NPC”) filings, Parties agree to support use of the allocation  
291 methodology in place when the NPC were or will be incurred, to align the timing of the actual  
292 costs incurred with the applicable allocation method for cost recovery for that period. The table  
293 below summarizes the transition from the 2017 Protocol to the 2020 Protocol for NPC filings. If  
294 a Post-Interim Period Method agreement is reached between the Parties, a similar table will be  
295 included to summarize the transition for NPC filings from the 2020 Protocol to the subsequent  
296 agreement.

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Allocation Methodology Used for NPC Filings			
Filing	2017 Protocol	2020 Protocol	Notes
California ECAC (Balancing Rate)	2021 ECAC for the CY2020 Deferral Period	2022 ECAC for the CY2021 Deferral Period	1
California ECAC (Offset Rate)	2020 ECAC for the CY2020 Forecast Period	2021 ECAC for the CY2021 Forecast Period	1
Idaho ECAM	2020 ECAM for the CY2019 Deferral Period	2021 ECAM for the CY2020 Deferral Period	
Oregon TAM	2020 TAM for the CY2019 Forecast Period	2021 TAM for the CY2020 Forecast Period	
Oregon PCAM	2020 PCAM for the CY2019 Deferral Period	2021 PCAM for the CY2020 Deferral Period	
Utah EBA	2020 EBA for the CY2019 Deferral Period	2021 EBA for the CY2020 Deferral Period	
Washington PCAM	2019 PCAM for the CY2019 Deferral Period	2020 PCAM for the CY2020 Deferral Period	2
Wyoming ECAM	2020 ECAM for the CY2019 Deferral Period	2021 ECAM for the CY2020 Deferral Period	
Net Power Costs included in General Rate Cases (GRC) - All States		GRC with rate effective date on or after January 1, 2020	3
Notes:			
1. The 2020 Protocol will not be implemented in California until approved by the Commission in a general rate case. The dates included in the table are subject to change based on the California general rate case schedule, the next general rate case is currently scheduled to use a 2022 test period.			
2. Washington will use the modified WCA allocation methodology per Appendix F of the 2020 Protocol.			
3. This also applies to any other NPC filing that resets base NPC rates.			

297 **3.3.2. Embedded Cost Differential (“ECD”) and Equalization Adjustment**

298 **3.3.2.1. ECD**

299 The Fixed ECD will continue for Idaho through the end of the Interim Period. The  
300 Dynamic ECD for Oregon will continue through the end of the Interim Period, capped at  
301 \$11,000,000. No ECD adjustment exists for Utah or California.

302 The Wyoming ECD will terminate December 31, 2020. Beginning January 1, 2021, for  
303 purposes of the Wyoming energy cost adjustment mechanism (“ECAM”), actual ECD will be zero  
304 and the true-up of the Wyoming ECD will not be subject to sharing bands in the Wyoming ECAM.  
305 This treatment will continue until the ECD is removed from base rates.

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20-024306 **3.3.2.2. Equalization Adjustment**

307 The Equalization Adjustment addressed in Section XIV of the 2017 Protocol will terminate  
308 on December 31, 2019, and no additional Equalization Adjustment amounts will be deferred after  
309 that date. The method PacifiCorp will use to collect deferred Equalization Adjustment balances  
310 and any related carrying charges has been or will be addressed in appropriate State regulatory  
311 proceedings.

312 **3.3.3. Costs and Benefits of Qualifying Facilities**

313 Costs and benefits of Qualifying Facilities will be treated consistent with the provisions  
314 specified in Section 4.4.

315 **3.3.4. Allocation of Gain or Loss from Sale of Assets**

316 The allocation of any gain or loss from the Company's sale of assets will be treated  
317 consistent with the provisions specified in Section 7.

318 **3.3.5. Interpretation and Governance**

319 This Agreement will be interpreted and PacifiCorp's Multi-State Process ("MSP") will be  
320 governed by the provisions specified in Section 8.

321 **4. Implemented Issues**

322 The Parties agree that the following items, described later in this Section 4, will be  
323 implemented and effective during the Interim Period:

- 324 • The process and timing for States' decisions to exit coal-fueled Interim Period  
325 Resources;
- 326 • The process for potential Reassignment of coal-fueled Interim Period Resources  
327 among States without Exit Orders;
- 328 • The process for the allocation of Decommissioning Costs; and
- 329 • The allocation and assignment of Qualifying Facility Power Purchase Agreements



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330 ("QF PPAs").

331 These issues are more thoroughly explained below.

332 **4.1. States' Decisions to Exit Coal-Fueled Interim Period Resources**

333 PacifiCorp will continue to conduct operational and economic analyses in accordance with  
334 applicable regulatory requirements and good utility practice to maintain reliable service on a risk-  
335 adjusted, least-cost basis for its customers. PacifiCorp anticipates continuing to conduct integrated  
336 resource planning, at least biennially. PacifiCorp also anticipates continuing to undertake  
337 depreciation studies on a five-year cycle. If these analyses affect the depreciable lives or  
338 operational lives of Interim Period Resources in the future, Parties may address such effects  
339 through appropriate regulatory proceedings before the Commissions. Nothing in this Agreement  
340 affects PacifiCorp's rights and obligations to make prudent decisions regarding operation of its  
341 assets and system in accordance with applicable law. The Parties further agree that PacifiCorp's  
342 coal-fueled Interim Period Resource Closure dates may be informed by new information that  
343 becomes available as a result of other regulatory filings or actions, including integrated resource  
344 plans or State and federal energy policies. Nothing in this Agreement affects or limits any Party's  
345 ability to raise any prudence issues with regards to PacifiCorp's decisions regarding Closure of an  
346 Interim Period Resource.

347 Subject to the possible effects of Limited Realignment, the Parties agree to the following  
348 procedures for the Company's coal-fueled Interim Period Resources.

349 **4.1.1. Allocation of Costs at Closure**

350 Upon Closure of a coal-fueled Interim Period Resource, each State that is receiving benefits  
351 and is allocated costs associated with the coal-fueled Interim Period Resource at the time of  
352 Closure shall continue to be allocated its share of the remaining costs of the coal-fueled Interim

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353 Period Resource in accordance with this 2020 Protocol, which may include the remaining net book  
354 value and Commission-approved Decommissioning Costs. The existence of an Exit Order does  
355 not change this allocation, and all States assigned benefits and allocated costs from the coal-fueled  
356 Interim Period Resource at the time of Closure will be allocated actual costs. Therefore, if every  
357 State is being assigned benefits and allocated costs from a coal-fueled Interim Period Resource at  
358 the time of Closure, every State will be allocated, in accordance with the method set forth in this  
359 Agreement, all the actual costs associated with that coal-fueled Interim Period Resource and its  
360 Closure. This can occur, for example, if every State (excepting Washington as discussed in Section  
361 4.1.4) issues an Exit Order with the same Exit Date for a particular coal-fueled Interim Period  
362 Resource. This can also occur, for example, if PacifiCorp pursues Closure of a coal-fueled Interim  
363 Period Resource prior to a State Exit Date. No Party, by virtue of this Agreement, waives its right  
364 to investigate and analyze whether the Company's decision to continue operation or continue an  
365 ownership interest is prudent, regardless of the anticipated Closure dates in the tables in Section  
366 4.1.3.

#### 4.1.2 Exit Orders

367  
368 The Parties, representing diverse and varied interests, have worked in good faith to create  
369 a process that allows for States to pursue differing resource portfolios in the future, including  
370 decisions to transition out of coal-fueled Interim Period Resources while mitigating resulting  
371 effects to the Company and other States. A Commission may issue an Exit Order specifying an  
372 Exit Date in a proceeding for approval of this Agreement, a depreciation docket, a rate case, or any  
373 other appropriate proceeding.<sup>6</sup> A Commission Order or other determination that a coal-fueled  
374 Interim Period Resource will reach the end of its depreciable life without a specific determination

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<sup>6</sup> An Exit Order is not required from a Commission if a coal-fueled Interim Period Resource is not included in PacifiCorp's rates in that State.

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375 that the State will exit the Interim Period Resource shall not constitute an Exit Order. Provided  
376 PacifiCorp secures all applicable approvals, a Company decision to close a coal-fueled Interim  
377 Period Resource earlier than previously anticipated does not require the issuance of an Exit Order.  
378 An Exit Order does not, by itself, result in Reassignment of shares of a coal-fueled Interim Period  
379 Resource to other States or affect an Exiting State's responsibility for its share of the then-  
380 remaining net book value of the Interim Period Resource that is being exited.

381 To provide the Company and States without Exit Orders time to consider the options and  
382 address the potential Reassignment of the coal-fueled Interim Period Resource, as set forth in  
383 Section 4.2, under this Agreement an Exit Order should provide at least four-years of notice<sup>7</sup> from  
384 the date of the Exit Order to the Exit Date. After an Exit Date, the Exiting State will no longer be  
385 allocated any new costs<sup>8</sup> and will no longer be assigned any benefits associated with that coal-  
386 fueled Interim Period Resource, and no other State will be allocated the Exiting State's share of  
387 costs nor receive the Exiting State's assigned benefits associated with that coal-fueled Interim  
388 Period Resource, unless the costs and benefits are accepted through a Commission Order on  
389 Reassignment. Until the Exit Date, an Exiting State shall continue to be assigned the benefits of  
390 that coal-fueled Interim Period Resource and shall be allocated costs associated with that coal-  
391 fueled Interim Period Resource in accordance with this 2020 Protocol or as determined through  
392 the Framework process, which may include costs associated with any remaining net book value,  
393 prudently incurred capital additions, prudently incurred Operations and Maintenance ("O&M")  
394 expense, and prudently incurred or reasonably estimated Decommissioning Costs.

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<sup>7</sup> Subject to the provisions in Sections 4.1.3 and 4.1.4.

<sup>8</sup> New costs are costs incurred after the Exit Date to maintain or operate the coal-fueled Interim Period Resource beyond that date. Any costs associated with the operation of a coal-fueled Interim Period Resource and incurred prior to the Exit Date that are allocated to the Exiting State as determined through the 2020 Protocol and that have not yet been collected from customers in that State are still that State's responsibility.

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395 An Exit Order establishes the Exit Date that PacifiCorp will use to propose the allocation  
396 of Decommissioning Costs, allocation of capital additions costs, and any other associated costs  
397 related to the exit from a coal-fueled Interim Period Resource as outlined in the 2020 Protocol.  
398 PacifiCorp will timely propose to Parties from an Exiting State a method to address the treatment  
399 of these costs for ratemaking, such that costs and benefits remain matched in customer rates.

400 Following receipt of an Exit Order, the Company will file in accordance with Section 4.2  
401 to allow States without Exit Orders the opportunity to evaluate the potential Reassignment of the  
402 coal-fueled Interim Period Resource. For regulatory efficiency, Section 4.1.3 establishes  
403 timeframes for addressing Exit Orders from coal-fueled Interim Period Resources by Oregon and  
404 the potential Reassignment of those resources to other States.

#### 405 4.1.3 Oregon Exit Dates

406 The Oregon Parties and the Company agree to recommend that the dates shown in the  
407 tables in this Section 4.1.3 be used in Oregon for service and depreciable lives, and for establishing  
408 Oregon's Exit Dates for all coal-fueled Interim Period Resources.

##### 409 4.1.3.1 Coal-Fueled Interim Period Resources Not Operated by 410 PacifiCorp Subject to Common Closure Dates, Oregon 411 Exit 2023-2027

412 PacifiCorp anticipates that Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, and  
413 Colstrip Unit 4 will have common Closure dates for all States. If PacifiCorp effectuates Closure  
414 at Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, or Colstrip Unit 4 on or before the  
415 applicable dates identified in the table below, each State will be allocated its share of the costs and  
416 benefits of that coal-fueled Interim Period Resource with no transfer of cost responsibility or  
417 decommissioning liability among States, in accordance with Section 4.1.1.

418 PacifiCorp and the Oregon Parties agree to recommend to the Oregon Commission that the  
419 dates shown in the table below be used for establishing Oregon's Exit Dates and Oregon

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420 depreciable lives for Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, and Colstrip Unit  
 421 4.

<b>Coal-Fueled Interim Period Resource Name</b>	<b>Anticipated Closure Date</b>
Cholla Unit 4	January 1, 2023
Craig Unit 1	December 31, 2025
Craig Unit 2	December 31, 2026
Colstrip Unit 3	December 31, 2027
Colstrip Unit 4	December 31, 2027

422 PacifiCorp and the Oregon Parties agree that PacifiCorp will make best efforts to effectuate  
 423 Closure of the units identified above by the anticipated Closure dates, but the Company may need  
 424 additional time for Closure of Craig Units 1 and 2 and Colstrip Units 3 and 4 due to its joint-owner  
 425 agreements, and Cholla Unit 4 due to other contractual requirements.

426 If PacifiCorp has received an Exit Order from Oregon for Craig Unit 1, Craig Unit 2,  
 427 Colstrip Unit 3, or Colstrip Unit 4 with the same Exit Date as the date set forth in the table above  
 428 and PacifiCorp does not effectuate Closure by such date, Oregon may elect, at its option, to:

- 429 • Continue to take an allocation and assignment of the costs and benefits of such unit  
 430 for one additional year following the specified Exit Date; or
- 431 • Discontinue taking an allocation and assignment of the costs and benefits of such  
 432 unit as of the specified Exit Date.

433 Under either election, Oregon will continue to be subject to an allocation of actual  
 434 Decommissioning Costs if Closure of the unit is effectuated within such one-year period. If  
 435 Closure of the unit is not effectuated within such one-year period, Oregon will be allocated  
 436 Decommissioning Costs based on the estimates established pursuant to Section 4.3.

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437 Oregon will be allocated actual Decommissioning Costs if Closure of Cholla Unit 4 occurs  
 438 on or before January 1, 2023. If Cholla Unit 4 operates beyond January 1, 2023, Oregon will be  
 439 allocated only estimated Decommissioning Costs as of January 1, 2023.

440 **4.1.3.2. Coal-Fueled Interim Period Resources Operated by**  
 441 **PacifiCorp, Oregon Exit Through 2027**

442 The Oregon Parties and the Company agree to recommend to the Oregon Commission that  
 443 the Exit Date for each coal-fueled Interim Period Resource shown in the following table should be  
 444 used in Oregon for establishing Oregon's Exit Dates and Oregon depreciable lives for these coal-  
 445 fueled Interim Period Resources, subject to the other provisions of this Section 4.1.

<b>Coal-Fueled Interim Period Resource</b>	<b>Recommended Oregon Exit Date</b>
Jim Bridger 1	December 31, 2023
Jim Bridger 2	December 31, 2025
Jim Bridger 3	December 31, 2025
Jim Bridger 4	December 31, 2025
Naughton 1	December 31, 2025
Naughton 2	December 31, 2025
Dave Johnston 1	December 31, 2027
Dave Johnston 2	December 31, 2027
Dave Johnston 3	December 31, 2027
Dave Johnston 4	December 31, 2027

446 Oregon Parties and the Company will strive to have Exit Orders issued on or before  
 447 December 15, 2020, for the coal-fueled Interim Period Resources reflected in the table above to  
 448 allow the Company to make filings in the other States in accordance with Section 4.2. If  
 449 PacifiCorp effectuates Closure for any of the units no later than the dates in the table above, then  
 450 the provisions of 4.1.1 will apply.

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451 **4.1.3.3. Coal-Fueled Interim Period Resources, Oregon Exit**  
 452 **Date 2028 - 2029**

453 The Oregon Parties and the Company agree that the recommended Exit Dates for the coal-  
 454 fueled Interim Period Resources shown in the following table should be used in Oregon for  
 455 establishing Oregon's Exit Dates and Oregon depreciable lives for these coal-fueled Interim Period  
 456 Resources for purposes of this Agreement, subject to the other provisions of this Section 4.1.

<b>Coal-Fueled Interim Period Resource Name</b>	<b>Recommended Oregon Exit Date</b>
Hunter 1	December 31, 2029
Hunter 2	December 31, 2029
Hunter 3	December 31, 2029
Huntington 1	December 31, 2029
Huntington 2	December 31, 2029
Wyodak	December 31, 2029

457 Oregon Parties and the Company will strive to have Exit Orders issued by the Oregon  
 458 Commission issued by December 31, 2023, for the coal-fueled Interim Period Resources reflected  
 459 in the table above to allow the Company to make the necessary filings in other States in accordance  
 460 with Section 4.2. If PacifiCorp effectuates Closure for any of the units no later than the dates in  
 461 the table above, then the provisions of 4.1.1 will apply.

462 **4.1.4. Washington Exit Orders**

463 The Washington Clean Energy Transformation Act ("CETA") requires coal-fueled Interim  
 464 Period Resources to be out of Washington rates by December 31, 2025. Section 6.4 of the  
 465 Framework Issues addressing Limited Realignment is intended to facilitate the removal of coal-  
 466 fueled Interim Period Resources from Washington rates and address the Washington-allocated  
 467 share, per the System Generation-Fixed ("SGF") Factor, as defined in Appendix C, of all coal-  
 468 fueled Interim Period Resources whether or not those resources are included in Washington rates.

469 Washington Commission approval of the 2020 Protocol will constitute an Exit Order for

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470 Washington, unless modified by Reassignment or Limited Realignment, with an Exit Date of  
471 December 31, 2023, for Jim Bridger Unit 1, and December 31, 2025, for Jim Bridger Units 2-4  
472 and Colstrip Unit 4. PacifiCorp and the Washington Parties agree that an Exit Order is not required  
473 from the Washington Utilities and Transportation Commission for any coal-fueled Interim Period  
474 Resources not currently in Washington rates, and PacifiCorp can evaluate seeking Reassignment  
475 upon approval of the 2020 Protocol by the Washington Commission.

476 **4.1.5. Establishment of Exit Dates for Hayden Units 1 and 2**

477 On or before February 1, 2021, the Company will make State-specific recommendations  
478 to Commissions for the treatment of Hayden Units 1 and 2. If PacifiCorp effectuates Closure for  
479 Hayden Units 1 and 2, then the provisions of 4.1.1 will apply, subject to applicable legal  
480 requirements.

481 **4.2. Reassignment of Coal-Fueled Interim Period Resources**

482 **4.2.1 Company Proposals for Reassignment**

483 After receipt of any Exit Order, PacifiCorp shall analyze whether it is reasonable to  
484 continue to operate the affected coal-fueled Interim Period Resource for customers in one or more  
485 of the States without Exit Orders. PacifiCorp may propose Reassignment of a greater share of the  
486 coal-fueled Interim Period Resource to such State(s) to match State load and resource balance, or  
487 request issuance of an Exit Order.<sup>9</sup> PacifiCorp shall provide its analysis to Parties in each  
488 applicable State and may make a filing with the Commission in each State that, as yet, has not  
489 entered an Exit Order for such coal-fueled Interim Period Resource consistent with the timeframes  
490 set forth in Sections 4.1 and this Section. If PacifiCorp seeks Reassignment, the analysis shall be  
491 accompanied by recommendations as to an anticipated Closure date if Reassignment is accepted

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<sup>9</sup> Provided PacifiCorp secures all applicable approvals, PacifiCorp may effectuate Closure of a Resource without requesting issuance of any Exit Order.



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492 for such coal-fueled Interim Period Resource. Recommended Reassignments, if proposed, should  
493 include a range of options, including fallback options based on the potential that one Commission  
494 may reject PacifiCorp's recommendation while another Commission may accept the primary  
495 recommendation. Notwithstanding this Section 4.2.1, realignment of certain Interim Period  
496 Resources serving Washington will be determined subject to resolution of the Limited Realignment  
497 Framework Issue or Section 4.1.4 as applicable.

498 **4.2.2 Process and Timing**

499 Consistent with Section 4.1, for those coal-fueled Interim Period Resources, with an Exit  
500 Date on or before December 31, 2027, the filings including the Company's analysis and  
501 recommendations are targeted to occur by February 1, 2021. For those coal-fueled Interim Period  
502 Resources with an Exit Date after December 31, 2027, and on or before December 31, 2029, the  
503 filings including the Company's analysis and recommendations are targeted to occur by June 30,  
504 2024, for Exit Orders that are received by December 31, 2023. Where possible, PacifiCorp will  
505 make such filings concurrently in each State without an Exit Order so that each unit or plant can  
506 be analyzed as a whole. To the extent a delay to these targeted filing dates is necessary, the  
507 Company will provide notice to the Parties and Commissions explaining the reason and expected  
508 filing dates. For coal-fueled Interim Period Resources with Exit Orders with different Exit Dates,  
509 the Company will provide its analysis to the States without Exit Orders within six months after the  
510 date any Exit Order is issued by any Commission, subject to the provisions of Section 4.1.4 for the  
511 Washington Exit Orders.

512 If PacifiCorp makes filings pursuant to this Section in multiple States without Exit Orders,  
513 then within 60 days from the date the last Commission issues an order pertaining to such filings,  
514 PacifiCorp will submit a supplemental filing with each Commission in the State(s) without Exit

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515 Orders summarizing the decisions made by each Commission and PacifiCorp's recommendations  
516 regarding the implications.

517 **4.2.3 Effects of Commission Decisions Regarding Assignment**

518 If one or more Commissions have entered orders accepting, collectively, one-hundred  
519 percent<sup>10</sup> of the cost allocation of a coal-fueled Interim Period Resource beyond any Exit Date, the  
520 costs and benefits of the coal-fueled Interim Period Resource after such Exit Date shall be  
521 Reassigned to the States in accordance with the approved Reassignment as specified in the  
522 applicable Commission Orders. Supplemental filings will reflect the final Reassignment of each  
523 coal-fueled Interim Period Resource as a result of the Reassignment process and Commission  
524 Orders.

525 If two or more Commissions have entered orders requesting, collectively, more than one-  
526 hundred percent<sup>11</sup> of the cost allocation and associated benefits of a coal-fueled Interim Period  
527 Resource beyond any Exit Date, the Company will recommend a pro-rata Reassignment up to one  
528 hundred percent in accordance with the approved Reassignment as specified in the applicable  
529 Commission Orders. Supplemental filings will reflect this pro-rata treatment of each coal-fueled  
530 Interim Period Resource as a result of the pro-rata Reassignment process for further review and  
531 approval by the Commissions.

532 If Commissions do not agree to accept one-hundred percent cost allocation, collectively, of  
533 a coal-fueled Interim Period Resource beyond an Exit Date, as part of its supplemental filings, the  
534 Company will provide its recommendations on the treatment of any shortfall in the Reassignment

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<sup>10</sup> Based on PacifiCorp's ownership interest in the coal-fueled Interim Resource, whether wholly-owned or jointly-owned.

<sup>11</sup> Based on PacifiCorp's ownership interest in the coal-fueled Interim Resource, whether wholly-owned or jointly-owned.

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535 of a coal-fueled Interim Period Resource or recommendations on capacity reductions through  
536 Closures for further Commission consideration.

537 In the event of either common Exit Dates for all States or Closure as a result of the  
538 Reassignment process or other appropriate regulatory proceedings, the provisions of Section 4.1.1  
539 will apply.

### 540 **4.3. Decommissioning Costs**

#### 541 **4.3.1. Process for Determining Decommissioning Cost Allocation**

##### 542 **4.3.1.1. Decommissioning Studies**

543 The Company intends to undertake a contractor-assisted engineering study of  
544 decommissioning costs and to make best efforts to complete the study by January 15, 2020, to  
545 estimate appropriate Decommissioning Cost reserve requirements for the Jim Bridger, Dave  
546 Johnston, Hunter, Huntington, Naughton, Wyodak, and Hayden coal-fueled Interim Period  
547 Resources. Colstrip will also be included in the contractor-assisted engineering study of  
548 decommissioning costs, and the Company will make best efforts to complete that portion of the  
549 study by March 15, 2020. The Company will provide the information from the study to the States  
550 as a supplemental filing in all applicable depreciation dockets. The study results will be used to  
551 inform the Company's recommendation on the amount of Decommissioning Cost responsibility  
552 to be allocated to States for coal-fueled Interim Period Resources that States exit at different times.  
553 The Company will retain and make available the Decommissioning Studies in future regulatory  
554 proceedings.

##### 555 **4.3.1.2. Decommissioning Studies Update**

556 The Company intends to undertake the same process to complete an update to the  
557 Decommissioning Studies by no later than June 30, 2024, to estimate appropriate  
558 Decommissioning Cost reserve requirements for the Craig, Hunter, Huntington, and Wyodak coal-

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559 fueled Interim Period Resources (collectively with the studies discussed in the paragraph above  
560 constituting the Decommissioning Studies), which will be incorporated into a Company-sponsored  
561 depreciation study. The Company will retain and make available the Decommissioning Studies  
562 update in future regulatory proceedings.

**4.3.1.3. Commission Determination of Decommissioning Costs**

563  
564 No Party will be bound by the Decommissioning Cost estimates in the Decommissioning  
565 Studies undertaken pursuant to Paragraphs 4.3.1.1 and 4.3.1.2, and final determination of each  
566 State's just and reasonable Decommissioning Cost allocation for each coal-fueled Interim Period  
567 Resource will remain exclusively with each Commission and will be determined in the  
568 depreciation dockets in which the Decommissioning Costs are included.<sup>12</sup>

**4.3.1.4. Decommissioning Costs Allocation**

569  
570 For coal-fueled Interim Period Resources having a common operating life across all States,  
571 each State shall be allocated its share of actual Decommissioning Costs based on either an SG  
572 Factor (if closed during the Interim Period) or an Assigned Production ("AP") Factor, adjusted for  
573 any Reassignment or Limited Realignment effects (if closed after the Interim Period). For coal-  
574 fueled Interim Period Resources that do not have a common operating life across all States, each  
575 Exiting State shall be allocated, using either an SG Factor (if closed during the Interim Period) or  
576 an AP Factor, adjusted for any Reassignment or Limited Realignment effects (if closed after the  
577 Interim Period), that State's share of estimated Decommissioning Costs based on the  
578 Decommissioning Studies described in Sections 4.3.1.1 and 4.3.1.2. If the Decommissioning  
579 Costs ordered to be included in the reserve balance established for an Exiting State are less than  
580 the estimated Decommissioning Costs allocated to that Exiting State as specified above, such

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<sup>12</sup> For California, Decommissioning Costs will be addressed in PacifiCorp's next general rate case.

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581 difference shall not be allocated to any other State under any circumstance. If PacifiCorp  
582 effectuates Closure of a coal-fueled Interim Period Resource after one or more States have exited  
583 from the Resource, the Company may, with the burden of proof and subject to PacifiCorp  
584 supporting its proposal in testimony,<sup>13</sup> propose to allocate to and collect from each State that is  
585 participating in that Resource at the time of Closure that State's share, based on either an SG Factor  
586 (if closed during the Interim Period) or an AP Factor, adjusted for any Reassignment or Limited  
587 Realignment effects (if closed after the Interim Period), of actual Decommissioning Costs less the  
588 regulatory liabilities for Exiting States including interest as described in Section 4.3.2 and less any  
589 difference between the reserve balance established for each Exiting State and the estimated costs  
590 allocated to each Exiting State as described above. Parties in such State(s) may take any position  
591 regarding a Company request to recover Decommissioning Costs.

592 **4.3.2. Accounting for Decommissioning Costs Reserve Balances when All**  
593 **States Do Not Exit a Unit**

594 After an Exit Date by some but not all States, the estimated Decommissioning Costs  
595 reserves allocated to the Exiting State(s) associated with a coal-fueled Interim Period Resource  
596 unit, from which that State is exiting, will be accounted for as a regulatory liability that is excluded  
597 from rate base. Interest will be accrued on that regulatory liability at the Company's then-  
598 authorized weighted average cost of capital<sup>14</sup> for each State that continues to participate in that  
599 coal-fueled Interim Period Resource after an Exit Date until the decommissioning work on that  
600 unit is completed.

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<sup>13</sup> PacifiCorp's testimony will identify and explain the variances between estimated and actual Decommissioning Costs.

<sup>14</sup> Not to exceed the maximum carrying charge allowed by applicable law or Commission Order.

ORDER NO.  
20-024601 **4.3.3. Accounting for Interim and Final Retirements**

602 Before any State exits a coal-fueled Interim Period Resource, but no later than December  
603 31, 2021, the Company shall propose to the Parties a process for separately accounting for removal  
604 costs associated with interim retirements and final Decommissioning Costs in its accounting  
605 system. Each State may determine the regulatory treatment for such removal costs in appropriate  
606 proceedings.

607 **4.3.4. Individual State Review Process**

608 Any Party, at its discretion and cost, may pursue actions it deems necessary or appropriate  
609 to review and evaluate the Decommissioning Studies or Decommissioning Costs and may take any  
610 positions based on its review and findings. If a Commission issues an order identifying an  
611 independent evaluator for the Decommission Studies, and the Commission Order provides for the  
612 deferral and later recovery in rates of the cost of the independent evaluator, the Company agrees  
613 to initially pay for this independent evaluation.

614 **4.4. Qualifying Facilities**

615 The allocation of QF PPAs shall be treated in accordance with Sections 4.4.1 and 4.4.2 of  
616 this 2020 Protocol, superseding Section (IV)(A)(3) of the 2017 Protocol. For Washington, QF  
617 PPAs will be assigned and allocated consistent with the terms of Appendix F during the Interim  
618 Period. Other than addressing the allocation of the costs and assignment of benefits of QF PPAs  
619 among the States, this 2020 Protocol does not restrict or affect any Commission's jurisdiction over  
620 any agreement or interaction between QFs and the Company. QF PPAs shall be treated in the  
621 following manner for allocation and assignment purposes.

ORDER NO.  
20-024622 **4.4.1. Existing QF PPAs**

623 QF PPAs fully executed<sup>15</sup> or as to which a legally enforceable obligation exists<sup>16</sup> on or  
624 before December 31, 2019 ("Existing QF PPAs") will remain system assigned and allocated,  
625 subject to any Limited Realignment in Section 6.4, until the end of 2029, after which time they  
626 will be situs assigned and allocated to the State having jurisdiction over the QF PPA for avoided  
627 cost pricing ("State of Origin").

628 **4.4.1.1. Wyoming QF Adjustment**

629 The Company agrees to include: (1) a \$5 million adjustment, annually, to reduce Net Power  
630 Costs in Wyoming customer rates<sup>17</sup> beginning January 1, 2021, until December 31, 2022; and (2)  
631 a \$7.175 million adjustment, annually, to reduce Net Power Costs in Wyoming customer rates from  
632 January 1, 2023, until December 31, 2029.<sup>18</sup> This adjustment will terminate on or before  
633 December 31, 2029, or upon issuance of any order by the Wyoming Commission that changes  
634 Wyoming's treatment of the Implemented Issues or the Resolved Issues from the terms of the 2020  
635 Protocol. The adjustment shall be made solely at the Company's expense and not allocated to any  
636 other States.

637 **4.4.2. New QF PPAs**

638 QF PPAs fully executed or as to which a legally enforceable obligation exists after  
639 December 31, 2019, ("New QF PPAs") will be situs assigned and allocated for ratemaking  
640 proceedings pertaining to periods beginning on or after January 1, 2020, to the State of Origin.

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<sup>15</sup> Fully executed means executed and delivered by each party to the other party.

<sup>16</sup> Any such legally enforceable obligation date must be confirmed by an order from the applicable Commission issued prior to the end of the Interim Period.

<sup>17</sup> The Wyoming QF adjustment will be included in the base ECAM costs forecasted in a general rate case with rates effective on or after January 1, 2021. The Wyoming QF adjustment will be trued up in the ECAM at 100% (sharing-bands do not apply).

<sup>18</sup> The Wyoming QF adjustment shall be removed from base ECAM costs on December 31, 2029, or as otherwise specified in Section 4.4.1.1, so that no adjustment flows through to customers in rates after that date unless it was deferred in the ECAM prior to December 31, 2029.

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641 **4.4.2.1. Interim Period Treatment – Pre-Nodal Pricing Model**

642 For the Interim Period, the energy output of New QF PPAs will be dynamically allocated  
643 per this agreement using the SG Factor, priced at a forecasted reasonable energy price defined  
644 below, and any cost of a New QF PPA above the forecasted reasonable energy price will be situs  
645 assigned and allocated to the State of Origin. The forecasted reasonable energy price is a single  
646 blended market price derived from the Company's Official Forward Price Curve ("OFPC"), scaled  
647 for hourly prices, that was used for setting QF pricing for the New QF PPA. The single blended  
648 market price is calculated by applying the appropriate weighting to the hourly scaled prices from  
649 the OFPC for each market hub. The weightings per market hub are identified in the table below.  
650 The weighting will be applied by month and by heavy load hours ("HLH") and light load hours  
651 ("LLH"). The forecasted reasonable energy price, used for allocation purposes, shall be  
652 established at the time a QF PPA is fully executed.

Market Hub Weighting by Month - HLH												
Market	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
COB	0.00%	0.55%	1.34%	0.82%	3.45%	4.01%	8.41%	3.69%	8.58%	0.97%	1.79%	1.20%
Mid Columbia	24.42%	30.21%	55.74%	63.22%	70.84%	87.39%	81.05%	83.85%	75.88%	42.27%	34.30%	40.74%
Palo Verde	1.52%	2.53%	1.07%	0.66%	0.54%	0.03%	0.76%	1.89%	1.85%	2.55%	3.45%	0.30%
Four Corners	64.72%	58.68%	35.94%	27.40%	16.15%	5.75%	4.12%	2.17%	3.82%	45.79%	52.88%	44.47%
Mead	0.18%	0.13%	1.23%	1.46%	1.52%	1.74%	1.95%	3.30%	6.64%	0.33%	0.12%	0.57%
Mona	9.16%	7.90%	2.94%	2.03%	1.79%	0.74%	0.01%	0.18%	1.82%	7.82%	7.46%	2.18%
NOB	0.00%	0.00%	1.75%	4.40%	5.72%	0.33%	3.70%	4.92%	1.41%	0.27%	0.00%	10.54%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Market Hub Weighting by Month - LLH												
Market	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
COB	0.00%	0.99%	5.17%	3.53%	15.50%	15.16%	5.97%	1.21%	0.31%	2.43%	3.44%	1.16%
Mid Columbia	58.74%	60.10%	76.58%	66.36%	71.82%	80.41%	85.52%	92.26%	83.27%	62.78%	66.30%	59.09%
Palo Verde	0.00%	1.12%	0.42%	0.04%	0.39%	0.40%	2.71%	3.04%	0.00%	0.92%	1.91%	2.30%
Four Corners	33.45%	34.66%	13.63%	26.49%	10.44%	3.30%	5.35%	2.39%	11.60%	27.69%	26.36%	29.65%
Mead	0.00%	0.06%	0.94%	0.44%	0.93%	0.47%	0.25%	0.00%	0.00%	0.57%	0.00%	0.00%
Mona	7.81%	3.07%	1.54%	2.41%	0.92%	0.27%	0.00%	1.11%	4.82%	5.61%	1.99%	7.80%
NOB	0.00%	0.00%	1.71%	0.73%	0.00%	0.00%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

653 **4.4.2.2. Post-Interim Period Treatment**

654 After the conclusion of the Interim Period, assuming resolution and Commission approval  
655 of all Framework Issues, the Parties agree that New QF PPAs will be situs assigned and the costs



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656 and benefits will be allocated and assigned per the methodology developed through the Framework  
657 process in Section 6.2.

## 658 **5. Resolved Issues - Post-Interim Period Implementation**

659 The Parties agree, conditioned upon reaching agreement on a Post-Interim Period Method  
660 on the future allocation treatment described in this Section 5 for certain benefits, revenues, costs,  
661 and investments. As stated in Section 2, these Resolved Issues of the 2020 Protocol are intended  
662 to take effect with the implementation of the Post-Interim Period Method. Parties acknowledge  
663 that conditions may change materially in unforeseen ways during the Interim Period and that it  
664 may be necessary to re-evaluate Resolved Issues as part of the Post-Interim Period Method. The  
665 Resolved Issues are identified below.

### 666 **5.1. Generation Costs**

667 Following the Interim Period, a fixed share of the Interim Period Resources will be  
668 assigned to serve load in each State. The costs and benefits, including environmental attributes,  
669 associated with each Interim Period Resource will be allocated and assigned in accordance with  
670 the Interim Period Resources fixed allocation provisions (Section 5.1.1), Reassignment of coal-  
671 fueled Interim Period Resources (Section 4.2), and Limited Realignment (Section 6.4).

#### 672 **5.1.1. Interim Period Resources Fixed Allocation**

673 Interim Period Resources will be assigned and allocated to States based on the SGF Factor  
674 for each State as defined in Appendix C. The load information used to determine the SGF Factor  
675 is subject to modification for the inclusion or exclusion of Special Contract loads as determined  
676 through the Framework process for resolution of issues addressed in Section 6.3. The SGF Factor  
677 is used to develop the AP Factor for each unit. Additionally, Interim Period Resources will be  
678 subject to the Limited Realignment as outlined in Section 6.4 and the Reassignment of Interim