Uintah Basin Energy Summit

Balancing Regulatory and Market Changes with Customer Interests

August 31, 2016

wattsmart

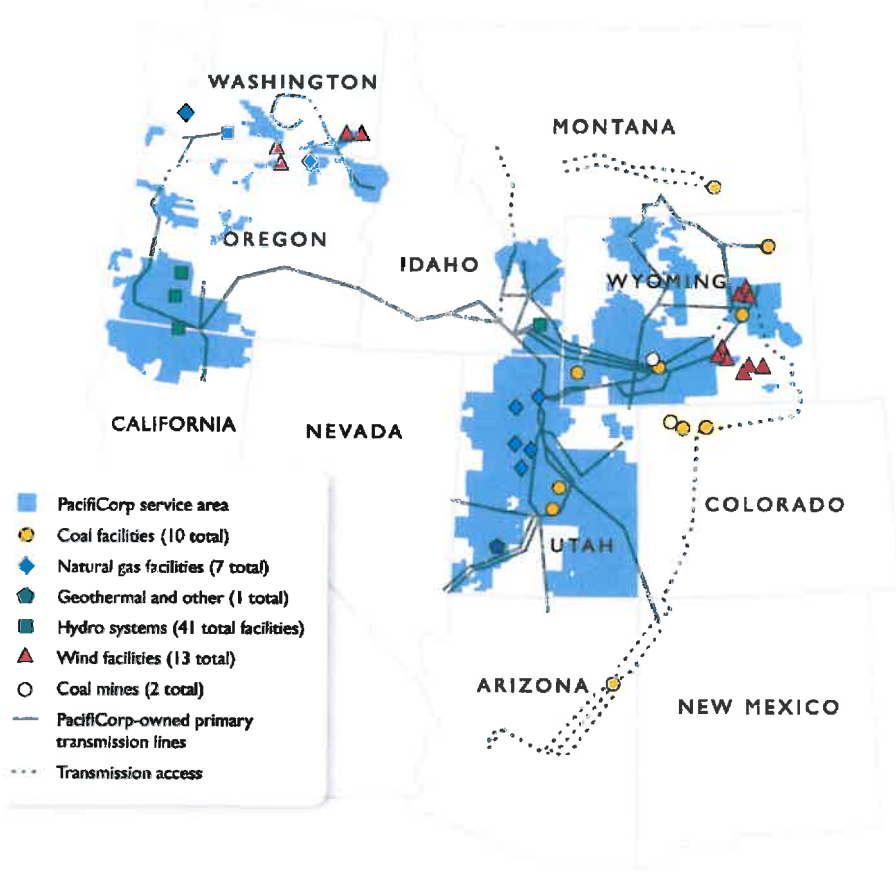
Gary Hoogeveen, Sr. Vice President & CCO

Rocky Mountain Power

ROCKY MOUNTAIN POWER

Let's turn the answers on.

Rocky Mountain Power Overview



A business unit of PacifiCorp

1,056,000 electric customers

3,481 employees

108,000 square mile service territory (Utah, Wyoming and SE Idaho)

$3.2b annual revenue (68% of total PacifiCorp revenues)

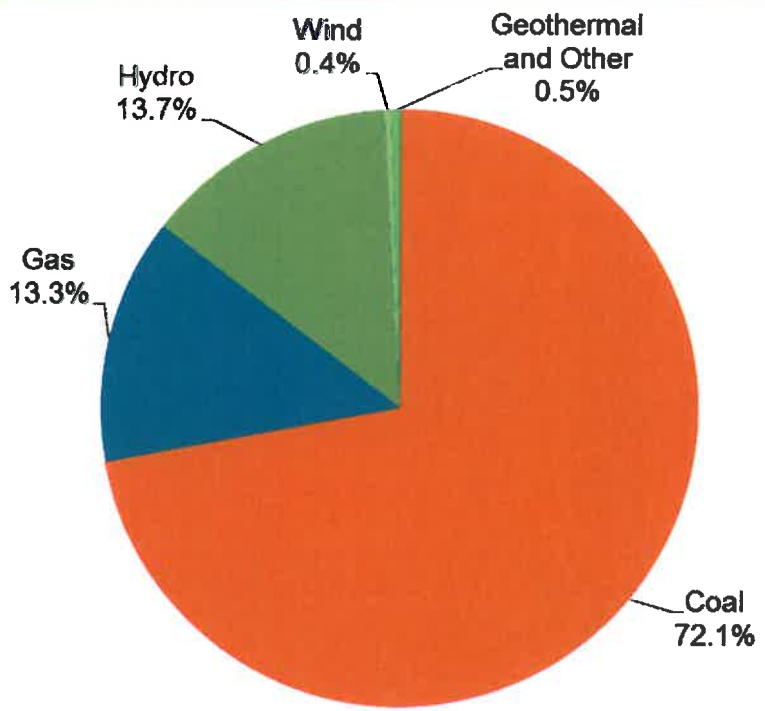
10,894 MW[(1)] owned generation capacity

- Coal 55%
- Natural gas 25%
- Hydro[(2)] 10%
- Wind, geothermal and other[(2)] 10%

(1) Net MW owned in operation as of Dec. 31, 2015
(2) All or some of the renewable energy attributes associated with generation from these generating facilities may be: (a) used in future years to comply with renewable portfolio standards or other regulatory requirements or (b) sold to third parties in the form of renewable energy credits or other environmental commodities

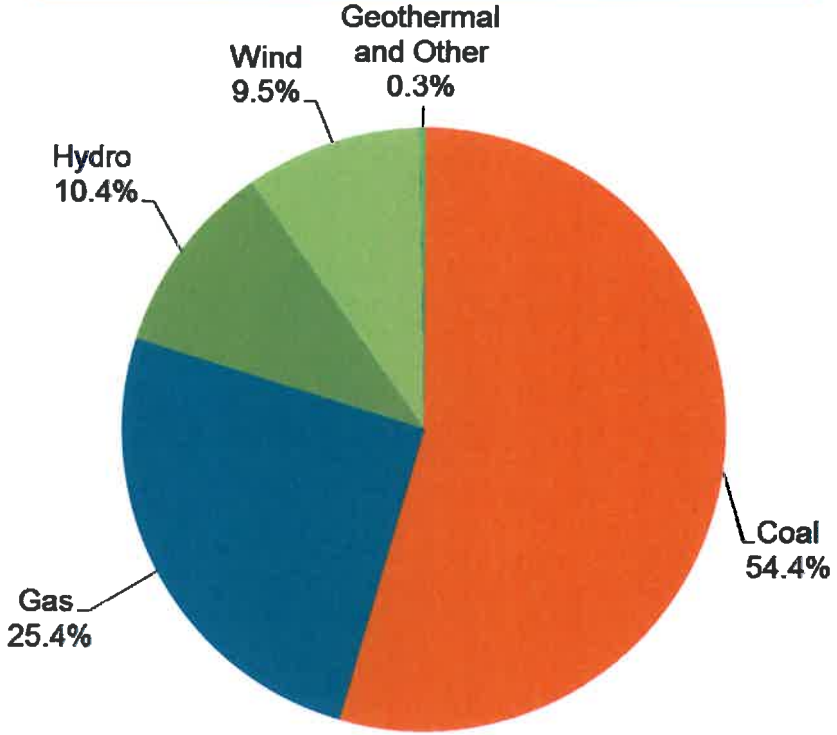
Generating Capacity by Fuel Type

March 31, 2006



8,470 MW (1)

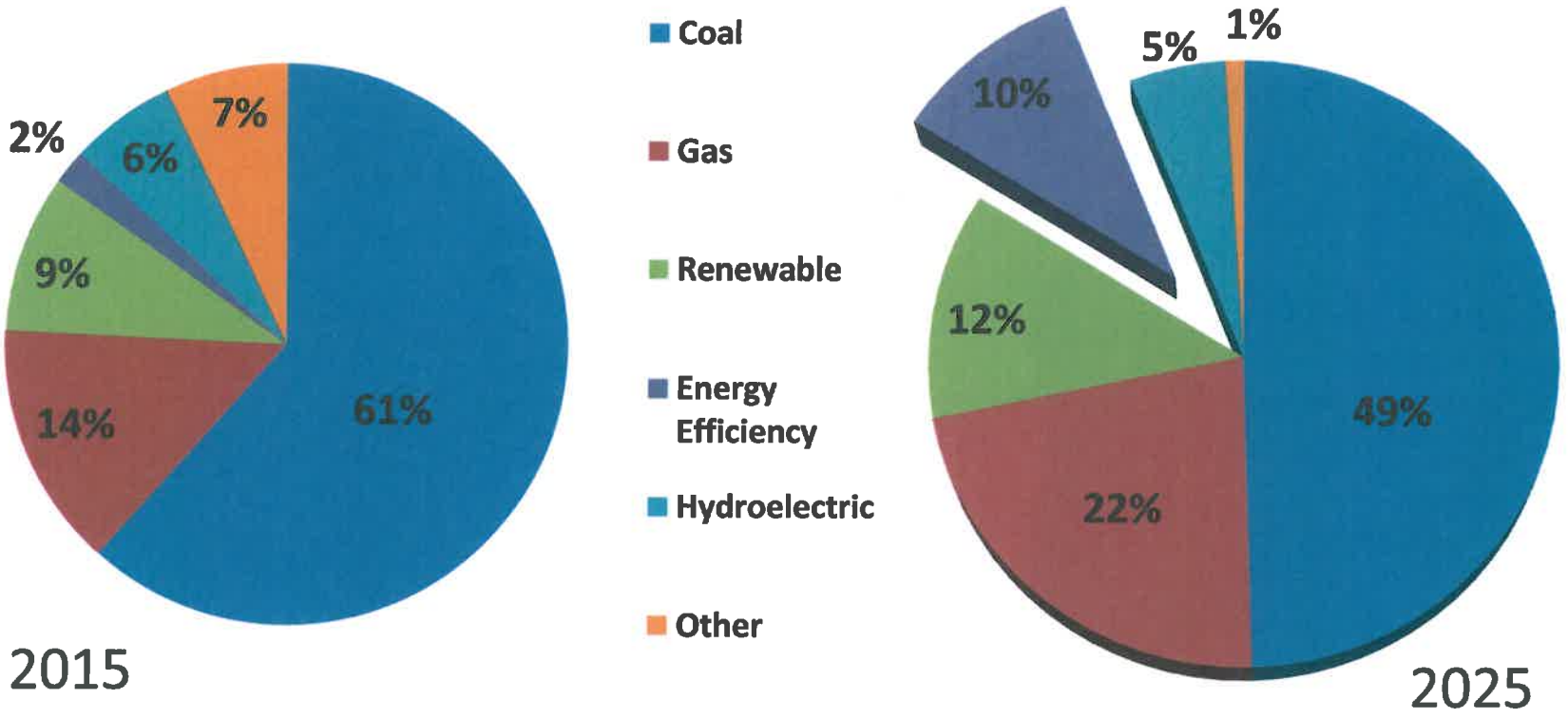
December 31, 2015



10,894 MW (1)

(1) Net owned capacity (MW)

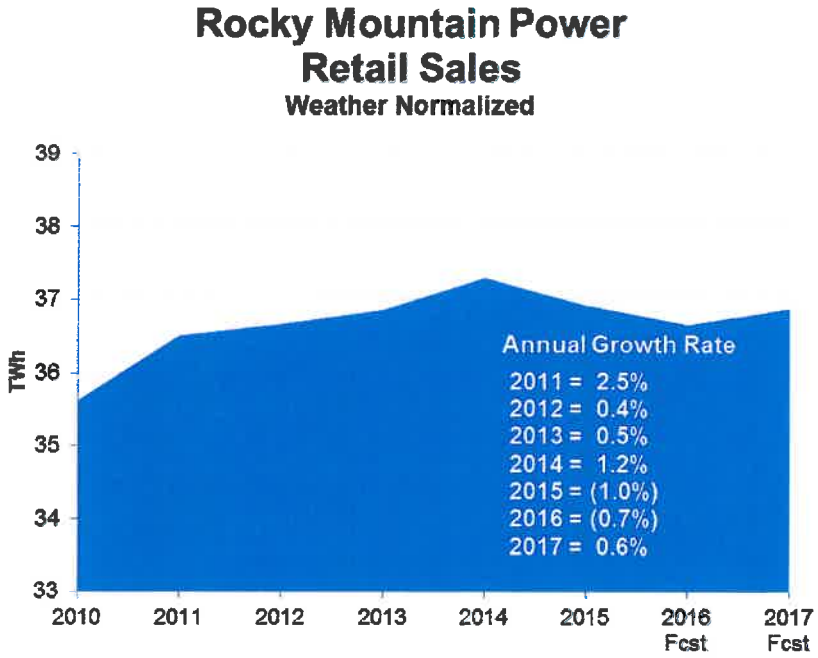
Energy Efficiency

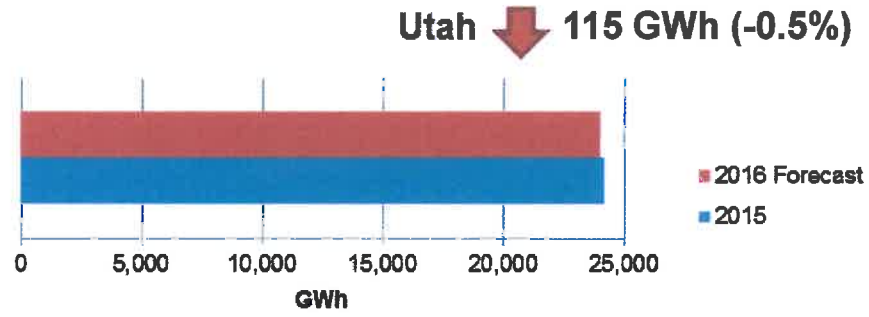


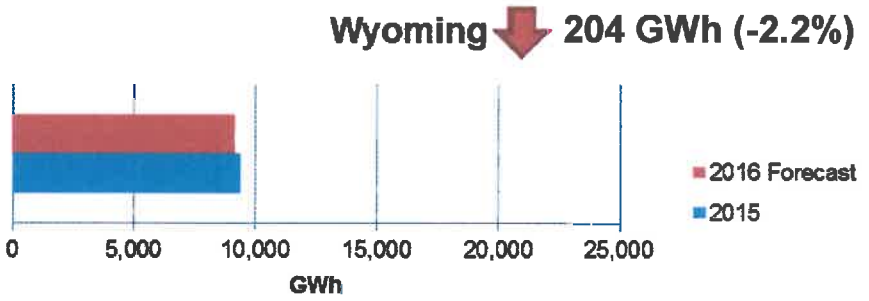
86% of Forecasted Growth to be Met by Energy Efficiency Investments

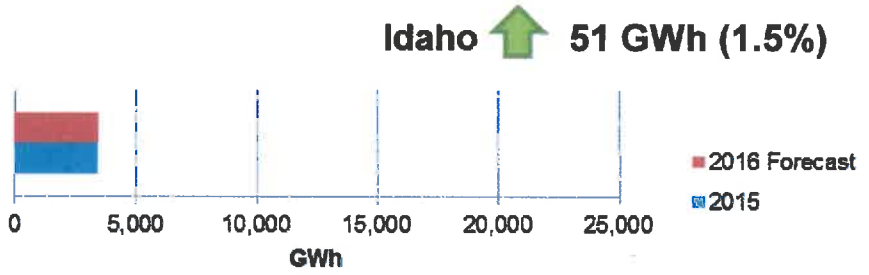
Retail Sales

(Weather Normalized)



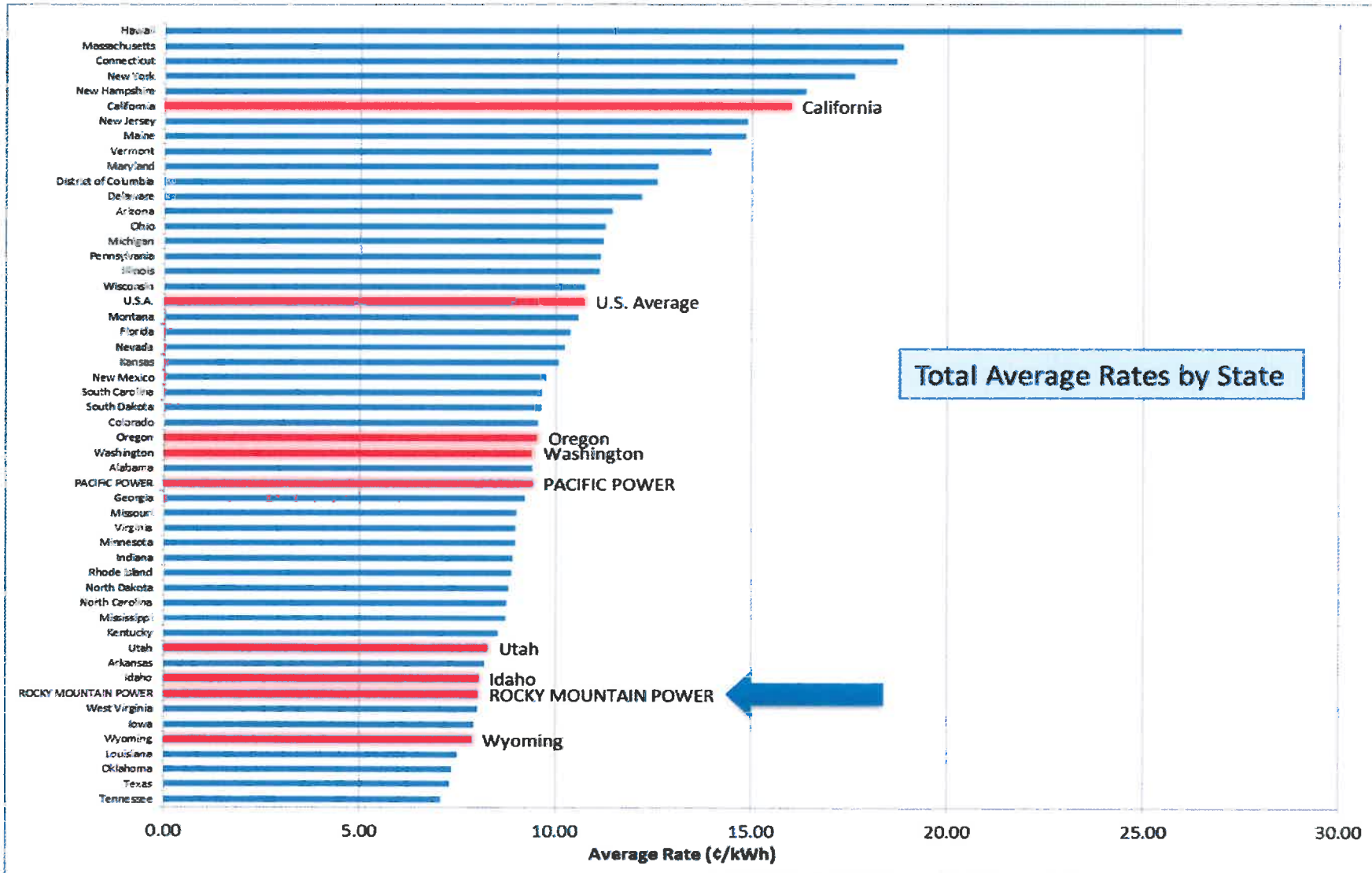






- 2015 sales decreased primarily due to reductions in oil, gas and metals extraction sector in Utah and Wyoming
- Continuing economic strength drives growth in the residential and commercial sectors

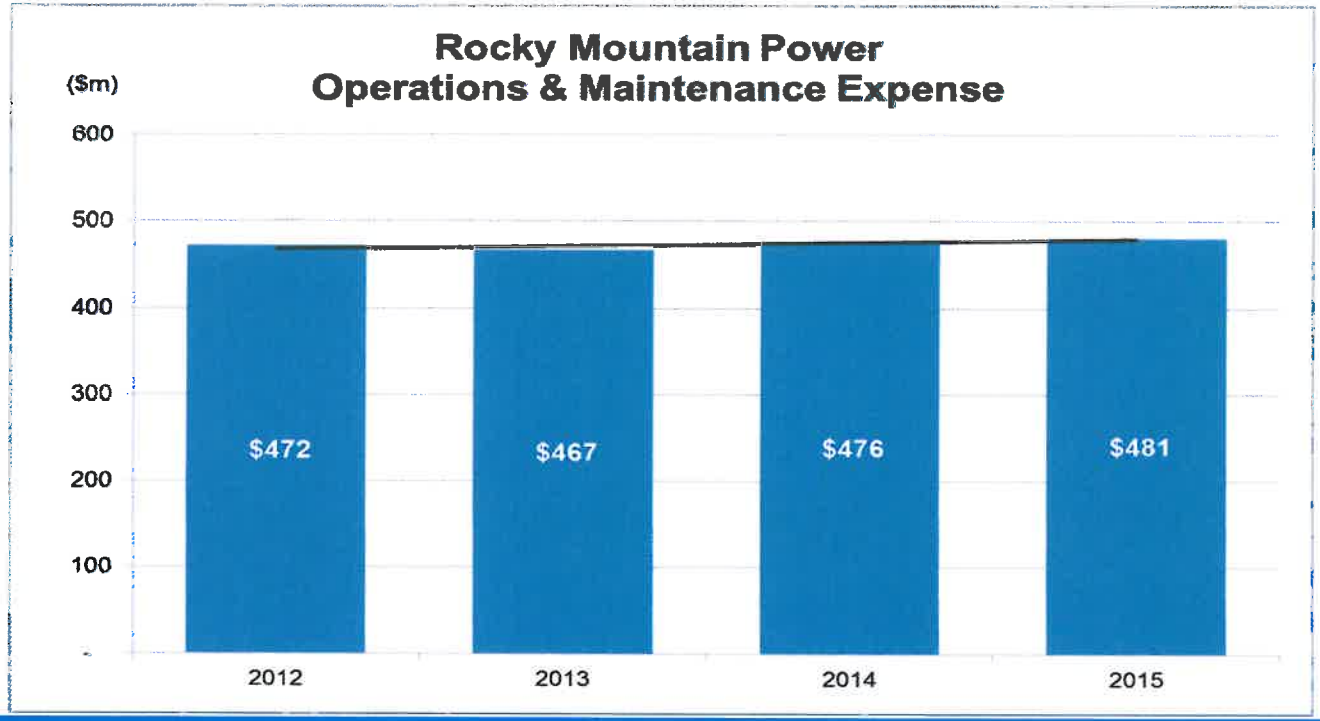
PacifiCorp and U.S. IOUs



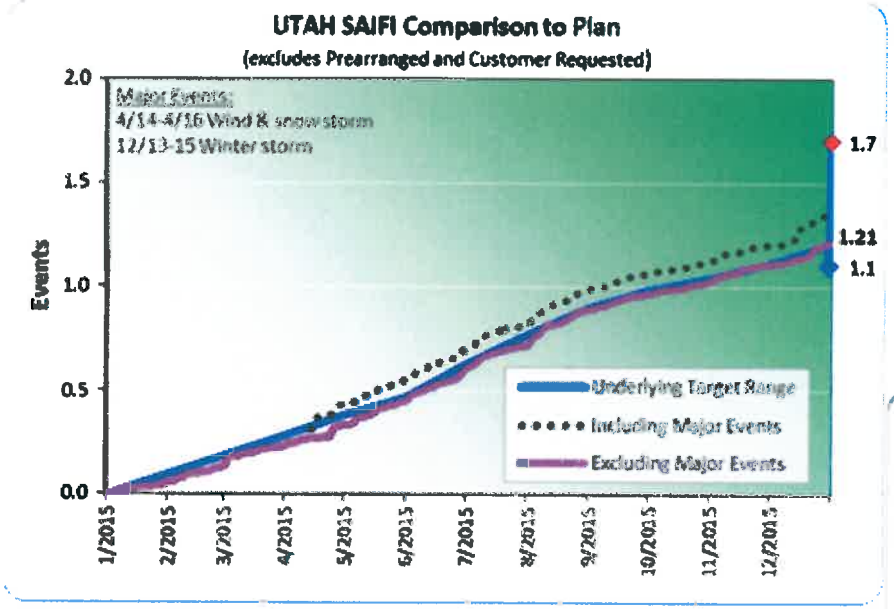
Source: Edison Electric Institute Sales and Revenue Data for the 12 months ending December 2015

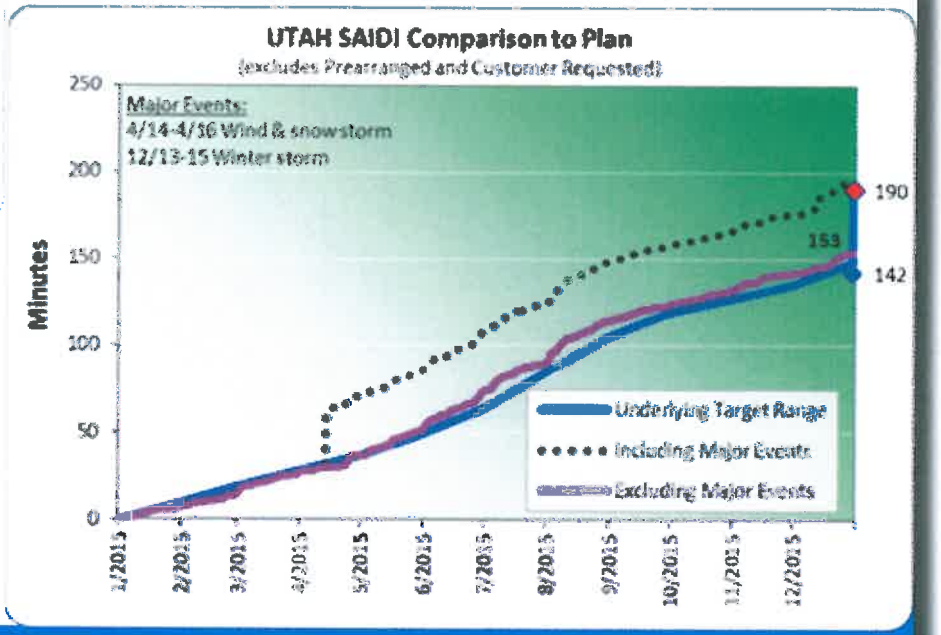
Minimizing Costs/Investments

- Operations and maintenance expense held flat
- Holding capital to depreciation levels
- Minimizes need for customer rate increases while continuing to improve safety, reliability and customer service



2015 Reliability Performance





Rocky Mountain Power

J.D. Power Residential and Small-Midsize Business Results

	Rocky Mountain Power Residential Results		Rocky Mountain Power Small-Midsize Business Results	
	2014	2015	2015	2016
J.D. Power Overall Customer Satisfaction Results	Rank: 60 of 138 Second quartile Top 43%	Rank: 22 of 140 First quartile Top 16%	Rank: 36 of 87 Second quartile Top 41%	Rank: 9 of 86 First quartile Top 10%

Rocky Mountain Power

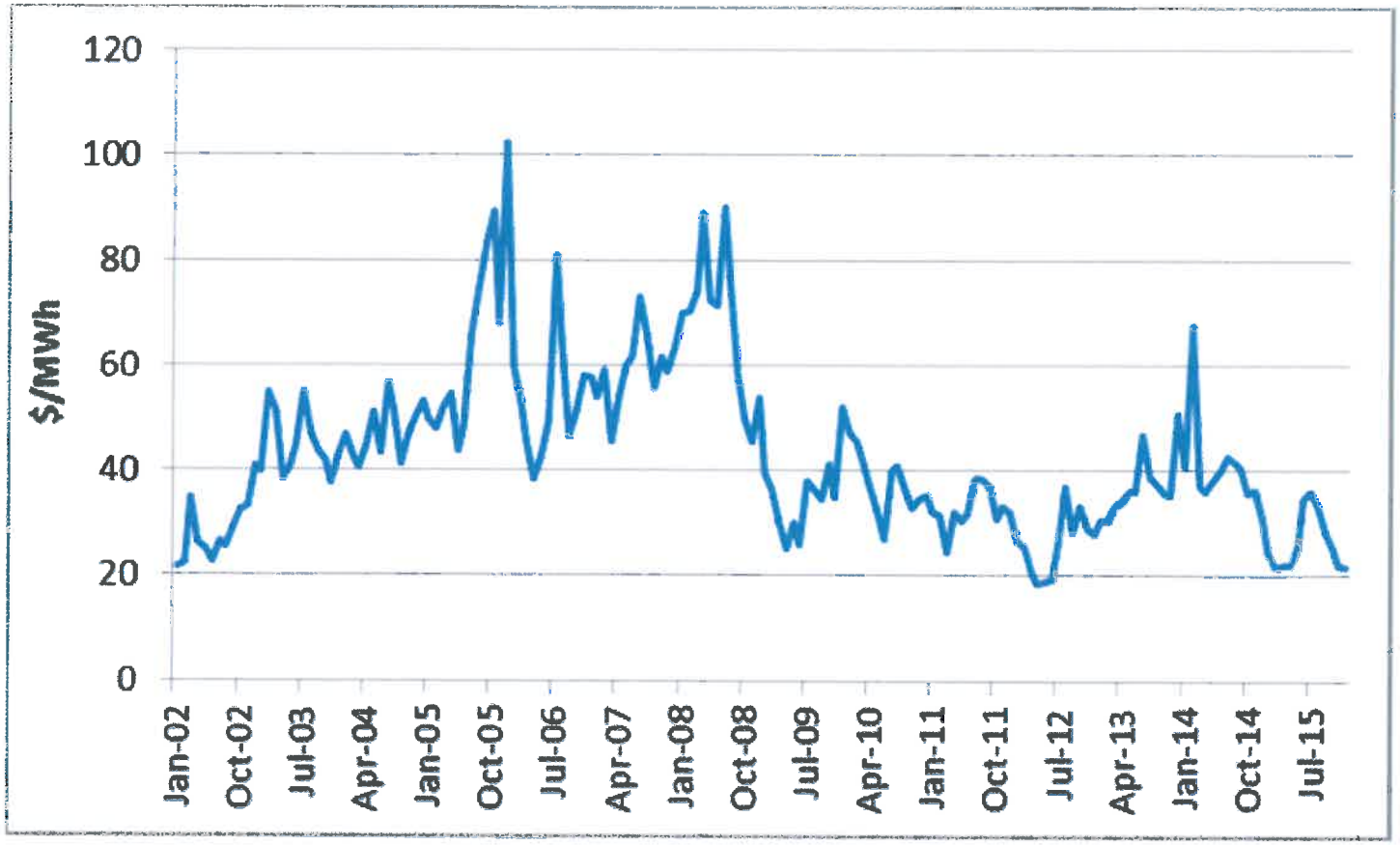
Large Industrial Customer Key Account Results: 2011 – 2015

Drivers	Rocky Mountain Power: Very Satisfied Customers (% 8-10)						National Rankings Among 100 Largest U.S. Electric Utility Operating Companies *(Only available for overall satisfaction)*				
	2011 n=137	2012 n=136	2013 n=121	2014 n=122	2015 n=120	Change from 2014	2011	2012	2013	2014	2015
Overall Satisfaction	88.3%	94.9%	95.0%	94.3%	98.3%	+4.0% pts	13th	3rd	5th	5th	2nd
Account Manager	99.3%	99.3%	100%	97.5%	100%	+2.5					
Electric Reliability	92.7%	94.9%	92.6%	94.3%	95.8%	+1.5					
Power Quality	90.5%	93.4%	92.6%	92.6%	97.5%	+4.9					
Price	79.7%	85.8%	87.9%	82.2%	84.5%	+2.3					
Energy Efficiency	92.0%	91.9%	97.5%	92.5%	95.8%	+3.3					
Handling Customer Contacts	87.7%	86.0%	78.4%	95.2%	98.2%	+3.0					
Company Image	91.2%	95.6%	87.5%	94.2%	94.9%	+0.7					
Value of Products & Services	90.9%	90.4%	93.0%	92.4%	91.3%	-1.1					
Customer Loyalty	81.1%	84.2%	87.6%	85.1%	78.6%	-6.5					

Market Dynamics

- Low wholesale power market prices
- Declining solar costs / tax incentive extensions
  - Increasing private generation
  - Qualifying Facility (QF) requests
  - Increasing State renewable requirements
- Western grid developments

AVERAGED MID-COLUMBIA & PALO VERDE SPOT PEAK PRICE

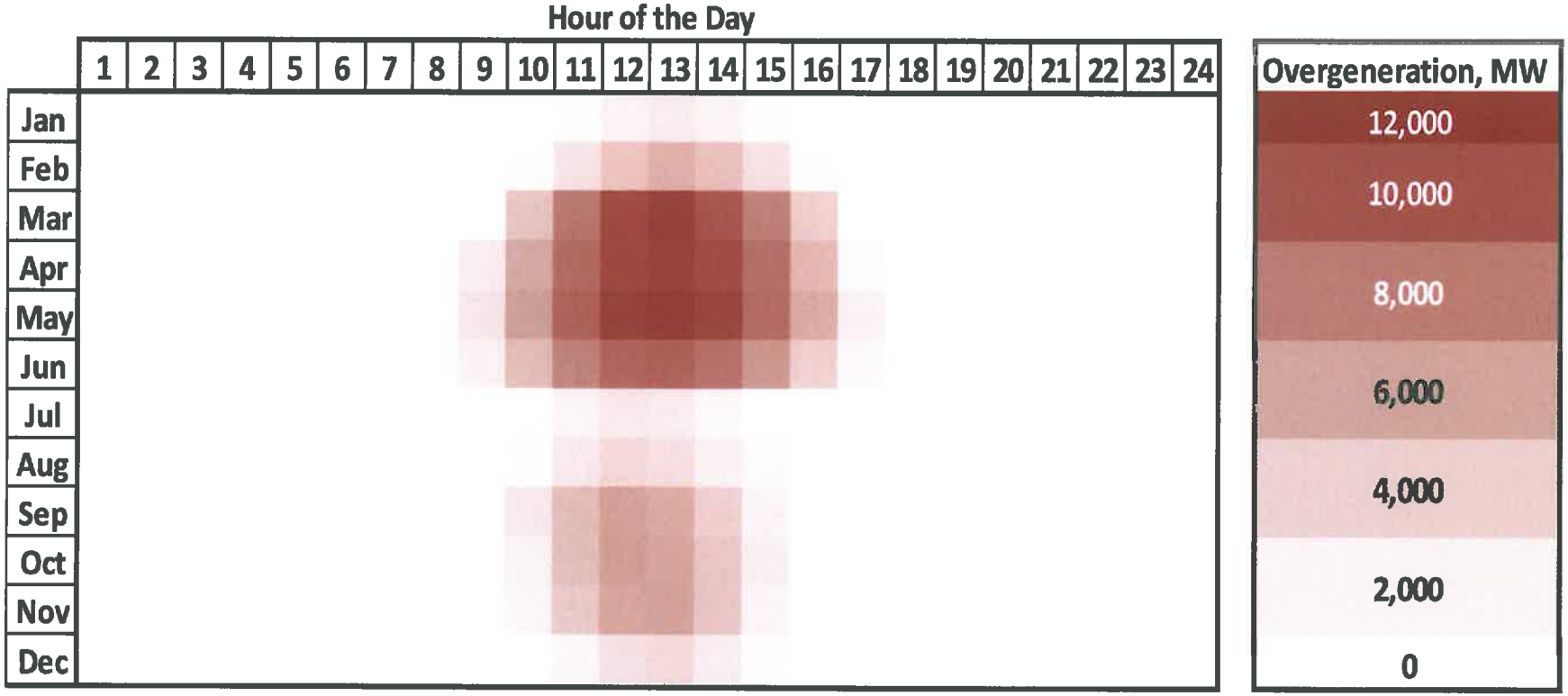


Derived from: *Wholesale Electricity and Natural Gas Market Data* , U.S., Energy Information Administration, April 28, 2016.

Overgeneration Opportunities

- **E3 market simulations show overgeneration in over 20% of hours by 2030**

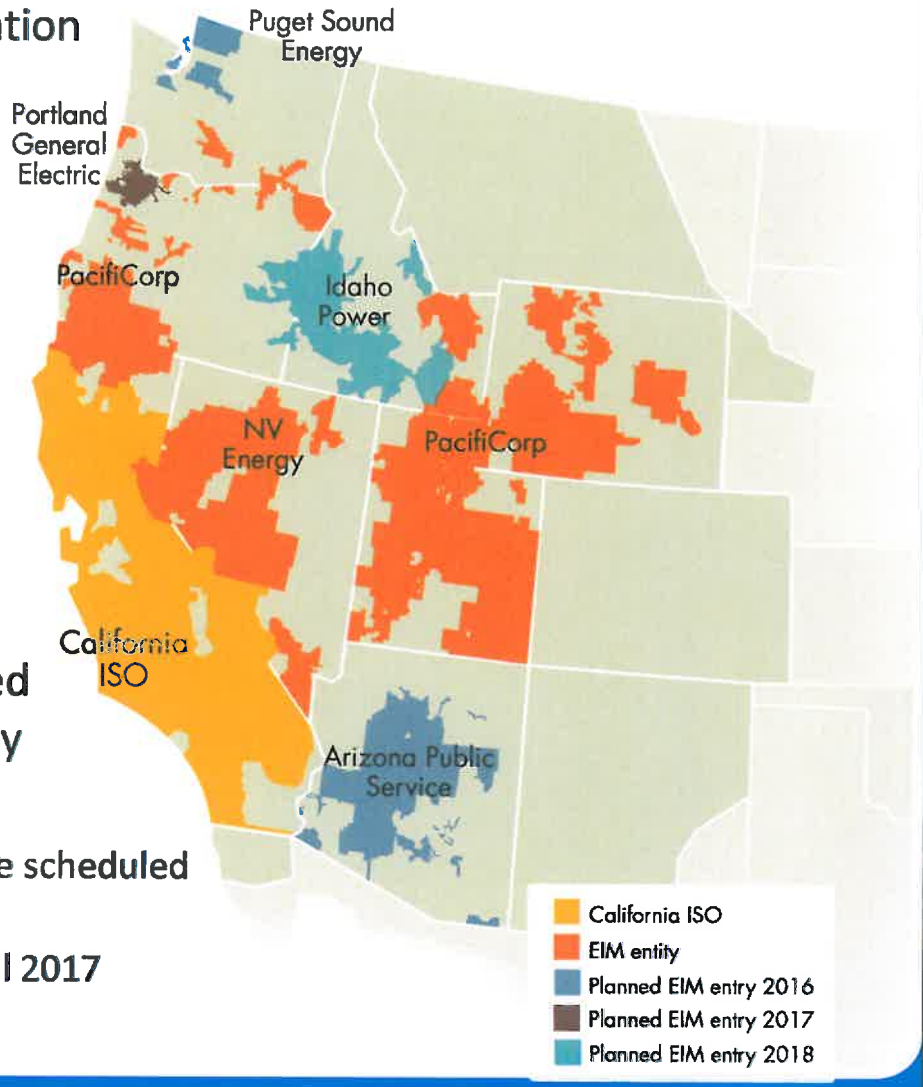
Average overgeneration (MW) by month-hour, 50% Large Solar Case:



Source: E3 Study, "Investigating a Higher RPS in California"

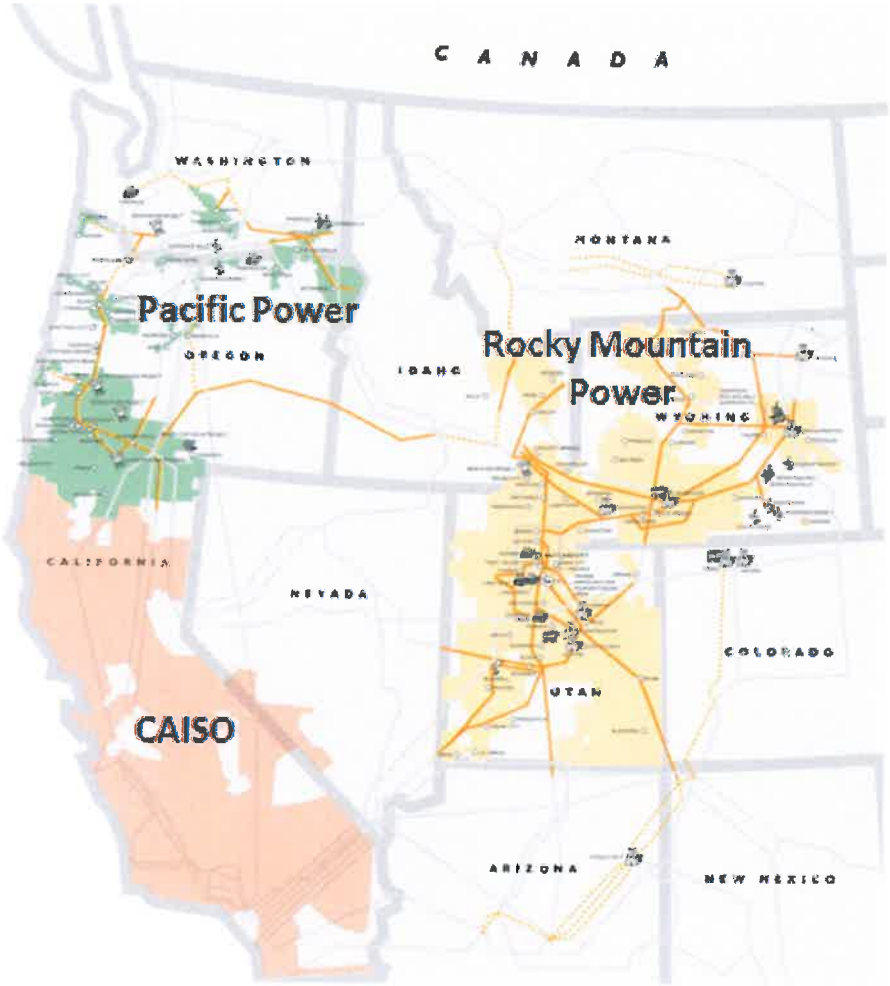
Energy Imbalance Market

- Automatically optimizes load and generation across the entire EIM footprint every five minutes
  - Efficient dispatch, renewable resource integration, improved situational awareness
- Overall system and customer benefits realized November 2014 to March 2016
  - $42m for PacifiCorp customers
  - $20m for California ISO customers
  - $3m for NV Energy customers (went live Dec. 1, 2015)
- Benefits expected to grow with expanded participation bringing additional diversity and transfer capability
  - Puget Sound Energy and Arizona Public Service scheduled to join Fall 2016
  - Portland General Electric scheduled to join Fall 2017
  - Idaho Power scheduled to join in April 2018



Regional ISO Integration

- Combine balancing authority areas
- Allow resources to be centrally-dispatched on an automated basis
- Facilitate participation in hour-ahead and day-ahead markets
- Increased renewable integration and lower GHG emissions
- California governor delayed legislation for another year of study



What Does This Mean for the Uintah Basin?

- We recognize and appreciate how vital our electric service is to the regional economy.
- Extractive industries tend to require large blocks of electric demand. Work with us early in the process to meet your needs.
- *watt*smart program designed for your energy efficiency.
- We're committed to keeping our electricity rates low and increasing the satisfaction of all our customers.

Questions or Comments?