

# APPLICATION OF ROCKY MOUNTAIN POWER

Docket No. 19-035-42

## PUBLIC HEARING

March 24, 2020

### ADVANCED REPORTING SOLUTIONS

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PUBLIC HEARING DOCKET NO. 19-035-42

STATE CONTRACT #MA2908

APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF THE  
2020 INTER-JURISDICTIONAL COST ALLOCATION AGREEMENT

Taken on March 24, 2020

At 9:00 a.m.

Via teleconference

At ADVANCED REPORTING SOLUTIONS  
159 West Broadway  
Broadway Lofts, Suite 100  
Salt Lake City, Utah 84101

Reported by: Deirdre Rand, RPR, CSR, CCR

A P P E A R A N C E S

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Public Service Commission:

CHAIR THAD LEVAR  
COMMISSIONER DAVID CLARK  
COMMISSIONER JORDAN WHITE

Rocky Mountain Power:  
EMILY L. WEGENER

Division of Public Utilities:  
PATRICIA SCHMID

Office of Consumer Services:  
ROBERT MOORE

Western Resource Advocates:  
SOPHIE HAYES

Nuror Steel-Utah:  
ERIC J. LACEY

Utah Association of Energy Users:  
PHILLIP J. RUSSELL

Utah Clean Energy:  
HUNTER HOLMAN

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P R O C E E D I N G S

CHAIR LEVAR: Good morning.

We are here for a Public Service Commission hearing in docket 19-035-42, application of Rocky Mountain Power for approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement.

Today is March 23rd, 2020. [Verbatim.]

And we have all three members of the Public Service Commission on the line. And let me just go through other participants.

So for Rocky Mountain Power, Ms. Wegener, are you on the line?

MS. WEGENER: Yes, I'm here.

CHAIR LEVAR: Did I pronounce your last name right?

MS. WEGENER: Wegener? Yeah.

CHAIR LEVAR: Wegener. Okay.

And then Ms. Steward, Mr. McDougal, and Mr. Wilding, are you three all on the line?

MS. STEWARD: I am. This is Ms. Steward.

MR. McDOUGAL: I'm Mr. McDougal, yes.

MR. WILDING: And this is Mr. Wilding.

CHAIR LEVAR: Okay. Thank you.

And then Ms. Schmid, did I hear you on the

1 phone, representing the Division?

2 MS. SCHMID: Yes, you did. I am here. Thank  
3 you.

4 CHAIR LEVAR: Okay. And Dr. Powell, are you  
5 on phone -- on the line?

6 MR. POWELL: Yes, this is Artie Powell.

7 CHAIR LEVAR: Okay. Then who do we have  
8 representing the Office of Consumer Services?

9 MR. MOORE: This is Robert Moore. I'm  
10 representing the Office of Consumer Services. Cheryl  
11 Murray will be our witness.

12 CHAIR LEVAR: Okay. And she's on the line  
13 also now?

14 MS. MURRAY: Yes, I am.

15 CHAIR LEVAR: Okay. Thank you.

16 Do we have someone representing Western  
17 Resource Advocates on the phone?

18 MS. HAYES: Yes. Good morning, Chair. This  
19 is Sophie Hayes representing Western Resource Advocates.

20 And Nancy Kelly can pipe up, but she should be  
21 on the phone, as well as our witness. Thanks.

22 CHAIR LEVAR: Okay. Thank you.

23 MS. KELLY: This is Nancy Kelly. I'm --

24 THE REPORTER: Just a moment. I do not know  
25 the main speaker. You have not identified yourself.

1 CHAIR LEVAR: Oh, this is Thad LeVar. Sorry.  
2 I identified myself when I first started.

3 THE REPORTER: Thank you. And you're not one  
4 of the names that I was given, so I appreciate that.

5 CHAIR LEVAR: Oh, this is the court reporter?

6 THE REPORTER: Correct.

7 CHAIR LEVAR: I'm sorry. Yeah, I didn't -- on  
8 the piece of paper we sent you, I forgot to put the  
9 names of the three commissioners. I apologize.

10 THE REPORTER: Got it. We're good.

11 CHAIR LEVAR: We'll get that to you  
12 immediately.

13 Do we have anyone from Nucor Steel on the  
14 line?

15 MR. LACEY: Yeah, Eric Lacey is on,  
16 representing Nucor Steel.

17 CHAIR LEVAR: Okay. And you don't have a  
18 witness, correct?

19 MR. LACEY: No, we do not.

20 CHAIR LEVAR: And do we have anyone on the  
21 line from Utah Association of Energy Users?

22 MR. RUSSELL: Yes, Phillip Russell with UAE.  
23 We also do not have a witness.

24 CHAIR LEVAR: Okay. Do we have anyone from  
25 Utah Clean Energy?

1 MR. HOLMAN: Yes, this is Hunter Holman. And  
2 we also do not have a witness.

3 CHAIR LEVAR: Okay. Thank you.

4 Any other preliminary matters before we move  
5 to Rocky Mountain Power's first witness?

6 Okay. Ms. Wegener, you may call your first  
7 witness.

8 MS. WEGENER: Rocky Mountain Power's first  
9 witness is Joelle Steward.

10 CHAIR LEVAR: Ms. Steward, do you swear to  
11 tell the truth?

12 MS. STEWARD: Yes, I do.

13 CHAIR LEVAR: Okay.

14 And then I'll just give one last reminder. If  
15 you're not speaking, please put your phone on mute, and  
16 that will help the audio quality significantly. Thank  
17 you.

18 Okay. Go ahead.

19 EXAMINATION

20 BY MS. WEGENER:

21 **Q. Please state your name and business address.**

22 A. My name is Joelle Steward. My business  
23 address is 1407 West North Temple, Salt Lake City, Utah  
24 84116.

25 **Q. Did you submit testimony in conjunction with**



1 **the company's application in this matter?**

2 A. Yes, I did.

3 MS. WEGENER: And can we move to admit the  
4 testimony?

5 BY MS. WEGENER:

6 **Q. Oh, do you have any corrections to make to**  
7 **that testimony?**

8 A. Yes, I have one correction. It's on line 488,  
9 which is on page 23. It's the question that currently  
10 reads, "In the event that each state with exit orders  
11 accepts the company's recommendation," instead, "with"  
12 should be replaced by "without."

13 So it should read, "In the event that each  
14 state without exit orders accepts the company's  
15 recommendations."

16 **Q. Thank you. Any other corrections?**

17 A. No.

18 **Q. Okay.**

19 MS. WEGENER: Move to admit Ms. Steward's  
20 testimony.

21 CHAIR LEVAR: Okay. This is Thad LeVar. If  
22 anyone objects to that motion, please say so in the next  
23 few seconds.

24 And I'm not hearing any objections, so the  
25 motion is granted. Thank you.

1 BY MS. WEGENER:

2 Q. Can you please provide a summary of your  
3 testimony?

4 A. Yes. Thank you.

5 Good morning. I am pleased to present the  
6 2020 protocol to the Commission for approval. The 2020  
7 protocol is the culmination of three years of  
8 collaboration and analysis undertaken by participants in  
9 a multistate process for MFP.

10 The MFP group is comprised of approximately 35  
11 parties, including a wide array of key stakeholders  
12 across PacifiCorp's six-state service area, including  
13 regulatory agency staff, consumer advocates, customers,  
14 and multiple industrial and environmental interest  
15 groups.

16 The 2020 protocol is the latest iteration in  
17 the Inter-Jurisdictional Allocation to be used among the  
18 majority of PacifiCorp states. The Inter-Jurisdictional  
19 Allocation methods have been used for PacifiCorp for  
20 over 30 years.

21 This 2020 protocol, like past allocation  
22 methods, describes the way all components of  
23 PacifiCorp's regulated service for generation,  
24 transmission, and distribution costs and benefits are  
25 assigned and allocated among the states for regulatory

1 filing and setting rates.

2           While the 2020 protocol remains -- retains  
3 many of the allocation policies and practices used in  
4 the most recently approved methodology, which was the  
5 2017 protocol, the 2020 protocol represents a  
6 fundamental shift in how the company proposes to address  
7 Inter-Jurisdictional cross allocation, with an ultimate  
8 goal of moving away from the dynamic allocation factors  
9 and a common generation resource portfolio, to an  
10 allocation protocol with six allocation factors for  
11 generation resources and state-specific resource  
12 portfolios.

13           To achieve this goal, the 2020 protocol  
14 reflects a transition approach that relies on  
15 continuation of the 2017 protocol, with certain minor  
16 modifications during an interim period, while parties  
17 continue to meet to resolve the remaining cost  
18 allocation issues.

19           This transition away from the common  
20 generation portfolio is necessitated by the divergence  
21 of policies in the PacifiCorp states. The bedrock of  
22 the use of dynamic allocation factors has been that all  
23 states were served from a common portfolio of assets  
24 which enabled PacifiCorp to cost-effectively plan for  
25 and operate as an integrated whole. However, state

1 policies such as the requirement to remove coal from  
2 rates in certain states, challenge the long-standing  
3 practice of planning for the integrated system.

4 The 2020 protocol responds to the diverging  
5 state policies by providing a process of transitioning  
6 California, Oregon, and Washington from coal-fired  
7 resources without limiting the availability of those  
8 same resources to other states.

9 Specifically, the 2020 protocol, which is  
10 attached to my testimony as Exhibit JRS-1, reflects the  
11 following:

12 First, it establishes the allocation and  
13 assignment policies, procedures, and methods to be used  
14 during the interim period for all components of  
15 PacifiCorp's regulated service in the company's six  
16 states. The interim period is defined as January 1,  
17 2020 through December 31, 2023, unless agreement on  
18 framework issues is reached earlier.

19 For Utah, as well as other states, with the  
20 exception of Washington, the 2020 protocol simply  
21 extends the use of the 2017 protocol through 2023.

22 The exceptions to the 2017 protocol are the  
23 elimination of the equalization adjustments, changes to  
24 the embedded cost differential adjustments, treatment of  
25 qualifying facilities, and changes to general

1 governance.

2 The ECD will be addressed by Mr. McDougal, and  
3 Mr. Wilding discusses QF.

4 Overall, retaining the majority of provisions  
5 in the 2017 protocol means that costs will continue to  
6 be dynamically allocated through the interim period  
7 unless they are state specific, such as distribution  
8 assets. New resources that come into service before the  
9 end of the interim period will be treated as system  
10 resources.

11 Second, it contains an agreement on certain  
12 issues that are intended to be implemented during the  
13 interim period, identified as implemented issues. These  
14 include procedures for states to access coal-fueled  
15 resources, a process for reassignment of those  
16 resources, provisions on the allocation of the  
17 commission and cost and treatment of QF.

18 Specific to the reassignment process is an  
19 agreement with Utah parties that provides additional  
20 detail on the process and filing requirements for the  
21 resource reassignment. This is included as Attachment 3  
22 to my testimony.

23 The 2020 protocol establishes a process for  
24 states to diverge from the use of common resources over  
25 time, but in no way affects PacifiCorp's responsibility

1 to prudently make decisions about the operation of its  
2 assets.

3 Third, it contains a conditional agreement on  
4 certain issues intended to be implemented following the  
5 interim period, subject to final resolution of all  
6 outstanding issues. These are known as resolved issues,  
7 the most significant of which is the agreement to fixed  
8 assignment of generation resources after the interim  
9 period.

10 Fourth, it establishes a process and timeframe  
11 to address and attempt to resolve all outstanding issues  
12 that the parties intend to resolve during the interim  
13 period, which are known as framework issues. The  
14 framework issues include the implementation or  
15 resolution of issues associated with a nodal pricing  
16 model, resource planning and new resource assignment,  
17 limited realignment, special contracts, and post-interim  
18 period capital additions on coalfield resources.

19 The future resolution of framework issues,  
20 combined with the implemented issues and the resolved  
21 issues, would result in a new allocation methodology for  
22 PacifiCorp's six states, the post-interim period method.

23 The 2020 protocol establishes new governance  
24 provisions for MFP. It creates a framework issues work  
25 group, which is made up of the signatory to the 2020

1 protocol, and who will work to resolve the framework  
2 issues. It also continues the MFP work group, which may  
3 be convened to resolve an allocation issue.

4 Lastly, we appreciate the diligence and hard  
5 work by all of the stakeholders to reach the point of  
6 obtaining overwhelming agreement and support for the  
7 2020 protocol. While it represents a significant amount  
8 of collaboration to date, much of the hard work remains  
9 to create a long-term, durable approach that provides  
10 maximum value to all customers while reflecting the  
11 policy decisions and goals of each of the states.

12 We believe the 2020 protocol has created a  
13 strong framework to enable transition and support for  
14 these ongoing discussions. Therefore, I recommend that  
15 the Commission approve the company's application for the  
16 2020 protocol as filed.

17 Thank you. That concludes my summary.

18 MS. SCHMID: I have no further questions.

19 CHAIR LEVAR: Okay. Thank you. This is Thad  
20 LeVar.

21 Let me first go to Ms. Schmid. Do you have  
22 any questions for Ms. Steward?

23 Ms. Schmid, you may not have taken your phone  
24 off mute. Do you have any questions for Ms. Steward?

25 MS. SCHMID: No.

1 CHAIR LEVAR: Okay. Thank you.

2 Mr. Moore, do you have any questions for  
3 Ms. Steward?

4 MR. MOORE: No questions. Thank you.

5 CHAIR LEVAR: Thank you.

6 Ms. Hayes, do you have any questions?

7 MS. HAYES: No questions. Thank you.

8 CHAIR LEVAR: Mr. Lacey, do you have any  
9 questions?

10 MR. LACEY: No, we do not. Thank you.

11 CHAIR LEVAR: Okay. Thank you.

12 Mr. Russell, do you?

13 MR. RUSSELL: No. Thank you, Chair.

14 CHAIR LEVAR: Okay. Mr. Holman?

15 MR. HOLMAN: No questions. Thank you, Chair.

16 CHAIR LEVAR: Commissioner White, do you have  
17 any questions?

18 MR. WHITE: No questions. Thank you, Chair.

19 CHAIR LEVAR: Mr. Clark?

20 MR. CLARK: No questions. Thank you.

21 CHAIR LEVAR: Okay. Thank you.

22 I don't have any either. So thank you for  
23 your testimony this morning, Ms. Steward.

24 MS. STEWARD: Yes.

25 CHAIR LEVAR: Ms. Weneger, you can go with



1 your next witness.

2 MS. WEGENER: Rocky Mountain Power calls Steve  
3 McDougal.

4 CHAIR LEVAR: Mr. McDougal, do you swear to  
5 tell the truth?

6 MR. McDOUGAL: Yes.

7 CHAIR LEVAR: Okay. Go ahead.

8 EXAMINATION

9 BY MS. WEGENER:

10 **Q. Mr. McDougal, can you please state your name**  
11 **and business address?**

12 A. Yes. My name is Steven R. McDougal, and my  
13 business address is 1407 West North Temple Street, Salt  
14 Lake City, Utah 84116.

15 **Q. Did you submit testimony with the company's**  
16 **application in this matter?**

17 A. Yes, I did.

18 **Q. Do you have any corrections to make of that**  
19 **testimony?**

20 A. I do have one correction on line 97 of my  
21 testimony. On that line, I state that we will be  
22 finishing the decommissioning study for coal strip by  
23 March 31st. The commitment was March 15th.

24 **Q. Thank you. Any more corrections?**

25 A. No.

1 MS. WEGENER: I move to admit Mr. McDougal's  
2 testimony.

3 CHAIR LEVAR: If anyone objects to that --  
4 this is Thad LeVar. If anyone objects to that motion,  
5 please speak up in the next few seconds.

6 I'm not hearing any objections, so the motion  
7 is granted. Thank you.

8 BY MS. WEGENER:

9 Q. Mr. McDougal, can you please provide a summary  
10 of your testimony?

11 A. Yes.

12 My testimony supports the company's  
13 application for approval of the 2020 protocol and the  
14 overall agreement that's addressed by Ms. Steward. I  
15 will briefly describe some of the specific issues in my  
16 testimony.

17 The first section of my testimony discusses  
18 the differences between the 2020 protocol and the 2017  
19 protocol. Specifically, I discuss the changes to the  
20 embedded cost differential, or ECD.

21 The second section of my testimony discusses  
22 implementation of the 2020 protocol during the interim  
23 period. I specifically refer to updated decommissioning  
24 study, including an updated study from most of our coal  
25 plants, that was filed in the depreciation docket on

1 January 17th, and also an update for the coal strip  
2 plant that was filed last week.

3 My testimony also discusses the allocation of  
4 decommissioning costs to states exiting coal plants as  
5 described in Section 4.3.1.4 of the agreement.

6 The next section of my testimony discusses  
7 issues resolved by the 2020 protocol that will not be  
8 implemented until after the interim period. These  
9 issues include that all resources will be assigned to  
10 states on a fixed, rather than dynamic, basis, using  
11 assigned production factors. After the interim period,  
12 transition costs will continue to be dynamically  
13 allocated using a system transmission factor, which is  
14 the same calculation as the current system generation  
15 factor used for transmission.

16 I describe changes to the calculation of the  
17 system overhead, or SO factor, and I also discuss other  
18 miscellaneous items, most of which are unchanged from  
19 the 2017 protocol.

20 The last section of my testimony describes the  
21 following 2020 protocol appendices: Appendix A, which  
22 are the defined terms included in the 2020 protocol;  
23 Appendix B, the allocation factors by FERC account;  
24 Appendix C, the definition and algebraic calculation of  
25 allocation factors; Appendix E, which is the depreciable

1 lives on filed depreciation studies; and Appendix G,  
2 which is the treatment of special contract.

3 In conclusion, I represent that, based upon  
4 the filed testimony, the Commission approve the 2020  
5 protocol as filed. Thank you.

6 MS. WEGENER: I have no further questions.

7 CHAIR LEVAR: Okay. Thank you.

8 This is Thad LeVar. If any party's attorney  
9 has questions for this witness, please jump on and  
10 indicate that you do in the next few seconds.

11 Okay, I'm not hearing anyone with questions.  
12 Do either of the other two commissioners have questions  
13 for Mr. McDougal?

14 MR. WHITE: This is Jordan White. No  
15 questions.

16 MR. CLARK: This is Commissioner Clark. No  
17 questions.

18 CHAIR LEVAR: Okay. No questions from either  
19 commissioners. And I didn't hear any questions from any  
20 of the parties.

21 So thank you for your testimony this morning,  
22 Mr. McDougal. We appreciate it.

23 MR. McDOUGAL: Thank you.

24 CHAIR LEVAR: Ms. Wegener?

25 MS. WEGENER: Rocky Mountain Power calls Mike

1 Wilding.

2 CHAIR LEVAR: Mr. Wilding, do you swear to  
3 tell the truth?

4 MR. WILDING: Yes.

5 CHAIR LEVAR: Okay. Go ahead.

6 EXAMINATION

7 BY MS. WEGENER:

8 **Q. Will you please state your name and business**  
9 **address?**

10 A. Yes. My name is Michael G. Wilding. My  
11 business address is 825 Northeast Multnomah Street, in  
12 Portland, Oregon 97232.

13 **Q. Did you submit testimony with the company's**  
14 **application in this matter?**

15 A. Yes, I did.

16 MS. WEGENER: I move to admit that testimony.

17 CHAIR LEVAR: This is Thad LeVar. If any  
18 party objects to that motion, please jump on to indicate  
19 your objection.

20 I'm not hearing any objections, so the motion  
21 is granted. Thank you.

22 BY MS. WEGENER:

23 **Q. Mr. Wilding, can you please provide a summary**  
24 **of your testimony?**

25 A. Yes. Thank you.

1           Good morning, Commissioners. I also  
2 appreciate this opportunity to present the 2020  
3 protocol.

4           Specifically, my testimony addresses the  
5 treatment of the power cost in the 2020 protocol, the  
6 development of the nodal pricing model to track net  
7 power cost in the post-interim period, and the agreement  
8 between the company and Washington parties resulting in  
9 the Washington Inter-Jurisdictional Allocation  
10 Methodology which we referred to as the WIJAM.

11           During the interim period, all costs  
12 associated with new qualifying facilities with a  
13 contract executed after December 31, 2019, will be situs  
14 assigned to the state that approved the QF, or the state  
15 of origin. This includes any existing QF contracts that  
16 renewed after this date. And during the interim period,  
17 any QF costs above the reasonable energy price will be  
18 the responsibility of the state of origin.

19           The reasonable energy price is based on a  
20 single blended market price derived from the company's  
21 official forward price curve that was used to set the QF  
22 price.

23           Notably, this treatment is agreed to during  
24 the interim period. In the post-interim period, new QF  
25 costs will be -- will continue to be situs assigned to

1 the state of origin, but it is intended that the cost  
2 will be tracked as part of the nodal pricing model.

3 Additionally, as part of the results issue, it  
4 is agreed that all QF costs, new and existing, will be  
5 situs assigned beginning in 2030.

6 The 2020 protocol provides a path for  
7 state-specific resource portfolios, but it will still be  
8 important to maintain the benefits of a system dispatch  
9 and optimization as much as possible.

10 To allow for both unique resource portfolios  
11 and a system dispatch, the company has begun developing  
12 the nodal pricing model. The nodal pricing model is a  
13 framework issue, and will track net power costs by state  
14 and fairly compensate states for inter-jurisdictional  
15 energy transfers using a locational marginal price.  
16 During the interim period net power costs, however, will  
17 continue to be allocated dynamically.

18 As part of the 2020 protocol, parties agree to  
19 the nodal pricing model Memo of Understanding, which is  
20 included as Index F -- or, excuse me, Appendix B. In  
21 this Memo of Understanding, parties agree that the  
22 investment in and the development of the nodal pricing  
23 model is a prudent decision by the company, however, the  
24 dollars are still subject to review. Additionally, this  
25 Memo of Understanding outlines the cost and benefits of

1 the nodal pricing model, including the primary benefit  
2 of being able to track net power costs by state while  
3 being able to maintain a single systems dispatch.

4 The WIJAM, or the Washington  
5 Inter-Jurisdictional Allocation Methodology, is a  
6 separate agreement between the company and Washington  
7 parties on the inter-jurisdictional cost allocation  
8 methods that will be used in Washington, and is included  
9 in the 2020 protocol as Appendix F. The WIJAM modifies  
10 the currently used Western Control Area cost allocation  
11 methodology, or WCA, and moves Washington closer to the  
12 same cost allocation methodology as all other states.

13 Additionally, Washington parties are  
14 signatures -- signatories to the 2020 protocol, and are  
15 expected to participate in the framework issue work  
16 group.

17 As previously stated by Ms. Steward, the 2020  
18 protocol has been the result of a long process and a lot  
19 of hard work and negotiation by all parties involved.  
20 The company appreciates the Utah parties' participation  
21 in the multistate process. And I believe the 2020  
22 protocol is in the public interest, and recommend that  
23 the Commission approve it as filed.

24 Thank you. This concludes my summary.

25 MS. WEGENER: Thank you. I have no further



1 questions.

2 CHAIR LEVAR: Thank you.

3 This is Thad LeVar. If any party has  
4 questions for Mr. Wilding, please jump on and indicate  
5 that you do.

6 Okay. I'm not hearing any questions.

7 Commissioner Clark, do you have any questions  
8 for Mr. Wilding?

9 MR. CLARK: Thank you. No questions, Chair  
10 LeVar.

11 CHAIR LEVAR: Commissioner White?

12 MR. WHITE: Thank you. No questions.

13 CHAIR LEVAR: Okay. And I do not either.

14 So thank you for your testimony here today,  
15 Mr. Wilding.

16 And Ms. Wegener, do you have anything else?

17 MS. WEGENER: No.

18 CHAIR LEVAR: I keep -- I'm sorry, I keep  
19 mispronouncing your name. I apologize.

20 MS. WEGENER: It's okay. There's an E between  
21 every letter as you spell it out. Wegener.

22 CHAIR LEVAR: Wegener. Okay.

23 MS. WEGENER: Rocky Mountain Power has nothing  
24 further.

25 CHAIR LEVAR: Okay. Thank you.

1 Ms. Schmid, we'll go to you next for the  
2 Division of Public Utilities.

3 MS. SCHMID: Thank you. The Division would  
4 like to call Mr. -- or sorry, Dr. William Powell as its  
5 witness.

6 CHAIR LEVAR: Dr. Powell, do you swear to tell  
7 the truth?

8 DR. POWELL: Yes.

9 CHAIR LEVAR: Thank you.

10 Okay. Go ahead.

11 EXAMINATION

12 BY MS. SCHMID:

13 **Q. Please state your name, title, and business**  
14 **address for the record.**

15 A. My name is Artie Powell. I'm the manager of  
16 the Division of Public Utilities. And our business  
17 address is 160 East 300 South, Salt Lake City, Utah  
18 84114.

19 **Q. Are you also known more formally as**  
20 **Dr. Powell?**

21 A. By some, yes.

22 **Q. Thank you.**

23 **Have you participated in this docket on behalf**  
24 **of the Division?**

25 A. I have.

1           **Q. Did you prepare and cause to be filed what's**  
2 **been titled The Direct Testimony of William Artie**  
3 **Powell, Ph.D., for the Division on February 25, 2020?**

4           A. Yes.

5           **Q. Do you have any changes to -- or corrections**  
6 **to that pre-filed testimony?**

7           A. No, I don't.

8           **Q. Do you adopt that pre-filed testimony as your**  
9 **testimony today?**

10          A. Yes.

11          **Q. With that, the Division would like to move for**  
12 **the admission of The Direct Testimony of William Artie**  
13 **Powell, Ph.D.**

14               CHAIR LEVAR: This is Thad LeVar. If anyone  
15 objects to that motion, please jump on and indicate your  
16 objection.

17               I'm not hearing any objections, so the motion  
18 is granted. Thank you.

19               Go ahead.

20 BY MS. SCHMID:

21          **Q. Thank you.**

22               **Dr. Powell, do you have a brief summary today?**

23          A. Yes. Actually, very brief.

24               I appreciate the company's summary of the 2020  
25 protocol, so I won't go into any great details. I would

1 like to mention just a couple of things.

2 Ms. Steward did indicate that the 2020  
3 protocol extends the 2017 protocol, which is a dynamic  
4 allocation of the company's costs among the  
5 jurisdictions, with a few modifications through the  
6 interim period, which is January 1, 2020 to December  
7 31, 2023.

8 In that period of time, the work group will  
9 continue to work on what is known as the framework  
10 issues that have to be resolved. These framework issues  
11 include several things, including, as Mr. Wilding  
12 pointed out, the implementation and development of a  
13 nodal pricing model. And resolution of the framework  
14 issues and a post-interim period method may also trigger  
15 the need within the state to look at some other issues.

16 For example, we may want to look at resource  
17 planning and resource assignment, which is part of the  
18 framework issues in Section 6.1 of the 2020 protocol.  
19 It also may -- the development and use of the nodal  
20 pricing model may also warrant reviewing avoided cost  
21 methods within the state.

22 I would also like to point out that resolution  
23 of the framework issues is necessary for a new  
24 post-interim period method, or allocation method, to be  
25 developed and implemented. If the framework issues

1 cannot be resolved, then we're not bound by the 2020  
2 protocol, and the company will file -- and the parties  
3 will probably come in and have their own ideas about  
4 what allocation methods should be used in that  
5 post-interim period with that.

6 But given the work that's been done and the  
7 outcome on the 2020 protocol, the Division supports and  
8 recommends that the Commission adopt the 2020 protocol  
9 as being in the public interest. And with that, that  
10 concludes my summary.

11 MS. SCHMID: Thank you.

12 Dr. Powell is now available for  
13 cross-examination questions and questions from the  
14 Commission.

15 CHAIR LEVAR: Thank you.

16 This is Thad LeVar. If any party has  
17 questions for this witness, please get on the phone and  
18 indicate so.

19 Okay, I'm not hearing any questions from any  
20 parties.

21 Commissioner White, do you have any questions  
22 for this witness?

23 MR. WHITE: No questions, Chair. Thank you.

24 CHAIR LEVAR: Commission Clark, do you have  
25 any questions?

1 MR. CLARK: No questions. Thank you.

2 CHAIR LEVAR: And I don't either.

3 Dr. Powell, thank you for your testimony this  
4 morning.

5 DR. POWELL: You're welcome.

6 CHAIR LEVAR: Ms. Schmid, anything else from  
7 the Division of Public Utilities?

8 MS. SCHMID: Nothing further from the  
9 Division. Thank you.

10 CHAIR LEVAR: Okay. Thank you.

11 Mr. Moore?

12 MR. MOORE: Yes, the Office of Consumer  
13 Services calls Cheryl Murray, and asks that she be  
14 sworn.

15 CHAIR LEVAR: Ms. Murray, do you swear to tell  
16 the truth?

17 MS. MURRAY: Yes.

18 CHAIR LEVAR: Okay. Thank you.

19 Go ahead.

20 EXAMINATION

21 BY MR. MOORE:

22 **Q. Please state your name and occupation for the**  
23 **record.**

24 A. My name is Cheryl Murray. I'm a utility  
25 analyst for the Office of Consumer Services.

1           **Q. In your capacity as a utility analyst for the**  
2 **Office, did you prepare and cause to be filed written**  
3 **testimony in this docket of March 19, 2020?**

4           A. Actually, I filed -- I caused -- I prepared  
5 and caused to be filed testimony on February 25, 2020 in  
6 this docket.

7           **Q. I'm sorry.**

8                   **Do you have any changes to this testimony you**  
9 **would like to note now?**

10          A. No, I do not.

11          **Q. If I asked you the same questions today, would**  
12 **your answers be the same?**

13          A. Yes.

14          MR. MOORE: The Office moves to admit the  
15 testimony.

16          CHAIR LEVAR: If anyone objects to that  
17 motion, please indicate your objection.

18                   I'm not hearing any objections, so the motion  
19 is granted. Thank you.

20 BY MR. MOORE:

21          **Q. In your capacity as a utility analyst for the**  
22 **Office, did you participate in negotiations that led to**  
23 **a settlement set for this hearing?**

24          A. Yes, I did.

25          **Q. Have you viewed the settlement documents in**

1 **detail?**

2 A. Yes, I have.

3 **Q. In your opinion, is the settlement in the**  
4 **public interest, and just and reasonable in result?**

5 A. Yes, it is my opinion that the settlement is  
6 in the public interest, and is just and reasonable in  
7 result. Therefore, I recommend that the Commission  
8 approve the 2020 protocol.

9 MR. MOORE: Ms. Murray is now available for  
10 cross and questions from the Commission.

11 CHAIR LEVAR: Thank you.

12 If anyone -- if any party has questions for  
13 Ms. Murray, please indicate that to me.

14 I'm not hearing any questions from parties.

15 Commissioner White, do you have any questions  
16 for Ms. Murray?

17 MR. WHITE: No questions. Thank you.

18 CHAIR LEVAR: Commissioner Clark?

19 MR. CLARK: No questions. Thank you.

20 CHAIR LEVAR: Thank you.

21 I don't either. So thank you for your  
22 testimony, Ms. Murray.

23 MS. MURRAY: You're welcome.

24 CHAIR LEVAR: Mr. Moore? Mr. Moore, anything  
25 else?



1 MR. MOORE: The Office --

2 CHAIR LEVAR: Yeah, I'm sorry, I believe we  
3 were talking over each other. Can you repeat yourself?

4 MR. MOORE: The Office has no more to offer.  
5 Thank you.

6 CHAIR LEVAR: Thank you, Mr. Moore.

7 Ms. Hayes?

8 MS. HAYES: Thank you.

9 Good morning. This is Sophie Hayes on behalf  
10 of Western Resource Advocates. And we would like to  
11 call Nancy Kelly as our witness today.

12 CHAIR LEVAR: Thank you.

13 Ms. Kelly, do you swear to tell the truth?

14 MS. KELLY: I do.

15 CHAIR LEVAR: Thank you. Go ahead.

16 EXAMINATION

17 BY MS. HAYES:

18 Q. Thank you.

19 Ms. Kelly, will you please state your name and  
20 business address for the record?

21 A. Nancy Kelly. 9463 North Swallow Road,  
22 Pocatello, Idaho 83201.

23 Q. Did you file direct testimony in this docket  
24 on February 25, 2020?

25 A. Yes, I did.

1           **Q. Do you have any changes or corrections to that**  
2 **testimony?**

3           A. No, I do not.

4           MS. HAYES: Right now, WRA would move to admit  
5 that testimony to the record.

6           CHAIR LEVAR: Thank you.

7           If any party objects to that motion, please  
8 indicate your objection.

9           I'm not hearing any objections, so the motion  
10 is granted. Thank you.

11 BY MS. HAYES:

12           **Q. Ms. Kelly, do you have a brief summary for the**  
13 **Commission today?**

14           A. Yes, I do. Thank you.

15           I recommend --

16           **Q. Please proceed.**

17           A. Oh, excuse me?

18           **Q. Oh, I was just saying go ahead. Pardon me.**

19           A. Thank you.

20           I recommend the Commission approve the 2020  
21 protocol as just and reasonable in results. In the near  
22 term, the 2020 protocol allocates resources consistent  
23 with rolled-in, while providing a transition from  
24 dynamic allocation of system generation, fixed  
25 allocation of state-specific generation which

1 accommodates differing state energy policies.

2           This is needed at this time, because once a  
3 state exits from resources that continue to serve  
4 customers in other PacifiCorp jurisdictions, PacifiCorp  
5 will no longer be served by common generating facilities  
6 as they are today. As a result, the dynamic method of  
7 cost allocation that has been used with various  
8 modifications since the 1989 merger will be left viable  
9 at least over some period of time.

10           However, I can envision the day when we could  
11 return to dynamic allocation. In my view, the need to  
12 fundamentally change cost allocation is a result of  
13 PacifiCorp's six-state jurisdiction undertaking at  
14 differing speeds the energy transition that the electric  
15 industry is undergoing. As the multiple factors driving  
16 the energy transition continue to play out, I anticipate  
17 that the day will arrive when PacifiCorp could once  
18 again serve customers with common generating resources,  
19 and costs could again be dynamically allocated.

20           In the meantime, this 2020 protocol provides  
21 an opportunity for Utah and this commission to make  
22 intentional, risk-aware decisions about its energy  
23 future, and it provides a reasonable path to a new cost  
24 allocation paradigm in which states are no longer served  
25 by a common resource portfolio.

1 Thank you. This concludes my summary.

2 MS. HAYES: Ms. Kelly is now available for  
3 questioning.

4 CHAIR LEVAR: Thank you.

5 If any party has questions for Ms. Kelly,  
6 please indicate that you have a question.

7 I'm not hearing anything from parties.

8 Commissioner Clark, do you have any questions  
9 for Ms. Kelly?

10 MR. CLARK: No questions. Thank you.

11 CHAIR LEVAR: Commissioner White?

12 MR. WHITE: No questions. Thank you.

13 CHAIR LEVAR: And I don't have any questions.  
14 Thank you for your testimony, Ms. Kelly.

15 MS. KELLY: Thank you.

16 CHAIR LEVAR: Ms. Hayes, anything else from  
17 Western Resource Advocates?

18 MS. HAYES: Nothing further from us. Thank  
19 you.

20 CHAIR LEVAR: Anything else from any party  
21 before we adjourn the hearing?

22 I'm not hearing anything from anyone, so we  
23 will consider the testimony. Considering that there has  
24 been no opposition filed with us or stated in the  
25 hearing today to the 2020 protocol, we will indicate

1 our intention to issue a written order, in a short  
2 period of time, approving the 2020 protocol as it was  
3 filed with us.

4 And with that, we're adjourned. Thank you.  
5 (Hearing adjourned at 9:38 a.m.)

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REPORTER'S CERTIFICATE

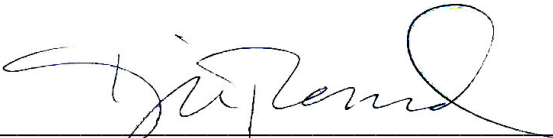
STATE OF UTAH            )  
                                  )  
COUNTY OF UTAH        )

I, DEIRDRE RAND, a Certified Court Reporter and Registered Professional Reporter, hereby certify:

THAT the foregoing proceedings were taken via teleconference, at the time and place therein set forth, with the parties appearing from their respective locations, at which time the witnesses were placed under oath by the Chair to tell the truth, the whole truth, and nothing but the truth; that the proceedings were taken down by me in shorthand and thereafter my notes were transcribed through computer-aided transcription; and the foregoing transcript constitutes a full, true, and accurate record of such testimony adduced and oral proceedings had, and of the whole thereof, which were audible to me via teleconference.

I further certify that I am not a relative or employee of any of the parties, nor do I have a financial interest in the action.

I have subscribed my name on this 30th day of March, 2020.

  
\_\_\_\_\_  
DEIRDRE RAND, RPR, CSR, CCR

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