

Rocky Mountain Power
Docket No. 20-035-04
Witness: Gary W. Hoogeveen

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Gary W. Hoogeveen

May 2020

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address, and present position with PacifiCorp**
3 **d/b/a Rocky Mountain Power (“Rocky Mountain Power” or the “Company”).**

4 A. My name is Gary W. Hooegeven. My business address is 1407 West North Temple,
5 Suite 310, Salt Lake City, Utah 84116. I am the President and Chief Executive Officer
6 of Rocky Mountain Power. I am testifying for the Company.

7 **II. QUALIFICATIONS**

8 **Q. Please summarize your education and business experience.**

9 A. I have a B.S. degree in Physics from the University of Northern Iowa and Masters and
10 Ph.D. degrees in Space Physics from Rice University. For the last 20 years, I have
11 worked for the Berkshire Hathaway Energy family of companies. I joined Rocky
12 Mountain Power in November 2014. Prior to assuming my current position in
13 November 2018, I was Senior Vice President and Chief Commercial Officer of Rocky
14 Mountain Power. Prior to joining Rocky Mountain Power, from 2010 until 2014, I
15 served as President of the Kern River Gas Transmission Company headquartered in
16 Salt Lake City.

17 **III. PURPOSE OF TESTIMONY**

18 **Q. What is the purpose of your direct testimony?**

19 A. My testimony provides an overview of Rocky Mountain Power, its Utah service area,
20 and the strategies the Company is pursuing to provide its Utah customers with safe,
21 reliable, and affordable electricity to power their homes, businesses, and communities.
22 I also discuss why the Company is filing a rate case at this time. Finally, I introduce the

23 Company witnesses that provide direct testimony in support of Rocky Mountain
24 Power's rate request.

25 **IV. DESCRIPTION OF THE COMPANY AND UTAH SERVICE AREA**

26 **Q. Please provide a brief description of the Company.**

27 A. The Company, an Oregon corporation, provides retail electric service as Rocky
28 Mountain Power in the states of Wyoming, Utah, and Idaho, and as Pacific Power in
29 the states of Washington, Oregon, and California. As an investor-owned, multi-
30 jurisdictional electric utility, the Company serves nearly two million customers in six
31 western states: California, Idaho, Oregon, Utah, Washington, and Wyoming. In addition
32 to its distribution system in the six states, the Company serves its customers with a vast,
33 integrated system of generation and transmission that spans 10 states and connects
34 customers and communities across the West. The Company owns or has interests in
35 thermal, hydroelectric, wind-powered, solar, and geothermal generating facilities, with
36 a net-owned capacity of 10,894 megawatts ("MW"). The Company buys and sells
37 electricity in the wholesale market with other utilities, energy marketing companies,
38 financial institutions, and other market participants to balance and optimize the
39 economic benefits of electricity generation, retail customer loads, and existing
40 wholesale transactions.

41 The Company provides wholesale transmission service under its open access
42 transmission tariff approved by the Federal Energy Regulatory Commission and owns
43 or has interests in approximately 16,500 miles of transmission lines. It operates two
44 Balancing Authority Areas, PacifiCorp East ("PACE") and PacifiCorp West

45 (“PACW”), that together comprise the largest privately owned and operated grid in the
46 Western United States.

47 **Q. Please provide a brief description of Rocky Mountain Power’s operations in Utah.**

48 A. Rocky Mountain Power provides retail electric service in the following 26 counties:
49 Beaver, Box Elder, Cache, Carbon, Davis, Duchesne, Emery, Garfield, Grand, Iron,
50 Juab, Millard, Morgan, Piute, Rich, Salt Lake, San Juan, Sanpete, Sevier, Summit,
51 Tooele, Uintah, Utah, Wasatch, Washington, and Weber.

52 The Company is a major employer, taxpayer, and energy producer and provider
53 in the state of Utah. Rocky Mountain Power is the largest electricity provider in the
54 state, providing service to 76 percent of customers with 80 percent of electricity sales
55 in the state.¹ The Company has the privilege and opportunity of providing safe, reliable,
56 and reasonably priced electric service to over 948,000 customers in Utah. In doing so,
57 it employs over 1,800 people in the state to operate and maintain five coal-fueled
58 generation units comprising 2,067 MW of capacity,² nine natural gas-fueled plants with
59 2,098 MW of capacity,³ a 34 MW geothermal plant, and over 29,000 miles of
60 transmission and distribution lines. The Company also has contracts with a number of
61 independent power producers in the state of Utah that operate facilities representing
62 approximately 1,476 MW of installed capacity.⁴

63 The Company’s sales and revenues are distributed among residential customers,
64 small businesses, and large businesses served under retail tariffs subject to the

¹ U.S. Energy Information Administration - EIA - Independent Statistics and Analysis. (2019, October 1). Retrieved April 8, 2020, from <https://www.eia.gov/electricity/data/eia861>.

² *PacifiCorp’s Integrated Resource Plan (IRP) for 2019*, Docket No. 19-035-02, IRP at Table 5.2 (Oct 18, 2019). PacifiCorp power plants located in Utah include Hunter (three units) and Huntington (two units).

³ *Id.* at Table 5.3.

⁴ *Id.* at Tables 5.5 and 5.6.

65 jurisdiction of the Public Service Commission of Utah (“Commission”). Table 1 below
66 provides the December 2019 number of retail customers and usage for each of the
67 major customer classes that account for the majority of the Company’s customer base.

68 **Table 1: Number of Customers and Usage in Rocky Mountain Power’s Utah Service Area**

Class	Number of Customers	Usage (megawatt-hours)
Residential	841,120	7,084,525
Commercial	95,215	9,098,712
Industrial	5,100	8,020,863
Irrigation	3,426	207,317
Lighting	3,849	62,166
Total	948,710	24,473,584

69 **Q. How do the Company’s rates compare to other utilities?**

70 A. PacifiCorp’s integrated system allows it to be one of the lowest cost electric utilities in
71 Utah and, more broadly, in the Intermountain West. Figure 1 shows Rocky Mountain
72 Power’s average rate is among the lowest in Utah. Figure 2 shows that Rocky Mountain
73 Power has the lowest average rate of all the large utilities in the Intermountain West.

Figure 1

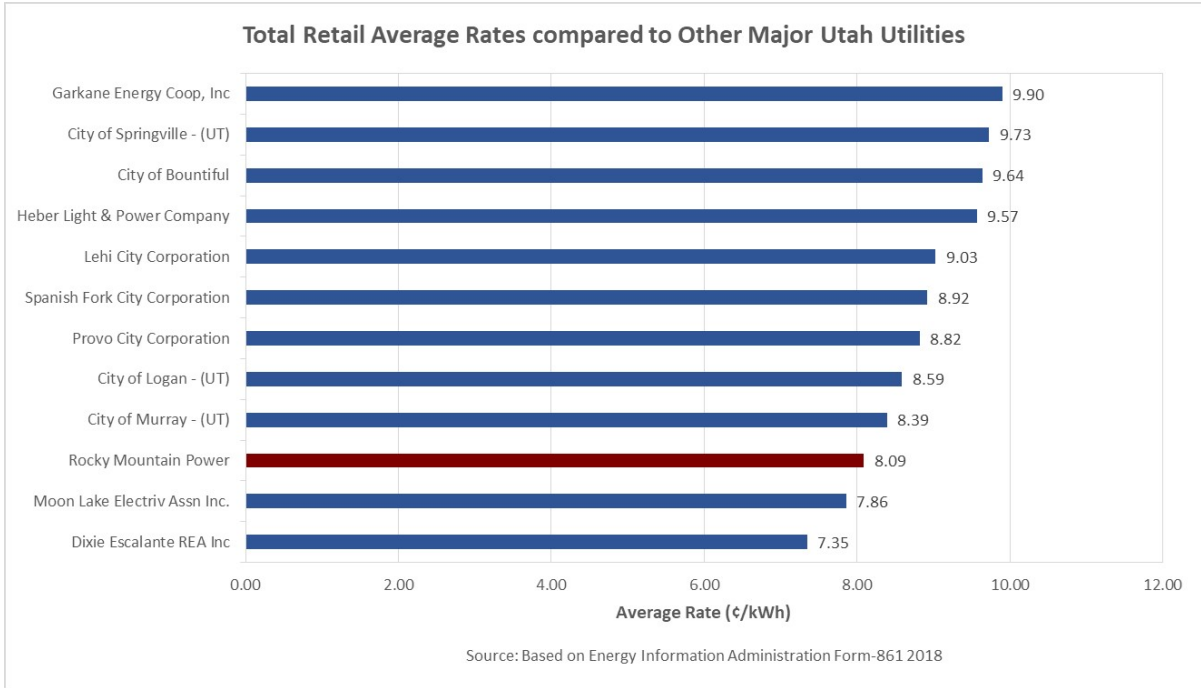
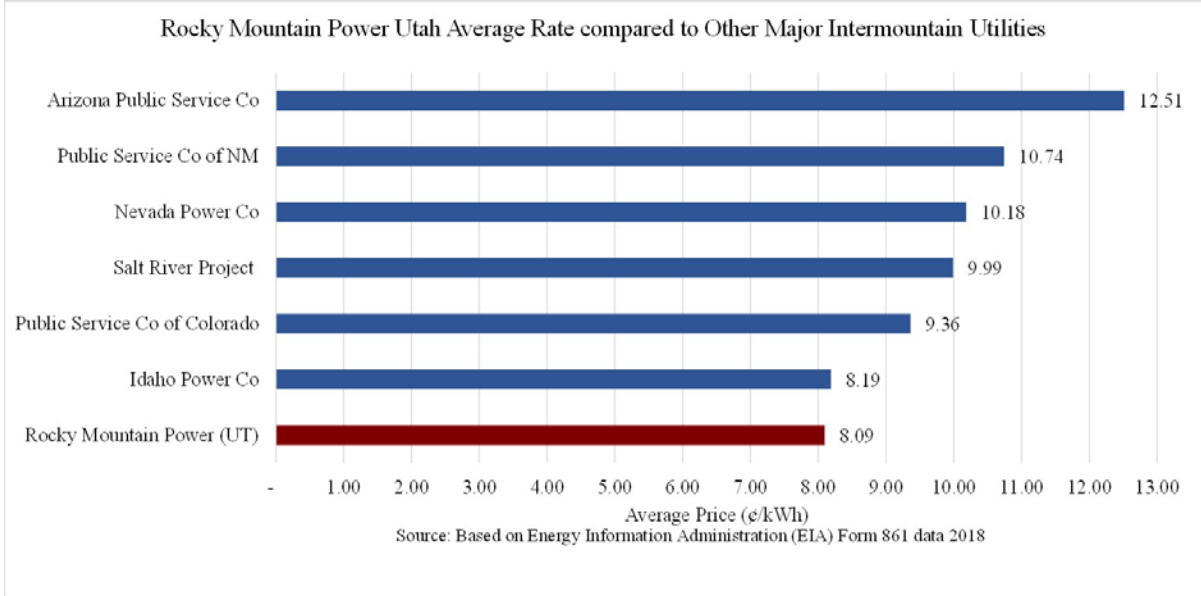


Figure 2



On a national scale, the comparison of the Company’s current average rate is

even more dramatic and compelling. Attached to my testimony as Exhibit

RMP___(GWH-1) is a chart that compares Rocky Mountain Power’s rates in Utah to

79 national averages. This shows that Rocky Mountain Power’s average rate of 8.09 cents
80 per kilowatt-hour (“kWh”) was approximately 25 percent lower than the national
81 average of 10.83 cents per kWh.⁵ The Company average rate after the increase in this
82 filing will be 8.30 cents per kWh, and continue to be well below other utilities both
83 locally and nationally, due in part to the Company’s cost saving initiatives and rate
84 increase mitigation proposals reflected in this filing. In fact, as I show later in my
85 testimony, the proposed rates will remain less than rates in 2016, pre-tax reform, and
86 significantly less than the rate of inflation.

87 **Q. Are there other advantages of the Company’s large regional footprint?**

88 A. Yes. The Company’s integrated system allows it to deliver low-cost generation from a
89 diverse portfolio of resources, including from some of the best renewable generation
90 sites in the country to the Company’s customers, reducing power costs and emissions
91 for customers, and supporting local economies and communities throughout the West.
92 As the Company looks toward the future, there are even more opportunities for
93 customers to benefit from the connected west that the Company’s integrated system
94 creates. These opportunities may come from participation in a regional resource
95 adequacy program and expansion of markets that allow participants to more efficiently
96 operate their systems or from the future expansion of the Company's vast transmission
97 network. The Company is, and will remain, actively engaged in finding additional ways
98 to leverage our vast, integrated system for the benefit of our customers. It is also
99 committed to fulfilling the policy goals of the states in which it serves and in a manner
100 that provides the most cost-effective solutions for customers.

⁵ Edison Electric Institute - EEI - Winter 2019 Typical Bills and Average Rates Report. Published May 2019.

101 **V. COMMITMENT TO CUSTOMERS**

102 **Q. What is Rocky Mountain Power’s core principle in providing service to**
103 **customers?**

104 A. The Company’s core principle is to provide energy solutions in the form of safe,
105 reliable, and affordable energy to customers in Utah and throughout the West. The
106 Company has upheld this ideal for close to 110 years and remains steadfast in this
107 commitment even as the electricity sector transforms through changing economics and
108 public policies, emerging and maturing technologies, and the rise of a regional energy
109 market. The Company is meeting the new demands of this transformation without
110 losing focus on its commitment to deliver safe, reliable, and affordable energy.

111 The provision of safe, reliable, and affordable service is important given two
112 recent events—the COVID-19 pandemic and the earthquake that struck Salt Lake City
113 on March 18, 2020 (“March 18 earthquake”). The Company recognizes the impact that
114 these disasters has on its customers and is ready to face the challenges they present with
115 its Utah customers and communities. The Company has a long history of preparing for
116 multiple emergencies that could impact our ability to generate or deliver electricity to
117 our customers and the communities we serve. The Company’s provision of safe and
118 reliable electric service during the pandemic and restoring service following the
119 March 18 earthquake are a testament to its preparedness and commitment to the
120 obligation to serve its customers. Additionally, with the growing threats of wildfires in
121 the west, the Company has escalated its planning and mitigation efforts, which I discuss
122 later in my testimony.

123 **Q. What measures has the Company taken with respect to COVID-19?**

124 A. Not only is COVID-19 threatening the health and safety of the Company's customers,
125 but it is also impacting the economy of the Company's communities as individuals are
126 asked or ordered to stay at home to help prevent the spread of the virus. The economic
127 impact is that many businesses are closed resulting in a number of our customers being
128 temporarily without jobs. In these uncertain times, Rocky Mountain Power is
129 supporting its customers and communities in a number of ways.

130 First, the Company is working to keep the lights on. The Company's provision
131 of safe and reliable electric service is important now more than ever to support families
132 that stay at home during the pandemic and important community services, such as
133 hospitals. While many of its personnel can work remotely, the Company's essential
134 employees, such as linemen, generation plant employees, and grid operators continue
135 to report to work on site with social distancing guidelines and enhanced sanitation
136 measures to ensure the provision of safe and reliable electric service. Second, the
137 Company has suspended residential disconnections for non-payments and is helping
138 accommodate all customers with payment plans. Details of the Company's response to
139 the pandemic can be found on its website, which provides important information
140 regarding disconnections, energy assistance for individuals and businesses, and energy
141 saving tips.⁶

142 Finally, the Company's commitment to its customers goes beyond the
143 provision of safe and reliable electric service as it is a proud member of the Utah
144 communities that it serves. To that end, through the Rocky Mountain Power

⁶ <https://www.rockymountainpower.net/about/newsroom/service-safety-covid-19.html>.

145 Foundation,⁷ the Company has contributed over \$200,000 to local food banks and other
146 critical organizations in Utah specifically for COVID-19 community support.

147 **Q. Please explain the Company's response to the March 18 earthquake.**

148 A. On March 18, 2020 at 7:09 a.m., a 5.7 magnitude earthquake struck near Salt Lake
149 City.⁸ At its peak, more than 75,000 customers were affected and the Company lost
150 250 MW of load. Even though its facilities were evacuated so that they could be
151 inspected for structural damage, the Company's response to the earthquake was not
152 delayed, with not only a focus on restoration of service but also maintaining the safety
153 of its customers and employees.

154 When the earthquake struck, in addition to having employees evacuate its
155 facilities, the Company put in place its incident command structure. Initial actions that
156 proved to be invaluable to business continuity included a seamless transfer of the
157 Control Center Operations located in the Company's North Temple office and calls
158 from Wasatch Collection Contact Center in West Valley to Pacific Power's alternate
159 backup sites in Portland. The transfer of the call center to Portland allowed the
160 Company to respond to the high call volume from customers despite evacuating our
161 Utah call center. The majority of the damage to Rocky Mountain Power equipment and
162 facilities was isolated to 10 substations in the Salt Lake Valley. Restoration response
163 and repair began immediately and all but a handful of single-customer outages were
164 restored by 10:30 p.m. on March 18, 2020. The system self-protected itself as designed,
165 resulting in relatively minimal damage to the electrical network.

⁷ The Rocky Mountain Power Foundation is funded by shareholder funds.

⁸ See <https://earthquakes.utah.gov/magna-quake/>.

166 The Company's facilities that experienced the brunt of the earthquake were all
167 inspected by civil structure engineers and deemed safe for work. Employees and
168 contractors worked to remove debris to allow essential employees return to work
169 assignments on March 19, 2020. A safety app on employee mobile phones effectively
170 allowed employees to mark themselves safe and receive updates.

171 The quick restoration time in response to a strong earthquake during the
172 COVID-19 pandemic is a credit to the extensive planning and preparation by Rocky
173 Mountain Power teams and the coordinated emergency response work between
174 agencies across the state.

175 **VI. COMMITMENT TO OUR COMMUNITIES**

176 **Q. What are some of the ways the Company engages with its communities and**
177 **customers within its Utah service area?**

178 A. The Company has a deep connection to its communities through employee
179 engagement, sponsorship of community events, and donations to organizations
180 providing services to Utah communities.

181 Company employees serve communities by providing leadership to and
182 volunteering for community organizations such as packing food pallets at the Utah
183 Food Bank, building homes for Habitat for Humanity, and delivering meals to seniors
184 through Meals on Wheels.

185 For more than 20 years, the Salt Lake City office has been delivering hot meals
186 to those neighbors in need through the Meals on Wheels program. The Salt Lake
187 County Division of Aging and Services brings the hot meals to the Company's North

188 Temple Office, and volunteers use their own vehicles to make deliveries. There are
189 approximately 20 employees that currently participate in this program.

190 In 2019, the Company contributed \$873,553 to various organizations, programs
191 and communities throughout Utah.⁹ These organizations help provide Utahns with
192 entertainment, community engagement, and personal support in times of need. Some
193 of the organizations the Company supported are the Utah Sports Commission, Park
194 City Songwriters Festival, Utah Summer Games, and the Hale Center Theatre. The
195 Company also donated to customers in need through our Energy Assistance Program,
196 local food banks, and to educational organizations.

197 In addition to the donations listed above, the Company supports the
198 community through donations from the Rocky Mountain Power Foundation. In 2019,
199 the Foundation provided \$1.4 million in grants to organizations, of which \$831,000
200 were in Utah. For example, in partnership with the Local 57 charter of the
201 International Brotherhood of Electrical Workers, the Foundation provided a \$100,000
202 grant to fund Child ID kits for all kindergarteners in the state of Utah through the
203 Safety Blitz Foundation. The Foundation also provided grants to dozens of other
204 organizations, including the Utah Shakespeare Festival, Junior Achievement of Salt
205 Lake County and the Salvation Army.

206 For the ever-increasing engagement with customers who interact with us on our
207 digital platform, the Company overhauled its website to make customer transactions
208 faster, easier, and more secure. To increase customer awareness during service
209 interruptions, the Company improved its outage map and outage status

⁹ Rocky Mountain Power does not recover charitable contributions in rates.

210 communications through multiple channels. With the upcoming deployment of the
211 Utah Advanced Metering Infrastructure (“AMI”) project, the Company will also be
212 rolling out new on-line tools to customers that will provide them greater visibility into
213 their hourly consumption, which will enable them to make informed decisions about
214 their energy use.

215 **VII. PROVISION OF SAFE, RELIABLE AND AFFORDABLE ELECTRIC SERVICE**

216 **Q. Please describe how the Company has been able to maintain safe and reliable**
217 **service at affordable rates.**

218 A. The Company has been able to maintain safe and reliable service at affordable rates
219 through a number of efforts, including (1) cost control measures; (2) investing in cost-
220 effective energy solutions to facilitate improvements to the Company’s system,
221 including engagement on developing new market opportunities and through
222 investments made in its system; and (3) taking measures to mitigate the threat to its
223 facilities from wildfires.

224 For example, the Company partnered with the California Independent System
225 Operator to create the Energy Imbalance Market (“EIM”) and has supported the
226 successful expansion of the EIM across the West, saving PacifiCorp customers in
227 excess of \$235 million dollars since its inception. Also, the Company has taken
228 advantage of the declining cost of renewable energy resources and the availability of
229 federal production tax credits (“PTCs”) to repower the existing fleet of wind resources
230 and invest in new renewable resources and transmission in the West, including the
231 Energy Vision 2020 projects nearing completion.

232 Further, as presented in this rate case filing, the Company is preparing a new
233 wildfire mitigation plan for Utah with measures that meet new industry best practices
234 to protect its customers, employees, and facilities.

235 **Q. Please describe the Company's cost control efforts.**

236 A. The Company proactively and aggressively controls the costs that it can. These efforts
237 are demonstrated by the Company successfully minimizing the frequency of general
238 rate cases. The Company filed its last general rate case in Utah, the 2014 Rate Case,
239 six years ago.¹⁰ The Company is attempting to align, as closely as possible, its capital
240 expenditure levels with its levels of depreciation expense to manage the growth of rate
241 base levels and the resulting rate impacts it would otherwise have. The Company is
242 also managing its controllable costs in a prudent manner, which is evident in that they
243 are not a material driver in this case. In fact, this case reflects only a minimal increase
244 in operation and maintenance expense since the Company's 2014 Rate Case. This is
245 well below the rate of inflation over this 5-year period between rate cases. Please see
246 Ms. Joelle R. Steward's direct testimony for a discussion of the major drivers of this
247 rate case proceeding and the Company's proposals to minimize the proposed increase.

248 **Q. Have the Company's cost control measures impacted reliability?**

249 A. No. Even though its last full rate case was in 2014, the Company has continued to make
250 investments in its system, including transmission and distribution. The impact of the
251 Company's investments can be seen in its reliability indices, the system average
252 interruption duration index ("SAIDI"), the system average interruption frequency index

¹⁰ *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 13-035-184 Report and Order Approving the Settlement Stipulation dated June 25, 2014. (Aug. 29, 2014).

253 (“SAIFI”), and the customer average interruption duration index (“CAIDI”). Each
254 index, SAIDI, SAIFI, and CAIDI, have been trending downward, or favorable, since
255 2013 as demonstrated by Figures 3, 4 and 5 below. The Company’s reliability numbers
256 have improved while distribution operation and maintenance expenses have only
257 minimally increased.

258

Figure 3

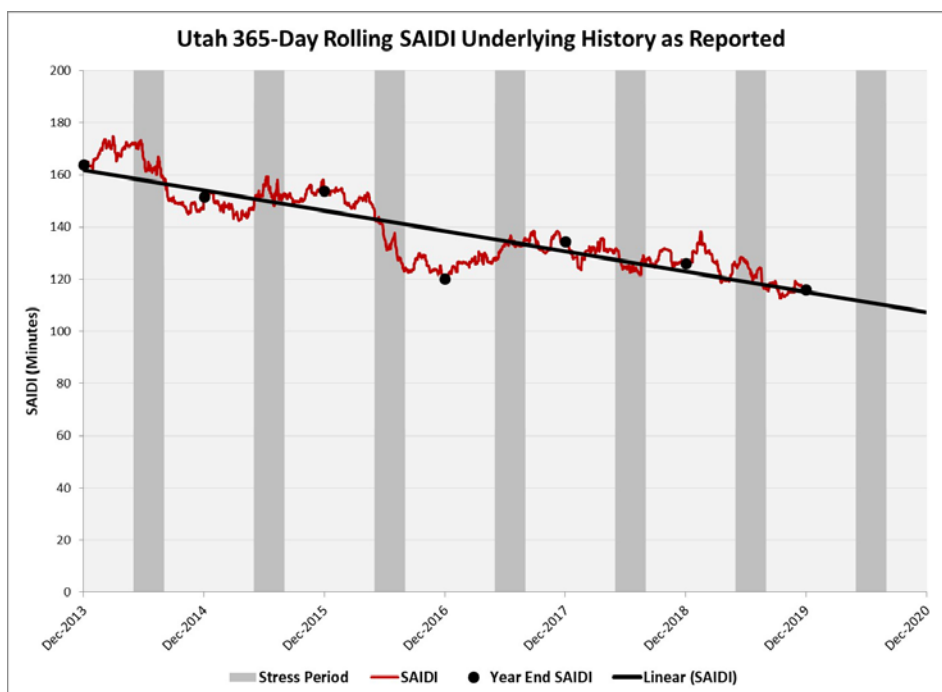


Figure 4

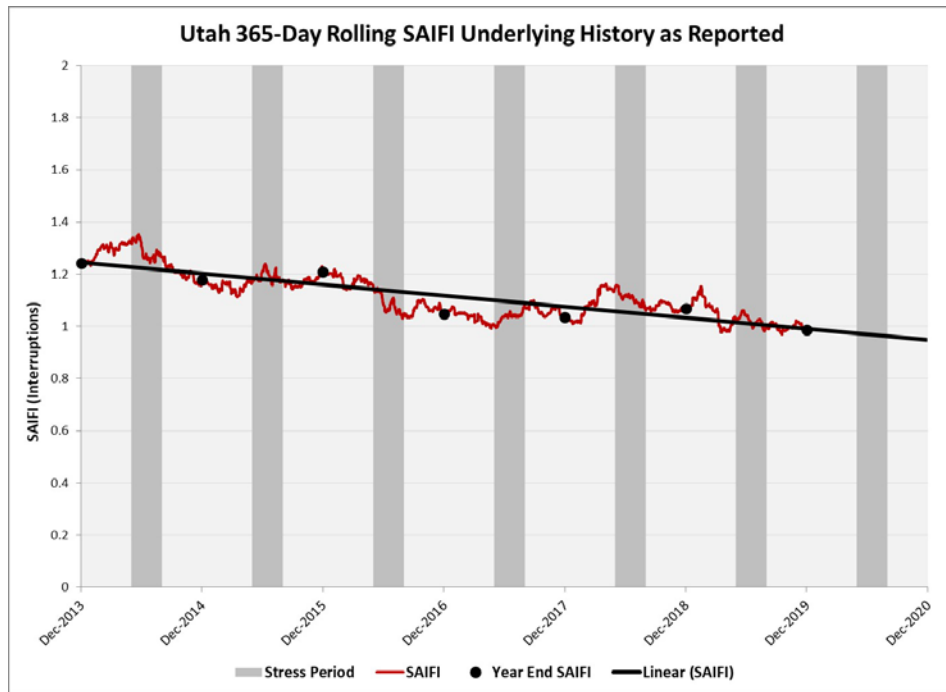
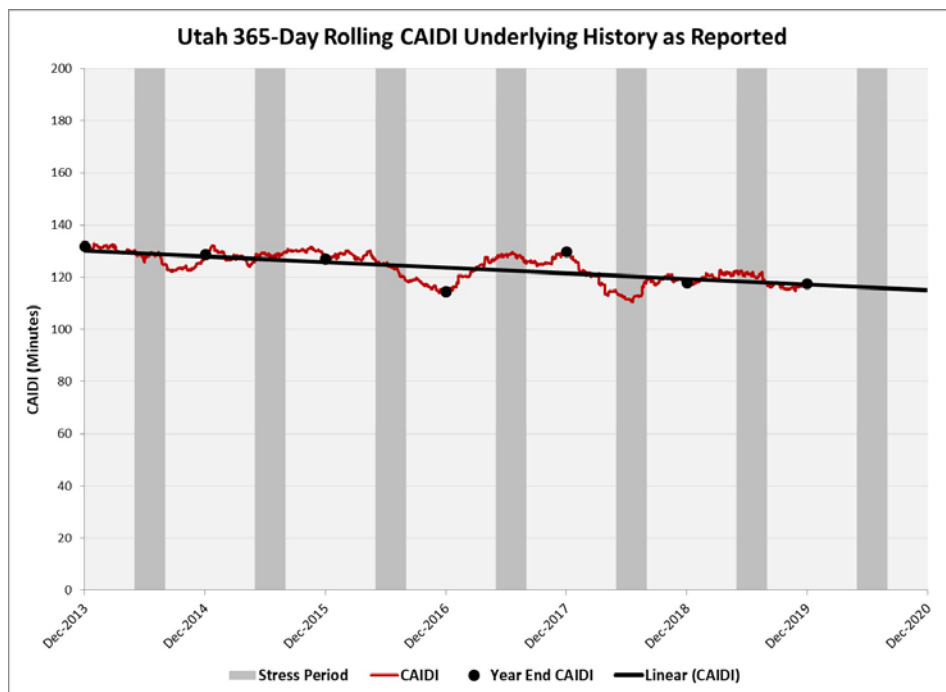


Figure 5



261 **Q. Please explain the EIM.**

262 A. The EIM is a real-time bulk power trading market, which uses advanced market
263 systems to automatically find and deliver the lowest-cost energy to serve customer
264 demand on a real-time basis across a wide geographic area. Utilities voluntarily
265 participating in the EIM maintain control over their assets and remain responsible for
266 balancing requirements while sharing in the benefits the market produces. Additional
267 benefits of the EIM include improved situational awareness for increased reliability
268 and more effective integration of renewables and utilization of the transmission system.

269 Since the market launched in November 2014, the EIM has produced benefits
270 of \$861.8 million, as of January 30, 2019.¹¹ PacifiCorp customers' share of the EIM
271 benefits are an estimated \$235.3 million.¹² In addition to monetary benefits,
272 participation in the EIM has enabled the Company to operate its thermal generation
273 fleet to more closely follow variable-energy resources, such as wind and solar. The EIM
274 has also resulted in a reduction in regulated air emissions or pollution. Since its
275 inception, nine utilities have joined the EIM, and 11 more have committed to join by
276 2022. Together, this represents over 70 percent of the West's total electricity demand.
277 PacifiCorp customers and the customers of other market participants will continue to
278 benefit from market participation.

279 **Q. Please describe Energy Vision 2020.**

280 A. PacifiCorp's Energy Vision 2020 projects increase the Company's zero-fuel cost
281 generation portfolio with new and repowered wind generation resources and new

¹¹ Western Energy Imbalance Market - Quarterly Benefits. Retrieved April 23, 2020 from
<https://www.westerneim.com/Pages/About/QuarterlyBenefits.aspx>.

¹² *Id.*

282 transmission, while leveraging federal PTCs to provide savings to customers over the
283 life of the projects. These projects support an energy future that decreases the amount
284 of emissions, while providing benefits to customers over the lives of the resources.

285 Energy Vision 2020 consists of two major components: (1) wind repowering;
286 and (2) construction of new wind and transmission. These new projects deliver more
287 generation to the Company's system along with long-term savings for customers.
288 Please see the direct testimonies of Mr. Timothy J. Hemstreet and Mr. Richard A. Vail,
289 who provide construction updates of the new wind generation and wind repowering
290 projects and transmission projects, respectively, associated with Energy Vision 2020.

291 **Q. Please provide an overview of the wildfire threat the Company faces and the**
292 **mitigation plan proposed in this proceeding to combat the threat.**

293 A. While wildfire risk is inherent in operating an electric utility, particularly in the West,
294 the increasing frequency, severity, and costs of wildfires has heightened the focus on
295 wildfire risk mitigation plans by electric utilities. The Company has taken this increased
296 risk seriously and, through detailed modeling, developed a risk-based approach that
297 allows the Company to target investments and enhanced maintenance efforts where
298 they will have the most impact to protect customers, employees, and facilities from
299 catastrophic wildfires. The Company's plan includes projects related to system
300 hardening, advanced protection and control, condition corrections, and access roads
301 and rights-of-way increases. The Company's efforts to mitigate the risk of wildfires is
302 in the testimony of Mr. Curtis B. Mansfield. Mr. Mansfield also discusses the

303 Company's efforts regarding the wildland fire mitigation plan required under House
304 Bill (“HB 66”), to be filed June 1, 2020.¹³

305 **Q. In addition to the Company's priority to deliver safe, reliable and affordable**
306 **energy, has the Company responded to the growing interest of customers to be**
307 **able to make choices about the type of service they receive?**

308 A. Yes. The Company has enabled the ability of its customers and communities to choose
309 additional renewable energy resources beyond those included in the Company's diverse
310 portfolio of cost-effective resources. The Company offers a number of program options
311 for customers to take service from renewable energy.

312 **Q. Please explain the options available to customers and communities to choose**
313 **renewable energy resources to meet their electric power needs.**

314 A. First, through the Subscriber Solar Program, customers can receive part or all of their
315 electric energy from solar power, without the installation of solar panels at their homes.
316 This popular program has been fully subscribed since 2017. As a result, in this
317 proceeding, the Company is proposing a number of changes to the program in order to
318 expand the program to new customers. Mr. William J. Comeau provides the details on
319 the proposed changes in his direct testimony.

320 Next, with the support of the state legislature, the Company has been able to
321 provide a number of customer choice options with respect to renewable energy. In
322 2012, the legislature unanimously passed Senate Bill (“SB”) 12.¹⁴ SB 12 enables a
323 customer of an electric utility to receive electricity directly from a renewable energy

¹³ HB 66 3rd Sub, signed by Governor Herbert Mar. 28, 2020. *See* <https://le.utah.gov/~2020/bills/static/HB0066.html>.

¹⁴ *See* <https://le.utah.gov/~2018/bills/static/SB0012.html>, codified as Utah Code Title 54, Chapter 17, Part 8, §§ 54-17-801 through 805.

324 facility under certain conditions. Pursuant to SB 12, the Company’s Electric Service
325 Schedule No. 32 (“Schedule 32”), which was approved by the Commission in Docket
326 No. 14-035-T02,¹⁵ allows the Company to enter into a contract with a specific
327 renewable energy facility on behalf of a customer. The renewable energy facility must
328 be over two megawatts and can be located within Utah or outside Utah, if it is a
329 baseload resource. Schedule 32 establishes pricing for the delivery of electricity from
330 the renewable energy facility. The Company currently has one contract approved under
331 Schedule 32.

332 In 2016, the legislature passed SB 115,¹⁶ which codified section 54-17-806 of
333 the Public Utilities Code.¹⁷ SB 115 enables another option for electric utilities to
334 provide qualifying customers the ability to contract with the utility to have renewable
335 energy purchased on their behalf. Pursuant to SB 115, the Company filed Electric
336 Service Schedule No. 34 (“Schedule 34”), which the Commission approved in Docket
337 No. 16-035-T09.¹⁸ Schedule 34 establishes the terms and conditions for Commission
338 approval of a contract with a customer. The Company currently has contracts with
339 seven customers approved under Schedule 34.

340 Most recently, in 2019, the legislature passed HB 411,¹⁹ the Community
341 Renewable Energy Act, which allows Utah communities that are served by Rocky

¹⁵ *In the Matter of Rocky Mountain Power’s Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities*, Docket No. 14-035-T02, Report and Order (Mar. 20, 2015); *Rocky Mountain’s Power’s Proposed Tariff Revisions to Electric Service Schedule No. 32, Service from Renewable Energy Facilities*, Docket No. 17-035-T11, Tariff Approval Letter (Sept. 19, 2017).

¹⁶ See <https://le.utah.gov/~2016/bills/static/SB0115.html>.

¹⁷ Utah Code Title 54, Chapter 17, Part 8, §54-17-806.

¹⁸ *In the Matter of Rocky Mountain Power’s Proposed Electric Service Schedule No. 34, Renewable Energy Tariff*, Docket No. 16-035-T09, Order Memorializing Bench Ruling Approving Settlement Stipulation (Aug. 18, 2016); *Tariff Approval Letter for Advice Letter No. 18-05* (Oct. 9, 2018) for revisions to Schedule 34 to incorporate changes recommended by the Division of Public Utilities in its August 1, 2018 filing.

¹⁹ See <https://le.utah.gov/~2019/bills/static/HB0411.html>.

342 Mountain Power to develop a Community Renewable Energy Program to achieve a
343 net-100 percent renewable²⁰ energy portfolio by 2030. Under HB 411, communities
344 interested in participating were required to adopt a resolution committing to a net-100
345 percent renewable goal by 2030 by December 31, 2019. Twenty-three communities
346 adopted a resolution and can collaborate to negotiate an agreement with the Company
347 for the terms and conditions of the renewable program to be available for the
348 communities' citizens. Development of this program is on-going.

349 With these options, the Company can provide electric service with incremental
350 renewable resources for those customers and communities that choose to be served by
351 renewable energy resources. All of these program offerings are designed to address
352 customer desire for more renewable energy while minimizing any potential cost
353 impacts on other non-participating customers.

354 To that end and in addition to these renewable programs, over the last few years
355 the Company has been actively engaged on the development of a sustainable program
356 that enables customer on-site generation (e.g., rooftop solar) in a manner that fairly
357 compensates customers without shifting costs to other customers. In 2017, the
358 Company was part of a landmark settlement that closed net metering and established a
359 transition program for new customer generation, to be concluded in three years.²¹
360 2020 is the final year of that transition program. In February, the Company filed for
361 approval of a new program for customers newly considering onsite generation.²² The

²⁰ "Net-100 percent renewable" means that the total electricity needs (MWh) of the community are met by an equal amount of renewable energy generation (MWh).

²¹ *Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program*, Docket No. 14-035-114, Order Approving Settlement Stipulation (Sept. 29, 2017).

²² See *In the matter of the Application of Rocky Mountain Power to Establish Export Credits for Customer Generated Electricity*, Docket No. 17-035-61.

362 Company is hopeful that this new proposed program will enable a more sustainable
363 program structure that provides more certainty, transparency, and fairness for all
364 stakeholders.

365 **VIII. THE COMPANY'S CURRENT RATE FILING**

366 **Q. Why is the Company filing a rate case at this time?**

367 A. Since the Company's last rate case in 2014, the Company has either completed or begun
368 a number of major capital projects, such as Energy Vision 2020. The rates set in this
369 proceeding will allow us to recover the prudently-incurred investments that we have
370 made since the last rate case and enable us to move forward to continue meeting the
371 Company's core principle of providing energy solutions in the form of safe, reliable,
372 and affordable energy to customers.

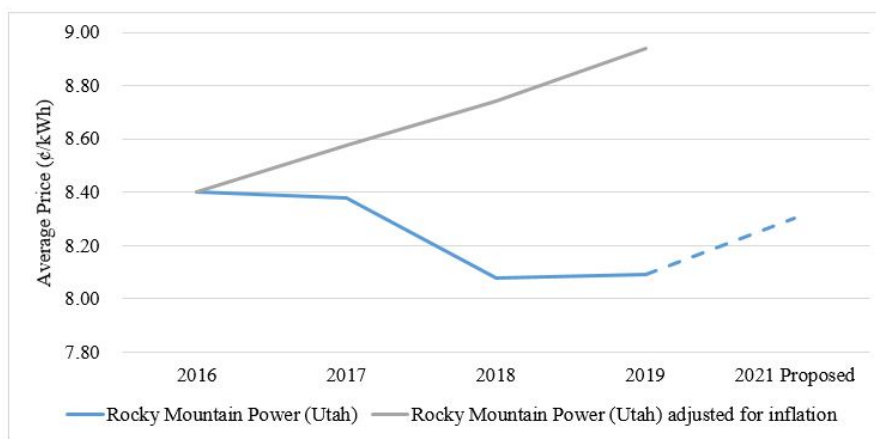
373 This rate case filing also brings a number of benefits to the Company's
374 customers. First, the rates set in this proceeding will reflect the full benefits to
375 customers of the 2017 Tax Cut and Jobs Act. Ms. Steward discusses how the Company
376 has proposed to pass back these benefits to customers. Second, the rates set in this
377 proceeding will reflect updated depreciation rates already agreed to by a diverse group
378 of stakeholders. Finally, the Company is proposing a number of rate design proposals
379 to modernize rates and provide customers the opportunity to participate in new pilot
380 programs that may save them money while providing benefits to the system. Mr. Robert
381 M. Meredith testifies regarding the Company's rate design and customer class cost
382 allocation proposals.

383 As I mentioned early in my testimony, the Company's rates have actually
384 decreased since 2016 and will remain below the 2016 average rates after this case, as

385 shown on Figure 6 below. Furthermore, after adjusting for inflation, which has trended
386 up over this same time period, the proposed rates demonstrate a significant reduction
387 in real costs.

388

Figure 6



389

IV. INTRODUCTION OF WITNESSES

390 **Q. Please identify the witnesses supporting the Company's application and the**
391 **subject of their testimony.**

392 **A.** In addition to myself, the Company witnesses filing direct testimony in support of the
393 application and the subjects of their testimony are as follows:

394 **Joelle R. Steward**, Vice President, Regulation, Rocky Mountain Power, will describe
395 PacifiCorp's request in this proceeding in more detail.

396 **Nikki L. Koblaha**, Vice President, Chief Financial Officer and Treasurer, will provide
397 the Company's overall cost of capital recommendation, including a capital structure to
398 maximize value and minimize risk. Ms. Koblaha also describes implementation of the
399 effects of the Tax Cuts and Jobs Act consistent with recent Commission decisions.

400 Finally, she supports the Company's projected pension costs.

401 **Ann E. Bulkley**, economist and principal at Concentric Energy Advisors, provides a
402 comparison of the Company's business and financial risk compared to peer utilities,
403 recommends a cost of equity, and provides supporting analyses.

404 **Rick T. Link**, Vice President of Resource Planning and Acquisition, provides the
405 economic analyses of repowering Foote Creek I and Leaning Juniper wind facilities,
406 the Pryor Mountain Wind Project, the retirement of Cholla Unit 4, and the conversion
407 of Naughton Unit 3 to natural gas. Finally, he presents the Company's load forecast.

408 **Timothy J. Hemstreet**, Managing Director of Renewable Energy Development,
409 provides an update on the implementation and costs of the new wind and repowering
410 projects included in Energy Vision 2020, and an overview of the Foote Creek I and
411 Leaning Juniper repowering projects.

412 **Richard A. Vail**, Vice President of Transmission Services, discusses important
413 transmission system upgrades that will be completed to serve customers and provides
414 and update on the implementation and costs of the transmission projects included in
415 Energy Vision 2020.

416 **Robert Van Engelenhoven**, Director of Resource Development, provides the details
417 on the development of the Pryor Mountain Wind Project, and an update on the
418 conversion of Naughton Unit 3 to natural gas.

419 **James C. Owen**, Director – Environmental, supports the installation of selective
420 catalytic reduction retrofit projects at two of the Company's joint owned coal plants—
421 Craig Unit 2 and Hayden Unit 2.

422 **Curtis B. Mansfield**, Vice President of Transmission and Distribution Operations,
423 discusses wildfire risk and the Company's wildfire mitigation efforts in Utah. He also
424 supports the Company's AMI project in Utah.

425 **David G. Webb**, Manager of Net Power Costs, presents the Company's proposed net
426 power costs for the test period.

427 **Melissa S. Nottingham**, Manager of Customer Advocacy, proposes updates to certain
428 customer service fees to reflect prices that are reasonable, fair, and cost-based.

429 **Steven R. McDougal**, Director of Revenue Requirements, summarizes the overall test
430 year revenue requirement, pro forma adjustments, and the rate base calculation
431 methodology.

432 **William J. Comeau**, Vice President of Customer Experience and Innovation, supports
433 an expansion of the Subscriber Solar program.

434 **Robert M. Meredith**, Director of Pricing and Cost of Service, provides the Company's
435 allocation and rate design, and discusses how the proposed tariff changes recover the
436 proposed 2021 revenue requirement to achieve fair, just, and reasonable prices for
437 customers.

438 **Q. Does this conclude your direct testimony?**

439 **A. Yes.**

Rocky Mountain Power
Exhibit RMP___(GWH-1)
Docket No. 20-035-04
Witness: Gary W. Hoogeveen

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

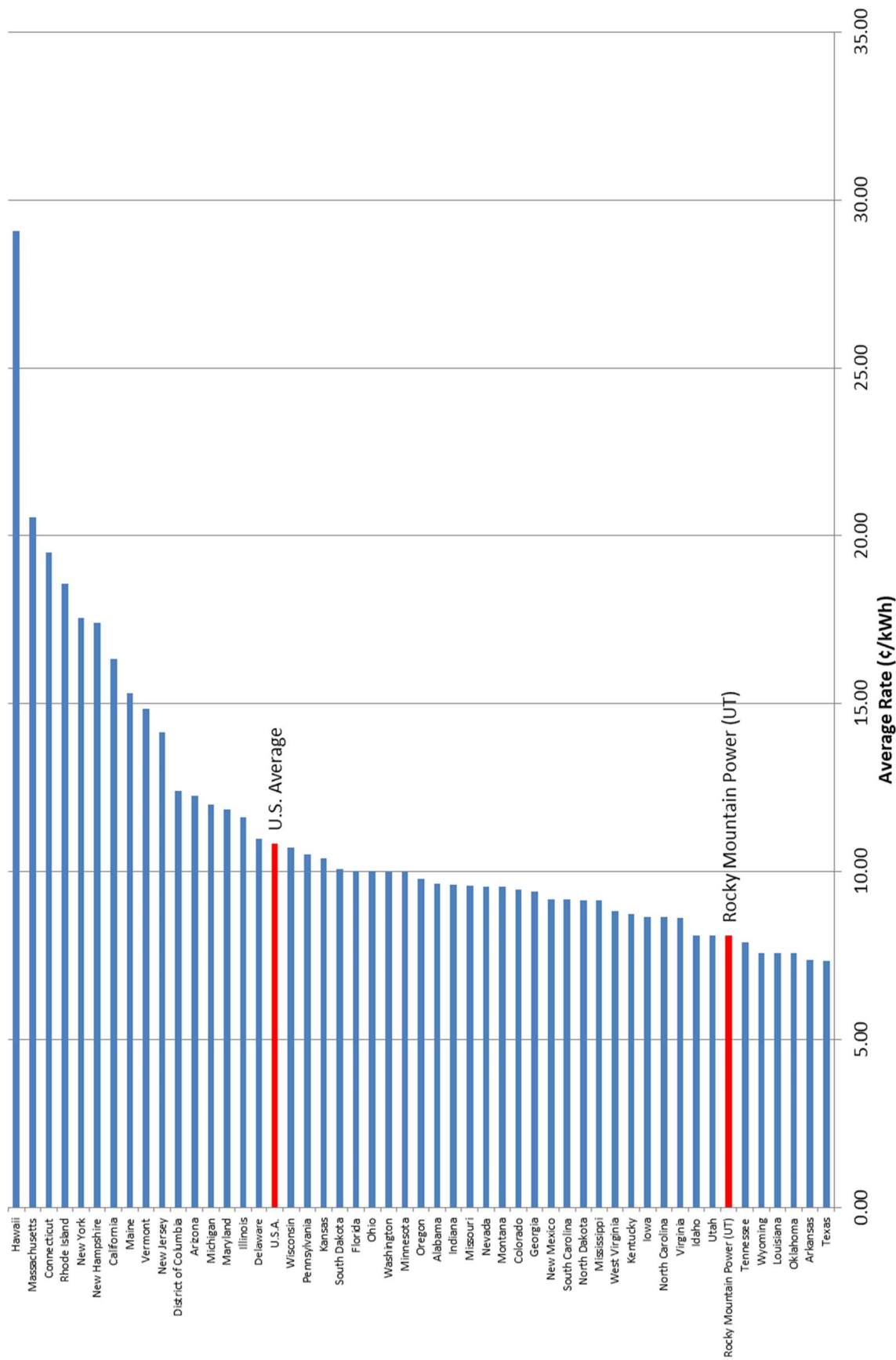
ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Gary W. Hoogeveen

Average Retail Rates by State

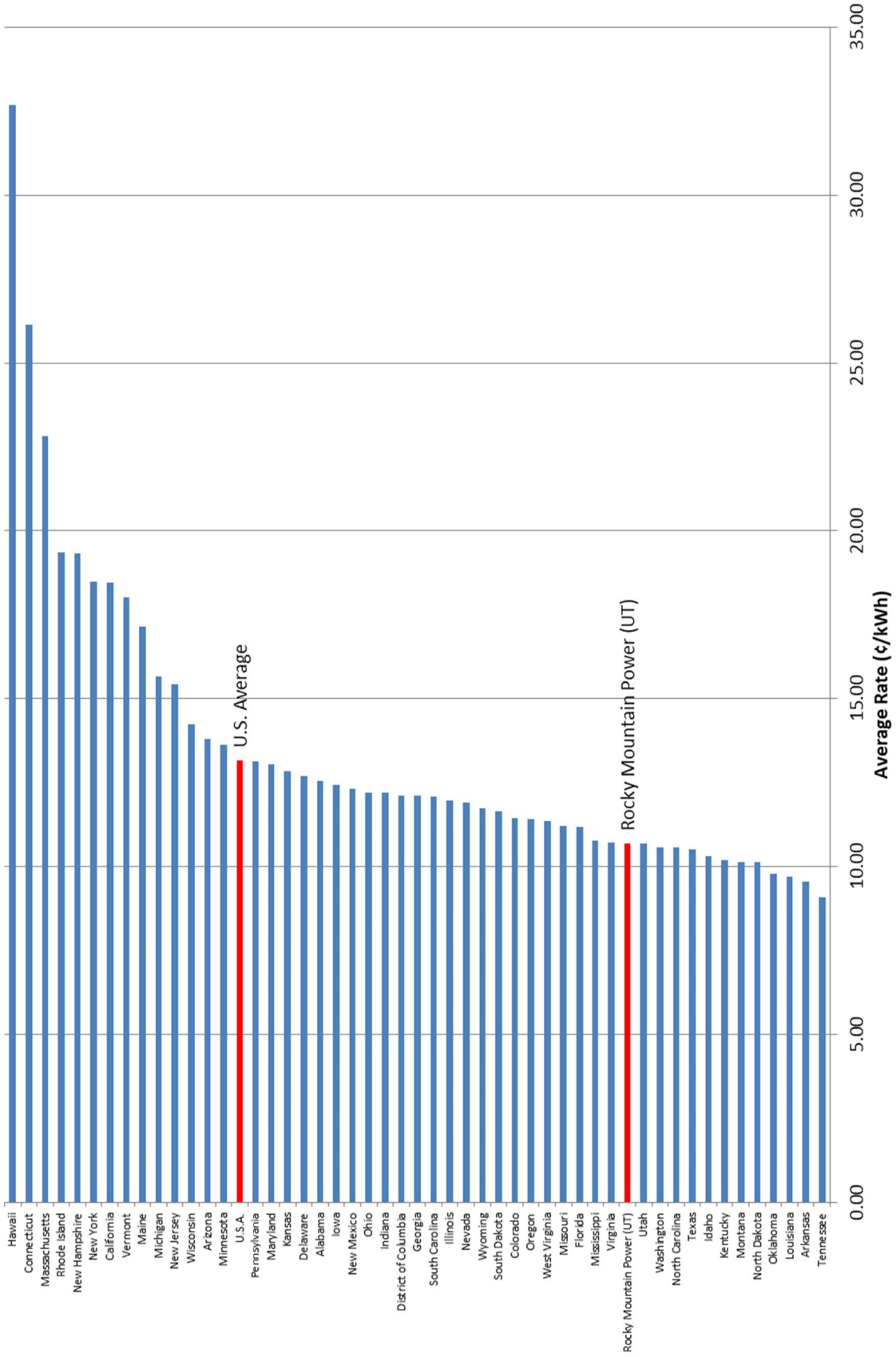
May 2020

Total Retail Average Rates



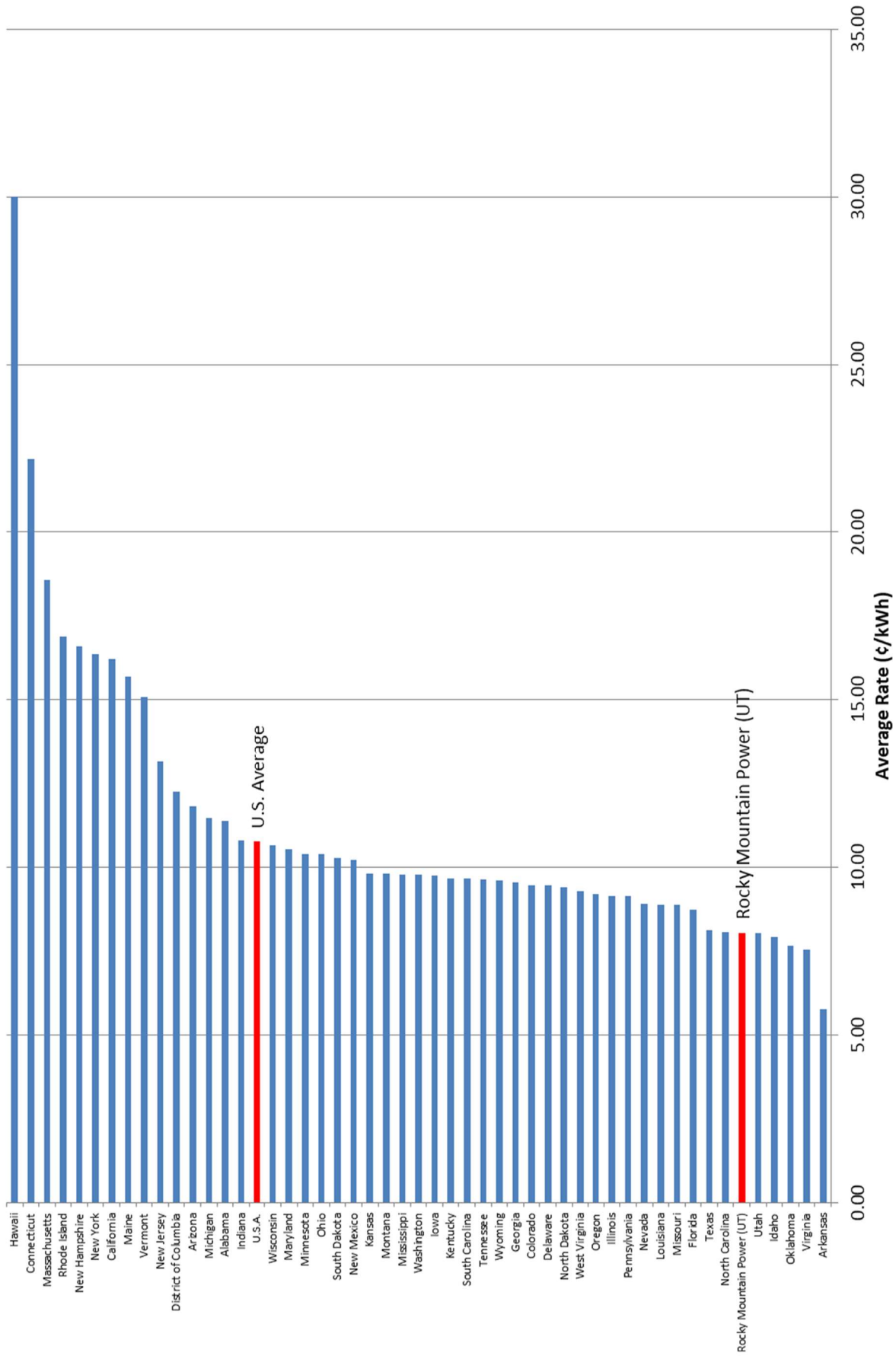
Source: Edison Electric Institute Sales and Revenue Data for the 12 months ending December 2018

Residential Average Rates



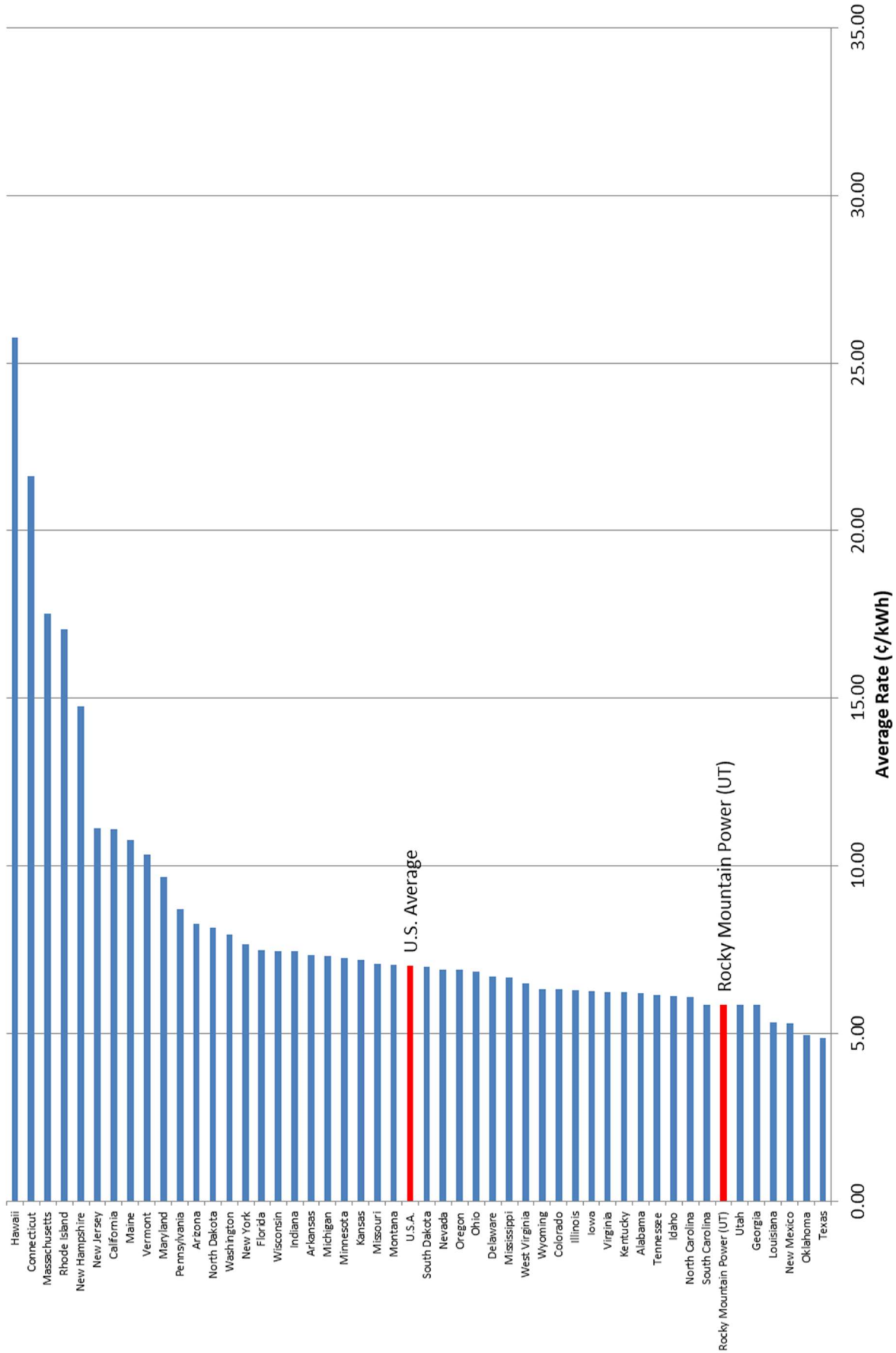
Source: Edison Electric Institute Sales and Revenue Data for the 12 months ending December 2018

Commercial Average Rates



Source: Edison Electric Institute Sales and Revenue Data for the 12 months ending December 2018

Industrial Average Rates



Source: Edison Electric Institute Sales and Revenue Data for the 12 months ending December 2018