

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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. 20-035-04**
)
) **Phase II Rebuttal Testimony of**
) **Michele Beck**
) **On behalf of the**
) **Office of Consumer Services**
)

October 16, 2020

1 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

2 A. My name is Michele Beck. I am the director of the Utah Office of
3 Consumer Services (OCS). My business address is 160 East 300 South,
4 Salt Lake City, Utah.

5

6 **Q. DID YOU FILE DIRECT TESTIMONY IN A PREVIOUS PHASE OF THIS**
7 **PROCEEDING?**

8 A. No.

9

10 **Q. PLEASE PROVIDE AN OVERVIEW OF YOUR BACKGROUND.**

11 A. I have served as the Director of the OCS for over thirteen years, since
12 January 2007. Prior to working at the OCS, I worked at a Minnesota
13 regulatory agency, and at both a large generation and transmission
14 electric cooperative and an investor-owned electric utility. In total, my
15 professional career spans approximately twenty-five years in utility
16 regulation and electric utilities and includes significant work in rate design,
17 long-term planning, and related fields. As director of the OCS, I have
18 overseen the policy development and testimony production in this
19 proceeding.

20

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A. My testimony will address the Division of Public Utility's (DPU)
23 recommendations regarding the classification of non-fuel production and

24 transmission costs as 75% demand-related and 25% energy-related, as
25 presented in Bruce Chapman's direct testimony.¹

26

27 **Q. THE DPU INDICATES THAT "METHODODOLOGICAL UNIFORMITY**
28 **ACROSS JURISDICATIONS SIMPLIFIES RMP'S TASK OF COST**
29 **ALLOCATION BY FACILITATING THE USE OF A SINGLE RULE FOR**
30 **ALL JURISDICTIONS." HOW DO YOU RESPOND?**

31 A. First, the DPU is incorrect in assuming that a single rule is used in all
32 jurisdictions. As cited by OCS witness Ron Nelson in his direct testimony,
33 RMP indicated that the 75/25 approach is not used in California or
34 Oregon.² Second, in my opinion, it is more important to use a cost
35 allocation method that properly reflects cost causation than to simplify
36 RMP's task in allocating costs.

37

38 **Q. DOES THE DPU TAKE A POSITION THAT THE 75/25 APPROACH IS**
39 **DEFENSIBLE?**

40 A. No. the DPU indicates both that the "75:25 split is unusual"³ and that "the
41 utility's classification methods should eventually be supported by a

¹ 20-035-04: Direct Testimony of Chapman for DPU, 7-15-2020, lines 91 – 93, 126-128, 210-217.

² 20-035-04: Direct Testimony of Nelson for OCS, 7-15-2020, Exhibit 5.2D (RMP response to OCS data request 8.3).

³ 20-035-04: Direct Testimony of Chapman for DPU, 7-15-2020, line 156.

42 defensible methodology,”⁴ which suggests that it does not find the current
43 approach defensible.

44

45 **Q. WHAT IS THE DIVISION’S RECOMMENDATION REGARDING THE**
46 **75/25 APPROACH?**

47 A. The DPU recommends that RMP consider other methods “in time for the
48 review of the 2020 Protocol 93 in 2023.”⁵

49

50 **Q. DO YOU HAVE CONCERNS ABOUT THE DPU’S**
51 **RECOMMENDATIONS?**

52 A. Yes. It appears that the DPU favors addressing these issues within the
53 multi-state negotiation process. In my opinion, such an approach is not
54 practical. Parties to the 2020 Protocol⁶ have already agreed to address
55 several substantial and complex issues in the next few years including the
56 implementation of a nodal pricing model, potential changes to long-term
57 planning, and at least two proceedings evaluating coal plant
58 reassignment. Given the significance of the issues to be addressed,
59 adding to them may not be conducive to reaching the level of resolution
60 necessary for a durable agreement.

61

⁴ Ibid, lines 159 – 161.

⁵ Ibid, lines 91-93.

⁶ See Exhibit RMP_(JRS-2) accompanying Joelle Steward’s testimony filed December 3, 2019 in Docket No. 19-035-42 for a more complete description of the currently envisioned work streams associated with the 2020 Protocol.

62 **Q. DO YOU AGREE WITH THE DPU THAT AN IMMEDIATE CHANGE TO**
63 **THE 75/25 APPROACH WOULD DISRUPT THE 2020 PROTOCOL⁷?**

64 A. No. The 2020 Protocol would not be impacted by a change to the intra-
65 state cost allocation in Utah. This is especially true since not all states
66 currently use the 75/25 approach in their intra-state cost allocations.
67 Further, the PSC does not typically rule on specific cost allocators or
68 endorse precise cost of service studies. Rather, it tends to use the results
69 of such studies along with other factors to guide its decisions on revenue
70 allocations. The OCS position is that the PSC should consider the
71 changing resource mix and resulting implications about cost causation in
72 making its decision on revenue allocation in this case.

73

74 **Q. WHY SHOULD THE PSC CONSIDER ALLOCATIONS IN THIS**
75 **CURRENT CASE RATHER THAN WAITING FOR THE REVIEW OF THE**
76 **NEXT INTER-STATE PROTOCOL OR SUBSEQUENT RATE CASE?**

77 A. The timing of RMP's next general rate case is unknown. The previous
78 general rate case, Docket No. 13-035-184, was filed on January 3, 2014
79 resulting in over six years in between rate cases. The PSC should begin to
80 evaluate changes to cost allocation now to reflect the changes to the
81 generation system; waiting until a future case would only exacerbate the

⁷ 20-035-04: Direct Testimony of Chapman for DPU, 7-15-2020, lines 212 – 213.

82 current equity issues that were discussed in OCS witness Nelson's direct
83 testimony.

84

85 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

86 A. Yes.

87