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March 28, 2017

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: Docket No. 16-035-36 - In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act

Pursuant to the Commission's Phase Two Scheduling Order dated October 21, 2016, in the above referenced matter, Rocky Mountain Power hereby submits for filing the Phase Two rebuttal testimony of Mr. Steven R. McDougal.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

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By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
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Informal inquiries may be directed to Bob Lively at (801) 220-4052.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

CC: Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of March 2017, a true and correct copy of Rocky Mountain Power's STEP Rebuttal Testimony was served by email on the following:

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Rocky Mountain Power
Docket No. 16-035-36
Witness: Steven R. McDougal

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Steven R. McDougal

March 2017

1 **Q. Please state your name, business address and present position with PacifiCorp dba**
2 **Rocky Mountain Power (the "Company").**

3 A. My name is Steven R. McDougal. My business address is 1407 West North Temple,
4 Suite 330, Salt Lake City, Utah 84116. My present position is Director of Revenue
5 Requirement for PacifiCorp.

6 **Q. Have you previously filed testimony in this proceeding?**

7 A. Yes, I filed both supplemental and rebuttal testimony in Phase One of this proceeding.

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to respond to and/or rebut issues raised by the
11 Division of Public Utilities ("DPU") witnesses Mr. Robert A. Davis and Ms. Myunghee
12 Sim Tuttle, Utah Office of Consumer Services ("OCS") witness Mr. Danny A.C.
13 Martinez, and Utah Clean Energy ("UCE") witness Ms. Kate Bowman. Specifically, my
14 testimony will address STEP funding limits and approval issues raised by Mr. Davis,
15 reporting recommendations from Mr. Martinez, issues regarding the commercial line
16 extension program raised by Mr. Martinez and Ms. Tuttle, and one issue regarding
17 confidential customer information raised by Ms. Bowman.

18 **STEP FUNDING LIMITS AND APPROVALS**

19 **Q. Mr. Davis recommends that the Commission specify in its STEP Order that the**
20 **Company should bear the risk for any funds spent over and above the statutorily**
21 **authorized STEP collection levels. Does the Company agree with this**
22 **recommendation?**

23 A. Yes. The Company will commit to not charge more to the STEP project than authorized
24 in the legislation. To be clear, ongoing O&M occurring after the conclusion of the STEP
25 surcharge will be included in a future rate case and the Company will justify the ongoing
26 level.

27 **CLEAN COAL PROJECTS**

28 **Q. Mr. Davis recommends that the Company report at the end of the first phase of the**
29 **CO₂ Cryogenic Carbon Capture ("CCC") program, before seeking approval of**
30 **funding for the second phase of the program. Does the Company agree with this**
31 **recommendation?**

32 A. While the Company agrees that it would be useful to provide an interim report to the
33 Commission, the DPU and other interested parties on the results of the first phase of the
34 program, it would not be feasible for the Company to halt work and seek additional
35 approvals before proceeding with the second phase, if the results from Phase One support
36 moving forward. The Company strongly believes that the entire project is needed to
37 determine if a larger scale CCC project is feasible, and to implement the project it needs
38 the cooperation of the Department of Energy for a future full scale deployment.
39 Conditioning moving forward with this partnership on future Commission and
40 stakeholder approval could jeopardize the entire project's viability if it led to delays or
41 doubts about the Company's ability to finance its share of the project now or in the
42 future. The Company commits to work with the regulatory agencies on an informal basis
43 to keep them updated on the program status of Phase One, and the Phase Two
44 implementation.

45 **Q. Mr. Martinez recommends the Company be required to file reports in accordance**
46 **with a STEP Reporting Plan, as outlined in your rebuttal testimony in Phase I of**
47 **this proceeding. Do you agree with his recommendation?**

48 A. Generally, yes. As discussed further below, the Company has a few concerns specifically
49 related to quantifying benefits for the Commercial Line Extension Program, but the
50 Company appreciates Mr. Martinez's support for the STEP Reporting Plan as described
51 in my Phase One rebuttal testimony.

52 **COMMERCIAL LINE EXTENSION PROGRAM**

53 **Q. Ms. Tuttle recommends that the Company include analysis quantifying the benefits**
54 **of the Line Extension Program in the STEP report, and provide annual reports**
55 **showing how the incentives from Regulation 13 are being used for each year of the**
56 **pilot program. Does the Company agree with these recommendations?**

57 A. Generally, yes. The Company will provide annual reports detailing how the incentives
58 are being used in each year of the pilot program. The Company will also provide detail
59 comparing the amount of commercial load growth before and after the pilot program was
60 implemented, and also comparing Utah's commercial load growth to the other states in its
61 service territory. The Company will work informally with the regulatory agencies on
62 other information needs regarding the Line Extension Program.

63 **Q. Mr. Martinez proposes that the program report include information quantifying**
64 **whether the Line Extension Program is providing benefits to customers, and should**
65 **contain a number of different elements, including: (1) the development of an**
66 **historical benchmark; (2) a cost comparison methodology; (3) program**
67 **expenditures; (4) cost savings; (5) explanation of results; and (6) percentage of**
68 **projects with electric vehicle infrastructure development. Does the Company agree**
69 **to provide additional reporting on the Line Extension Program?**

70 A. Generally, yes. As described in my response to Ms. Tuttle's recommendations, the
71 Company is willing to work informally with the parties to identify meaningful cost
72 comparison data. The Company believes the program is in the interest of customers and
73 is consistent with the legislation. The Company appreciates the support of the OCS and
74 DPU for the program.

75 **Q. Does the Company support the changes to the "Provisions of Service" section in**
76 **Regulation No. 13 proposed by Mr. Martinez?**

77 A. The Company agrees that some clarification was needed. The Company proposes to
78 change the Provisions of Service section as follows:

79 To be eligible for the 20 percent reduction in their advance the developer
80 must enter into a line extension contract as provided in Regulation 12. If
81 the development is to be constructed in phases, the backbone request
82 must be for installation of the backbone for that phase, otherwise it must
83 be for installation of the backbone for the entire development. In either
84 case the design will include capacity for future development. Developers
85 that are building on lots ~~are~~ **may be** required to install conduit from either
86 Company or Developer ~~primary voltage~~ power source(s) to future electric
87 vehicle charging locations on their property for not less than 2 percent of
88 their parking spaces.

89 The Company does not believe that it is necessary to add "that include parking,"
90 as proposed by Mr. Martinez, because all commercial or industrial buildings will have
91 parking. Further, the Company does not believe that it is necessary to add a paragraph
92 regarding charging stations because if there is no power in the area (which is where
93 backbone infrastructure is installed), there are no existing charging stations in the area.

94 **CONFIDENTIAL INFORMATION**

95 **Q. Ms. Bowman makes a number of recommendations regarding allowing increased**
96 **access to data to stakeholders and regulators, and that the Company prepare a**
97 **report outlining key findings when the programs have been implemented. Does the**
98 **Company agree with Ms. Bowman's recommendations?**

99 A. Yes. The Company appreciates all of the stakeholder input it has received from the
100 parties to this docket. The Company believes that sharing information from STEP
101 programs will allow the parties to work together on future projects that support grid
102 modernization and future innovative technology programs. The Company would also
103 reiterate that, in this time of greatly increased cybersecurity threats and hacking attempts,
104 it will continue to work to safeguard sensitive customer and system information from

105 unauthorized access, and it does not support distributing confidential customer
106 information as a routine reporting requirement.

107 **Q. Does this conclude your rebuttal testimony?**

108 A. Yes.