

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act)	Docket No. 16-035-36 DPU Exhibit PII 1.0 SUR
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SURREBUTTAL TESTIMONY – PHASE II

OF

ROBERT A. DAVIS

ON BEHALF OF THE

UTAH DIVISION OF PUBLIC UTILITIES

April 11, 2017

1 **Introduction and Purpose of Testimony**

2 **Q: Please state your name and occupation.**

3 **A:** My name is Robert A. Davis. I am employed by the Division of Public Utilities (Division)
4 at the Utah Department of Commerce as a Utility Analyst in the Energy Section.

5

6 **A: Are you the same Robert A. Davis who testified in Phase One and provided testimony**
7 **in Phase Two and Three in this docket on behalf of the Division?**

8 **A:** Yes. I provided direct and rebuttal testimony in Phase One and direct testimony in Phase
9 Two and Three of this same Docket No. 16-035-36.

10

11 **Q: What is the purpose of your surrebuttal testimony in this phase of the proceeding?**

12 **A:** My surrebuttal testimony will clarify the Division's position on STEP program related
13 operating, maintenance, administrative and general (OMAG) expenses. I will also clarify
14 the Division's position on the Cryogenic Carbon Capture (CCC) program in response to
15 the Company's witness Mr. Steven McDougal's concerns about funding for Phase II of
16 the project.

17

18 **Q: Do you agree with the Company's witness Mr. Steven R. McDougal and Office of**
19 **Consumer Services witness Mr. Danny A.C. Martinez in how the OMAG expenses will**
20 **be treated for those programs addressed in Phase Two of this docket?**

21 **A:** In general yes. The Division understands, as ordered by the Commission in Phase One of

22 this proceeding that program related OMAG expenses will be included within the STEP
23 budgets throughout the five year pilot.¹ However, the Division understands that every
24 OMAG expense is difficult to determine at this stage for every program over the five
25 year pilot. The Division agrees with the other parties on the reporting and treatment of
26 overall OMAG expenses for the STEP program. For OMAG expenses occurring outside
27 the STEP pilot, or as described by Mr. McDougal, “occurring after the conclusion of the
28 STEP surcharge”², the Company will need to seek recovery in a future rate case and will
29 bear the burden of demonstrating prudence.

30

31 **Q: Will there be times when OMAG expenses continue outside of the STEP Program?**

32 **A:** Yes. The Division understands that there may be related expenses that will be ongoing
33 at the conclusion of the STEP program for some of the programs that are found to be in
34 the public interest.³ In its Phase One Report and Order, the Commission found value in
35 requiring the Company to track and report the OMAG expenses associated with the
36 programs and that the Company should record them within the STEP budget and
37 records so those expenses can be accounted for during the next general rate case.⁴ The
38 Company should treat any ongoing OMAG expenses in a similar manner so that at the

¹Phase One Report and Order, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, 16-035-36, December 29, 2016, p. 16, item 7.

²Company witness Steven R. McDougal, Rebuttal Testimony, at line 24.

³For example, if the Solar/Storage program is a success, the Company will likely continue the program into the future. The related OMAG expenses are an example of those expenses that may be approved for recovery.

⁴Phase One Report and Order, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, 16-035-36, December 29, 2016, at p. 12.

39 time of the general rate case when such OMAG expenses may appear, a prudence
40 determination can be made. The Company has committed to justifying those expenses.⁵

41

42 **Q: Do you agree with the Company's witness Mr. Steven R. McDougal's treatment of the**
43 **Cryogenic Carbon Capture (CCC) program?**

44 **A:** The Company commits to provide interim updates on the progress of the CCC program
45 but does not want to halt progress and potentially jeopardize partnership funding while
46 seeking Commission approval to continue with Phase II of the program. In my direct
47 testimony, I did not intend for the Company to stop progress on the CCC program if the
48 results of Phase I prove to be favorable while waiting for approval to begin Phase II.
49 However, the Division is concerned about approval of an additional \$3 million for Phase
50 II based on hypothetical results of Phase I of the project. While the Division welcomes
51 the Company's commitment to provide interim updates on the progress of the CCC
52 program, without a favorable demonstration of Phase I, the Company should bear the
53 risk of recovery of any incremental Phase II or other future costs.

54

55 **Q: Given your direct and surrebuttal testimony in this phase of the proceeding, does the**
56 **Division recommend that the Commission approve the programs as defined in Phase II**
57 **of Docket No. 16-035-36?**

58 **A:** Yes. The Division finds the Company's proposal and treatment of OMAG expenses, with

⁵Company witness Steven R. McDougal, Surrebuttal Testimony, lines 23-26.

59 the Division's clarification of the potential \$3 million in additional funding for the CCC
60 program, to be in the public interest and recommends that the Commission approve the
61 programs as outlined in Phase Two of this docket. This recommendation is based on the
62 Company's commitment to update the stakeholders annually on the progress of the CCC
63 program. The EV Incentive Pilot will be heard in Phase Three of Docket No. 16-035-36.

64

65 **Q: Does this conclude your surrebuttal testimony?**

66 **A:** Yes it does.