

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

**IN THE MATTER OF THE VOLUNTARY)
REQUEST OF ROCKY MOUNTAIN)
POWER FOR APPROVAL OF RESOURCE) DOCKET NO. 17-035-39
DECISION TO REPOWER WIND)
FACILITIES)**

**DIRECT TESTIMONY
OF
GAVIN MANGELSON
FOR THE OFFICE OF CONSUMER SERVICES**

SEPTEMBER 20, 2017

DIRECT TESTIMONY OF GAVIN MANGELSON

1

INTRODUCTION

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Gavin Mangelson; I am a Utility Analyst for the Office of Consumer
4 Services (Office). My business address is 160 East 300 South, Salt Lake City, Utah
5 84111.

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

7 A. The purpose of my testimony is to introduce the other witnesses testifying on behalf
8 of the Office in this docket, as well as to provide a summary of the Office’s positions
9 which are described in greater detail by the Office’s witnesses.

10 **Q. PLEASE IDENTIFY THE OTHER WITNESSES TESTIFYING ON BEHALF**
11 **OF THE OFFICE, AND DESCRIBE THE SUBJECT OF THEIR**
12 **RESPECTIVE TESTIMONIES.**

13 A. The Office has retained Mr. Philip Hayet of J. Kennedy and Associates, Inc., and Ms.
14 Donna Ramas of Ramas Regulatory Consulting, LLC. Mr. Hayet’s testimony will
15 address the various methodologies and assumptions used by Rocky Mountain Power
16 Company (Company) in determining the estimated costs and benefits of the proposed
17 wind repowering project. Ms. Ramas will testify regarding cost recovery of the
18 project and the proposed Revenue Tracking Mechanism (RTM), as well as addressing
19 a couple of additional risk factors.

20 **Q. PLEASE SUMMARIZE THE POSITION OF THE OFFICE.**

21 A. The position of the Office is that the Commission should reject the Company’s
22 request for approval for the wind repowering project (as further described in Mr.

23 Hayet’s testimony), but if the Commission decided not to reject the Company’s
24 request for approval of the wind repowering project, it should not adopt the
25 Company’s proposed RTM (as further described in Ms. Ramas’ testimony) for the
26 following reasons:

- 27 • The Company has not proven in accordance with Utah Code Ann. § 54-17-
28 402, that repowering its wind resources “will most likely result in the
29 “acquisition, production, and delivery” of electricity to its customers at the
30 lowest reasonable cost and least risk possible.
- 31 • The Company has not sufficiently evaluated several important issues related
32 to the project, including:
 - 33 ○ The impact of potential changes in the federal corporate tax rates,
 - 34 ○ Whether a different subset of the repowering projects would have more
35 clearly demonstrated benefits since at least half of the resources are
36 uneconomic on a standalone basis,
 - 37 ○ Whether the Company’s 20-year economic analysis identified results that
38 are significant enough to warrant the proposed capital investment,
 - 39 ○ Whether the Company’s 34-year economic analysis contains questionable
40 modeling methodologies and assumptions,
 - 41 ○ Whether the repowering results would remain sufficiently robust, when the
42 repowering projects are evaluated after the new wind/new transmission
43 project.
- 44 • The RTM is unnecessary for fair cost recovery, as it shifts risks to ratepayers,
45 adds burdensome complexity to the regulatory process, and would not be in
46 the public interest.
- 47 • The specific method of calculation proposed by the Company for the RTM
48 contains many problems including:
 - 49 ○ Not knowing with specificity the amount included in current base rates
50 for the existing wind resources to track cost changes to;

- 51 ○ proposed inclusion of labor costs when employee complement has
52 declined;
- 53 ○ ignoring the reduction in property taxes being paid on existing wind
54 resources;
- 55 ○ and loss of incentive to control costs.

56 The Office further notes that it would not appear that the Company would be risking
57 jeopardizing its opportunity to receive the full Production Tax Credits (“PTC”)
58 benefits if it allowed an additional four to six months working with stakeholders to
59 address the concerns we have raised.

60 **Q. DO YOU HAVE ANY OTHER CONCERNS WITH THIS PROPOSAL?**

61 A. Yes, I am concerned about the acquisition of these new resources given the current
62 level of uncertainty in the Multi State Process (MSP). In order to mitigate the
63 uncertainty, if the Commission decides to approve all or part of the wind repowering
64 projects it should clearly specify the maximum dollar amount of the project’s costs
65 for which Utah ratepayers would be responsible under pre-approval.

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

67 A. Yes.