

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	DOCKET NO. 17-035-39
)	
IN THE MATTER OF THE)	
VOLUNTARY REQUEST OF ROCKY)	Exhibit No. DPU 3.0-RESP
MOUNTAIN POWER FOR)	
APPROVAL OF RESOURCE)	
DECISION TO REPOWER WIND)	Response Testimony
FACILITES)	David Thomson
)	
)	

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

Response Testimony of

David Thomson

April 2, 2018

1 **Q. Please state your name and occupation.**

2 A. My name is David Thomson. I am employed by the Utah Division of Public Utilities
3 (“Division”) as a Utility Technical Consultant.

4 **Q. What is your business address?**

5 A. Heber M. Wells Office Building, 160 East 300 South, Salt Lake City, Utah, 84111.

6 **Q. Did you previously file Direct and Surrebuttal Testimony in this Docket?**

7 A. Yes.

8 **Q. What is the purpose of your Response Testimony?**

9 A. The purpose of my testimony is to respond to parts of the Supplemental Direct Testimony of
10 Rocky Mountain Power (Company) witness Ms. Joelle R. Steward.

11 **Q. Did Ms. Steward in her Supplemental Direct Testimony supply additional reasons for
12 an RTM above that provided in the Company’s direct and rebuttal testimony?**

13 A. No. The Division’s reasons for the RTM not being necessary, as explained in its direct and
14 surrebuttal testimony, still apply to her supplemental direct testimony.

15 **Q. In your Direct Testimony you suggested that if an RTM was approved a reasonable
16 carrying charge would be based on the Commission-approved carrying charge method.
17 For its supplemental filing did the Company adopt the current Commission-approved
18 carrying charge?**

19 A. Yes. The supplemental filing carrying charge was changed from 6% to 4.19%. This rate was
20 approved by the Commission in Docket Nos. 17-035-T02 and 15-035-69. The Commission
21 has since approved a change from the 4.19 carrying charge to 4.09% in Docket No. 18-035-
22 T01.

23 **Q. In her Supplemental Direct Testimony, due to the changes in the near-term rate**
24 **impacts of tax reform, Ms. Steward explains that the Company is proposing to**
25 **separately defer the net costs in excess of the cap and to seek recovery through an offset**
26 **from tax reform, pending in Docket No. 17-035-69. Does the Division support this**
27 **proposal?**

28 A No. The Division believes this is inappropriate, considering the RTM was the mechanism
29 proposed by the Company to, “match costs and benefits over a short period of time.”¹
30 Throughout this process the Company has held the view that the RTM is necessary so that
31 neither ratepayers nor the Company are delayed in receiving their respective benefits.² Now
32 that tax reform has been analyzed in this docket and has made the project less beneficial
33 during the cap years, the Company is attempting to decouple the portion of costs that exceed
34 the RTM cap and offset them against tax savings that will come from tax reform. In other
35 words, the Company proposes to effectively raise the cap.

36
37 While the Division argues that the RTM is unnecessary and existing methods are adequate
38 for rate recovery and benefit/cost matching, should the RTM be approved, it should include
39 all costs and benefits in order to accomplish the Company’s purported goal of matching costs
40 and benefits. It is not possible to claim that it is matching costs and benefits when the total
41 incremental costs over the cap in the first four years of the RTM are pulled from the RTM

¹ Joelle R. Steward, Supplemental Direct Testimony, February 7, 2018, Docket No. 17-035-39, line 124.

² Cindy A. Crane, Direct Testimony, June 2017, Docket No. 17-035-39, lines 205-207, “this mechanism will align the costs and benefits so that customers receive the full net benefits from the repowering project while shareholders receive appropriate cost recovery of the prudent investment.”

42 and offset against benefits outside of the wind repowering project as the Company is now
43 proposing.

44
45 The Company's proposal feels like a back-door approach to keep the promise it made in this
46 Docket that the RTM would not result in an increase in customers' rates by retaining the cap
47 in its supplemental testimony computations but proposing to recover the incremental cap
48 increase outside of the RTM mechanism.

49
50 It is also premature for the Company to seek Commission approval of an offset to its
51 proposed cap deferral through pending impacts of tax reform before the completion of the
52 Tax Docket.

53 **Q. Has the Division's prior recommendation regarding the RTM changed?**

54 A. No. The Division continues to recommend that an RTM is unnecessary. If the Commission
55 approves the repowering project proposed by the Company, the Company should use a
56 general rate case for ratemaking associated with the repowering.

57 **Q. Does this conclude your response testimony?**

58 A. Yes.