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Department of Commerce Division of Public Utilities

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REDACTED

Confidential Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Brenda Salter, Utility Technical Consultant Supervisor

Joni S. Zenger, Utility Technical Consultant

Date: June 24, 2021

Re: **Docket No. 17-035-39**, Voluntary Request of Rocky Mountain Power for Approval of Resource Decision to Repower Wind Facilities, *Compliance Filing*.

Recommendation (Approval)

The Division of Public Utilities (Division) has reviewed PacifiCorp's (the Company) May 25, 2021, confidential compliance filing (Compliance Report). According to the Company's Compliance Report, the final project costs for the Marengo I, Marengo II, and Dunlap wind facilities each comply with the Public Service Commission's (Commission) May 24, 2018 Report and Order (Order). In Docket No. 20-035-04 (General Rate Case) filing, the Commission subsequently approved cost overruns for the Goodnoe Hills repowering project.¹ The Division

¹ Docket No. 20-035-04, Confidential Report and Order, May 25, 2021, p. 10.

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recommends the Commission approve the final project costs for each of the four wind repowering projects in compliance with approved Commission costs.²

Issue

On May 25, 2018, the Commission issued its Order regarding the Company's voluntary request for approval of a resource decision to repower wind facilities in Docket No. 17-035-39 (Wind Repowering Docket). For the eleven projects approved in the Order, the Commission directed the Company to file an accounting of each project's final costs as each of the projects are completed.³

On September 9, 2020, the Company filed a compliance filing containing the final project costs for the following seven wind repowering projects--Glenrock I, Glenrock III, High Plains, McFadden Ridge, Rolling Hills, Seven Mile Hill I, and Seven Mile Hill II wind facilities, which the Commission acknowledged in a letter dated October 22, 2020. The Company filed the final project costs for the remaining four wind projects in this Compliance Report.

On May 26, 2021, the Commission issued its Action Request, requesting the Division review the Compliance Report and make recommendations to the Commission. This memorandum is in response to the Commission's Action Request and reports the Division's findings and recommendations.

Discussion

The Division reviewed the Commission's wind repowering Order that states:

The PSC approves, on a project-by-project basis, the projects and costs identified in PacifiCorp's voluntary request for approval of a resource decision to repower the Glenrock I, Glenrock III, Rolling Hills, Seven Mile Hill I, Seven Mile Hill II,

² Docket No. 17-035-39, Wind Repowering Order, May 25, 2018 and Docket No. 20-035-04, Confidential Report and Order, May 25, 2021, p. 10.

³ See Order at p. 20. The Commission declined to approve the voluntary request for resource decision for the Leaning Juniper project. "If PacifiCorp chooses to implement the project, the project will be subject to a standard prudence review in future general rate cases."

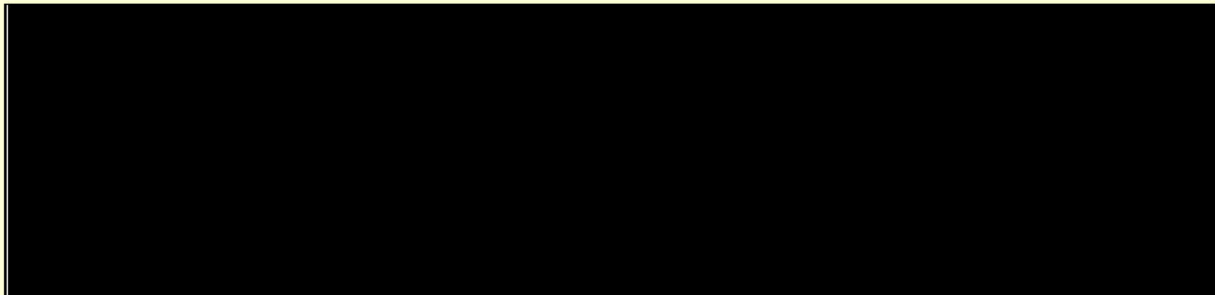
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High Plains, McFadden Ridge, Dunlap, Marengo I, Marengo II, and Goodnoe Hills wind facilities.⁴

The Commission went on to require an accounting of the final project costs for the 11 approved wind repowering projects:

When each of the projects we have approved in this order are completed, we direct PacifiCorp to file in this docket an accounting of each project's final costs.⁵

The Division compared the Commission-approved final project costs⁶ for each of the remaining four wind repowering projects to the total capital plant in-service costs the Company filed in its Compliance Report. The following table summarizes the comparisons:

	
* Final approved costs for Goodnoe Hill are from General Rate Case.	

The Division reviewed the final in-service amounts against the Commission-approved capital costs on a project-by-project basis. According to the Compliance Report, the total capital in-service costs for the Marengo I, Marengo II, and Dunlap wind facilities are below the amounts approved by the Commission in the Wind Repowering Docket. The Company, in its General Rate Case filing justified some of its cost overruns at Goodnoe Hills. Company witness Mr. Timothy J. Hemstreet explains the difficulties the Company encountered in construction at the Goodnoe Hills project in justifying the excess costs.⁷ 

⁴ Id. at p. 1.

⁵ Id. at p. 26.

⁶ See Docket No. 17-035-39, Confidential Attachment to the First Supplemental Direct Testimony of Mr. Timothy J. Hemstreet, (RMP Exhibit TJH-1SD), February 1, 2018, page 1 of 3, column 8.

⁷ Docket No. 20-035-04, Confidential Direct Testimony of Timothy J. Hemstreet, May 2020, pp. 39-40, lines 848-870.

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[REDACTED]

The Company updated its final project costs and requested approval of the updated costs in its General Rate Case filing.¹⁰ The Commission approved the Company's Rebuttal Filing of incremental wind repowering adjustments as contained in Mr. Steven R. McDougal's Confidential Rebuttal Exhibit SRM-Table 10.21.¹¹ The final in-service project cost in the amount of [REDACTED] went uncontested and were approved by the Commission.¹³ The final Goodnoe Hills project costs are lower than the total amount approved in the General Rate Case by [REDACTED].

The Division finds that the final project costs for the Marengo I, Marengo II, Goodnoe Hills, and Dunlap repowering projects are in compliance with the Commission's Order. The Division recommends the Commission approve this Compliance Report.

Conclusion

The Division reviewed the Company's May 25, 2021 Compliance Report containing wind repowering project costs on a project-by-project basis, as well as the Commission's requirements in its wind repowering Order and its General Rate Case Order. The Division finds that the Marengo I, Marengo II, Goodnoe Hills, and Dunlap wind projects costs are in compliance with the Commission's Orders. The Division recommends the Commission approve the Company's

⁸ Id.

⁹ Id. Also, see Confidential Exhibit RMP TJH-1S, May 8, 2020.

¹⁰ See Docket No. 20-035-04, Confidential Exhibit RMP SRM-3, Table 10.21- Wind Repowering Capital Additions, October 5, 2020.

¹¹ Id.

¹² See RMP Confidential TJH-1, May 8, 2020 and RMP Confidential SRM-3R, Table 10.21, October 5, 2020. [REDACTED]

¹³ Docket No. 20-035-04, Commission Confidential Report and Order, December 20, 2020, p. 10.

¹⁴ Id., [REDACTED]

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Compliance Filing for the Marengo I, Marengo II, Dunlap, and Goodnoe Hills wind repowering projects.

Cc: Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services