

Utah Clean Energy  
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Salt Lake City, UT 84103  
801-363-4046

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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**In the Matter of the Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Request to Construct Wind Resource and Transmission Facilities**

**DOCKET NO. 17-035-40**

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SUR REBUTTAL TESTIMONY OF KATE BOWMAN

ON BEHALF OF

UTAH CLEAN ENERGY

DATED this 16<sup>th</sup> day of March, 2018



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Kate Bowman  
*Utah Clean Energy*

1 **Q. Please state your name and business address.**

2 A. My name is Kate Bowman. My business address is 1014 2nd Ave, Salt Lake City, Utah  
3 84103.

4 **Q. Are you the same Kate Bowman that provided direct and rebuttal testimony in this**  
5 **docket?**

6 A. Yes

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of Utah Clean Energy.

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

10 A. I will respond to the rebuttal testimony of Brad Mullins, Utah Association of Energy  
11 Users (“UAE”) and Utah Industrial Energy Consumers (“UIEC”); Donna Ramas, Office  
12 of Consumer Services (“OCS”), and Joni Zenger, Division of Public Utilities (“DPU”)  
13 regarding the impact of the Production Tax Credit (“PTC”) on Utah ratepayers. I also  
14 respond to rebuttal testimony of Philip Hayet (OCS); to the rebuttal testimony of Greg  
15 Jenner (Interwest) regarding the value of solar resources in addition to Rocky Mountain  
16 Power’s (“the Company’s”) proposed new wind projects; and to Mr. Mullins on the topic  
17 of an evaluation of the economic retirement of coal plants. Finally, I will introduce new  
18 information related to Utah state policy on climate change that is relevant to the  
19 Commission’s consideration of the Company’s application for approval of the proposed  
20 wind projects. I continue to recommend that it is in the best interest of ratepayers to  
21 transition PacifiCorp’s resource mix to carbon-free renewable resources as quickly and as  
22 economically as possible, and that PacifiCorp’s proposed wind projects, along with  
23 additional solar projects, will help facilitate that transition.

24 **Q. How to you respond to parties who are concerned that changes to corporate tax**  
25 **rates will affect the value of Production Tax Credits, and therefore the benefits of**  
26 **the proposed wind projects?**

27 A. Although changes to the corporate tax credit will affect the benefits of the proposed  
28 projects to Utah ratepayers, the PTC continues to offer a time-limited opportunity to  
29 acquire renewable resources at low costs that offer benefits to Utah ratepayers.  
30 Changes to the corporate tax rate do not impact the direct value of Production Tax  
31 Credits (PTCs). However, as noted by several other parties, Production Tax Credits  
32 reduce the Company's revenue requirement which also reduces the Company's federal  
33 and state taxable income. The PTC is "grossed up" based on the corporate tax rate when  
34 determining the Company's revenue requirement, so a reduction of the corporate tax rate  
35 from 35% to 21% has a corresponding effect on the benefits that PTCs offer to  
36 ratepayers. As a result, Utah ratepayers will receive lower benefits at today's corporate  
37 tax rate compared to the previous, higher, corporate tax rate. That being said, wind  
38 projects which are built today that can take advantage of PTCs are almost certainly going  
39 to be cheaper than wind projects built in the near future, after PTCs have expired.

40 **Q. Mr. Hayet states that parties, including UCE, "did little more than consider**  
41 **potential benefits of the Projects, provided little, if any, additional independent**  
42 **analysis or critical assessments of the Projects, and did not consider the risks to**  
43 **ratepayers." How do you respond to this claim?**

44 A. As previously stated, the purpose of UCE's testimony is to "outline factors the  
45 Commission should consider related to PacifiCorp's application for approval of new

46 wind resources and make recommendations based thereon.”<sup>1</sup> Utah Code 54-17-302  
47 directs the Commission to consider whether a resource decision is in the public interest,  
48 taking into consideration a variety of factors including “other factors determined by the  
49 commission to be relevant.” UCE’s testimony provides information about the risks and  
50 costs of climate change as a factor for the Commission to take into consideration  
51 precisely because a failure to transition PacifiCorp’s resource mix to carbon-free  
52 renewable resources as quickly and as economically as possible poses significant risks for  
53 ratepayers. To this end, Utah Clean Energy provided a summary of recent scientific and  
54 policy analyses which are pertinent to Utah and provide quantifiable information about  
55 those risks. Utah Clean Energy also provided independent analysis quantifying these risks  
56 (the Climate Science Special Report, a part of the National Climate Assessment) as an  
57 Exhibit to direct testimony, filed on December 5, 2017.

58 **Q. Do other parties share your recommendation regarding the importance of investing**  
59 **in renewable energy resources now, including solar in addition to wind?**

60 A. As stated in my direct testimony, “It is likely that there are additional opportunities for  
61 cost-effective investments in renewable resources within PacifiCorp’s system, including  
62 solar resources in Utah.”<sup>2</sup> Mr. Jenner’s supplemental answer testimony, filed on behalf of  
63 Interwest Energy Alliance, describes how the Company’s analysis of the responses to the  
64 2017 RFPS support this recommendation. Mr. Jenner noted, “Interestingly, the modeling  
65 also shows that added solar projects, in addition to the Combined Projects, result in more  
66 savings than projected from the Combined Projects alone.”<sup>3</sup> I agree with Mr. Jenner’s

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<sup>1</sup> Docket No. 17-035-40, Direct Testimony of Kate Bowman for UCE, Lines 22-24.

<sup>2</sup> Docket No. 17-035-40, Direct Testimony of Kate Bowman for UCE, Lines 208 – 213.

<sup>3</sup> Docket No. 17-035-40, Supplemental Answer Testimony of Gregory F. Jenner, March 2 2018. Page 3.

67 conclusion that it is important to act quickly in response to the bids received through the  
68 2017 RFPS. Renewable energy resources are available at historic low prices and, for a  
69 short time, can benefit from the PTC and ITC. It is not surprising that the Company's  
70 analysis demonstrates a benefit to ratepayers of investments in renewable resources,  
71 including solar in addition to the proposed wind projects.

72 **Q. Do you agree that an evaluation of the economic retirement of coal plants is best**  
73 **addressed in the IRP, as stated by Mr. Mullins?**

74 A. No, it is germane to consider whether and how the development of the proposed wind  
75 projects will affect operation of the Company's current resources as a part of this docket.  
76 When evaluating the merits of the proposed wind projects, it is essential to consider the  
77 extent to which they will result in meaningful carbon emissions reductions, and therefore  
78 reduced risks to Utah ratepayers. I recognize that this docket is complex and if it is not  
79 possible to complete an evaluation of the economic retirement of coal plants in this  
80 docket, it would also be appropriate to do so in the IRP.

81 **Q. Have there been changes regarding Utah state policy on climate change that are**  
82 **relevant to the Commission's consideration of the Company's application?**

83 A. Yes, in 2018 the Utah legislature passed HCR7, 'Concurrent Resolution on  
84 Environmental and Economic Stewardship'.<sup>4</sup> This bill recognizes the impacts and risks  
85 that climate change poses to Utahns, "including wildfires, water scarcity, and flooding."<sup>5</sup>  
86 Further, HCR 7 encourages corporations and state agencies to reduce emissions. This bill

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<sup>4</sup> Utah State House of Representatives Concurrent Resolution 7 (2018)

<sup>5</sup> Utah State House of Representatives Concurrent Resolution 7 (2018) Lines 45-46

87           awaits the Governor's signature and, if signed, reinforces the importance of considering

88           the risks of climate change on Utah ratepayers when evaluating PacifiCorp's proposal.

89   **Q.    Does that conclude your testimony?**

90   **A.    Yes.**