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DEPARTMENT OF COMMERCE  
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director  
Béla Vastag, Utility Analyst

Date: June 2, 2021

Subject: Docket 17-035-40

**Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision**

New Wind and Transmission Report for Calendar Year 2020

## INTRODUCTION

On April 29, 2021, Rocky Mountain Power (“RMP” or “PacifiCorp”) filed its calendar year 2020 New Wind and Transmission Report (“Report”) with the Utah Public Service Commission (“PSC”) as required by the PSC’s June 22, 2018 and October 22, 2018 orders in this docket. On May 3, 2021, the PSC issued a Notice of Filing and Comment Period that set a deadline of June 2, 2021 for parties to file initial comments and June 17, 2021 for reply comments on RMP’s Calendar Year 2020 Report. The Utah Division of Public Utilities (“DPU”) filed its Action Request Response on the Report on May 27, 2021. Pursuant to the PSC’s Notice, the Utah Office of Consumer Services (“OCS”) submits these initial comments on RMP’s Report.

## BACKGROUND ON THE REPORTING REQUIREMENTS FOR THE APPROVED NEW WIND AND TRANSMISSION PROJECTS IN THIS DOCKET

The PSC’s June 22, 2018 Order approving the new wind and transmission projects imposed specific reporting requirements on PacifiCorp. The Order required PacifiCorp to report 10 categories of information.<sup>1</sup> The PSC noted that a “mechanism should exist to provide transparency and ensure information is as complete as possible should controversy later arise with respect to the Combined Project’s costs.” The PSC also referenced the concerns of the Independent Evaluator that “the capital costs of

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<sup>1</sup> See Docket No. 17-035-40, June 22, 2018 Order, pages 35 – 36.

PacifiCorp's benchmark resources should be closely scrutinized to ensure that the costs on which the economic evaluation was based are realistic."<sup>2</sup>

In addition to the June 2018 Order listing the type of information to be included in the Report, it directed RMP to file a reporting template by September 1, 2018. RMP was also directed to include, as part of its reporting template filing, recommendations on a start date, frequency of reporting, duration of reporting, level of granularity of information and confidentiality. Parties then filed initial and reply comments on RMP's reporting proposal and a final reporting template was developed and then approved in the PSC's October 22, 2018 Order in this docket.

The PSC's Order on reporting requirements adopted the OCS's recommendation that the Report should have a 10-year duration in order to cover the entire time period over which RMP would be collecting production tax credits ("PTCs") generated by the new wind projects. The Order also established April 30 of each year as the filing deadline and that the Report would be an annual filing starting on April 30, 2021.

### **OFFICE OF CONSUMER SERVICES COMMENTS**

The OCS has reviewed RMP's New Wind and Transmission Report which was labeled as Attachment A to RMP's April 29, 2021 filing and provided as a separate Excel spreadsheet. Based on our review, the Report generally appears to comply with the PSC's October 2018 Order on reporting requirements.

However, because this is the first annual report, it contains only partial information. Complete information is not provided in this Calendar Year 2020 Report for several reasons:

- Three categories of information related to the transmission projects are not due to be reported on until the next year's report is due on April 30, 2022.<sup>3</sup>
- The transmission projects were completed in November 2020 and some "true-ups" of their capital costs could still occur in 2021.<sup>4</sup>
- Two wind projects, Cedar Springs and Ekola Flats, were fully put in-service in December 2020 and additional true-ups of capital costs could also occur in 2021.
- Wind project TB Flats I was fully put in-service on February 14, 2021.
- Wind project TB Flats II was not yet fully in-service on April 29, 2021 when RMP made this filing.
- Due to the projects having end of 2020 and 2021 in-service dates, Report tabs (ii), (iii) and (ix) on PTCs, Energy Benefits and renewable energy credits ("RECs") provide very limited information.

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<sup>2</sup> Id., page 35.

<sup>3</sup> Categories iv, vi and vii.

<sup>4</sup> See Excel spreadsheet RMP Attachment A, tab (i) Final Project Costs, footnote 1.

Despite the limited amount of information in the report, the OCS notes that overall capital costs, though not final, appear to be very close to RMP’s forecasted costs. Overall, project costs are 2.6% below budget. The table below shows the differences between forecasted costs and actual costs by project as of December 31, 2020.

Variance of Actual Costs to Budgeted Costs<sup>5</sup>

Cedar Springs Wind	-3.0%
Ekola Flats Wind	+4.1%
TB Flats I & II Wind	-6.4%
230kv Network Upgrades	+21.6%
Aeolus to Bridger Transmission Line	-5.0%
Total Projects	-2.6%

The one area that stands out are the costs for the 230kv transmission system upgrades. The costs of this project are almost 22% higher than forecasted. In response to DPU Data Request 28.1, RMP provided additional cost detail for the 230kv network upgrades. This detail shows that the significant driver of the cost overrun is the 230kv transmission line which is 51% over budget. RMP provides no explanation in the body of its Report or in the Report’s footnotes for the cause of this large increase.

In its June 22, 2018 Order imposing reporting requirements for these projects, the PSC included category number ten: “(x) other information PacifiCorp deems necessary or appropriate”.<sup>6</sup> The OCS requests that RMP avail itself of this additional category and provide sufficient explanation when information in categories (spreadsheet tabs) (i) through (ix) differ greatly from forecasted amounts.<sup>7</sup>

**SUMMARY**

The OCS appreciates RMP’s efforts in creating its first New Wind and Transmission Report. We are pleased to see that initial overall capital costs are below what the company forecasted when seeking approval for these projects. We agree with the PSC’s statement that the Report should “provide transparency and ensure information

<sup>5</sup> Per footnote 1 in the Report’s tab “(i) Final Project Costs”, actual costs are not yet final and my increase.

<sup>6</sup> See Docket No. 17-035-40, June 22, 2018 Order, page 36.

<sup>7</sup> Attachment A, RMP’s Excel spreadsheet Report only contains tabs (i) through (ix).

is as complete as possible.” We also look forward to the Calendar Year 2021 Report which will have more complete and meaningful information and results.

## **RECOMMENDATION**

The OCS recommends that the PSC direct RMP to include in future reports detailed explanations of the causes when actual results in tabs (i) through (ix) are significantly different from the forecasts that RMP provided in its application for approval of these projects. The OCS also requests that RMP provide in its reply comments an explanation for the large increase in 230kv network upgrade costs that are shown in this Calendar Year 2020 Report. If RMP does not provide an explanation in reply comments, the OCS recommends that the PSC direct RMP to file a supplement to its 2020 Report with an explanation of the 230kv cost increase in order to have this information in the record.

cc:

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