

Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision	<u>DOCKET NO. 17-035-40</u>  <u>ORDER</u>
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ISSUED: July 21, 2021

On April 29, 2021, Rocky Mountain Power (RMP) filed its New Wind and Transmission Report for Calendar Year 2020 (“Report”). RMP filed the Report to comply with orders the Public Service Commission (PSC) issued in this docket on June 22, 2018 (“Resource Decision Order”) and October 22, 2018 (“2018 Order”). On May 27, 2021, the Division of Public Utilities (DPU) filed its comments, and on June 2, 2021, the Office of Consumer Services (OCS) and the Utah Association of Energy Users (UAE) filed their comments. On June 17, 2021, RMP filed reply comments, including an updated Confidential Attachment 1 (“Updated Report”).

### **THE REPORT AND COMMENTS**

The Report consists of a spreadsheet template with separate categories (i) through (ix)<sup>1</sup> as identified in the Resource Decision Order and approved in the 2018 Order. RMP populated the template with the required information for calendar year 2020 and included footnotes with

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<sup>1</sup> The categories are as follows: (i) final project costs for each specific project that comprises the Wind Projects and the Transmission Projects; (ii) realized PTC benefits from the Combined Projects; (iii) realized energy benefits from the Combined Projects; (iv) transmission costs of the Transmission Projects that are actually offset by revenues derived from wholesale transmission customers; (v) payments for any damages, including liquidated damages, paid to PacifiCorp related to the Combined Projects; (vi) contribution to the 230 kV Network Upgrades’ total cost from interconnection customers; (vii) annual revenue requirement associated with the Aeolus to Bridger/Anticline Line and the incremental transmission revenue resulting from the construction of the line; (viii) wind operations and maintenance costs associated with the Wind Projects that PacifiCorp owns; (ix) realized value of RECs sold associated with the generation from the Wind Projects.

additional detail. RMP represents it modified the approved template by removing a column labeled “Projected Tax Credits (at Commercial Operation)” from the Report (on the (ii) Realized PTC Benefits tab) because RMP did not perform an updated forecast at the time of commercial operation. Report tab (ii) now provides only actual production tax credits (PTCs) and the estimate of PTCs at the time of approval.

The filed comments addressed issues related to variance reporting, requests for additional information, proposed Report modifications, and Report formatting. RMP’s response provides additional information, makes various commitments going forward, expresses disagreement with certain proposals, and offers some alternatives.

This order addresses comments or proposals in a consolidated manner where appropriate.

### **FINDINGS AND CONCLUSIONS**

#### **A. 230 kV Network Upgrade Project (“230 kV Project”): Additional Information**

OCS and UAE request RMP provide an explanation for the variance between the 230 kV Project’s actual costs and prior estimates presented in Report tab (i) Final Project Costs. In response, RMP provides references to testimony in Docket No. 20-035-04<sup>2</sup> (“2020 GRC”) where RMP explained the cost increase. RMP adds that the PSC approved the actual variance amount in that docket. We find RMP’s response provides sufficient supplemental information on these issues.

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<sup>2</sup> See *Application of RMP for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 20-035-04, Direct Testimony of Rick A. Vail filed May 8, 2020.

B. 230 kV Project: Report Modification

As the 2018 Order requires, the Report presents the budget amount for this project that the Resource Decision Order approved. Rather than being required to repeat an explanation for the project cost already available on the record and being recovered in rates from the 2020 GRC, RMP proposes the template for the 230 kV Project be updated to reflect the final budget amount of \$92.2 million as the PSC approved in the 2020 GRC. RMP presents this modification in the Updated Report. We find RMP's request reasonable and approve it.

C. Requests for Additional Information or Explanation

Referring to the various Report tabs, UAE requests RMP: (1) identify the number of generators on each circuit for each wind project on Report tab (ii) and explain the variation between forecasted and realized PTC Benefits; (2) identify high load hours (HLH) and low load hours (LLH) on Report tab (iii); (3) allocate the 230 kV Network Upgrade costs to the individual wind projects on Report tab (vi); and (4) explain the difference in operating and maintenance ("O&M") costs between the various wind projects on Report tab (viii).

In response, RMP explains the difference in the projected level of PTC benefits is attributed to the fact the projects were placed in service during December, making a meaningful comparison for a partial year difficult. As requested, RMP commits to identifying the number of generators on each circuit once circuit information is available. Also as requested, RMP submitted the additional information pertaining to HLH and LLH to tab (iii) in the Updated Report. According to RMP, given the limited days of wind O&M data available during the reporting period, and that O&M costs vary throughout the year, an immediate explanation for the

difference between the projects is premature. RMP states it will provide a more robust analysis of variances between actual costs incurred and the approved wind project O&M budget amounts after a full year of data has been collected. Finally, going forward, RMP commits to providing information regarding the allocation of 230 kV Project costs to individual wind projects, to the extent possible.

We find that RMP's responses sufficiently respond to the information requested by UAE, and we adopt RMP's commitments to include additional information in future reports.

D. Numbering Convention

DPU recommends RMP replace the Report's current Roman numeral tab numbering convention with Arabic numerals. Given RMP's response and that it is ultimately responsible for the Report's preparation, we defer to RMP's discretion in its Report numbering preference and decline to require DPU's proposal.

E. Category (i) Final Costs

For each wind and transmission project, UAE requests RMP offer an explanation for any cost subcategory wherein the deviation between approved budget amounts and actual costs incurred is five percent or more. OCS recommends 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."<sup>3</sup> Noting that OCS does not offer a threshold value for what it considers to be a significant difference, RMP proposes "to provide an explanation for variances on [Report] tab (i)

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<sup>3</sup> OCS June 2, 2021 Comments at 4.

Final Project Costs where total project cost is 5 percent greater than the approved amount, to the extent the explanation has not already been addressed in another proceeding, once the costs are final.”<sup>4</sup> RMP argues cost deviations by total project, rather than by subcategory, is appropriate.<sup>5</sup>

Our Resource Decision Order approved total project costs, but did not break down our approval into subcategory costs. Accordingly, based on our review of Report tab (i), and given parties’ ability to request additional information via data requests, we find RMP’s proposal reasonable given the magnitude of certain cost categories related to the total project cost.

F. Variance Reporting in General

OCS recommends RMP include in future reports detailed explanations of the causes when actual results in tabs (i) through (ix) are significantly different from the budgets approved for these projects.<sup>6</sup> OCS points out the Resource Decision Order included category (x) for other information PacifiCorp deems necessary or appropriate.

Relating to Report tab (v) Liquidated Damages, RMP argues OCS’s recommendation is not valid because RMP had not included liquidated damages in its projected costs at the time of pre-approval; similarly, for Report tab (ix) RECs, RMP had not included any revenue related to the sale of RECs in its project forecasts. RMP further states that some variances cannot be explained through in-service dates or accounting differences. For example, related to Report tab (iii) Energy Benefits, RMP asserts that the year-to-year variation in wind speed will have a

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<sup>4</sup> RMP June 17, 2021 Reply Comments at 2-3.

<sup>5</sup> RMP points out UAE’s example of a cost category variance of \$200,000, however, the cost item is less than 0.1 percent of the total project costs. *See* RMP’s June 17, 2021 Reply Comments at 3.

<sup>6</sup> OCS does not offer a threshold for what it considers to be a significant difference.

significant influence on the energy generation reported. We find that RMP's reply sufficiently responds to the concerns related by OCS.

G. RMP's Report Modification

RMP states it modified the approved template by removing a certain column from Report tab (ii) PTC benefits because the column is no longer necessary. To the extent DPU investigated this issue through DPU Data Request 28.2 and does not object to the modification,<sup>7</sup> the Report and Updated Report present the PTC assumptions underlying the Resource Decision Order. With no other objection to this change, we find the modification is reasonable and approve it.

H. General Comments

DPU states the Report fulfills the reporting requirements in the 2018 Order and recommends the PSC approve it. OCS states the Report generally appears to comply with the 2018 Order. DPU confirmed that the final project costs for the Transmission Project comply with those approved in the Resource Decision Order and that the realized PTC benefits are properly calculated for the 72 wind turbine generators at the Cedar Springs facility. According to both DPU and OCS, the Report contains only partial information for certain categories due to reasons related to reporting requirements and project in-service dates.

Based on the foregoing, our review of the Report and Updated Report, filed comments, and DPU's recommendation, we acknowledge the Report as substantially complying with the 2018 Order.

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<sup>7</sup> See DPU May 27, 2021 Comments at 6-7.

**ORDER**

Based on the foregoing:

- 1) We acknowledge the Report as substantially complying with the 2018 Order;
- 2) We approve RMP's modifications and adopt its commitments as requirements for future Reports related to Report tabs (i) Final Project Costs, (ii) PTC Benefits, (iii) Energy Benefits, and (vi) 230kV NU.

DATED at Salt Lake City, Utah, July 21, 2021.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#319611

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Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.



CERTIFICATE OF SERVICE

I CERTIFY that on July 21, 2021, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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