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July 15, 2022

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: Docket No. 17-035-40
Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision
Reply Comments on Report for Calendar Year 2021

On April 29, 2022 Rocky Mountain Power (the “Company”) filed its second New Wind and Transmission Report for Calendar Year 2021 (“Report”) in compliance with the Public Service Commission of Utah (“Commission”) June 22, 2018 Order and October 22, 2018 Order on Reporting Requirements (together, the “EV2020 Orders”). In accordance with the Amended Notice of Filing and Comment Period issued by the Commission on May 27, 2022, Rocky Mountain Power submits its reply comments in response to the comments filed by the Division of Public Utilities (“Division”). Overall the Division concludes that the structure of the Report complies with the reporting requirements in the EV2020 Orders and offers a few recommendations with regards to the Report. The Company submits these reply comments to address the Division’s comments and recommendations.

Final Project Costs

The Division notes that all of the projects are now complete, and the final costs are shown in the Report. With regards to TB Flats, the Division states that the project exceeded its approved costs and notes that incremental costs will need to be approved in a general rate proceeding.

For clarity the Company notes that the final costs for TB Flats are approximately \$4.2 million above the approved amount on a total Company basis. Table 1 below shows the history of the TB Flats project costs.

Table 1: Summary of Changes TB Flats Project Costs	
Total Project Costs	
(\$millions)	Source
\$597.3	Approved June 22, 2018 in Docket No. 17-035-40, Confidential Exhibit RMP__(RTL-1SS) cell F11
\$633.4	Approved December 30, 2020 in Docket No. 20-035-04, Confidential Exhibit RMP__(TJH-1R)
\$637.6	Final Project Costs as Reported on April 29, 2022

Thus, the majority of the cost variance was previously justified and is currently included in rates authorized in the Company’s last general rate case, Docket No. 20-035-04. Recovery of the remaining \$4.2 million in project costs will be requested in the Company’s next general rate case.

PTC and Energy Benefits

The Division notes the wind generation for calendar year (“CY”) 2021 was lower than the projected energy generation for CY 2021 that was used at the time of preapproval. The Division compared the kilowatt hour (“kWh”) generation forecast to actual generation and included its calculation as Confidential DPU Attachment A - Tab (iii) DPU Confidential Estimated Energy Loss due to Unrealized Energy Generation. [REDACTED]

[REDACTED] The Division acknowledges that some energy benefits can be explained by yearly variation in wind speeds and conditions but requests the Company further explain the variation in production.

The majority of the TB Flats generation variance is due to the fact that the project was originally targeted to be online at the end of 2020. Due to delays that have been fully described in other proceedings¹, TB Flats was placed into service on a circuit-by-circuit basis by July 2021. With regards to Cedar Springs and Ekola, the production variance is due to the variation in wind speeds noted by the Division. Overall, CY 2021 was a low wind year in Wyoming and all of the Company’s wind generation assets located in Wyoming that were operational during CY 2021 experienced lower than expected production. [REDACTED]

As discussed by the Division, the lower kWh production resulted in lower than forecasted production tax credits (“PTCs”) and net power cost (“NPC”) benefits in 2021. The Division requests the Company reconcile certain information pertaining to PTCs and NPC benefits.

Production Tax Credits

Tab ii - PTC Benefits (“Tab ii”) of the Report provides the actual PTC benefits for each of the

¹ See Docket No. 20-035-04 Application of Rocky Mountain Power 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 and Docket No. 21-035-42 Rocky Mountain Power’s Application for Alternative Cost Recovery for Major Plant Additions of the Pryor Mountain and TB Flats Wind Projects.

projects and compares it to the original PTC forecast used during the pre-approval process. The Division reported that the actual realized PTC benefits for CY 2021 were properly calculated by the Company and included in Tab ii. The Division requests that the Company provide similar level of detail for the projected PTC benefits, specifically, assumed generation, PTC tax credit rate, tax gross-up factor and any other information used to compute the projected PTC Benefits that were presented in Rick Link’s 2nd Supplemental Direct Testimony. The information requested by the Division is provided in Table 2 below.

TABLE 2: Projected PTC Benefits by Project				
(Workpapers from Rick Link’s 2nd Supplemental Direct Testimony)				
2/16/2018				
Calendar Year 2021	\$	GWh	\$/kWh	\$/kWh
	Projected PTC	Projected Generation	PTC Rate with Tax Gross Up	PTC Rate without Tax Gross Up
Cedar Springs BTA	\$25,807,972	748.175	\$0.034	\$0.021
Ekola	\$28,228,574	819.92	\$0.034	\$0.021
TB Flats	\$58,411,950	1695.7	\$0.034	\$0.021
Total	\$112,448,496	3263.795		
Income Tax Rate	37.95%			

Energy (NPC) Benefits

Tab iii – Energy Benefits (“Tab iii”) of the Report provides an estimate of the actual Energy benefits for each of the projects, which is valued based on market transaction data. The Division reports that the methodology used to calculate the energy benefits for CY 2021 is consistent with other dockets such as the Energy Balancing Account (“EBA”) filings. The Division uses this same methodology to calculate the estimated value of lower production, which is presented as Confidential DPU Attachment A - Tab (iv) DPU Confidential Realized Energy Benefits. The Division requests that the Company validate this calculation or provide an alternative valuation.

The Company reviewed the Division’s calculation and believes that is a reasonable approximation using the stated valuation methodology for Cedar Springs and Ekola. The calculation for TB Flats does not take into consideration delayed in-service date, however, and is not an “apples-to-apples” comparison for that reason.



Other Recommendations

The Division also recommends the Commission require the Company to “file all supporting documentation when it files its CY 2022 and all future New Wind and Transmission Reports. This includes all source materials needed to verify data contained in tabs (i) through (ix) in each successive report.”²

The Company stresses that it is committed to helping the Division and other parties in their efforts to audit and validate the EV2020 Compliance Reports. However, it is unclear to the Company what specifically the Division is requesting in this proposal. There is a lot of information provided with this Report and what the Division would expect to be provided as “all supporting documentation” is not clear. For example, tab (i) Final Project Costs contains actual final project costs for almost \$2 billion of projects. This information is taken directly from the Company’s accounting system and providing supporting documentation for each of the numbers would mean providing large spreadsheets containing hundreds of thousands of lines of entries into the Company’s accounting system. Also, “all supporting documentation” could also be construed to mean invoices that support the entries into the Company’s accounting system or even contracts with vendors, which would also be a voluminous amount of information. Furthermore, much of the information in the Report, such as the Budget numbers included on tab (i) is already available on the record in other proceedings and will not change from year to year. Such supporting documentation for the original projects would largely be information that has already been provided in previous proceedings and has been re-provided to the Division through discovery asked in the context of this Report. Without further specification from the Division on what supporting documentation is being requested, a blanket requirement such as this would result in an administrative burden to the Company to gather and create supporting documentation for each and every number on each tab of the Report, which the Division would have to sift through to determine if it is even useful in their review.

The Company is committed to continue working with the Division and other interested parties to provide the supporting documentation for any aspect of the Report through discovery and informal discussions and requests. However the Company recommends that instead of implementing a general requirement that requires the Company to interpret what the Division would consider to be “all supporting documentation” that the Company continue to provide the Report in its current format, and that the Commission allow the Division additional time to review so it can conduct discovery on the aspects of the Report for which the Division or other parties wish to validate. The Company believes this would be a much more efficient and preferable approach to the Division’s proposal.

The Division also mentions that the requirement to provide all supporting documents should be extended to compliance reports associated with the wind repowering proceeding in Docket No. 17-035-39. The Company submitted its compliance filings for final project costs in that proceeding on September 9, 2020 and May 25, 2021. The Company is not aware of any further compliance reporting required in the proceeding.

The Division also supports the Company’s request to move the due date of future compliance

² June 30, 2022 DPU Action Request Response, Docket No. 17-035-40, p. 13.

reports to May 25 of each year, beginning with the next report, which would be filed May 25, 2023. The Company appreciates the Division's support of this requested change in due date.

Conclusion

The Company appreciates the Division's review of the Report and commits to continue working with the Division and interested parties to provide helpful and meaningful information in the compliance reports.

Sincerely,

A handwritten signature in black ink that reads "Joelle Steward". The signature is written in a cursive style with a large, looped initial "J".

Joelle Steward
Senior Vice President, Regulation and Customer
& Community Solutions

CERTIFICATE OF SERVICE

Docket No. 17-035-40

I hereby certify that on July 15, 2022, a true and correct copy of the foregoing was served by electronic mail to the following:

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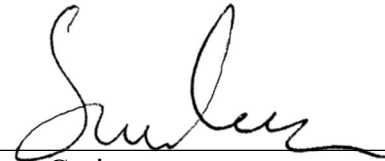
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