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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: July 25, 2023

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 2022

## INTRODUCTION

On May 24, 2023, Rocky Mountain Power (“RMP” or “PacifiCorp”) filed its calendar year 2022 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 25, 2023, the PSC issued a Notice of Filing and Comment Period that set a deadline of June 26, 2023 for parties to file initial comments and July 11, 2023 for reply comments on RMP’s Calendar Year 2022 Report.

The Utah Division of Public Utilities (“DPU”) filed a Request for Extension on June 22, 2023 requesting to extend these due dates to July 25, 2023 and August 8, 2023, respectively. The PSC approved the DPU’s extension request on June 26, 2023. Pursuant to the PSC’s Amended Notice of Filing and Comment Period, the Utah Office of Consumer Services (“OCS”) submits these initial comments on RMP’s Report.

## BACKGROUND ON RMP’S REPORTING REQUIREMENTS IN THIS DOCKET

The PSC’s June 22, 2018 Order approving PacifiCorp’s resource decision to acquire new wind and transmission projects imposed specific reporting requirements on RMP. A reporting template was developed by parties and approved by the PSC in an October 22, 2018 Order. The October 2018 Order required RMP to report 10 categories of information.<sup>1</sup> The Order also required the report be filed annually for a 10-year duration

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

in order to cover the entire time period over which RMP would be collecting production tax credits (“PTCs”) generated by the new wind projects. In addition, April 30 of each year was set as the filing deadline and the first report, for CY 2020, would be filed on April 30, 2021.

The PSC’s August 2022 Order on RMP’s 2021 New Wind and Transmission Report granted RMP’s request to move the filing date of the report from April 30 to May 25 of each year to accommodate when certain transmission related data would be available.

## **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 May 24, 2023 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, the Report lacks explanations for variances (variances from originally forecasted amounts) and the OCS believes the annual report would be more useful if RMP would include such explanations going forward.

The OCS participated in an informal meeting with the DPU and RMP on July 7, 2023 where RMP was asked to explain some of the variances found in the Report and to answer some additional questions regarding the content of the Report. The OCS followed up this meeting by submitting a discovery request to RMP on July 10, 2023 seeking additional information on variances found in the report that were not fully clarified in the July 7 meeting. RMP’s responses to this DR are pending.<sup>2</sup>

The OCS notes that the Report lacks explanation of variances or does not provide sufficient information regarding the following for CY 2022:

- Final project cost variances (tab i). RMP stated in the July 7 meeting that the variances have been explained in other proceedings<sup>3</sup> and there is nothing new to report. However, it would be helpful to include this information in each year’s Report.
- Large negative variance for PTC benefits (tab ii). PTC amounts are approximately 33% lower than expected and there is not an explanation in the Report. RMP indicated in the July 7 meeting that most of the variance is probably due to not grossing up PTC benefits for income taxes in the Report. RMP stated that it would file a corrected Report with the PSC. However, another issue causing lower PTCs could be that the capacity factors of the wind farms are lower than expected. If so, this should be highlighted in the Report.

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<sup>2</sup> The OCS is not expecting to have RMP’s responses to our DR in time to incorporate them into these comments but we expect to be able to address them in reply comments, if necessary.

<sup>3</sup> RMP referenced Docket Nos. 17-035-40 (2021 Wind Report), 21-035-42 (MPA) and 20-035-04 (GRC).

- Large positive variance for energy benefits (tab iii). Annual energy benefits are more than double what was originally forecasted. The OCS is aware that energy prices have recently been much higher than normal and this would cause energy benefits to increase. Some discussion in the report on this topic would be helpful.
- For transmission costs (tab vii), the contribution from wholesale transmission customers through PacifiCorp's Open Access Transmission Tariff ("OATT") toward the cost of transmission facilities is much greater than originally forecast – 22% versus 12%. This is a benefit to PacifiCorp retail ratepayers but an explanation on why this has occurred would be helpful.
- Wind farm O&M costs (tab viii). RMP reports the actual O&M costs for CY 2022, which is the first time this report reflects a full year of operation for all the wind farms. The OCS is aware of information in industry media that some wind turbine manufactures are having issues with wind farm maintenance.<sup>4</sup> It would be helpful to include in the Report a baseline to which to compare the actual O&M costs, such as 1) the original forecast and 2) the amounts used in the last general rate case ("GRC").

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>5</sup> The OCS requests that RMP avail itself of this additional category and provide sufficient explanation when information in any of the main categories of the report (spreadsheet tabs i through ix) differ significantly from forecasted amounts or if there is other information that would help the reader better understand the contents of this annual report.<sup>6</sup>

## SUMMARY

The OCS appreciates RMP's efforts in preparing the New Wind and Transmission Report for CY 2022. In its June 2018 Order requiring the Report, 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."<sup>7</sup> The OCS believes that the additional explanatory information that we are requesting would improve the transparency and completeness of this annual report, as the PSC required in its 2018 Order. The OCS also appreciates that RMP will most likely also provide some of the necessary explanatory information and corrections to the

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<sup>4</sup> <https://www.reuters.com/business/energy/siemens-energy-cuts-profit-outlook-siemens-gamesa-woes-continue-2023-01-19/>

<sup>5</sup> See Docket No. 17-035-40, June 22, 2018 Order, page 36.

<sup>6</sup> Attachment A, RMP's Excel spreadsheet Report only contains tabs (i) through (ix).

<sup>7</sup> Id., page 35.

Report in its reply comments, but the OCS continues to assert<sup>8</sup> that the explanatory information should be included each year with the initial filing of this Report.

Depending on the information received from RMP in its responses to the OCS's data request, the OCS may raise additional issues on the CY 2022 New Wind and Transmission Report in reply comments.

## **RECOMMENDATION**

The OCS recommends that the PSC direct RMP to include in future reports detailed explanations when actual results in tabs (i) through (ix) are significantly different from the forecasts that RMP provided in its original application for approval of these projects or significantly different from amounts approved in other dockets, such as in a GRC. For the 2022 Report, the OCS also requests that RMP provide in its reply comments an explanation or additional data for the issues that the OCS highlighted above in these comments.

cc:

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Chris Parker, Division of Public Utilities  
Email Service List

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<sup>8</sup> See OCS comments on the CY 2020 Report,  
<https://pscdocs.utah.gov/electric/17docs/1703540/318970OCSCmnts6-2-2021.pdf>