

Rocky Mountain Power
Docket No. 20-035-01
Witness: David G. Webb

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Response Testimony of David G. Webb

December 2020

1 **Q. Are you the same David G. Webb who submitted direct testimony on behalf of**
2 **PacifiCorp, d/b/a Rocky Mountain Power (“the Company”) in this proceeding?**

3 A. Yes.

4 **Q. What is the purpose of your response testimony?**

5 A. My testimony responds to certain issues raised by the Utah Division of Public Utilities
6 (“Division”) in its energy balancing account (“EBA”) Audit Report and by Daymark
7 Energy Advisors (“Daymark”), on behalf of the Division.

8 **Q. Are any other Company witnesses filing testimony in response to issues raised by**
9 **the Division and Daymark?**

10 A. Yes. Company witness Mr. Dana M. Ralston provides testimony responding to the
11 proposed adjustments related to the four generating plant outages.

12 **REPLACEMENT POWER COSTS**

13 **Q. Please describe the proposed adjustment for generating plant outages.**

14 A. Daymark recommends reducing net power costs from the EBA by \$2,792,525 on a
15 Utah allocated basis attributed to four plant outages, which it claims were imprudent.¹
16 This adjustment consists of \$2,617,430 for the replacement power costs and \$175,095
17 in interest.

18 **Q. How does the Company respond to Daymark’s proposed adjustments related to**
19 **these four outages?**

20 A. The Company accepts Daymark’s proposed adjustment with respect to the Wyodak
21 outage, but does not accept the adjustment for the other three outages. Company
22 witness Mr. Ralston responds to Daymark’s recommendation and provides support and

¹ Also includes \$21,822 related to the update of the system overhead factor.

23 detailed testimony for the Company's position that plant operations were prudent and
24 other than the Wyodak outage, the proposed adjustments are without merit.
25 Additionally, the Company accepts Daymark's calculation of the Wyodak replacement
26 power costs to be deducted from the requested EBA. This reduction is \$47,568 on a
27 Utah allocated basis which includes \$43,962 for replacement power costs and \$3,606
28 in interest.

29 **Q. Notwithstanding the Company's objection to the remaining proposed**
30 **adjustments, does the Company agree with Daymark's calculation of the**
31 **replacement power costs?**

32 A. Yes. The methodology used by Daymark to calculate the replacement power costs is
33 reasonable.

34 **INCREMENTAL NON-FUEL FAS 106 SAVINGS**

35 **Q. Please describe the adjustment to the Incremental Non-Fuel FAS 106 Savings**
36 **proposed by the Division.**

37 A. The Incremental Non-Fuel FAS 106 Savings is related to the settlement of the Deer
38 Creek Retiree Medical Obligation and the resulting reduced expense. This expense
39 reduction is allocated to Utah using the SO allocation factor. In its initial filing, the
40 Company used the SO factor for the 12 months ended June 30, 2019 from the Results
41 of Operations report. As with prior years, the Division recommends updating the Utah
42 allocation of the cost savings by using the calendar year 2019 SO allocation factor
43 which is now available. This adjustment reduces the Company's requested recovery in
44 the EBA by \$21,822.

45 **Q. Does the Company accept the Division’s update to the Incremental Non-Fuel FAS**
46 **106 Savings to use the 2019 SO allocation factor?**

47 A. Yes.

48 **Q. Does the Company agree with the Division’s characterization of this adjustment**
49 **as an error?**

50 A. Division witness Mr. Gary Smith’s direct testimony inaccurately states that this
51 correction is an error when instead it is merely an update using the final 2019 SO
52 allocation factor that was not available at the time of the initial EBA filing in
53 March 2020. The Company will continue to use the appropriate and most recently
54 available allocation factors in future filings where applicable. Due to the general rate
55 case in Docket No. 20-035-04, the Company will no longer need to update the SO
56 allocation factor for the Deer Creek Retiree Medical Obligation settlement because the
57 remaining Deer Creek components will become part of base rates.

58 **TRADE PURPOSE DOCUMENTATION**

59 **Q. Please summarize the Division’s concerns related to the trade purpose**
60 **documentation.**

61 A. The Division notes their concern with the Company’s trade purpose documentation,
62 specifically its Commercial Objective Reports that are provided through discovery to
63 support net power costs.

64 **Q. What is the Company’s response?**

65 A. Representatives from the Company met with the Division on November 30, 2020 to
66 discuss their concerns, and the Company is working to address its processes to provide
67 the adequate documentation going forward as to why specific transactions occurred.

68 Because these process changes are being made now and on a going forward basis, there
69 will only be a limited timeframe during the 2020 deferral period that the revised
70 documentation will be available.

71 **Q. Does this conclude your response testimony?**

72 **A. Yes.**