

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF THE APPLICATION OF)	
ROCKY MOUNTAIN POWER FOR AUTHORITY)	
TO INCREASE ITS RETAIL ELECTRIC UTILITY)	DOCKET No. 20-035-04
SERVICE RATES IN UTAH AND FOR APPROVAL)	Exhibit No. DPU 3.0 R
OF ITS PROPOSED ELECTRIC SERVICE)	
SCHEDULES AND ELECTRIC SERVICE)	
REGULATIONS)	

REDACTED

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Rebuttal Testimony of

Brenda Salter

October 5, 2020

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1 INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

3 A. My name is Brenda Salter. I am employed as a Utility Technical Consultant Supervisor at
4 the Utah Department of Commerce – Division of Public Utilities (“Division” or “DPU”).

5 Q. ARE YOU THE SAME BRENDA SALTER THAT PREFILED DIRECT
6 TESTIMONY FOR THE DIVISION IN THIS PROCEEDING?

7 A. Yes, I am.

8 PURPOSE OF TESTIMONY

9 Q. PLEASE SUMMARIZE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

10 A. The purpose of my rebuttal testimony is to present my review and analysis of and/ or
11 adopt certain Direct Testimony positions of Donna Ramas on behalf of the Office of
12 Consumer Service (“OCS”) related to proposed adjustments in this docket. I also present
13 the Division’s overall revenue requirement recommendation, along with a brief
14 explanation of the adjustments recommended by Division witnesses in rebuttal.

15 Any position or issue of intervenor witnesses not addressed should not be construed as
16 agreement or disagreement with those positions. The Division reserves its right to
17 provide additional comments on any topic or respond to other parties’ testimony in future
18 filings or at hearing.

19 *Division Witness Rebuttal*

20 Q. ARE OTHER DIVISION WITNESSES PROVIDING REBUTTAL TESTIMONY?

21 A. Yes. The Division’s witnesses in rebuttal are as follows:

- 22 • Gary Smith presents the Division’s adoption of UAE Witness Kevin Higgin’s
23 adjustment continuing the depreciation of the retired wind assets through

24 December 31, 2020. This adjustment results in a reduction to the Utah revenue
25 requirement of \$1,943,228.

- 26 • Eric Orton files rebuttal testimony adopting OCS Witness Donna Ramas’
27 adjustment removing the Utah Advanced Meter Infrastructure (“AMI”).
- 28 • Robert Davis provides the Division’s conclusions and recommendations in
29 response to Utah Clean Energy’s witness Sarah Wright’s proposal regarding the
30 Subscriber Solar Program.
- 31 • Dr. William “Artie” Powell discusses issues relating to OCS witness Donna
32 Ramas’ adjustment to generation overhaul expense.

33 *Fee Change Revenues*

34 **Q. IN ITS FILING, ROCKY MOUNTAIN POWER PROPOSED MODIFICATIONS**
35 **TO SCHEDULE 300. PLEASE PROVIDE A BRIEF SUMMARY OF THE**
36 **CHANGES.**

37 A. Rocky Mountain Power (“RMP” or the “Company”)) witness Melissa S. Nottingham
38 proposed several changes to Schedule 300, customer charges. These include:

- 39 • Returned Payment Charge decreased from \$20 to \$12
- 40 • Pole-Cut Disconnect/Reconnect Charges: Normal Business Hours increased from
41 \$125 to \$200
- 42 • Temporary Service Charge – Single Phase increased from \$85 to \$215
- 43 • Temporary Service Charge – Three Phase increased from \$115 to \$215
- 44 • Monthly Paperless Billing Credit of \$0.50

45 **Q. WHAT IS THE DIVISION’S POSITION REGARDING RMP’S PROPOSED**
46 **CHANGES?**

47 A. The Division has reviewed the proposed Schedule 300 fee changes and is not opposed to
48 including them in RMP's revenue requirement.

49 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY REGARDING SCHEDULE**
50 **300 FEES?**

51 A. According to RMP's response to OCS Data Request 5.26 and the Division's analysis of
52 that response, it appears RMP failed to include the impact of four out of the five fee
53 changes. RMP's response indicates it will provide an update in rebuttal to reflect all the
54 changes associated with Schedule 300 fees. The Division has reviewed the requested
55 Schedule 300 fee changes and agrees the update to include all five fee changes is
56 appropriate. The adjustment results in an increase in revenue on a Utah basis of
57 \$746,073.

58 *Non-Labor O&M Expense Escalation Update*

59 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S NON-LABOR**
60 **O&M EXPENSE ESCALATION?**

61 A. As with previous rate case filings, the company escalated the Base Year non-labor O&M
62 expense using industry specific escalation indices. This adjustment escalates Base Year
63 expenses to better align with the proposed Test Year.

64 **Q. THE OCS INCLUDED AN ADJUSTMENT TO NON-LABOR O&M. DO YOU**
65 **AGREE WITH THE ADJUSTMENT?**

66 A. Yes. The Division has reviewed OCS Witness Donna Ramas' adjustment to Non-Labor
67 O&M Expense Escalation and agrees that the more recent industry specific First Quarter
68 2020 IHS Markit indices are more relevant to the case than the Last Quarter 2019 IHS
69 Markit indices as filed by the Company. The Division accepts Ms. Ramas' adjustment of
70 \$5,421,335 and reflects this change in the Division's Exhibit 3.1 R

71 *Renewable Energy Credit (REC) Revenue Adjustments*

72 **Q. HAS THE DIVISION REVIEWED THE RECOMMENDATIONS MADE BY MS.**
73 **RAMAS PERTAINING TO RMP’S REC REVENUES?**

74 A. Yes.

75 **Q. WHAT IS YOUR UNDERSTANDING OF THE OCS ADJUSTMENT**
76 **REGARDING THE KENNECOTT REC AGREEMENT?**

77 A. Ms. Ramas’ testimony indicates that RMP’s REC revenues did not include a full 12
78 months of REC revenues for Kennecott as directed by the Kennecott REC Supply
79 Agreement. A full 12-month accounting would be \$600,000 (12 months X \$50,000).
80 RMP included \$575,988. RMP test year revenues should increase by \$24,012.

81 **Q. HAS RMP BEEN MADE AWARE OF THIS PROPOSED ADJUSTMENT**
82 **RECOMMENDED BY OCS?**

83 A. Yes. RMP indicated in response to the OCS Data Request 5.17 that it “...will update the
84 Kennecott amount to reflect a full 12 months or \$600,000 annualized amount in the
85 rebuttal filing.”

86 **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE OCS REC REVENUES**
87 **ADJUSTMENT REGARDING THE PRYOR MOUNTAIN WIND PROJECT**
88 **THROUGH PURCHASES BY VITESSE, LLC.**

89 A. The OCS is recommending the Pryor Mountain Wind Project proposed by RMP be
90 disallowed. However, if the PSC approves the project, RMP’s response to OSC Data
91 Request 5.20 indicates that REC revenues not included in RMP’s filing of the test year
92 would be approximately [REDACTED] total company with [REDACTED] allocated to Utah.

93 **Q. DOES THE DIVISION AGREE WITH OCS’S RECOMMENDATION?**

94 A. If the Commission approves the Pryor Mountain Wind Project, the Division recommends
95 [REDACTED] be included in the 2021 test year REC revenues and Renewable Balancing
96 Account (RBA) base amount.

97 **Q. WHAT IS THE OCS RECOMMENDING REGARDING THE RBA?**

98 A. The OCS is recommending discontinuing the RBA after the 2020 RBA period, which
99 includes discontinuing Tariff Schedule 98 and addressing REC revenue in future rate case
100 proceedings. The OSC makes this recommendation based on the immateriality of the
101 amounts involved and that REC revenues are much less volatile than what has occurred
102 in earlier years of the RBA.

103 **Q. HAS RMP GIVEN ANY INDICATION OF WHETHER OR NOT IT WOULD BE**
104 **AGREEABLE TO TRANSITIONING FROM THE CURRENT APPROACH IN**
105 **WHICH IT FILES ANNUALLY FOR A TRUE-UP OF THE RBA TO A**
106 **DEFERRAL APPROACH?**

107 A. In response to OCS Data Request 5.22, RMP states as follows: “Yes, the Company would
108 be willing to consider transitioning from the current annual filing of the Renewable
109 Energy Credit (REC) Balancing Account (RBA) to a deferred balance, including a
110 carrying charge, amortized in the subsequent general rate case (GRC).”

111 **Q. WHAT IS THE DIVISION’S POSITION REGARDING THE TRANSITION**
112 **FROM THE CURRENT APPROACH IN WHICH IT FILES ANNUALLY FOR A**
113 **TRUE-UP OF THE RBA TO A DEFERRAL APPROACH?**

114 A. The Division does not oppose the OCS’s recommendation to discontinue the RBA after
115 the 2020 RBA period but there are a few items to consider prior to its discontinuance.

116 While the Division acknowledges that the amounts involved are less volatile than what
117 occurred in earlier years and may be relatively immaterial, new REC contracts are being
118 introduced into the program that may require a continued need for annual monitoring.

119 Additionally, depending on when RMP files its next rate case, without the annual true-up
120 and review, it could be several years before the account is reviewed. Including a multi-
121 year accrual review in a rate case compounds the possibility of errors.

122 Deferred accounting has typically been reserved for unforeseeable or extraordinary
123 events. Also, deferred accounting could create intergenerational rate making issues. The
124 Division does not support deferred accounting when expenses/revenues are normal,
125 ordinary, and foreseeable (not unknown).

126 **Q. IF THE RBA IS REPLACED WITH A DEFERRAL, DO YOU HAVE A**
127 **POSITION REGARDING THE 10% RETAINED BY RMP AS AN INCENTIVE**
128 **TO MARKET RECS?**

129 A. The Division maintains that the continuation of the 10% incentive is beneficial and
130 reasonable and should remain.

131 *NTUA Revenue Correction*

132 **Q. HAS THE DIVISION REVIEWED THE RECOMMENDATIONS MADE BY MS.**
133 **RAMAS PERTAINING TO THE NAVAJO TRIBAL UTILITY AUTHORITY**
134 **(NTUA) REVENUE CORRECTION?**

135 A. Yes.

136 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY REGARDING THE NTUA**
137 **REVENUE CORRECTION?**

138 A. Ms. Ramas recommends increasing the test year revenues by \$77,250 due to RMP's
139 failure to take into account the negative \$77,250 reflected as Utah situs revenues in the
140 base year due to NTUA collections. In response to OCS Data Request 5.23, RMP
141 indicated it should remove the negative base year revenues and that it would provide the
142 correction in rebuttal testimony. The Division has reviewed the NTUA adjustment and
143 agrees it is appropriate. The adjustment results in an increase in revenue of \$77,250.

144 **CONCLUSION**

145 **Q. WOULD YOU SUMMARIZE THE DIVISION'S RECOMMENDATIONS?**

146 A. The Division has reviewed intervening parties' Direct testimony in this case and has
147 adopted or provided a review of several adjustments. The total impact of these
148 adjustments indicates that the Company's annual revenue requirement request should be
149 reduced by approximately \$77.0 million. A summary of the Division's adjustments and
150 recommendation are included in the JAM model, DPU Exhibit 3.1 R.

151 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

152 A. Yes, it does.