
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Rocky Mountain Power's Application for Alternative Cost Recovery for Major Plant Additions of the Pryor Mountain and TB Flats Wind Projects

Docket No. 21-035-42

DIRECT TESTIMONY AND EXHIBITS OF

JUSTIN BIEBER

On Behalf of the

Utah Association of Energy Users

October 6, 2021

1 **DIRECT TESTIMONY OF JUSTIN BIEBER**

2 **Introduction**

3 **Q. Please state your name and business address.**

4 A. My name is Justin Bieber. My business address is 111 E Broadway, Suite
5 1200, Salt Lake City, Utah, 84111.

6 **Q. By whom are you employed and in what capacity?**

7 A. I am a Senior Consultant for Energy Strategies, LLC. Energy Strategies is
8 a private consulting firm specializing in economic and policy analysis applicable to
9 energy production, transportation, and consumption.

10 **Q. On whose behalf are you testifying in this proceeding?**

11 A. My testimony is being sponsored by the Utah Association of Energy Users
12 (“UAE”).

13 **Q. Please describe your professional experience and qualifications.**

14 A. My academic background is in business and engineering. I earned a
15 Bachelor of Science in Mechanical Engineering from Duke University in 2006 and
16 a Master of Business Administration from the University of Southern California in
17 2012. I am also a registered Professional Civil Engineer in the state of California.

18 I joined Energy Strategies in 2017, where I provide regulatory and technical
19 support on a variety of energy issues, including regulatory services, transmission
20 and renewable development, and financial and economic analyses. I have also filed
21 and supported the development of testimony before various different state utility
22 regulatory commissions.

23 Prior to joining Energy Strategies, I held positions at Pacific Gas and
24 Electric Company as Manager of Transmission Project Development, ISO
25 Relations and FERC Policy Principal, and Supervisor of Electric Generator
26 Interconnections. During my career at Pacific Gas and Electric Company, I
27 supported multiple facets of utility operations, and led efforts in policy, regulatory,
28 and strategic initiatives, including supporting the development of testimony before
29 and submittal of comments to the FERC, California ISO, and the California Public
30 Utility Commission. Prior to my work at Pacific Gas & Electric, I was a project
31 manager and engineer for heavy construction bridge and highway projects.

32 **Q. Have you testified previously before this Commission?**

33 A. Yes, I testified in Dominion Energy Utah's request for approval of a
34 Voluntary Resource Decision to Construct an LNG Facility, Docket No. 19-057-
35 13. I also testified in Rocky Mountain Power's 2020 General Rate Case, Docket
36 No. 20-035-04.

37 **Q. Have you filed testimony previously before any other state utility regulatory**
38 **commissions?**

39 A. Yes. I have testified before the Colorado Public Utilities Commission, the
40 Indiana Utility Regulatory Commission, the Kentucky Public Service Commission,
41 the Michigan Public Service Commission, the Montana Public Service
42 Commission, the Nevada Public Utilities Commission, the North Carolina Utilities
43 Commission, the Public Utilities Commission of Ohio, the Public Utility

44 Commission of Oregon, the Virginia State Corporation Commission, and the Public
45 Service Commission of Wisconsin.

46 **Overview and Conclusions**

47 **Q. What is the purpose of your testimony in this proceeding?**

48 A. I address Rocky Mountain Power's ("RMP" or the "Company") proposed
49 rate revisions for Schedule 32.

50 **Q. Please summarize your recommendations to the Commission.**

51 I offer the following recommendations for the Commission:

- 52 • The Commission should reject RMP's proposal to adjust base rates in
53 this proceeding, as described in detail in the Direct Testimony of UAE
54 witness Kevin Higgins.
- 55 • However, to the extent that the Commission does determine it is
56 appropriate to revise base rates in this proceeding, I recommend that the
57 Schedule 32 Daily Power Charges should be set at a level that, in
58 combination with the Delivery Facilities Charges, would recover the
59 same level of cost as Facilities and Power Charges that are applicable to
60 full requirements customers. The Company proposed to calculate
61 Schedule 32 rates in this manner in the Company's 2020 general rate
62 case in Docket No. 20-035-04 ("2020 Rate Case"), a concept in which

63 the Company, UAE, and the University of Utah (“University”) were all
64 in agreement.¹

65 • If the Commission determines it is appropriate to revise base rates in
66 this proceeding, but does not approve my recommendation to calculate
67 Schedule 32 Daily Power Charges rates in a manner that, in combination
68 with the Delivery Facilities Charges, would recover the same level of
69 cost as Facilities and Power Charges that are applicable to full
70 requirements customers, then I recommend that the Schedule 32 Daily
71 Power Charges be calculated in the same manner approved by the
72 Commission in RMP’s 2020 Rate Case.

73 **RMP Application**

74 **Q. Please describe the relief that RMP requests in its Application in this docket.**

75 A. In its Application, RMP seeks alternative rate recovery for the Pryor
76 Mountain Wind Project (“Pryor Mountain”) and the TB Flats Wind Project (“TB
77 Flats”) (collectively, the “Wind Projects”), both of which were included in the
78 revenue requirement approved by this Commission in the 2020 Rate Case and
79 both of which are currently included in customer rates. Specifically, RMP
80 proposes to modify base rates to reflect a proposed increase in the plant revenue
81 requirement, in addition to incremental production tax credit and net power cost
82 benefits. However, the incremental production tax credit and net power cost

¹ See Docket No. 20-035-04, *In the Matter of the 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*, Rebuttal Testimony of Robert Meredith at 1009-1011, Direct Testimony of Justin Bieber at 365-367, Direct Testimony of Chris Benson at 367-369.

83 benefits would flow to customers anyway through the energy balancing account
84 mechanism. If RMP's proposal is approved, the actual net impact to customers
85 would be an increase to the plant revenue requirement of approximately \$6.7
86 million per year. While RMP presents its request in this docket as a decrease in
87 base rates, the result is actually a net *increase* when factoring in the effects on the
88 energy balancing account mechanism.

89 **Q. What does UAE recommend with respect to RMP's request for relief in this**
90 **docket?**

91 A. UAE's primary recommendation is that the Commission reject RMP's
92 request for relief on the grounds that the statute upon which RMP relies, Utah
93 Code § 54-7-13.4 (the "MPA Statute"), does not permit alternative rate recovery
94 based on the facts of this docket. That primary recommendation is supported by
95 the Direct Testimony of Kevin Higgins, submitted simultaneously herewith. My
96 direct testimony offers secondary recommendations regarding Schedule 32 rate
97 design that are applicable only if the Commission determines to permit RMP
98 alternative rate recovery for the Wind Projects.

99 **Schedule 32 Rate Design**

100 **Q. How does the Company propose to allocate the change in base rates across**
101 **customer classes?**

102 A. RMP witness Robert Meredith explains that the Company proposes to
103 spread its requested change in revenue requirement associated with the Wind
104 Projects across customer rate schedules in this proceeding by applying the Factor

105 10 and Factor 30 allocation factors from the cost of service study in the Company's
106 2020 Rate Case to the proposed change in net power cost, production tax credits,
107 and wind costs.²

108 **Q. How does the Company propose to allocate the proposed change in base rates**
109 **to Schedule 32?**

110 A. Mr. Meredith explains that three schedules, Schedule 31, Schedule 32, and
111 Schedule 34 are not included in the Company's cost of service study. For Schedule
112 32, the Company proposes applying the same percentage decrease as Schedule 9 for
113 all revenue, except the portion of the Schedule 32 revenue that is related to
114 renewable procurement for the Schedule 32 customer's renewable energy facility
115 contract.³

116 **Q. How does the Company propose to implement the price change for each rate**
117 **schedule?**

118 A. According to Mr. Meredith, RMP proposes to change all back-up power,
119 daily power, excess power, base power, and energy charges for each schedule in
120 equal proportions to achieve the target revenue allocation.⁴ For Schedule 32, the
121 target base rate revenue reduction is achieved through a reduction to the Daily
122 Power Charges. However, as I will explain below, RMP's proposal would not
123 result in any actual base rate revenue reduction for Schedule 32.

² Direct Testimony of Robert M. Meredith, lines 33-37.

³ Direct Testimony of Robert M. Meredith, lines 48-51.

⁴ *Id.* lines 60-62.

124 **Q. Please summarize the Company’s proposed changes to the Schedule 32 base**
125 **rates.**

126 A. The current and proposed rates for Schedule 32 are summarized in Table
127 JB-1 below.

128 **Table JB-1**
129 **Schedule 32 Daily Power Charges**
130 **At Current and RMP Proposed Rates**

Rate Element	Present	Proposed
Daily Power Charges:		
On-Peak Secondary Voltage < 1 MW		
June - September:	\$0.57	\$0.57
October - May:	\$0.48	\$0.48
On-Peak Primary Voltage < 1 MW		
June - September:	\$0.57	\$0.57
October - May:	\$0.47	\$0.47
On-Peak Secondary Voltage > 1 MW		
June - September:	\$0.72	\$0.72
October - May:	\$0.61	\$0.61
On-Peak Primary Voltage > 1 MW		
June - September:	\$0.71	\$0.71
October - May:	\$0.59	\$0.59
On-Peak Transmission Voltage		
June - September:	\$0.71	\$0.71
October - May:	\$0.61	\$0.61

131
132 **Q. Please explain why RMP’s proposed rates for Schedule 32 are the same as the**
133 **current Schedule 32 rates despite the proposal in this docket to reduce base**
134 **rates.**

135 A. As discussed above, RMP’s proposed target base rate revenue reduction for
136 Schedule 32 is achieved through a reduction to the Daily Power Charges. However,
137 RMP’s proposal fails to achieve this target base rate revenue reduction for Schedule
138 32 customers. The Schedule 32 Daily Power Charges are rounded to the nearest

139 cent, or hundredth of one dollar. In this docket, RMP proposes to modify the
140 methodology for revenue allocation to Schedule 32 relative to the method ordered
141 by the Commission in the 2020 Rate Case. If adopted, RMP's proposed changes
142 to the 2020 Rate Case revenue allocation and rate design for Schedule 32 would
143 result in reductions to the Daily Power Charges that are less than a half cent.
144 Therefore, when the proposed rates are rounded to the nearest cent, there is no
145 change in the actual billing rate for Schedule 32 customers. Accordingly, these
146 rates would not actually result in any reduction to Schedule 32 revenues.⁵

147 **Q. Is the Company's proposed methodology to design Schedule 32 rates in this**
148 **proceeding consistent with the method that the Company proposed in the 2020**
149 **Rate Case?**

150 A. No, it is not. In the 2020 Rate Case, the Company proposed to set the
151 Schedule 32 "Daily Power Charges at a level that, in combination with the Delivery
152 Facilities Charges, would recover the same level of cost as Facilities and Power
153 Charges that are applicable to full requirements customers."⁶ Both UAE and the
154 University agreed with this proposed methodology in the 2020 Rate Case.⁷

⁵ Rocky Mountain Power Response to UAE Data Request 3.1, reproduced in UAE Exhibit 2.1.

⁶ See Docket No. 20-035-04, *In the Matter of the 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*, Direct Testimony of Robert Meredith at 954-957.

⁷ *Id.* Direct Testimony of Justin Bieber at 365-367, Direct Testimony of Chris Benson at 367-369.

155 **Q. Have you calculated the Schedule 32 Daily Power Charges in this proceeding**
 156 **that would be result from the methodology that RMP proposed in the 2020**
 157 **Rate Case?**

158 **A.** Yes, I have. The calculations are presented in UAE Exhibit 2.2 and the
 159 resulting rates are summarized in Table JB-2 below.

160 **Table JB-2**
 161 **Schedule 32 Daily Power Charges**
 162 **at RMP Proposed 2020 Rate Case Method**
 163 **Compared to Current and RMP Proposed Rates**

Rate Element	Current Rate	RMP Proposed Rate	Rate at RMP 2020 GRC Method
Daily Power Charges:			
On-Peak Secondary Voltage < 1 MW			
June - September:	\$0.57	\$0.57	\$0.57
October - May:	\$0.48	\$0.48	\$0.48
On-Peak Primary Voltage < 1 MW			
June - September:	\$0.57	\$0.57	\$0.57
October - May:	\$0.47	\$0.47	\$0.47
On-Peak Secondary Voltage > 1 MW			
June - September:	\$0.72	\$0.72	\$0.72
October - May:	\$0.61	\$0.61	\$0.61
On-Peak Primary Voltage > 1 MW			
June - September:	\$0.71	\$0.71	\$0.71
October - May:	\$0.59	\$0.59	\$0.59
On-Peak Transmission Voltage			
June - September:	\$0.71	\$0.71	\$0.68
October - May:	\$0.61	\$0.61	\$0.59

164

165 **Q. If the Commission does approve a base rate revision in this proceeding, what**
166 **do you recommend with respect to the Schedule 32 Daily Power Charges?**

167 A. To be clear, I am not recommending any changes to base rates in this
168 proceeding. However, to the extent that the Commission does approve changes to
169 the base rates, then I recommend that the Commission approve changes to the
170 Schedule 32 Daily Power Charges that, in combination with the Schedule 32
171 Delivery Facilities Charges, would result in the same level of cost recovery that
172 would result from the Facilities and Power Charges that are applicable to full
173 requirements customers, consistent with RMP's proposed methodology in the 2020
174 Rate Case.

175 **Q. Did the Commission approve RMP's proposed methodology in the 2020 Rate**
176 **Case Schedule to calculate the Schedule 32 Daily Power Charges at a level that,**
177 **in combination with the Schedule 32 Delivery Facilities Charges, would result**
178 **in the same level of same level of cost recovery that would result from the**
179 **Facilities and Power Charges that are applicable to full requirements**
180 **customers?**

181 A. The Commission did find that RMP's proposed method for determining
182 Schedule 32 charges applicable to *distribution* voltage customers was reasonable.⁸
183 However, despite the Company's proposed method, which was supported by UAE
184 and the University, the Commission determined that a different method was

⁸ See Docket No. 20-035-04, *In the Matter of the 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*, Order, December 30, 2020, p. 90.

185 appropriate to determine the Daily Power Charges for Schedule 32 *transmission*
186 voltage customers.

187 **Q. How did the Commission determine the final rates for Schedule 32**
188 ***transmission* voltage customers in the 2020 Rate Case?**

189 A. In the 2020 Rate Case, the Commission calculated Schedule 32 rates
190 applicable to transmission voltage customers that were intended to result in an
191 increase for Schedule 32 transmission voltage customers that was approximately
192 equal, on a percentage basis, to the rate increase assigned to Schedule 9.⁹
193 Specifically, the Schedule 32 rates were designed to result in a target increase of
194 2.65%. In its Order on Petitions for Review, Reconsideration, or Rehearing, the
195 Commission clarified that the rate design determination for Schedule 32
196 transmission voltage rates was based on a spread decision that *included* revenues
197 related to the renewable procurement contract.¹⁰ In other words, the Schedule 32
198 target revenue increase was equal to 2.65% of the Schedule 32 revenues, inclusive
199 of the renewable procurement contract costs.

200 **Q. What are the revenues related to the renewable procurement contract?**

201 A. Pursuant to Schedule 32, a Schedule 32 customer enters into a contract to
202 pay a renewable developer to deliver energy into RMP's system for the Schedule
203 32 customer. RMP collects those revenues from the Schedule 32 customer and then
204 pays them to the renewable developer. Those revenues are not subject to increases
205 or decreases associated with RMP's customer rates.

⁹ *Id.* pp. 88-90.

¹⁰ *Id.* Order on Petitions for Review, Reconsideration, or Rehearing, February 26, 2021, p. 12.

206 **Q. What portion of the Schedule 32 target revenue increase for Schedule 32**
207 **customers utilized by the Commission in the 2020 Rate Case was associated**
208 **with the renewable procurement contract?**

209 A. The target revenue increase for Schedule 32 base rates utilized by the
210 Commission in the 2020 Rate Case was approximately \$300,000.¹¹ The renewable
211 procurement contract revenues made up approximately 85% of the total Schedule
212 32 base revenues utilized to derive the target increase.¹² Accordingly, 85% of the
213 Schedule 32 base rate target revenue increase, or approximately \$256,000, was
214 attributable to the Commission's decision to include the renewable procurement
215 contract revenues in the determination of the rate spread.

216 **Q. Is RMP's proposed revenue allocation for Schedule 32 in this proceeding**
217 **consistent with the Commission's Order in the 2020 Rate Case?**

218 A. No, it is not. As I explain above, for Schedule 32, the Company proposes
219 applying the same percentage increase as Schedule 9, applicable to all revenue,
220 *except* the portion of the Schedule 32 revenue that is related to the renewable
221 procurement contract.¹³

222 **Q. Why does it matter if renewable procurement contract costs are included**
223 **when calculating a revenue target increase or decrease for Schedule 32?**

224 A. The renewable procurement contract costs make up the large majority of
225 Schedule 32 revenues. Mathematically, the Commission's decision in the 2020

¹¹ *Id.* Order, December 30, 2020, p. 88.

¹² *Id.* Exhibit RMP (RMM-5) p. 25, (\$9,885,782 Renewable Energy PPA Revenues ÷ \$11,605,048 Schedule 32 Base Revenues = 85.2%).

¹³ Direct Testimony of Robert M. Meredith, lines 48-51.

226 Rate Case to target a Schedule 32 base revenue increase of 2.65%, *inclusive* of the
227 renewable procurement contract costs, resulted in a substantially larger increase in
228 Schedule 32 target revenues relative to a rate spread determination that would have
229 *excluded* the renewable procurement contract costs. This is because 2.65% of the
230 Schedule 32 revenues inclusive of the renewable procurement contract costs is
231 substantially larger than 2.65% of the Schedule 32 revenues, exclusive of the
232 renewable procurement costs.

233 In contrast, RMP's proposal in this proceeding to *exclude* the renewable
234 procurement contract costs from the determination of the Schedule 32 target base
235 revenue decrease would result in a substantially smaller rate reduction, relative to
236 the method utilized by the Commission in the 2020 Rate Case.

237 As I explained above, the method proposed by RMP does not result in any
238 actual decrease to Schedule 32 base rates or base revenue collected from Schedule
239 32 customers, despite the proposal to reduce *base* rates for all other rate classes.
240 Accordingly, Schedule 32 customers would be deprived of the benefit resulting
241 from the production tax credits and net power cost reductions, benefits that would
242 have otherwise flowed through the energy balancing account mechanism, without
243 receiving any reduction to Schedule 32 base rates.

244 **Q. Have you calculated the Schedule 32 Daily Power Charges in this proceeding**
 245 **that would be result from the methodology that the Commission utilized in the**
 246 **2020 Rate Case to determine rates for Schedule 32 transmission voltage**
 247 **customers?**

248 A. Yes, I have. The proof of revenue for the resulting rate design is presented
 249 in UAE Exhibit 2.3 and the resulting rates are summarized in Table JB-3 below.

250 **Table JB-3**
 251 **Schedule 32 Daily Power Charges**
 252 **at Commission Approved 2020 Rate Case Method**
 253 **Compared to Current and RMP Proposed Rates and RMP 2020 Rate Case Method**

<u>Rate Element</u>	<u>Current Rate</u>	<u>RMP Proposed Rate</u>	<u>Rate at RMP 2020 GRC Method</u>	<u>Rate at Commission 2020 GRC Method</u>
Daily Power Charges:				
On-Peak Secondary Voltage < 1 MW				
June - September:	\$0.57	\$0.57	\$0.57	\$0.55
October - May:	\$0.48	\$0.48	\$0.48	\$0.46
On-Peak Primary Voltage < 1 MW				
June - September:	\$0.57	\$0.57	\$0.57	\$0.55
October - May:	\$0.47	\$0.47	\$0.47	\$0.45
On-Peak Secondary Voltage > 1 MW				
June - September:	\$0.72	\$0.72	\$0.72	\$0.69
October - May:	\$0.61	\$0.61	\$0.61	\$0.59
On-Peak Primary Voltage > 1 MW				
June - September:	\$0.71	\$0.71	\$0.71	\$0.68
October - May:	\$0.59	\$0.59	\$0.59	\$0.57
On-Peak Transmission Voltage				
June - September:	\$0.71	\$0.71	\$0.68	\$0.68
October - May:	\$0.61	\$0.61	\$0.59	\$0.59

254
 255 **Q. Please summarize your recommendations with respect to Schedule 32 rates in**
 256 **this proceeding.**

257 A. UAE recommends that the Commission reject RMP's proposal to adjust
 258 base rates in this proceeding, as described in detail in the Direct Testimony of UAE

259 witness Kevin Higgins. However, to the extent that the Commission does
260 determine it is appropriate to revise base rates in this proceeding, I recommend that
261 the Schedule 32 Daily Power Charges be set at a level that, in combination with the
262 Delivery Facilities Charges, would recover the same level of cost as Facilities and
263 Power Charges that are applicable to full requirements customers. This method
264 was proposed by the Company in the 2020 Rate Case and supported by UAE and
265 the University. Further, the Commission determined that this methodology was
266 reasonable to set rates for distribution voltage customers in the 2020 Rate Case.

267 However, if the Commission determines it is appropriate to revise base rates
268 in this proceeding but does not approve my recommended method of calculating
269 Schedule 32 Daily Power Charges, then I recommend that the Schedule 32 revenue
270 target be calculated in the same manner approved by the Commission in RMP's
271 2020 Rate Case. It would not be consistent or reasonable to include the renewable
272 procurement contract costs in the 2020 Rate Case to determine the target revenue
273 *increase*, but then to exclude those same renewable procurement contract costs in
274 this proceeding from the determination of the target revenue *decrease*.

275 **Q. Does this conclude your direct testimony?**

276 A. Yes, it does.