

November 18, 2021

VIA ELECTRONIC FILING

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

Attention: Gary Widerburg
Commission Administrator

Re: Docket No. 21-035-42
In the Matter of Rocky Mountain Power's Application for Alternative Cost
Recovery for Major Plant Additions of the Pryor Mountain and TB Flats Wind
Projects
Rocky Mountain Power Surrebuttal Testimony

In accordance with the Scheduling Order and Notice of Hearing issued by the Public Service Commission of Utah on August 20, 2021, Rocky Mountain Power hereby submits for filing its surrebuttal testimony of Mr. Steven R. McDougal.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com
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By regular mail: Data Request Response Center
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Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,



Joelle Steward
Senior Vice President, Regulation

cc: Service List Docket No. 21-035-42

Rocky Mountain Power
Docket No. 21-035-42
Witness: Steven R. McDougal

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Surrebuttal Testimony of Steven R. McDougal

November 2021

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Are you the same Steven R. McDougal who filed direct and rebuttal testimony**
3 **in this proceeding on behalf of PacifiCorp, d/b/a Rocky Mountain Power**
4 **(“PacifiCorp” or the “Company”)?**

5 A. Yes.

6 **II. PURPOSE OF TESTIMONY**

7 **Q. What is the purpose of your surrebuttal testimony?**

8 A. My testimony responds to an issue raised by the Office of Consumer Services
9 (“OCS”) witness Ms. Michele Beck regarding the treatment of production tax credit
10 (“PTC”) and net power cost (“NPC”) benefits in the Energy Balancing Account
11 (“EBA”).

12 **III. TREATMENT OF BENEFITS IN THE EBA**

13 **Q. Can you please clarify the Company’s primary recommendation in this**
14 **proceeding?**

15 A. The Company requests the Commission grant its request for cost recovery
16 through customer rates in accordance with section 54-7-13.4 of the Utah Code, for
17 the remaining costs of the major plant additions—the Pryor Mountain and TB
18 Flats wind projects—that are not in rates following the 2020 General Rate Case,
19 Docket No. 20-035-04 (“2020 GRC”).

20 **Q. If the Company’s application in this matter is not approved, how should the**
21 **PTC and NPC benefits be treated in the EBA?**

22 A. As discussed in my direct and rebuttal testimonies, the costs and the benefits for
23 these projects were appropriately matched for calendar year 2021 where customers

24 are paying a 13-month average portion of the capital costs and similarly getting a
25 portion of the project benefits that matches the timing of the capital. A mismatch
26 will happen in all years after 2021 if a full year of the benefits are included in the
27 EBA but only a portion of the capital costs are included in customer rates due to
28 the 2020 GRC test period's 13-month average. If the Commission rejects the
29 Company's proposal, the cost and benefits of the projects should be matched, which
30 would require an adjustment to the EBA after 2021.

31 **Q. Ms. Beck expresses her concern that such a proposal constitutes a change to**
32 **the operation of the EBA and is beyond the scope of a major plant addition as**
33 **contemplated by the statute. Do you agree?**

34 A. The Company's request to match cost and benefits of the major plant additions is
35 not a request to change the operation of the EBA, it is an adjustment to the EBA,
36 which are allowed and used in annual EBA filings.

37 **Q. Can you provide any examples of adjustments to the EBA that were**
38 **determined in other proceedings?**

39 A. Yes. In the current EBA that is before the Commission in Docket No. 21-035-01,
40 several adjustments are made to the EBA deferral that were determined in separate
41 proceedings. For example, the EBA is adjusted for certain sales made to a special
42 contract customer, costs related to the Utah Subscriber Solar program and the Utah
43 Transition Program for Customer Generators, and adjustments related to contracts
44 under Schedule 32 and 34.¹ All of these adjustments were established in
45 proceedings outside of the EBA.

¹ See the Direct Testimony of Jack Painter, Docket No. 21-035-01.

46 **Q. Would such an adjustment be consistent with the EBA tariff?**

47 A. Yes. Schedule 94 specifically defines the Actual Energy Balancing Account Costs
48 (“Actual EBAC”) to be “the Actual Utah NPC, PTCs and applicable Commission
49 accepted or ordered adjustments, or adjustments called out in a stipulation or
50 settlement agreement, as ordered in the most recent general rate case, major plant
51 additions case, or other case where Base EBAC are approved.” [emphasis added]
52 Therefore, contrary to Ms. Beck’s assertion, the Company’s request for matching
53 costs and benefits from the Pryor Mountain and TB Flats wind projects in the EBA
54 is expressly allowed in this proceeding as an alternative to the Commission should
55 they choose to deny the Company’s request for cost recovery.

56 **Q. Does this conclude your surrebuttal testimony?**

57 A. Yes.

CERTIFICATE OF SERVICE

Docket No. 21-035-42

I hereby certify that on November 18, 2021, a true and correct copy of the foregoing was served by electronic mail to the following:

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