

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

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

DOCKET NO. 21-035-42

SURREBUTTAL TESTIMONY

OF

KEVIN C. HIGGINS

On Behalf of

Utah Association of Energy Users

November 18, 2021

TABLE OF CONTENTS

1	I.	INTRODUCTION AND SUMMARY	1
2	II.	RESPONSE TO MR. McDOUGAL.....	3
3	III.	RESPONSE TO OTHER RMP COMMENTS REFERRING TO MY DIRECT	
4		TESTIMONY	4

5 **I. INTRODUCTION AND SUMMARY**

6 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

7 A. My name is Kevin C. Higgins. My business address is 111 East Broadway, Suite 1200,
8 Salt Lake City, Utah, 84111.

9 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

10 A. I am a Principal in the firm of Energy Strategies, LLC, a private consulting firm that
11 specializes in economic and policy analysis applicable to energy production,
12 transportation, and consumption.

13 **Q. ARE YOU THE SAME KEVIN C. HIGGINS WHO PREFILED DIRECT**
14 **TESTIMONY IN THIS CASE ON BEHALF OF THE UTAH ASSOCIATION OF**
15 **ENERGY USERS (“UAE”)?**

16 A. Yes.

17 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

18 A. My surrebuttal testimony responds to the Rebuttal Testimony of Steven R. McDougal
19 regarding my statement that the entire amount of plant-in-service for the Pryor Mountain
20 and TB Flats wind projects is already in rate base. I also respond to a passage in the
21 Opposition to Confidential Motion for Summary Judgement filed by Rocky Mountain
22 Power (“RMP” or “the Company”) on November 10, 2021 in which RMP comments on
23 my pre-filed direct testimony.

24 **Q. PLEASE SUMMARIZE THE CONCLUSIONS IN YOUR SURREBUTTAL**
25 **TESTIMONY.**

26 A. Mr. McDougal’s disagreement with my statement that the entire amount of plant-in-
27 service for the Pryor Mountain and TB Flats wind projects is already in rate base is a
28 matter of semantics. There is no disagreement on the mathematics. As I stated in my
29 direct testimony, the 2021 test period adopted in the last general rate case did include the
30 entire amount of plant-in-service for both plants (as projected by RMP in the rate case) –
31 just not for the entire year. There is no addition to plant in the MPA filing that was not
32 already in rate base in the 2020 general rate case (“2020 GRC”). There is simply a
33 different *measurement* of that same plant – using a different measurement period (2022
34 versus 2021) – that results in the increased revenue requirement for plant that RMP is
35 requesting in this MPA case.

36 RMP states in its Opposition to Confidential Motion for Summary Judgement that
37 my characterization of the “test period issue” has no basis in the Company’s Application
38 or pre-filed testimony. I find this statement peculiar and potentially misleading. I do not
39 contend that RMP is seeking to change the test period *of the 2020 GRC*, but rather to use
40 a different *rate base measurement period* for Pryor Mountain and TB Flats in its MPA
41 filing relative to the 2020 GRC. This fact should be undisputable, as it is plainly evident
42 in the calculations presented in Mr. McDougal’s Confidential Exhibit SRM-1. Why
43 RMP would suggest otherwise is difficult to fathom. In my direct testimony, I describe
44 factually and accurately how RMP calculated its MPA revenue requirement proposal.

45 **Q. DO YOU HAVE ANY MODIFICATIONS TO THE RECOMMENDATIONS IN**
46 **YOUR DIRECT TESTIMONY IN RESPONSE TO RMP'S REBUTTAL**
47 **TESTIMONY?**

48 A. No. I continue to recommend that the Company's request be rejected because its
49 application does not reasonably meet the criteria for approval of an MPA under Utah
50 Code section 54-7-13.4.

51

52 **II. RESPONSE TO MR. McDOUGAL**

53 **Q. WHAT PASSAGE IN MR. McDOUGAL'S REBUTTAL TESTIMONY ARE YOU**
54 **RESPONDING TO?**

55 A. Mr. McDougal disagrees with my statement that the entire amount of plant-in-service for
56 the Pryor Mountain and TB Flats wind projects is already in rate base. He contends that
57 because the 13-month average rate base in the 2020 GRC included months when the
58 projects were not yet in service, the entire amount of plant-in-service is not included in
59 rate base.¹

60 **Q. WHAT IS YOUR RESPONSE TO MR. McDOUGAL ON THIS POINT?**

61 A. Our disagreement on this point is one of semantics, not mathematics. I agree that
62 measuring plant-in-service and rate base for these two facilities using an average-of-2022
63 test period, as RMP does in its MPA application, produces a higher measurement of
64 plant-in-service and rate base as compared to an average-of-2021 test period, which the
65 Commission ordered in the 2020 GRC. Indeed, I make this very point in my direct

¹ Rebuttal Testimony of Steven R. McDougal, lines 71-75.

66 testimony.² Because the measurement of rate base is greater using an average-of-2022
67 measurement period, Mr. McDougal concludes that the entire amount of plant-in-service
68 is not included in rate base in the 2021 test period.

69 The semantic distinction here is that the 2021 test period did include the entire
70 amount of plant-in-service for both plants (as projected by RMP in the rate case) – just
71 not for the entire year. For TB Flats, the entire amount was included starting in June
72 2021 and for Pryor Mountain the entire amount was included starting in July 2021. This
73 semantic distinction is noteworthy in this case because it speaks to whether the increased
74 revenue requirement for plant that RMP is seeking can be attributed to an *addition* of
75 plant since the general rate case. It cannot. There is no addition to plant in the MPA
76 filing that was not already in rate base in the 2020 GRC. There is simply a different
77 *measurement* of that same plant – using a different measurement period (2022 versus
78 2021) – that results in the increased revenue requirement for plant that RMP is requesting
79 in this case.

80

81 **III. RESPONSE TO OTHER RMP COMMENTS REFERRING TO MY**

82 **DIRECT TESTIMONY**

83 **Q. WHAT OTHER RMP COMMENTS ARE YOU RESPONDING TO?**

84 A. RMP comments on my direct testimony in its Opposition to Confidential Motion for
85 Summary Judgement. Specifically, RMP disputes the Movants Statement of Fact 11,
86 which states that: “In this docket, RMP seeks to change the rate base measurement

² CONFIDENTIAL Direct Testimony of Kevin C. Higgins, lines 121-171.

87 period for the costs of the TB Flats and Pryor Mountain wind projects from the average-
88 of-2021 period approved in the 2020 GRC to an average-of-2022 period.” Movants cite
89 to my direct testimony, lines 121-171, in support of this statement. In response, RMP
90 states:

91 The Company objects to this purported “fact” because it is not a fact, but
92 rather an incorrect legal conclusion. Subject to and without waiving its
93 objection, the Company responds that there is no limitation or requirement
94 regarding a test period in the MPA statute. Therefore, the Company’s
95 Application does not change the test period of the 2020 GRC. Mr.
96 Higgins’ characterization of the test period issue has no basis in the
97 Company’s Application, pre-filed testimony, or the law.³
98

99 **Q. WHAT IS YOUR RESPONSE TO RMP’S COMMENT REGARDING YOUR**
100 **TESTIMONY?**

101 A. I find this comment very odd. First, of all, I do not contend that RMP is seeking to
102 change the test period *of the 2020 GRC*, but rather to use a different *rate base*
103 *measurement period* for these two plants in its MPA filing relative to the 2020 GRC.
104 The fact that RMP is seeking to use a different measurement period is beyond doubt: one
105 only has to examine Mr. McDougal’s Confidential Exhibit SRM-1, pages 2.0 through
106 3.2, to see that the incremental revenue requirement for plant that RMP is seeking in this
107 case is calculated *by the Company* by comparing the average rate base in 2022 relative to
108 the average rate base in 2021. So for RMP to contend that my “characterization of the
109 test period issue has no basis in the Company’s Application [or] pre-filed testimony” is
110 strange to say the least – and potentially misleading. It is not even clear what “test period

³ RMP Opposition to Confidential Motion for Summary Judgement at 5 (citation omitted).

111 *issue*” RMP claims I am characterizing. I simply describe factually and accurately how

112 RMP calculated its MPA revenue requirement proposal.

113 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

114 **A.** Yes, it does.