
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

SURREBUTTAL TESTIMONY AND EXHIBIT OF

JUSTIN BIEBER

On Behalf of the

Utah Association of Energy Users

November 18, 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. Are you the same Justin Bieber who pre-filed direct testimony in this docket
7 on behalf of the Utah Association of Energy Users (“UAE”)?**

8 A. Yes, I am.

9

10 **Overview and Conclusions**

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

12 A. I respond to the rebuttal testimony of the Rocky Mountain Power’s (“RMP”
13 or the “Company”) witness Robert M. Meredith in regard to Schedule 32 rates.

14 **Q. Please summarize your conclusions contained in your surrebuttal testimony.**

15 A. In my surrebuttal testimony, I offer the following conclusions:

- 16 • I disagree with Mr. Meredith’s contention that the Company’s proposed
17 method to set Schedule 32 rates in this proceeding is not inconsistent or
18 unreasonable. The Company is clearly proposing a different method to
19 determine the Schedule 32 rate spread in this proceeding compared to
20 what was ordered by the Commission in the 2020 Rate Case. The
21 Schedule 32 rate spread in the 2020 Rate Case incorporated a broad
22 range of costs, which included a revenue requirement component

23 resulting from the Pryor Mountain and TB Flats wind projects. It would
24 not be consistent to utilize a different method in this proceeding to adjust
25 the base rate revenue requirement resulting for those *same* wind plants.

- 26 • Mr. Meredith claims that in the 2020 Rate Case, adjusting the Schedule
27 32 rate spread to match the Schedule 9 increase, inclusive of renewable
28 procurement costs, was *only* responsible for \$34 thousand out of the
29 roughly \$350 thousand increase for Schedule 32. However, it is
30 important to recognize that the Schedule 32 rate impact in the 2020 Rate
31 Case only included a single Schedule 32 customer and that the
32 incremental \$34 thousand accounted for almost 10% of the total
33 increase. More importantly, there are other customers that might take
34 service under Schedule 32 if the rates are non-discriminatory and there
35 are renewable resources for which it makes rational economic sense to
36 contract through Schedule 32. What might appear to be a small
37 difference in the Schedule 32 rates could have a very significant impact
38 on the economics for potential future Schedule 32 customers.

39 **Q. Are you making any changes to the recommendations that you provided in**
40 **your direct testimony based on your review of the Company's rebuttal**
41 **testimony?**

42 A. No, I am not. I continue to recommend the following:

- 43 • The Commission should reject RMP’s proposal to adjust base rates in
44 this proceeding, as described in detail in the Direct and Surrebuttal
45 Testimony of UAE witness Kevin Higgins.
- 46 • However, to the extent that the Commission does determine it is
47 appropriate to revise base rates in this proceeding, I recommend that the
48 Schedule 32 Daily Power Charges be set at a level that, in combination
49 with the Delivery Facilities Charges, would recover the same level of
50 cost as Facilities and Power Charges that are applicable to full
51 requirements customers. The Company proposed to calculate Schedule
52 32 rates in this manner in the Company’s 2020 general rate case in
53 Docket No. 20-035-04 (“2020 Rate Case”), a concept in which the
54 Company, UAE, and the University of Utah (“University”) were all in
55 agreement.¹
- 56 • If the Commission determines it is appropriate to revise base rates in
57 this proceeding, but does not approve my recommendation to calculate
58 Schedule 32 Daily Power Charges rates in a manner that, in combination
59 with the Delivery Facilities Charges, would recover the same level of
60 cost as Facilities and Power Charges that are applicable to full
61 requirements customers, then I recommend that the Schedule 32 Daily

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.

62 Power Charges be calculated in the same manner ordered by the
63 Commission in RMP's 2020 Rate Case.

64

65 **Schedule 32 Rate Design**

66 **Q. Mr. Meredith claims that it is reasonable to exclude renewable procurement**
67 **costs from the calculation of Schedule 32 base rates in this proceeding² and**
68 **that the Company's approach to Schedule 32 rate spread in this proceeding is**
69 **not inconsistent or unreasonable.³ What reasons does Mr. Meredith provide**
70 **to support these statements?**

71 A. Mr. Meredith explains that the scope of this proceeding is limited to
72 recovery of the proposed incremental revenue requirement for two specific wind
73 projects, whereas a general rate case examines all aspects of utility service.
74 Therefore, Mr. Meredith asserts that the price change from this incremental revenue
75 requirement "should be limited to the proportion of Schedule 32's revenue that is
76 related to service supplied from Company Resources."⁴ According to Mr.
77 Meredith, the preponderance of Schedule 32's price increase in the 2020 Rate Case
78 was related to higher increases to demand-related components for Schedule 9, and
79 applying the same increase to Schedule 32 and Schedule 9, inclusive of renewable
80 procurement costs was of secondary importance.

² Rebuttal Testimony of Robert M. Meredith, lines 26-32.

³ *Id.* lines 59-76.

⁴ *Id.* lines 26-32.

81 **Q. How do you respond to Mr. Meredith's assertion that the Company's**
82 **approach to Schedule 32 rates in this proceeding is not inconsistent?**

83 A. The Company's proposed method to adjust Schedule 32 rates in this
84 proceeding is clearly *not* consistent with the method ordered by the Commission in
85 the 2020 Rate Case. As I explained in my direct testimony, in the 2020 Rate Case,
86 the Commission calculated the Schedule 32 revenue target by applying the same
87 percentage increase as Schedule 9 for all revenue, *inclusive* of the revenue related
88 to the Schedule 32 customer's renewable procurement.⁵ Although the 2020 Rate
89 Case had a different and broader scope than this instant proceeding, the cost
90 increase allocated to Schedule 32 in the 2020 Rate Case did in fact include the
91 revenue requirement for the two wind projects at issue in this proceeding. Given
92 that the revenue requirement for those same two wind plants was adjusted in the
93 2020 Rate Case, it would be inconsistent to use a different methodology to set
94 Schedule 32 rates in this proceeding.

95 **Q. Mr. Meredith explains that the inclusion of Schedule 32's renewable**
96 **procurement costs to determine rate spread in the 2020 Rate Case was a**
97 **disputed issue during reconsideration and claims that the Company's primary**
98 **concern was that UAE's and the University of Utah's request to reconsider the**
99 **Schedule 32 rate spread was untimely.⁶ How do you respond to this assertion?**

100 A. UAE did not address this particular rate spread method in the 2020 Rate
101 Case prior to the Commission Order because it had not yet been proposed by any

⁵ Direct Testimony of Justin Bieber, lines 189-199.

⁶ Rebuttal Testimony of Robert M. Meredith, lines 33-41.

102 party in the case. As I explained in my direct testimony, in the 2020 Rate Case, the
103 Company proposed to set the Schedule 32 “Daily Power Charges at a level that, in
104 combination with the Delivery Facilities Charges, would recover the same level of
105 cost as Facilities and Power Charges that are applicable to full requirements
106 customers.”⁷ Both UAE and the University of Utah agreed with RMP’s proposed
107 methodology.⁸

108 It was not until the Commission Order in the 2020 Rate Case that the
109 Commission introduced an alternative method to calculate Schedule 32 rate spread
110 by applying the same percentage increase as Schedule 9 for all revenue, *inclusive*
111 of the revenue related to renewable procurement.⁹ The method ordered by the
112 Commission is clearly a different method than the one proposed by the Company
113 and supported by UAE and the University of Utah in the 2020 Rate Case.

114 Moreover, RMP also argued in the 2020 Rate Case that the revenues
115 associated with a Schedule 32 customer’s PPA are Company revenues that “should
116 be considered as retail revenue” and a part of revenue requirement.¹⁰ In response
117 to UAE Data Request 2.1(a) in this proceeding, RMP continues to assert that the
118 portion of Schedule 32 revenue related to renewable procurement for its Schedule

⁷ 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.

⁸ *Id.* Direct Testimony of Justin Bieber at 365-367, Direct Testimony of Chris Benson at 367-369.

⁹ *Id.* Order, December 30, 2020 at 90.

¹⁰ *Id.* RMP Response to UAE Petition for Rehearing at 15.

119 32 contract is “technically Rocky Mountain Power (RMP) revenue and is a part of
120 revenue requirement.”¹¹

121 While UAE does not agree that revenues associated with a Schedule 32
122 customer’s PPA should be considered RMP retail revenue for the purpose of
123 determining rate spread, the Company’s position in this docket is inconsistent with
124 the Commission’s ruling in the 2020 Rate Case *and* the Company’s own position
125 in its response to the UAE Petition for Rehearing.

126 **Q. How does Mr. Meredith quantify the impact of the rate design logic that the**
127 **Commission ordered in the 2020 Rate Case?**

128 A. According to Mr. Meredith, “most of the price increase for Schedule 32 in
129 the 2020 Rate Case was related to the greater increase to demand charges for
130 Schedule 9 and the rate design logic that Schedule 32 demand rates were designed
131 to recover the same level of cost as the combination of Facilities and Power demand
132 charges applicable to full requirements rate schedules.” Adjusting the pricing for
133 Schedule 32 such that its total revenue, including revenue related to renewable
134 procurement, had the same revenue increase as Schedule 9 *only* accounted for \$34
135 thousand out of the roughly \$350 thousand increase in the 2020 Rate Case.¹²

¹¹ RMP Response to UAE Data Request Set 2 (attached hereto as UAE Exhibit 4.1).

¹² Rebuttal Testimony of Robert M. Meredith, lines 42-50.

136 **Q. What is your assessment of Mr. Meredith's claim that adjusting the pricing**
137 **for Schedule 32 *only* accounted for \$34 thousand out of the roughly \$350**
138 **thousand increase in the 2020 Rate Case?**

139 A. The incremental increase from adjusting the Schedule 32 pricing is not
140 insignificant. It is important to recognize that there was only a single Schedule 32
141 customer considered in Mr. Meredith's analysis and that an incremental \$34
142 thousand accounts for almost 10% of the total increase. More importantly, there
143 are other customers that might take service under Schedule 32 if the rates are non-
144 discriminatory and there are renewable resources for which it makes rational
145 economic sense to contract through Schedule 32. What might appear to be a small
146 difference in the Schedule 32 rates could have a very significant impact on the
147 economics for potential future Schedule 32 customers.

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

149 A. Yes, it does.