

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Rocky Mountain Power’s Application for)	Docket No. 21-035-42
Alternative Cost Recovery for Major Plant)	Surrebuttal Testimony
Additions of the Pryor Mountain and TB Flats)	of Michele Beck
Wind Projects)	For the Utah Office of
)	Consumer Services

NOVEMBER 18, 2021

1 **Q. PLEASE STATE YOUR NAME AND TITLE.**

2 A. Michele Beck. I am the director of the Office of Consumer Services (OCS).

3 **Q. HAVE YOU PREVIOUSLY FILED DIRECT AND REBUTTAL**
4 **TESTIMONY IN THIS PROCEEDING?**

5 A. Yes.

6 **Q. WHAT IS THE SCOPE OF YOUR SURREBUTTAL TESTIMONY?**

7 A. I will respond to two issues raised in the testimony of Rocky Mountain Power
8 (RMP) witness Joelle R. Steward and one issue raised both by Ms. Steward and by
9 RMP witness Steven R. McDougal.

10 **Q. MS. STEWARD REFERENCES THE PUBLIC SERVICE COMMISSION'S**
11 **RULE R746-700-30 TWICE IN HER REBUTTAL TESTIMONY.¹ DO YOU**
12 **AGREE WITH HER CHARACTERIZATION OF THAT RULE?**

13 A. No. Ms. Steward indicates that nothing in the rule precludes RMP from recovering
14 its full costs as requested in this major plant addition (MPA) case. However,
15 Rule 746-700-30 Section D entitled "Costs and Operating Expense Information",
16 requires a utility to provide: "A complete analysis of all cost associated with
17 constructing, acquiring and operating the plant for which the utility will seek
18 recovery from Utah ratepayers..." (emphasis added) Thus, these rules do appear to
19 specify that a MPA request will address only the costs that the utility will seek
20 recovery of in such filing, and not include costs on which the utility has already

¹ Steward Rebuttal, lines 14-16 and 74.

21 sought and received recovery. This indicates that the threshold requirement of 1%
22 of rate base for eligibility to use the MPA process for cost recovery must only
23 include costs that the utility has not already put into rates.

24 **Q. MS. STEWARD ALSO REFERENCES THE MAJOR PLANT ADDITION**
25 **STATUTE AS A DIRECTIVE OF THE LEGISLATURE². DO YOU AGREE**
26 **WITH HER CHARACTERIZATION OF THE STATUTE?**

27 A. Not entirely. While it is certainly true that the legislature provides policy directives
28 through the statutes, Ms. Steward’s characterization does not take into account the
29 specific language of the statute she references. First, the statutory language does
30 not mandate that any utility file a major plant addition case under any circumstance.
31 It actually just provides the conditions under which a gas corporation or an
32 electrical corporation “may file”³ or “may not file”⁴ a MPA request. Once the
33 circumstances allowing a major plant addition case are met, Rocky Mountain
34 Power must still follow the requirements set forth by the legislature in the relevant
35 statute and the Public Service Commission of Utah (PSC) is not directed to approve
36 the application unless it meets the standards included in the legislature’s
37 “directive.” The Joint Motion for Summary Judgment filed by the Division of
38 Public Utilities (DPU), OCS, and Utah Association of Energy Users (UAE)

² Steward Rebuttal, lines 90 – 92.

³ Utah Code § 54-7-13.4 (2)

⁴ Utah Code § 54-7-13.4 (3)(a)

39 provides the legal arguments to demonstrate that RMP's current application does
40 not meet the requirements for approval.

41 **Q. BOTH MS. STEWARD AND MR. MCDUGAL REFERENCE THE DPU**
42 **STATEMENT THAT YOU ADDRESSED IN YOUR REBUTTAL**
43 **TESTIMONY.⁵ WHAT IS RMP'S APPARENT UNDERSTANDING OF**
44 **THAT STATEMENT?**

45 A. It appears that RMP understands the DPU to be advocating for a pro-rationing of
46 benefits to occur within the current docket even if the major plant addition case is
47 rejected.

48 **Q. DO YOU AGREE WITH RMP'S INTERPRETATION OF THE DPU'S**
49 **STATEMENT?**

50 A. No. As I explained in my rebuttal testimony, the DPU clarified its position in
51 response to a data request sent by the OCS.⁶ OCS Data Request 1.1 to the DPU
52 asked about Dr. Powell's intent. In its response, the DPU clarified its
53 recommendation by stating, "The intent was to keep base NPC the same as
54 approved in the general rate case and deal with true-ups in future EBA filings." My
55 understanding is that the DPU will further explain its position in Dr. Powell's
56 surrebuttal testimony.

⁵ Steward Rebuttal, lines 125 – 128 and McDougal Rebuttal, lines 82 -42, referencing Powell Direct, lines 261 – 275 and lines 273-275 respectively.

⁶ It appears from the email containing DPU's response that several contacts at RMP were also copied with the response which was provided prior to the filing of rebuttal testimony.

57 **Q. IN ITS REBUTTAL TESTIMONY, DID RMP SUPPORT THE DPU**
58 **ALTERNATE PROPOSAL, AS THEY UNDERSTAND IT?**

59 A. It appears so. Ms. Steward⁷ stated she agreed with Dr. Powell's proposal, and
60 though Mr. McDougal didn't entirely agree with the proposal, he did state that "Dr.
61 Powell's suggestion is a reasonable alternative and is consistent with a proposal
62 made by the Company in 2020 GRC rebuttal testimony."⁸ Mr. McDougal's
63 testimony cites to Ms. Steward's testimony in the GRC⁹ wherein Ms. Steward
64 states, "If the Company's proposed two-step rate change is not accepted, the
65 Company should be able to make adjustments to the EBA and retain the portion of
66 benefits associated with capital not in rates."¹⁰

67 **Q. WHAT IS YOUR RESPONSE TO RMP WHO VIEWS PRO-RATIONING**
68 **NET POWER BENEFITS OF TB FLATS AND PRYOR MOUNTAIN AS A**
69 **POTENTIAL OPTION IN THIS CASE IF THE PSC DENIES THE MAJOR**
70 **PLANT ADDITION COST RECOVERY?**

71 A. First, I note that in the last general rate case (GRC), the PSC rejected RMP's
72 proposal for a two-step rate change and did not grant Ms. Steward's secondary
73 request for adjustments to the EBA to retain a portion of benefits. RMP did not
74 appeal that portion (or any) of the GRC order. Second, a request by RMP for pro-

⁷ Steward Rebuttal, line 128

⁸ McDougal Rebuttal, lines 89-92

⁹ McDougal Rebuttal, lines 93-95, citing Rebuttal Testimony of Joelle R. Steward,
Docket No. 20-035-04, Lines 231-233

¹⁰ *Id.*

75 rated net power benefits cannot be approved in this case. No party has made a
76 specific proposal for how pro-rationing would be modeled or accounted for which
77 means that other interested parties have not had the opportunity to perform a review
78 for accurateness and fairness. Although Mr. McDougal proposes that, “the Pryor
79 Mountain PTC and NPC savings would be included in the EBA at 86 percent and
80 TB Flats at 83.4 percent for all years until the rate effective date of the next general
81 rate case,”¹¹ the calculation of NPC benefits is not that simple. If RMP is to remove
82 some of the zero cost energy from these wind resources, it would have to change
83 its approach in performing the EBA analysis from purely relying on actual costs to
84 relying on a blend of actual costs and pseudo-actual data potentially bogging down
85 the EBA with the kinds of debates it was intended to avoid. Normally when RMP
86 conducts its EBA evaluation, it compares projected costs and revenues that it
87 previously derived using a production cost modeling analysis against actual costs
88 and revenues incurred in a specific year. Under the pro-ration approach, RMP
89 would no longer be able to rely on just using actual costs, but would have to perform
90 some type of counter-factual production cost modeling analysis to derive the actual
91 results, and no proposal for such modeling has been contemplated or presented to
92 date. It is not at all clear whether a proposal for the pro-ration of benefits could be
93 designed in such a way to be in the public interest and there is certainly no evidence

¹¹ McDougal Rebuttal, lines 85 – 87.

94 in the record on which the PSC could make a ruling. Therefore, the PSC should
95 reject any proposal for pro-rationing benefits.

96 **Q. BASED ON RMP'S REBUTTAL TESTIMONY, HAVE YOU CHANGED**
97 **YOUR POSITION IN THIS CASE?**

98 A. No. I continue to recommend that the PSC find that Rocky Mountain Power's
99 application for alternative cost recovery for major plant additions of the Pryor
100 Mountain and TB Flats wind projects does not meet the statutory requirements for
101 a major plant addition and reject RMP's request for cost recovery.

102 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

103 A. Yes.