

Rocky Mountain Power
Docket No. 20-035-04
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Joelle R. Steward

October 2020

215 under U.C.A. §54-7-13.4 in Docket Nos. 10-035-13 and 10-035-89.¹⁷ The Company
216 did not file for recovery under U.C.A. §54-7-13.4 because it is in a general rate case
217 before the Commission. Furthermore, the Commission has approved similar multi-step
218 rate recovery proposals in the past. For example, in the Company's last two rate cases,
219 the Commission approved stipulations that provided for multi-year rate increases.¹⁸

220 Second, the circumstances leading to the Company's two-step rate increase are
221 beyond the Company's control. As explained further by Messrs. Hemstreet and Van
222 Engelenhoven, the Company has received notification from its vendors that the supply
223 chain has been impacted by the COVID-19 pandemic. The Company has diligently
224 worked to mitigate any impacts on cost and construction by working with vendors and
225 contractors in order to preserve project benefits and minimize costs. Even though a
226 portion of these projects are placed into service in 2021, they continue to be eligible for
227 100 percent of the PTCs.

228 Furthermore, under the Company's proposal, the costs and benefits of these
229 wind projects are better matched as the benefits of zero-fuel cost energy and PTCs of
230 the resources will flow through to customers in the EBA once the projects are
231 incorporated into rates. If the Company's proposed two-step rate change is not

¹⁷ *In the Matter of the Application of Rocky Mountain Power for Alternative Cost Recovery for Major Plant Additions of the Ben Lomond to Terminal Transmission Line and Dave Johnston Generation Unit 3 Emission Control Measure, In the Matter of the Application of the Utah Association of Energy Users for a Deferred Accounting Order Directing Rocky Mountain Power to Defer Incremental REC Revenue for Later Ratemaking Treatment, In the Matter of the Application of Rocky Mountain Power for Alternative Cost Recovery for Major Plant Additions - Populus to Ben Lomond Transmission Line and the Dunlap I Wind Project*, Docket Nos. 10-035-13, 10-035-14, and 10-035-89 (cons.), Order Approving Settlement Stipulation (Dec. 21, 2010).

¹⁸ *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*, Docket No. 13-035-184 Report and Order Approving the Settlement Stipulation dated June 25, 2014. (Aug. 29, 2014); *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*, Docket Nos. 11-035-200, 12-025-79, and 12-035-80 (cons.), Report and Order (Sept. 19, 2012).

232 accepted, the Company should be able to make adjustments to the EBA and to retain
233 the portion of the benefits associated with the capital not in rates. Mr. McDougal's
234 rebuttal testimony provides additional details regarding the two-step rate increase.

235 **Q. UAE witness Mr. Higgins recommends treating the Pryor Mountain Wind Project**
236 **as the equivalent of a qualifying facility ("QF") with recovery at \$26.00 per**
237 **megawatt-hour ("MWh") for 20 years.¹⁹ Does the Company agree with this**
238 **treatment or his calculation?**

239 A. No. Mr. Higgins' proposed treatment is essentially a creative disallowance of costs for
240 a prudently-incurred generation resource. Mr. Higgins does not contest that the wind
241 project will provide customers net benefits over the life of the project but nonetheless
242 recommends a misguided cost recovery scheme that penalizes the Company. In his
243 rebuttal testimony, Mr. Rick T. Link explains why the comparison to a QF is
244 inappropriate and that the project should not be treated as a power purchase agreement.
245 Additionally, Mr. Link explains why the terminal value used in the Company's analysis
246 is appropriate, and why Mr. Higgins' criticism was incorrect.

247 **Q. OCS witness Mr. Hayet asserts that from a policy perspective the Commission**
248 **should not approve the Foote Creek I and Pryor Mountain projects for recovery**
249 **because of the Company's departure from regulatory practices.²⁰ How do you**
250 **respond?**

251 A. As I understand Mr. Hayet's testimony, he recommends that from a policy perspective,
252 the Commission should reject the Company's request for recovery of its investments
253 in Foote Creek I and Pryor Mountain because it did not request pre-approval under

¹⁹ Direct Testimony of Kevin C. Higgins at lines 880-884.

²⁰ Direct Testimony of Philip Hayet at lines 662-687.