

Anderson OCS – 1D

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Rocky Mountain Power’s Application for Approval of the 2023 Energy Balancing Account) **Docket No. 23-035-01**
)
) **Direct Testimony**
) **of Alyson Anderson**
) **On behalf of the Utah**
) **Office of Consumer Services**

December 7, 2023

1 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

2 A. My name is Alyson Anderson. I am a utility analyst for the Utah Office of
3 Consumer Services (“OCS”). My business address is 160 East 300 South, Salt Lake
4 City, Utah.

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6 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

7 A I earned a Bachelor of Business Administration in Accounting from Boise State
8 University. Upon graduation, I worked as an auditor for the Idaho Public Utilities
9 Commission. Prior to joining the OCS, I managed several telecommunications
10 programs as a self-employed consultant. I have completed The Basics Practical
11 Regulatory Training course through New Mexico State University, as well as the
12 NARUC Regulatory Studies and Advanced Regulatory Studies programs through
13 Michigan State University. I have previously submitted testimony before the Utah
14 Public Service Commission (“PSC”).

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16 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

17 A. The purpose of my testimony is to discuss OCS’ recommendation regarding Rocky
18 Mountain Power’s (“RMP”) Energy Balancing Account (“EBA”) filing covering
19 the period of January 1, 2022, through December 31, 2022. As part of our
20 evaluation, the OCS reviewed the Company’s EBA application and testimony, the
21 recommended adjustments proposed by the Utah Division of Public Utilities
22 (“DPU”) in its direct testimony and in the accompanying audit report that was filed
23 on November 7, 2023, and discovery responses that were filed in the docket.

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25 **Q. WHAT ARE YOUR GENERAL COMMENTS REGARDING THE DPU'S**
26 **AUDIT AND SUPPORTING DOCUMENTATION?**

27 A. The DPU presented the results of what appears to be a detailed audit of RMP's
28 2022 EBA filing and deferral balance. As a general matter, I believe the DPU's
29 recommendations are reasonably supported by the information provided. However,
30 this testimony focuses on one issue of particular importance: whether RMP
31 economically dispatched its coal resources. The OCS reserves the right to address
32 other issues that may be raised in additional testimony filed in this proceeding.

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34 **Q. PLEASE PROVIDE A SUMMARY OF YOUR CONCLUSIONS AND**
35 **RECOMMENDATIONS.**

36 A. I agree with the DPU's concern about the magnitude of RMP's 2022 deferral
37 request, and its identification of the issue of whether RMP economically dispatched
38 its coal resources. I also support the DPU's request to review the "forthcoming
39 Company report on the issues causing the extraordinarily high NPC requested by the
40 Idaho Commission with the ability to make any recommendations and adjustments
41 related to this report during the 2024 EBA audit."¹ I further support DPU's request
42 that specific information regarding coal modeling and plant dispatch be included in
43 the 2023 EBA filing.²

¹ Docket No. 23-035-01 Direct Testimony of Gary Smith, November 7, 2023, l. 127-132.

² Docket No. 23-035-01 Direct Testimony of Gary Smith, November 7, 2023, l. 162-179.

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45 **Q. IS DELAYING THE REVIEW OF THESE COSTS TO THE NEXT EBA**
46 **APPROPRIATE AND ALLOWED WITHIN THE EBA REVIEW PROCESS?**

47 A. Yes. In fact, the PSC has previously ruled on this issue in a February 16, 2017,
48 Order in Docket No. 09-035-15 when it allowed RMP to make out of period
49 adjustments. The PSC accepted RMP's argument that not allowing prior period
50 adjustments would "disallow prudent NPC amounts booked in accordance with
51 generally accepted accounting principles and cites examples where estimated or
52 accrued costs or benefits from prior periods could not be reconciled with actual
53 costs or benefits until after an audit or until more accurate information became
54 available."³

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56 **Q. WHY DOES THE 2022 BALANCE REQUIRE ADDITIONAL TIME AND**
57 **REVIEW IN A SUBSEQUENT AUDIT PERIOD?**

58 A. The relative size of the deferred balance is the largest ever reviewed by the PSC.
59 The following table compares the relative size of EBA requests since 2018.

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³ Docket No. 09-035-15, Order, February 16, 2017, p. 13.

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Table 1: EBA Deferral Balance ⁴

Year	Forecasted \$/MWh	Actual \$/MWh	Utah Request \$Millions
2018	25.25	26.20	23.9
2019	25.25	27.05	36.8
2020	25.25	25.01	1.7
2021	18.81	23.04	90.6
2022	18.81	27.40	175.0

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Additionally, questions exist regarding the operation of coal units, as Mr. Smith

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explained:

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The Division found that during [certain] weather events the Company did not economically dispatch its coal facilities to displace more extremely high purchase power and natural gas prices. In response to the Division's request for information the Company detailed that coal supply and coal reserve challenges limited the Company's ability to utilize its lower cost coal plants fully to reduce these high costs that contributed to the large EBA deferral. Prudence has not yet been shown for expenses incurred as a result of this decreased coal generation.⁵

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Q. WHAT FACTORS CONTRIBUTED TO THE HIGH PURCHASE POWER

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AND NATURAL GAS EXPENSES REFERENCED BY THE DPU?

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A. As DPU Witness Smith discussed, during the 2022 summer drought conditions and

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during the extreme weather of 2022 winter, RMP did not "economically dispatch

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its coal facilities to displace more extremely high purchase power and natural gas

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prices." This means that less expensive Company-owned resources might have

⁴ Docket No. 19-035-01, EBA Application, March 15, 2019, p.1, 6.

Docket No. 20-035-01, EBA Application, March 16, 2020, p.1, 6.

Docket No. 21-035-01, EBA Application, March 15, 2021, p.1, 6.

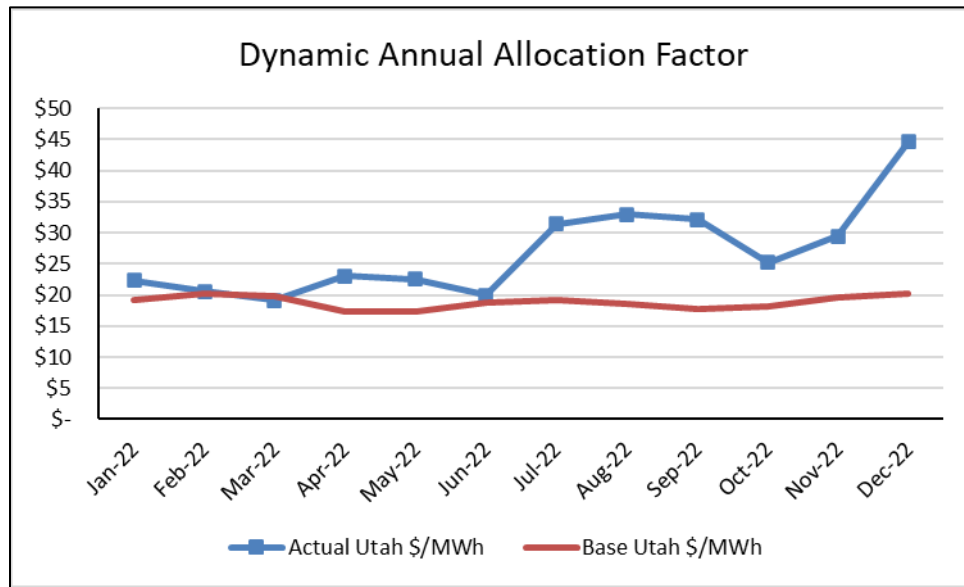
Docket No. 22-035-01, EBA Application, March 15, 2022, p.1, 6.

Docket No. 23-035-01, EBA Application, May 1, 2023, p.1, 6.

⁵ Docket No. 23-035-01 Direct Testimony Gary Smith, November 7, 2023, l. 107-114.

84 been available to operate, allowing RMP to avoid high generation and purchase
 85 power costs during these weather conditions. The following graph shows the
 86 discrepancy between the forecast and actual results by month.

87 **Figure 1: Base vs. Actual NPC \$/MWh⁶**



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 89 Figure 1 shows that Actual and Base NPC tracked reasonably well between January
 90 2022 and June 2022, then following June 2022 the actual costs increased
 91 significantly compared to the projection. I agree with the DPU that this disparity
 92 warrants additional investigation.

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 94 **Q. DID THE DPU ATTEMPT TO INVESTIGATE THE REASON THE COAL**
 95 **UNITS DID NOT ECONOMICALLY DISPATCH AS EXPECTED DURING**
 96 **THE SECOND HALF OF 2022?**

⁶ Docket No. 23-035-01, Witness Jack Painter, Exhibit RMP_JP-1, May 1, 2023, l. 6 and 12.

97 A. Yes. The DPU attempted to find out more information about an investigation,
98 directed by the Idaho Public Utilities Commission (IPUC), into the high NPC costs
99 during this period.⁷ Specifically, in DPU Data Request 17.4, the DPU inquired
100 about the timing of a report into this topic ordered by the IPUC and RMP responded
101 that the report will be completed by the end of calendar year 2023.⁸

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103 **Q. IS THE DPU SEEKING ANY ADDITIONAL INFORMATION TO AID IN**
104 **ITS REVIEW OF THE 2023 FILING?**

105 A. Yes. The DPU identified 3 areas that additional information would be needed to
106 properly evaluate the coal dispatch issue in the Utah 2023 EBA filing, including:
107 1) workshops on Aurora inputs and forecasting methods covering coal contracting
108 and dispatch, Day-ahead and real-time adjustments, wind forecasting, short-term
109 transmission, and the Extended Day-Ahead Market/EIM. 2) forecasted and actual
110 generation at coal plants, and 3) details on coal consumption and variances. The
111 OCS supports the DPU's request for additional information.

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113 **Q. PLEASE STATE THE OCS'S RECOMMENDATION.**

114 A. The OCS recommends the PSC allow for additional review and potential
115 adjustments associated with the high fuel and purchase power costs resulting from

⁷ Case No. PAC-E-23-09, Order No. 35801, May 31, 2023, p. 9-10.

⁸ Docket No. 23-035-01, DPU to RMP Data Request #17.4, October 26, 2023.

116 the coal dispatch issue in the next EBA proceeding, by which time RMP states it
117 will have produced a report on this topic as requested by the IPUC.

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119 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

120 **A. Yes, it does.**