

Rocky Mountain Power
Docket No. 24-035-01
Witness: Jack Painter

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Jack Painter

January 2025

1 **Q. Please state your name, business address and present position with PacifiCorp,**
2 **dba Rocky Mountain Power (“the Company or Rocky Mountain Power”).**

3 A. My name is Jack Painter and my business address is 825 NE Multnomah Street, Suite
4 600, Portland, Oregon 97232. My title is Net Power Cost Adviser.

5 **Q. Are you the same Jack Painter who submitted direct testimony and response**
6 **testimony on behalf of the Company in this proceeding?**

7 A. Yes.

8 **I. PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your response testimony?**

10 A. My testimony responds to the direct testimony of Mr. Philip Hayet with J. Kennedy
11 and Associates, Inc. on behalf of the Office of Consumer Services (“OCS”).
12 Specifically, my testimony addresses Mr. Hayet’s support of the Division of Public
13 Utilities’ (“DPU”) request to remove costs related to Electric Service Schedule No.
14 137—Net Billing (“Schedule 137”) for periods prior to the current deferral period.
15 Mr. Hayet’s testimony argues that the Company should not be able to recover the costs
16 because it has previously argued that prior period or out of period adjustments should
17 not be permitted by the Public Service Commission of Utah (“Commission”). My
18 testimony presents the distinction between this EBA filing and Docket No. 23-035-01
19 (“2023 EBA”) filing cited by Mr. Hayet to show that Mr. Hayet’s premise is incorrect.

20 **Q. Can you please summarize your testimony?**

21 A. Yes. First, I address and explain why the OCS’s request to remove prior period
22 Schedule 137 costs from the EBA is unnecessary and inconsistent with the Public
23 Service Commission of Utah (“Commission”) practice on this type of issue. Then, my

24 testimony explains the major distinction between this proceeding and the proceeding
25 Mr. Hayet claims is comparable.

26 **II. PRIOR PERIOD ORDER**

27 **Q. Please describe the Commission’s decision related to the treatment of out-of-**
28 **period adjustments in the EBA.**

29 A. On February 16, 2017, the Commission issued an order in Docket No. 09-035-15 where
30 it ruled that the Company can include certain prior period adjustments in the EBA
31 (“Prior Period Order”).¹ The Commission stated these types of accounting adjustments
32 are permitted under Utah Code Ann. § 54-7-13.5, which states “[a]n energy balancing
33 account or gas balancing account that is formed and maintained in accordance with this
34 section does not constitute impermissible retroactive ratemaking or single-issue
35 ratemaking.” Furthermore, it was noted in that Order that the Company identified that
36 prior period adjustments would “disallow prudent NPC amounts booked in accordance
37 with generally accepted accounting principles.”²

38 **Q. Can you please provide the context for the facts in that matter?**

39 A. In that Order, the Commission was ruling on the issue of accounting entries pertaining
40 to operating periods prior to the deferral period. Specifically, the Company was arguing
41 to be able to continue its policy of ensuring NPC accurately reflected the impact of
42 entries booked according to Generally Accepted Accounting Principles (“GAAP”)
43 pertaining to operating periods prior to the implementation of the EBA.³ For example,
44 in some instances the Company may have a dispute with a counterparty during the

¹ See in the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism, Docket No. 09-035-15, Order (Feb. 16, 2017).

² *Id.* at 13.

³ *Id.*

45 settlement of an energy sales transaction. In these circumstances, the Company books
46 an estimate to properly account for the purchase or sale that has taken place, so its
47 books are as accurate as possible until the dispute is resolved. Then, once the dispute
48 is resolved, accounting entries may be required to properly reflect the outcome. If the
49 dispute is resolved after the end of a given EBA deferral period, the true-up entry
50 becomes a prior period, or out-of-period, adjustment. In that proceeding, the DPU
51 argued that these out-of-period adjustments should not be included in the EBA. The
52 Commission made a finding in its Prior Period Order that these types of accounting
53 adjustments are permitted under Utah Code Ann. § 54-7-13.5.⁴ The Commission also
54 stated, “consistent with our experience with other balancing accounts, we find that
55 difficulties exist with closing various transactions within the deferral period.”⁵

56 **Q. Can you please explain the distinction between the arguments the Company made**
57 **in the 2023 EBA filing versus this EBA filing about prior period adjustments?**

58 A. Yes. In the 2023 EBA filing, referenced by Mr. Hayet,⁶ the OCS argued that it wanted
59 to preserve the right in a future proceeding to review the prudence of the Company’s
60 operations that were submitted for recovery in the 2023 EBA, which would provide the
61 parties two full EBA cycles, the 2023 EBA and 2024 EBA to review this prudence issue
62 for costs incurred in calendar year 2022. The Company disputed this request under Utah
63 Code Ann. § 54-7-68-13.5 that permits a 300-day period when EBA costs may be
64 evaluated, and a final order issued. Comparatively, in this EBA filing, Mr. Hayet

⁴ See Utah Code Ann. § 54-7-13.5(4)(c), which states “an energy balancing account... that is formed and maintained in accordance with this section does not constitute impermissible retroactive rate-making or single-issue ratemaking.”

⁵ See *in the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism*, Docket No. 09-035-15, Order (Feb. 16, 2017), at 13.

⁶ See Direct Testimony of Philip Hayet, lines 57-66.

65 misapplies his example from last year's EBA, where OCS requested the ability to have
66 two full EBA cycles to review costs that had already been submitted, and attempts to
67 equate that circumstance as comparable with the Company's request to recover prior
68 period costs. To be clear, in this present case, the Company is presenting costs that have
69 not previously been included in any EBA nor reviewed for prudence. Therefore,
70 Mr. Hayet's comparison of the 2023 EBA to this proceeding is not meaningful and
71 should be disregarded.

72 **Q. Has the DPU, OCS, or any other party determined that the Company's Schedule**
73 **137 costs are imprudent?**

74 A. No. Parties have only argued that the costs should not be included because they are
75 from prior periods which contradicts the Commissions' findings in its Prior Period
76 Order as stated above.

77 III. CONCLUSION

78 **Q. What is your recommendation to the Commission?**

79 A. The Company requests the Commission reject the OCS recommendation that the
80 Schedule 137 costs for prior periods should be removed from the EBA.

81 **Q. Does this conclude your rebuttal testimony?**

82 A. Yes.