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1 **INTRODUCTION**

2 **Q. Please state your name, employer, and business address.**

3 **A.** My name is Gary Smith. I am employed by the Utah Division of Public Utilities
4 (Division), State of Utah. My business address is 160 East 300 South, Salt Lake
5 City, UT 84114.

6 **Q. Briefly outline your relevant experience and educational background.**

7 **A.** I am a Technical Consultant for the Division and have testified before the Public
8 Service Commission of Utah (Commission) on energy, telecommunications, and
9 water related matters. I received a Bachelor of Science degree in Economics from
10 the University of Utah.

11 **Q. On whose behalf are you testifying?**

12 **A.** The Division.

13 **Q. What is the purpose of your testimony?**

14 **A.** On January 24, 2024, Rocky Mountain Power (Company) filed its Notice of Intent to
15 File General Rate Case (2024 GRC) and Request for Approval of Test Period. The
16 Company intends to file a general rate case on or about April 30, 2024. My testimony
17 provides the Division's conclusion and recommendation regarding the Company's
18 request for approval of the test period in the Company's application to increase its
19 retail electric service rate in Utah.

20 **SUMMARY**

21 **Q: Please identify the Company's proposed test period in this case.**

22 **A:** The Company proposes a future test period using the 12 months ending December
23 31, 2025, and a 13-month average rate base (2025 Test Period).¹

24 **Q. Why is the Company seeking approval of a future test period ending December**
25 **31, 2025, in advance of its 2024 GRC filing?**

26 **A:** Filing for test period approval in advance of a general rate is not required but is
27 allowed under Utah Admin. Code R746-700-10(B)(1). A test period determination
28 prior to filing its 2024 GRC application allows the Company to identify which
29 generation resources will be included in the 2024 GRC and facilitates the application
30 review process.²

31 The Company considered relevant factors in its test year determination including
32 those identified by the Commission in Docket No. 04-035-42:

- 33 • the general level of inflation;
- 34 • changes in the utility's investment, revenues, or expenses;
- 35 • changes in utility services;
- 36 • availability and accuracy of data to the parties;
- 37 • ability to synchronize the utility's investment, revenues, and expenses;
- 38 • whether the utility is in a cost increasing or cost declining status;
- 39 • incentives to efficient management and operation; and
- 40 • the length of time the new rates are expected to be in effect.

¹ Ibid, Page 4, Lines 73-78

² Ibid, Page 3, Lines 61-64

41 The Company testified that the 2025 Test Period is the only test period that allows
42 the Company the opportunity to recover most of its cost increases without the need
43 for multiple general rate cases.³

44 **Q: What is the basis (or drivers) for the Company's request to increase rates?**

45 **A:** The Company identified the following major drivers for its 2024 GRC:

- 46 1) Major capital projects expected to be placed in service before 2025,
47 including.
- 48 - Gateway South transmission line
 - 49 - Multiple new wind projects
- 50 2) Increases in net power costs including,
- 51 - Forward market prices
 - 52 - Fuel contracts
- 53 3) Third-party liability insurance premiums⁴

54 **Q: What did the Company provide with its request to establish the test period in**
55 **advance of its 2024 GRC filing?**

56 **A:** Utah Admin. Code R746-700-10(B)(1) establishes that a general rate case applicant
57 may request Commission approval of a test period in advance of a general rate case
58 filing to aid in the preparation of its application materials. The rule requires testimony
59 and supporting exhibits be filed with a request for test period approval. The
60 Company's January 24th request for test period determination consisted of the
61 Direct Testimony on Test Period of Shelley E. McCoy. Ms. McCoy's testimony was

³ Docket No. 24-035-04, Direct Testimony of Shelley E. McCoy, Page 2, Lines 42-46

⁴ Docket No. 24-035-04, Direct Testimony of Shelley E. McCoy, Page 4, Lines 79-94

62 similar in format and content to testimony submitted in the Company's prior rate case
63 test period filings, including Docket No. 20-035-04.⁵ As the Company did not include
64 any separate supporting exhibits with its test period request, the Division sought
65 additional information. In response to the Division's data request set 1.6, the
66 Company provided DPU Confidential Exhibit 1.1 illustrating that over 27 percent of
67 the Company's 2024 GRC large capital project additions are expected to be placed
68 in service in 2025.⁶ Providing information supporting a proposed test year at the time
69 of the request filing is helpful given the short time provided for review and approval.
70 Once the test period is approved and established, the Company will finalize and
71 prepare the requisite materials in support of its 2024 GRC.

72 **DIVISION'S POSITION**

73 **Q. Please provide the Division's position regarding the Company's proposed test**
74 **period ending December 31, 2025, as presented in Ms. McCoy's Direct**
75 **Testimony.**

76 **A.** The Division does not oppose the Company's proposed 2025 Test Period. The 2025
77 Test Period will align the Company's expected cost increases with the anticipated
78 rate effective date of January 1, 2025. Further, the Company asserts the 2025 Test

⁵ Docket No. 23-035-04, Direct Testimony of Steven R. McDougal

⁶ Docket No. 24-035-04, Rocky Mountain Power's response to DPU Data Request set 1.6

79 Period will not disadvantage any party or presume an outcome to any proposed
80 adjustments in the proceeding.⁷

81 **CONCLUSION**

82 **Q. Please summarize the Division's 2024 GRC test year recommendation?**

83 **A.** The Division reviewed the Company's January 24, 2024, Notice of Intent to File
84 General Rate Case and Request for Approval of a Test Period and the Company's
85 response to the Division's request for additional information. The Division has no
86 objections to the Company's proposed future test period ending December 31, 2025,
87 using a 13-month average rate base, and recommends the approval of the
88 Company's request. The Division reserves the opportunity to review and recommend
89 any adjustments it deems appropriate during its analysis of the 2024 GRC filing
90 expected on or about April 30, 2024. The Division requests that future applications
91 for test year approval be accompanied by exhibits supporting the Company's
92 proposed test year period.

93 **Q. Does this conclude your testimony?**

94 **A.** Yes.

⁷ Ibid, Page 6, Lines 114-118