

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH
Live Summary of Direct Testimony of Ramon J. Mitchell

In the Matter of the Application of Rocky Mountain Power for Approval of Large-Load Service
Contract Between PacifiCorp and a Large-Load Customer

Docket No. 26-035-05

On Behalf of Rocky Mountain Power

Good _____ Chair Fenn, Commissioner Clark and Commissioner Harvey. My name is Ramon Mitchell. I serve as the Managing Director of Energy Supply Management Finance and Net Power Costs for PacifiCorp, doing business as Rocky Mountain Power.

My direct testimony in this proceeding addresses the Company's methodology for accounting for and directly assigning all incremental costs associated with serving a new large load customer—referred to as the “Customer” going forward—under the proposed large load service contract. The central purpose of my testimony is to demonstrate that the Company's approach will protect existing customers from subsidizing the new large load, ensure transparency, and comply fully with both Utah's recently enacted Large Load Act and the Commission's Large Load Rules.

I would like to walk the Commission through the key elements of the Company's cost assignment methodology.

First, Incremental Energy Costs.

The Company will maintain separate accounting records for all transactions related to the proposed large load service contract. The Company's will track all energy charges invoiced to the Customer. These records will be maintained separately from other customer accounts and will be available for audit and review by this Commission. This approach provides the best representation of the actual energy costs incurred to serve the Customer's load.

To ensure that other customers do not subsidize the Customer's energy costs, the Company will apply a credit in its general rate case filings equal to the forecasted energy charges to be invoiced to the Customer. This credit will offset the incremental costs associated with the Customer's energy usage, removing those costs from the net power costs calculation used to set rates for

other customers. Similarly, in Utah Energy Balancing Account filings, the Company will apply a credit offsetting the actual energy charges invoiced to the Customer. In both cases, the Company will provide detailed supporting documentation demonstrating the calculation and application of these credits.

As discussed in the testimony of Company witness Thomas Burns, there is a forecasted net benefit to existing customers from the economic re-dispatch of system resources under this approach over the term of the agreement.

Second, Incremental Transmission Costs

The Company will not incur any additional third-party wheeling costs to serve the Customer. The Customer's load will be designated as a network load under the Company's existing transmission rights, and a system impact study confirmed that no incremental transmission upgrades or third-party wheeling arrangements are required to accommodate the Customer's load. As a result, there will be no incremental wheeling charges from other transmission providers and no incremental transmission cost of service impacts associated with serving the Customer.

Third, Incremental Capacity-Related Costs

The addition of the Customer's load incrementally impacts several capacity-related costs. First, the Customer's load will increase the Company's overall load, including during peak hours, requiring additional capacity resources. Second, the Customer's load increases the minimum amount of capacity for which the Company must plan to meet resource adequacy and reliability standards. Third, the Company's obligations under organized market resource sufficiency requirements will increase as a result of the higher forecasted load.

To address these capacity needs, the Company will procure the Proposed Resources described in the testimony of Company witness Craig Eller. These resources will provide additional capacity that can be deployed during system peak hours, support the Company in meeting resource adequacy standards and planning reserve margins, and increase the Company's ability to meet market resource sufficiency requirements. The costs of these resources will be excluded from the

net power costs forecast in general rate cases and will not be included in the actual cost of service in the Utah Energy Balancing Account.

During the transition period before the Proposed Resources become operational, the Company will procure energy or capacity to meet all incremental capacity-related needs created by the Customer's load. The Company will maintain detailed and separate accounting records for all costs associated with these transitional purchases, and these costs will not be included in rates for other customers.

Fourth, Dynamic Allocation Factors

The dynamic allocation factors used in the Company's cost allocation process will be adjusted to account for the new Customer load. Specifically, the Customer's loads and peaks will be **excluded** from the derivation of Utah's allocation factors, ensuring that the Customer's load does not distort the allocation of costs to other customers.

Fifth, Interconnection and Shared Facilities Costs

All interconnection costs required to physically connect the Customer's facilities to the Company's system will be fully recovered from the Customer, as described in the testimony of Company witness Mr. Eller. These costs will not be included in the Company's revenue requirement for other customers.

The Customer is also responsible for paying its proportionate share of any shared facilities that are funded by other customers, as determined by applicable tariffs and system impact studies. This ensures that existing customers are not subsidizing the new load.

Sixth, Taxes

The Customer is required to pay all applicable taxes, including municipal energy sales and use taxes and Utah sales tax, as part of its service agreement. These tax payments are not included in the cost of service for other customers. In fact, these taxes represent additional revenue that benefits the state of Utah.

In Summary

The Company will directly assign and separately track incremental costs associated with serving the Customer under the proposed large load service contract. Through the measures I have described—including separate accounting, credits applied in rate cases and Energy Balancing Account filings, procurement of dedicated resources, and adjustments to allocation factors—the Company will ensure that existing customers are held harmless and do not subsidize the new load. The Company’s methodology ensures full compliance with the Large Load Act, transparency in cost assignment, and robust protection for existing ratepayers.

This concludes my live summary. Thank you.