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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Request to Construct Wind Resource and Transmission Facilities

DOCKET NO. 17-035-40

SUR REBUTTAL TESTIMONY OF KATE BOWMAN

ON BEHALF OF

UTAH CLEAN ENERGY

DATED this 16th day of March, 2018

Kate Bowman
Utah Clean Energy
Surrbuttal Testimony of Kate Bowman for UCE
Docket No. 17-035-40
March 16, 2018

Q. Please state your name and business address.
A. My name is Kate Bowman. My business address is 1014 2nd Ave, Salt Lake City, Utah 84103.

Q. Are you the same Kate Bowman that provided direct and rebuttal testimony in this docket?
A. Yes

Q. On whose behalf are you testifying?
A. I am testifying on behalf of Utah Clean Energy.

Q. What is the purpose of your sur-rebuttal testimony?
A. I will respond to the rebuttal testimony of Brad Mullins, Utah Association of Energy Users (“UAE”) and Utah Industrial Energy Consumers (“UIEC”); Donna Ramas, Office of Consumer Services (“OCS”), and Joni Zenger, Division of Public Utilities (“DPU”) regarding the impact of the Production Tax Credit (“PTC”) on Utah ratepayers. I also respond to rebuttal testimony of Philip Hayet (OCS); to the rebuttal testimony of Greg Jenner (Interwest) regarding the value of solar resources in addition to Rocky Mountain Power’s (“the Company’s”) proposed new wind projects; and to Mr. Mullins on the topic of an evaluation of the economic retirement of coal plants. Finally, I will introduce new information related to Utah state policy on climate change that is relevant to the Commission’s consideration of the Company’s application for approval of the proposed wind projects. I continue to recommend that it is in the best interest of ratepayers to transition PacifiCorp’s resource mix to carbon-free renewable resources as quickly and as economically as possible, and that PacifiCorp’s proposed wind projects, along with additional solar projects, will help facilitate that transition.
Q. How to you respond to parties who are concerned that changes to corporate tax rates will affect the value of Production Tax Credits, and therefore the benefits of the proposed wind projects?

A. Although changes to the corporate tax credit will affect the benefits of the proposed projects to Utah ratepayers, the PTC continues to offer a time-limited opportunity to acquire renewable resources at low costs that offer benefits to Utah ratepayers. Changes to the corporate tax rate do not impact the direct value of Production Tax Credits (PTCs). However, as noted by several other parties, Production Tax Credits reduce the Company’s revenue requirement which also reduces the Company’s federal and state taxable income. The PTC is “grossed up” based on the corporate tax rate when determining the Company’s revenue requirement, so a reduction of the corporate tax rate from 35% to 21% has a corresponding effect on the benefits that PTCs offer to ratepayers. As a result, Utah ratepayers will receive lower benefits at today’s corporate tax rate compared to the previous, higher, corporate tax rate. That being said, wind projects which are built today that can take advantage of PTCs are almost certainly going to be cheaper than wind projects built in the near future, after PTCs have expired.

Q. Mr. Hayet states that parties, including UCE, “did little more than consider potential benefits of the Projects, provided little, if any, additional independent analysis or critical assessments of the Projects, and did not consider the risks to ratepayers.” How do you respond to this claim?

A. As previously stated, the purpose of UCE’s testimony is to “outline factors the Commission should consider related to PacifiCorp’s application for approval of new
wind resources and make recommendations based thereon.”¹ Utah Code 54-17-302 directs the Commission to consider whether a resource decision is in the public interest, taking into consideration a variety of factors including “other factors determined by the commission to be relevant.” UCE’s testimony provides information about the risks and costs of climate change as a factor for the Commission to take into consideration precisely because a failure to transition PacifiCorp’s resource mix to carbon-free renewable resources as quickly and as economically as possible poses significant risks for ratepayers. To this end, Utah Clean Energy provided a summary of recent scientific and policy analyses which are pertinent to Utah and provide quantifiable information about those risks. Utah Clean Energy also provided independent analysis quantifying these risks (the Climate Science Special Report, a part of the National Climate Assessment) as an Exhibit to direct testimony, filed on December 5, 2017.

Q. Do other parties share your recommendation regarding the importance of investing in renewable energy resources now, including solar in addition to wind?

A. As stated in my direct testimony, “It is likely that there are additional opportunities for cost-effective investments in renewable resources within PacifiCorp’s system, including solar resources in Utah.”² Mr. Jenner’s supplemental answer testimony, filed on behalf of Interwest Energy Alliance, describes how the Company’s analysis of the responses to the 2017 RFPS support this recommendation. Mr. Jenner noted, “Interestingly, the modeling also shows that added solar projects, in addition to the Combined Projects, result in more savings than projected from the Combined Projects alone.”³ I agree with Mr. Jenner’s

² Docket No. 17-035-40, Direct Testimony of Kate Bowman for UCE, Lines 208 – 213.
conclusion that it is important to act quickly in response to the bids received through the 2017 RFPS. Renewable energy resources are available at historic low prices and, for a short time, can benefit from the PTC and ITC. It is not surprising that the Company’s analysis demonstrates a benefit to ratepayers of investments in renewable resources, including solar in addition to the proposed wind projects.

Q. **Do you agree that an evaluation of the economic retirement of coal plants is best addressed in the IRP, as stated by Mr. Mullins?**

A. No, it is germane to consider whether and how the development of the proposed wind projects will affect operation of the Company’s current resources as a part of this docket. When evaluating the merits of the proposed wind projects, it is essential to consider the extent to which they will result in meaningful carbon emissions reductions, and therefore reduced risks to Utah ratepayers. I recognize that this docket is complex and if it is not possible to complete an evaluation of the economic retirement of coal plants in this docket, it would also be appropriate to do so in the IRP.

Q. **Have there been changes regarding Utah state policy on climate change that are relevant to the Commission’s consideration of the Company’s application?**

A. Yes, in 2018 the Utah legislature passed HCR7, “Concurrent Resolution on Environmental and Economic Stewardship”.

4 This bill recognizes the impacts and risks that climate change poses to Utahns, “including wildfires, water scarcity, and flooding.”

5 Further, HCR 7 encourages corporations and state agencies to reduce emissions. This bill

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4 Utah State House of Representatives Concurrent Resolution 7 (2018)
5 Utah State House of Representatives Concurrent Resolution 7 (2018) Lines 45-46
awaits the Governor’s signature and, if signed, reinforces the importance of considering the risks of climate change on Utah ratepayers when evaluating PacifiCorp’s proposal.

Q. Does that conclude your testimony?

A. Yes.