

Docket No. 20000-519-EA-17
Witness: Cindy A. Crane

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

Supplemental Direct Testimony of Cindy A. Crane

February 2018

1 **Q. Are you the same Cindy A. Crane who previously provided direct and rebuttal**
2 **testimony in this case on behalf of Rocky Mountain Power (“Company”), a**
3 **division of PacifiCorp?**

4 A. Yes.

5 **PURPOSE AND SUMMARY OF TESTIMONY**

6 **Q. What is the purpose of your supplemental direct testimony?**

7 A. In my testimony, I support the Company’s request that the Wyoming Public Service
8 Commission (“Commission”) approve the Company request for innovative or
9 nontraditional ratemaking related to the wind repowering project. I provide an update
10 on the policy support for the Company’s decision to repower its wind facilities, and
11 describe a modest refinement to the Company’s requested relief based on the updated
12 economic analysis.

13 **Q. Please summarize your testimony.**

14 A. The repowering project continues to advance the public interest and is expected to
15 provide substantial net benefits to customers. As the project has progressed, the
16 contract negotiations and technical studies are nearing completion—meaning that the
17 expected costs and performance for the repowered facilities are now more certain. The
18 updated economic analysis, which accounts for updated market conditions, updated
19 cost and performance metrics, and federal corporate income tax reform, shows that the
20 repowering project is expected to provide customer benefits under all price-policy
21 scenarios.

22 Based on the changes in the federal income tax code, the Company proposes
23 one refinement to its proposed ratemaking treatment. The Company requests that the

1 proposed Resource Tracking Mechanism (“RTM”) continue to be capped in the early
2 years, but that the revenue requirement impact associated with the changes to the
3 federal tax code that exceed the cap be deferred for future ratemaking treatment.

4 **SUPPLEMENTAL DIRECT TESTIMONY**

5 **Q. Does the Company’s supplemental direct testimony provide the updated economic**
6 **analysis that was agreed to when the Company moved to amend the procedural**
7 **schedule in this case?**

8 A. Yes. As described by Company witness Mr. Rick T. Link, the Company has updated
9 the project-by-project economic analysis to account for changes in the federal corporate
10 income tax rate, updated market prices for natural gas and carbon dioxide, and updated
11 cost and performance information for the wind repowering project. *See* Unopposed
12 Motion to Amend Procedural Schedule at ¶4 (Dec. 14, 2017) (describing the updated
13 analysis that would be provided in the Company’s supplemental testimony). The
14 overall economics of the wind repowering project remain favorable in all price-policy
15 scenarios and demonstrate a high likelihood that repowering will provide significant
16 customer benefits.

17 **Q. Are the expected costs and benefits of the repowering projects now more certain?**

18 A. Yes. As described by Mr. Timothy J. Hemstreet, the technical studies and contract
19 negotiations are both nearing completion and both processes have largely confirmed
20 the Company’s prior estimates—the cost of the repowering project increased by only
21 1.6 percent, while the expected incremental energy production decreased by only
22 0.2 percent. Because the costs and performance of the repowered facilities are now
23 more certain, the expected benefits modeled by Mr. Link are also more certain and the

1 overall risks associated with repowering have decreased.

2 **Q. Has the change in the federal corporate income tax rate modified the Company's**
3 **proposed rate treatment for the repowering project?**

4 A. Yes. The Company still requests that the Commission approve its proposed RTM as an
5 interim measure to better match the costs and benefits of the repowering project in
6 customer rates and prevent the need for year-after-year rate cases. In addition, the
7 Company stands by its proposal to cap the RTM. As described by Ms. Joelle R.
8 Steward, however, even though repowering still provides customer benefits over the
9 life of the project, tax reform has changed the revenue requirement impact of the
10 repowering project such the Company does not expect it to produce a revenue
11 requirement decrease until 2022. Because of the changes in the near-term rate impacts
12 in 2020-2021 due to tax reform, the Company proposes to separately defer the net costs
13 in excess of the cap related to tax law changes, and seek recovery through the offsets
14 to the deferral for the impacts from tax reform that the Commission is currently
15 addressing in a separate proceeding (Docket No. 90000-134-XO-17, Record No.
16 14691).

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

18 A. Yes.

