



1407 West North Temple, Suite 330
Salt Lake City, UT 84116

December 11, 2020

VIA ELECTRONIC FILING

Wyoming Public Service Commission
2515 Warren Avenue, Suite 300
Cheyenne, Wyoming 82002

Attn: Chris Petrie, Chief Counsel

Docket No. 20000-581-EA-20
Record No. 15488

**RE: IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR A DEFERRED ACCOUNTING ORDER REGARDING COSTS INCURRED DUE
TO THE COVID-19 PUBLIC HEALTH EMERGENCY – Direct Testimony**

Dear Mr. Petrie:

In accordance with the Scheduling Order issued on October 14, 2020 by the Wyoming Public Service Commission (“Commission”), Rocky Mountain Power submits for electronic filing its direct testimony.

The testimony is being provided in electronic format only on the Docket Management System as allowed by the Commission’s Order issued on March 19, 2020, which temporarily suspended the requirement to file paper copies due to the on-going public health emergency.

All formal correspondence and staff requests regarding this matter should be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

with copies to: Stacy Splittstoesser
Wyoming Regulatory Affairs Manager
Rocky Mountain Power
315 W. 27th St.
Cheyenne, WY 82001
E-mail: stacy.splittstoesser@pacificorp.com

Wyoming Public Service Commission

December 11, 2020

Page 2

Emily L. Wegener
Senior Attorney
Rocky Mountain Power
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
E-mail: emily.wegener@pacificorp.com

Please contact Stacy Splittstoesser, Wyoming Regulatory Affairs Manager at (307) 632-2677 if you have any questions.

Sincerely,



Joelle R. Steward
Vice President, Regulation

Enclosure

Docket No. 20000-581-EA-20
Witness: Nicholas L. Highsmith

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

Direct Testimony of Nicholas L. Highsmith

December 2020

1 **PURPOSE OF TESTIMONY**

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

3 A. The purpose of my testimony is to provide background for the Company's Application
4 and to provide a summary of what is being requested.

5 **BACKGROUND**

6 **Q. What is the Company requesting with this Application?**

7 A. On April 3, 2020, the Company filed an application requesting the Commission
8 approve the Company's request for authorization to create a deferred accounting order
9 to record a regulatory asset associated with costs incurred as a result of the Company's
10 response to the on-going COVID-19 public health emergency.

11 **Q. Why did the Company file this Application?**

12 A. When the COVID-19 pandemic began in the United States, Rocky Mountain Power
13 recognized the potential for serious consequences to customers and took the following
14 actions: 1) suspended disconnections for customer non-payment; 2) waived late fees
15 upon customer request; and 3) suspended reconnection fees. At the time these actions
16 were taken, the Company anticipated that potentially significant costs would be
17 incurred in response to the pandemic (i.e. an increase to bad debt expense related to
18 customer inability to pay bills and other yet unknown costs related to providing safe,
19 reliable electric service during an unprecedented pandemic). Since these expenses were
20 unanticipated and impossible to estimate at the time of the Application filing date, the
21 Company made the decision to file for a deferred accounting order.

22 **Q. Did the Commission approve the Company's Application?**

23 A. Yes. At an open meeting held on April 16, 2020, the Commission granted the

1 Application and allowed Rocky Mountain Power to track and book expenses related to
2 COVID-19 in a separate account beginning on March 13, 2020, through the end of the
3 pandemic. The Company has the potential (but no guarantee) for recovery in a future
4 regulatory proceeding. In the Commission's written order issued on May 18, 2020, the
5 Commission also required that RMP account for any benefits from the pandemic, such
6 as reduced expenses from a reduction in business travel, and to submit quarterly status
7 updates to be presented at open meetings. The Commission expressly reserved further
8 decision in this matter for future proceedings. However, the Commission approval was
9 subject to notice to allow for intervention and the opportunity for a hearing. The
10 Wyoming Industrial Energy Consumers filed for and were granted intervention and
11 requested a hearing in this matter.

12 **Q. Is the Company submitting the required quarterly reports and presenting the**
13 **information to the Commission at their open meetings?**

14 A. Yes.

15 **COVID-19 DEFERRAL REQUEST**

16 **Q. What is the Company requesting in this Application?**

17 A. The Company is specifically requesting the ability to establish a deferred regulatory
18 asset account to defer costs related to the COVID-19 pandemic.

19 **Q. What types of costs are RMP requesting to defer with this Application?**

20 A. The Company is anticipating an increase in bad debt expense from higher levels of
21 write offs for uncollectible accounts that are associated with the suspension of
22 disconnection and waiver of late fees. The Company also expects Wyoming bad debt
23 expense to increase due to economic conditions related to the shut downs that occurred

1 in the spring of 2020 and also due to the related oil and gas markets' downturns at
2 approximately the same time as the onset of the pandemic.

3 **Q. Could there be other costs the Company would propose to include in the future?**

4 A. Yes. As ordered by the Commission in its April 16, 2020 open meeting, the Company
5 is also working to track and report other costs related to the pandemic such as increased
6 labor and facility costs to enable social distancing, increased personal protective
7 equipment and cleaning supply costs, increased technology costs to enable employees
8 to work from home, and the reduced expenses related to business travel and training.
9 These additional costs and benefits may be included in the Company's deferred
10 accounting request.

11 Due to the unprecedented nature of the pandemic and future uncertainty with
12 government mandates, the Company may need to include other costs that have not been
13 previously identified in the reports submitted to the Commission on a quarterly basis.

14 **RATEMAKING TREATMENT AND DEFERRED ACCOUNTING STANDARDS**

15 **Q. Is the Company proposing any type of amortization or ratemaking treatment?**

16 A. No. The Company is not proposing any amortization or ratemaking treatment at this
17 time. The costs incurred due to the pandemic are still uncertain and if these costs are
18 considered to be immaterial or offset by the benefits of savings in other areas, the
19 Company may choose to withdraw its request. It is too early to determine if deferred
20 accounting is unnecessary at this point in the pandemic.

1 **Q. What criteria would RMP use to determine whether the costs incurred are**
2 **“immaterial”?**

3 A. I did not have a specific amount in mind when I used the term “immaterial” and there
4 is no bright line demarcation for costs to be deemed “immaterial.” The Commission
5 has provided some guidance in the Company’s request for deferred accounting order
6 for an unexpected pension expense in Docket No. 20000-550-EA-18.

7 **Q. Please explain the Commission’s key finding in its Memorandum Opinion,**
8 **Findings and Order in Docket No. 20000-550-EA-18.**

9 A. The Company filed a request for a deferred accounting order to defer costs related to a
10 2018 pension event, which the Commission denied. One of the specific reasons the
11 Commission denied the pension deferral was that they were not convinced that the
12 amount of the pension event—\$3 million total-Company—was material in light of
13 other factors. While declining to create a bright-line rule on materiality, the
14 Commission stated they believed an amount in excess of one percent of Wyoming’s
15 share of net income for the total-Company would be material.¹

16 **Q. Have the expenses tracked by the Company to date exceeded one percent of**
17 **Wyoming’s share of net income?**

18 A. Not at this time. However, the Company does not yet know the full impacts of the
19 pandemic. Even while the quarterly reports indicate the amounts at this time have not
20 reached one percent of Wyoming’s share of net income, the future impacts are still
21 uncertain. The Company will continue to support the Application unless it can
22 determine with certainty that the full financial impacts of the pandemic are not material.

¹ Memorandum Opinion, Findings, and Order issued May 6, 2020, paragraph 59.

1 **Q. Is this deferred accounting order request appropriate for the Company to**
2 **request?**

3 A. Yes. The costs and expenses incurred due to a worldwide pandemic certainly meet the
4 criteria most Commissions use to allow for deferred accounting treatment. The
5 COVID-19 pandemic was an unforeseeable event, and the costs incurred are not
6 included in customer rates; costs for responding to the pandemic are uncertain and may
7 prove to be material; and the bad debt expense of the resulting economic downturn may
8 also prove to be material. Approval of the Application merely allows the Company to
9 track the costs and benefits but does not automatically allow for the Company to
10 amortize and recover costs. A thorough review of the resulting costs and benefits of the
11 deferred accounting will be conducted in a future rate regulatory proceeding such as a
12 rate case. I would recommend the Commission approve the Company's deferred
13 accounting order as being in the public interest.

14 **Q. Does this conclude your direct testimony?**

15 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE)	
APPLICATION OF ROCKY)	DOCKET NO. 20000-581-EA-20
MOUNTAIN POWER FOR A)	(RECORD NO. 15488)
DEFERRED ACCOUNTING ORDER)	
REGARDING COSTS INCURRED DUE)	
TO THE COVID-19 PUBLIC HEALTH)	
EMERGENCY)	
)	

AFFIDAVIT, OATH AND VERIFICATION

Nicholas L. Highsmith (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the Revenue Requirement Manager for PacifiCorp, which is a party in this matter.

Affiant prepared and caused to be filed the foregoing testimony. Affiant has, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant’s knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in his official capacity as Revenue Requirement Manager.

Further Affiant Sayeth Not.

Dated this 9 day of DECEMBER, 2020



 Nicholas L. Highsmith
 Revenue Requirement Manager
 1407 W. North Temple, Ste. 330
 Salt Lake City, UT 84116

STATE OF UTAH)
) SS:
 COUNTY OF SALT LAKE)

The foregoing was acknowledged before me by Shannon Sanchez on this 9 day of DECEMBER, 2020. Witness my hand and official seal.



 Notary Public

My Commission Expires:



CERTIFICATE OF SERVICE

This is to certify that on December 11, 2020, a true and exact copy of Rocky Mountain Power's **Direct Testimony** was emailed to the following:

Wyoming Industrial Energy Consumers	
Abigail Briggerman 555 17 th St Suite 3200 Denver, CO 80202 acbriggerman@hollandhart.com	Hannah M. Oakes 555 17 th St Suite 3200 Denver, CO 80202 hmoakes@hollandhart.com aclee@hollandhart.com glgarganoamari@hollandhart.com
Rocky Mountain Power	
Stacy Splittstoesser Rocky Mountain Power 315 West 27 th Street Cheyenne, WY 82001 stacy.splittstoesser@pacificorp.com	Emily Wegener Rocky Mountain Power 1407 W. North Temple, Suite 320 Salt Lake City, UT 84116 emily.wegener@pacificorp.com
Office of Consumer Advocate	
Ivan Williams 2515 Warren Av Suite 304 Cheyenne, WY 82002 ivan.williams@wyo.gov	



Katie Savarin
Coordinator, Regulatory Operations