

Docket No. 20000-\_\_-ER-23  
Witness: Gary W. Hooegeveen

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Direct Testimony of Gary W. Hooegeveen

March 2023

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**INTRODUCTION**

2 **Q. Please state your name, business address, and present position with PacifiCorp**  
3 **dba Rocky Mountain Power (“Rocky Mountain Power” or the “Company”).**

4 A. My name is Gary W. Hoogeveen. My business address is 1407 West North Temple,  
5 Suite 310, Salt Lake City, Utah 84116. I am the President and Chief Executive Officer  
6 of Rocky Mountain Power. I am testifying for the Company.

7

**QUALIFICATIONS**

8 **Q. Please summarize your education and business experience.**

9 A. I have a B.S. degree in Physics from the University of Northern Iowa, a Masters and  
10 Ph.D. degrees in Space Physics from Rice University. For the last 20 years, I have  
11 worked for the Berkshire Hathaway Energy family of companies. I joined Rocky  
12 Mountain Power in November 2014. Prior to assuming my current position in  
13 November 2018, I was Senior Vice President and Chief Commercial Officer of Rocky  
14 Mountain Power. Prior to joining Rocky Mountain Power, from 2010 until 2014, I  
15 served as President of the Kern River Gas Transmission Company headquartered in  
16 Salt Lake City.

17

**PURPOSE OF TESTIMONY**

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

19 A. My testimony provides an overview of Rocky Mountain Power and its Wyoming  
20 service area. I also discuss why the Company is filing a rate case at this time. Finally,  
21 I introduce the Company witnesses that provide direct testimony in support of Rocky  
22 Mountain Power’s rate request.

**DESCRIPTION OF THE COMPANY AND WYOMING SERVICE AREA**

**Q. Please provide a brief description of PacifiCorp.**

A. PacifiCorp, an Oregon corporation, provides retail electric service as Rocky Mountain Power in the states of Wyoming, Utah, and Idaho, and as Pacific Power in the states of Washington, Oregon, and California. As an investor-owned, multi-jurisdictional electric utility, PacifiCorp serves nearly two million customers in six western states: California, Idaho, Oregon, Utah, Washington, and Wyoming. In addition to its distribution system in the six states, PacifiCorp serves its customers with a vast, integrated system of generation and transmission that spans 10 states and connects customers and communities across the west. PacifiCorp owns or has interests in thermal, hydroelectric, wind-powered, solar, and geothermal generating facilities, with a net-owned capacity of 10,894 megawatts (“MW”), including a significant number of resources located within Wyoming. PacifiCorp buys and sells electricity on the wholesale market with other utilities, energy marketing companies, financial institutions, and other market participants to balance and optimize the economic benefits of electricity generation, retail customer loads, and existing wholesale transactions.

PacifiCorp provides wholesale transmission service under its open access transmission tariff approved by the Federal Energy Regulatory Commission and owns or has interests in approximately 17,000 miles of transmission lines. PacifiCorp operates two Balancing Authority Areas, PacifiCorp East and PacifiCorp West, that together comprise the largest privately owned and operated grid in the Western United States.

1 **Q. Please provide a brief description of the Company's operations in Wyoming.**

2 A. Rocky Mountain Power provides retail electricity service to approximately  
3 150,000 customers in Wyoming. Rocky Mountain Power provides retail electric service  
4 in the following 15 counties: Albany, Big Horn, Carbon, Converse, Fremont, Hot  
5 Springs, Johnson, Lincoln, Natrona, Park, Platte, Sublette, Sweetwater, Uinta, and  
6 Washakie, including, among others, the following cities: Buffalo, Big Piney, Casper,  
7 Cody, Douglas, Evanston, Glenrock, Green River, Kemmerer, Lander, Laramie, Lovell,  
8 Pinedale, Rawlins, Riverton, Rock Springs, Thermopolis, and Worland.

9 The Company is a major employer, taxpayer, and energy producer and provider  
10 in the state of Wyoming. Rocky Mountain Power is the largest electricity provider in  
11 the state, providing service to 41 percent of customers with 54 percent of electricity  
12 sales in the state.<sup>1</sup> The Company has the privilege and opportunity of providing safe,  
13 reliable, and reasonably priced electric service to approximately 150,000 customers in  
14 Wyoming. In doing so, it employs over 1,000 people in the state to operate and maintain  
15 12 thermal generation units comprising 3,040 MW of capacity,<sup>2</sup> 12 wind generation  
16 facilities with 1,586 MW of capacity,<sup>3</sup> and over 11,000 miles of transmission and  
17 distribution lines. The Company also has contracts with a number of independent power

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<sup>1</sup> U.S. Energy Information Administration - EIA - Independent Statistics and Analysis. (Oct. 6, 2022). Retrieved February 14, 2023, from <https://www.eia.gov/electricity/data/eia861>.

<sup>2</sup> *In the Matter of the Filing of Rocky Mountain Power of Its Integrated Resource Plan (IRP) for 2021*, Docket No. 20000-603-EA-21 (Record No. 15935) IRP at Tables 6.2 and 6.3 (September 1, 2021). PacifiCorp power plants located in Wyoming include Dave Johnston (four coal-fueled units), Jim Bridger (two coal-fueled units and two units being converted to natural gas jointly owned with Idaho Power Company), Naughton (two coal-fueled units and one unit converted to natural gas), and Wyodak (one coal-fueled unit jointly owned with Black Hills Power).

<sup>3</sup> *Id.*, at Table 6.4.

1 producers in the state of Wyoming that operate facilities representing approximately  
2 1,040 MW of installed capacity.<sup>4</sup>

3 The Company's sales and revenues are distributed among residential customers,  
4 small businesses, and large businesses served under retail tariffs subject to the  
5 jurisdiction of the Commission with the industrial class accounting for about 73 percent  
6 of the Company's load. Table 1 below provides the forecast 2024 number of retail  
7 customers and usage for each of the major customer classes that account for the  
8 majority of the Company's customer base.

**Table 1: Number of Customers and Usage in Rocky Mountain  
Power's Wyoming Service Area**

<b>Class</b>	<b>Number of Customers</b>	<b>Usage (Megawatt-hours)</b>
Residential	120,721	1,014,739
Commercial	26,653	1,407,275
Industrial	2,004	6,586,076
Irrigation	906	27,373
Lighting	551	11,791
Total	150,836	9,047,255

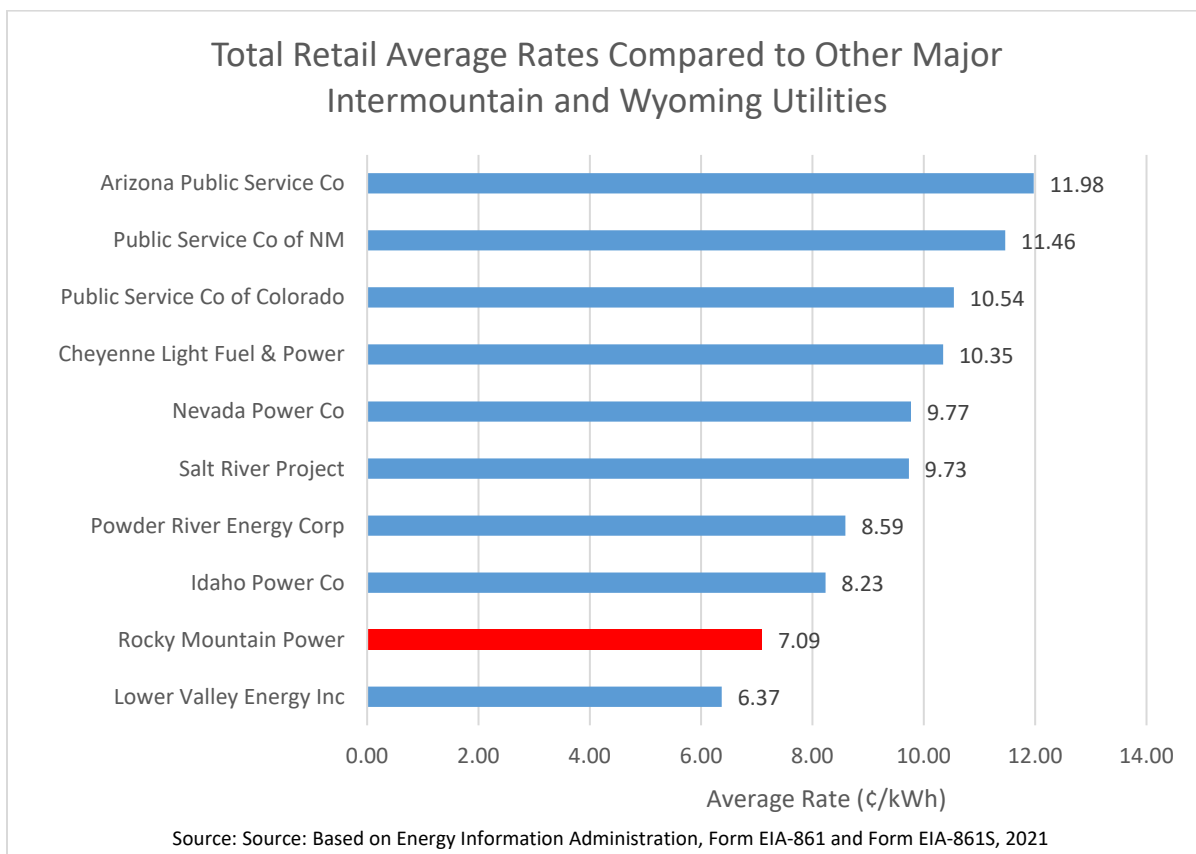
9 **Q. How do the Company's rates compare to other utilities?**

10 A. As Shown in Figure 1 below, PacifiCorp's integrated system allows it to be one of the  
11 lowest cost electric utilities in Wyoming and the Intermountain West.

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<sup>4</sup> *Id.*, at Tables 6.5 and 6.6.

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**Figure 1**

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**THE COMPANY'S CURRENT RATE FILING**3 **Q. Why is the Company filing a rate case at this time?**

4 A. The Company last filed a general rate case on March 1, 2020 (“2020 Rate Case”).<sup>5</sup>

5 Since that time, the Company, much like the rest of the region, has experienced

6 significant increases in net power costs (“NPC”) driven by higher market and fuel

7 prices and operational changes in our generation portfolio to meet state and federal

8 environmental compliance requirements. The 2021 NPC forecast included in rates in

9 the 2020 Rate Case was \$1.431 billion, total company, however, the actual 2021 NPC

<sup>5</sup> *In the Matter of the Application of Rocky Mountain Power for Authority to Increase Rates*, Docket No. 20000-578-ER-20 (Record No. 15464), Memorandum Opinion, Findings and Order (July 15, 2021).

1 was 20 percent higher than the forecast at \$1.715 billion. Over the course of just the  
2 last two years actual NPC increased over \$600 million, where the 2022 actual NPC was  
3 \$2.041 billion. This trajectory of increasing NPC is expected to continue with  
4 2024 forecasted NPC to be \$2.553 billion, or nearly 80 percent higher than the forecast  
5 prepared only three years ago. These increases are almost entirely due to the significant  
6 increases in purchased power, and natural gas and coal commodity market prices,  
7 which are of course entirely outside of the Company's control. However, the  
8 Company's generation portfolio has helped to lessen the potential impacts from these  
9 rising costs with the current zero-fuel cost generation resources and associated  
10 Production Tax Credits, which together reduce system costs by approximately  
11 \$625 million in the 2024 forecast.<sup>6</sup> Additionally, the Company's Gateway South and  
12 Gateway West transmission lines will mitigate these rising costs by allowing the  
13 Company to increase additional zero-fuel cost capacity from Wyoming energy  
14 resources. Further, the Company's participation in the Energy Imbalance Market  
15 ("EIM") has created \$591 million in savings for customers since its inception, and the  
16 new Extended Day Ahead Market ("EDAM") will create additional efficiencies and  
17 reduce NPC.

18 The majority of the non-NPC increases in the case relate to incremental capital  
19 investments, such as new transmission and wind projects, including the remaining  
20 portions of the costs for the Pryor Mountain and TB Flats wind projects not in rates but  
21 which customers are already receiving the full benefits from through the Energy Cost  
22 Adjustment Mechanism. Many of the major new capital investments, including the

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<sup>6</sup> See RMP Exhibit 10.0, Direct Testimony of Ramon J. Mitchell at p. 52 for NPC savings and RMP Exhibit 11.5, ECAM Base Details for PTC's included in rates.

1 Gateway South and Gateway West Segment D.1 transmission projects, the Rock Creek  
2 I wind project, and the Foote Creek II-IV and Rock River I repowering projects, are  
3 located in Wyoming, generating economic development in the state.

4 Therefore, in this rate case, the Company requests recovery of forecasted NPC,  
5 prudently incurred capital costs, reasonable operating and maintenance expenses, and  
6 a proposed capital structure that will allow the Company to maintain its current credit  
7 rating, and subsequent low-cost debt from which customers benefit, while making  
8 prudent investments.

9 **Q. Please describe the Company's cost control efforts.**

10 A. The Company proactively and aggressively controls the costs that it can. These efforts  
11 are demonstrated by the Company successfully minimizing the frequency of general  
12 rate cases. In the last eight years, the Company has filed only two general rate cases, in  
13 2015 and 2020.<sup>7</sup> The Company is also managing its controllable costs in a prudent  
14 manner, which is evident in that they are not a material driver in this case despite record  
15 inflationary pressures. Please see Ms. Joelle R. Steward's direct testimony for a  
16 discussion of the major drivers of this rate case proceeding.

17 **Q. What is the Company's core principle in providing service to customers?**

18 A. The Company's core principle is to provide energy solutions in the form of safe,  
19 reliable, and affordable energy to customers in Wyoming and throughout the West. The  
20 Company has upheld this ideal for over 110 years and remains steadfast in this  
21 commitment even as the electricity sector transforms through changing economics and

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<sup>7</sup> *In the Matter of the Application of Rocky Mountain Power for Approval of a General Rate Increase in its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million per Year or 4.5 Percent*, Docket No. 20000-469-ER-15 (Record No. 14076), Memorandum Opinion, Findings of Fact, Decision and Order (Dec. 30, 2015); Docket No. 20000-578-ER-20 (Record No. 15464), Memorandum Opinion, Findings and Order (July 15, 2021).



1 public policies, emerging and maturing technologies, and the rise of a regional energy  
2 market. The Company is meeting the new demands of this transformation without  
3 losing focus on its commitment to deliver safe, reliable, and affordable energy.

4 PacifiCorp recognizes that its requested increase comes at a time when  
5 customers are facing increasing prices for all necessities. PacifiCorp has taken steps,  
6 such as its participation in EIM, that have mitigated the increase and continues to take  
7 steps to mitigate NPC, through investments in zero-fuel costs generation and  
8 transmission. PacifiCorp is, and will remain, actively engaged in finding additional  
9 ways to leverage our vast, integrated system for the benefit of our customers.  
10 PacifiCorp is also committed to fulfilling the policy goals of the states in which it serves  
11 and in a manner that provides the most cost-effective solutions for customers.

12 The Company serves its customers as it has for over a century through not only  
13 providing safe, reliable, and affordable service, but also by being a proud member of  
14 the communities it serves. As a continuation of its 2020 Energy Vision projects that  
15 were approved to be included in rates in the 2020 Rate Case, the Company continues  
16 to expand Wyoming's position as an overall energy exporter, through projects such as  
17 Rock Creek I wind project and Foote Creek II-IV and Rock River I repowering projects.  
18 Also, the Company continues to invest in its transmission system in Wyoming with the  
19 Gateway South and Gateway West Segment D.1 transmission projects, which will  
20 allow the Company to deploy this additional capacity from Wyoming resources. In  
21 addition to wind energy, the Company continues to operate its low-cost Wyoming  
22 thermal generation to serve its customers and support the grid. Mr. Ryan D. McGraw

1 and Mr. Timothy J. Hemstreet support the Rock Creek I, Foote Creek II-IV and Rock  
2 River I projects, and Mr. Rick A. Vail supports the Gateway transmission projects.

3 **INTRODUCTION OF WITNESSES**

4 **Q. Please identify the witnesses supporting the Company's application and the**  
5 **subject of their testimony.**

6 A. In addition to myself, the Company witnesses filing direct testimony in support of the  
7 application and the subjects of their testimony are as follows:

8 **Joelle R. Steward**, Senior Vice President, Regulation and Customer/Community  
9 Solutions, Rocky Mountain Power, will describe PacifiCorp's request in this  
10 proceeding in more detail.

11 **Nikki L. Kobliha**, Vice President, Chief Financial Officer, and Treasurer, provides the  
12 Company's overall cost of capital recommendation, including a capital structure to  
13 maximize value and minimize risk.

14 **Ann E. Bulkley**, Principal at The Brattle Group, provides a comparison of the  
15 Company's business and financial risk compared to peer utilities, recommends a cost  
16 of equity, and provides supporting analyses.

17 **Rick T. Link**, Senior Vice President of Resource Planning, Procurement and  
18 Optimization, provides the economic analyses of the Gateway South and Gateway West  
19 Segment D.1 transmission projects, and the Rock Creek I wind project.

20 **Thomas R. Burns**, Vice President of Resource Planning and Acquisition, provides the  
21 economic analyses of the Foote Creek II-IV and Rock River I repowering projects and  
22 also presents the Company's sales and load forecast.

1       **Rick A. Vail**, Vice President of Transmission Services, discusses important  
2       transmission system upgrades that will be completed to serve customers, including the  
3       Gateway South and Gateway West Segment D.1 transmission projects.

4       **Timothy J. Hemstreet**, Vice President of Renewable Energy Development, provides  
5       support for the prudence of the acquisition of and repowering of the Foote Creek II-IV  
6       and Rock River I repowering projects, the investments in hydroelectric resources to  
7       replace the Prospect No. 3 Flowline project and construction of the new Fall Creek  
8       Hatchery consistent with the requirements of the Federal Energy Regulatory  
9       Commission.

10      **Ryan D. McGraw**, Vice President of Project Development, provides support of the  
11      prudence of the Rock Creek I wind project.

12      **Ramon J. Mitchell**, Manager, Net Power Costs, supports the 2024 forecasted NPC and  
13      proposes a change to the annual ECAM to better reflect the realities of the  
14      uncontrollable risks for recovery of NPC.

15      **Nicholas L. Highsmith**, Manager of Revenue Requirement, summarizes the overall  
16      test year revenue requirement, pro forma adjustments, and the rate base calculation  
17      methodology.

18      **Robert M. Meredith**, Director of Pricing and Cost of Service, provides the Company's  
19      allocation and rate design, and discusses how the proposed tariff changes recover the  
20      proposed 2024 revenue requirement to achieve fair, just, and reasonable prices for  
21      customers.

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

23      A. Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING**

IN THE MATTER OF THE ) APPLICATION OF ROCKY ) MOUNTAIN POWER FOR ) AUTHORITY TO INCREASE ITS ) RETAIL ELECTRIC SERVICE RATES ) AND TO REVISE THE ENERGY COST ) ADJUSTMENT MECHANISM )	DOCKET NO. 20000-__-ER-23 (RECORD NO. ____ )
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**AFFIDAVIT, OATH AND VERIFICATION**

Gary Hoogeveen (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:


Affiant is the President and Chief Executive Officer 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 President and Chief Executive Officer.

Further Affiant Sayeth Not.

Dated this 27<sup>th</sup> day of February, 2023

  
 Gary Hoogeveen  
 President and Chief Executive Officer  
 1407 West North Temple, STE 310  
 Salt Lake City, UT 84116

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

The foregoing was acknowledged before me by Gary Hoogeveen on this 27<sup>th</sup> day of February, 2023. Witness my hand and official seal.

  
 Notary Public

My Commission Expires:  
2/21/2026

