



1                                   **REBUTTAL TESTIMONY OF KEVIN C. HIGGINS**

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3    **Introduction**

4    **Q.     Please state your name and business address.**

5    A.           My name is Kevin C. Higgins. My business address is 215 South State  
6           Street, Suite 200, Salt Lake City, Utah, 84111.

7    **Q.     Are you the same Kevin C. Higgins who previously filed Opening Testimony**  
8           **in this docket on behalf of Calpine Energy Solutions, LLC (“Calpine**  
9           **Solutions”)?**

10   A.           Yes, I am.

11   **Q.     What is the purpose of your Rebuttal Testimony?**

12   A.           My testimony responds to the Reply testimony of PacifiCorp’s witness  
13           Etta P. Lockey, who responded to the recommendations I made regarding the  
14           Company’s proposal to expand the Renewable Adjustment Clause (“RAC”) to  
15           include direct access customers going forward.

16

17   **Response to PacifiCorp**

18   **Q.     By way of background, please restate the primary recommendations in your**  
19           **Opening Testimony.**

20   A.           I offered three recommendations:

21           (1) I recommended that the RAC charges should not apply to those  
22           customers who began taking direct access service in the five-year opt-out program  
23           prior to January 1, 2019, because the production tax credit (“PTC”) benefits that

1 will result from the projects that PacifiCorp proposes to include in the RAC in this  
2 proceeding were not included in the transition adjustment established for those  
3 customers.

4 (2) I further recommended that absent demonstrable evidence that  
5 PacifiCorp included the projected *increases* in PTC benefits from repowered or  
6 new wind projects that are expected to occur after 2019 in the Schedule 296  
7 transition adjustment for the 2019 TAM, five-year opt-out customers that may  
8 become subject to the RAC as a result of this proceeding (e.g., customers taking  
9 opt-out service effective January 1, 2019) should not be subject to any *increases*  
10 in the RAC after the initial RAC is adopted.

11 (3) Finally, I recommended that for those direct access customers  
12 participating in the Company's five-year opt-out program that may become  
13 subject to the RAC charges as a result of this proceeding, the RAC charges should  
14 no longer apply once the customer has reached the end of its five-year transition  
15 period, as opt-out customers should not be subject to incremental costs associated  
16 with new PacifiCorp generation assets after the customer's transition period is  
17 completed.

18 **Q. What was PacifiCorp's response to your recommendations?**

19 A. PacifiCorp responded positively. The Company agreed with my first and  
20 third recommendations above and offered a reasonable alternative to the second.<sup>1</sup>

21 Regarding my second recommendation, Ms. Lockey stated:

22 PacifiCorp's position is that direct access customers in the five-year opt-out  
23 program should be subject to rate changes in the RAC during the five-year opt-out

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<sup>1</sup> Reply Testimony of Etta P. Lockey, pp. 25-27.

1 period, in the same manner that they are subject to changes in Schedule 200.  
2 However, PacifiCorp recognizes that the costs and PTC benefits of resource  
3 included in a future RAC should be matched for the direct access customers in the  
4 five-year opt-out program. To the extent direct access customers in the five-year  
5 opt-out program are subject to a rate increase in a RAC, a tariff rider could be  
6 used to reflect the incremental PTC benefits for the direct access customers in the  
7 five-year opt-out program.<sup>2</sup>  
8

9 **Q. What is your assessment of the Company's alternative to your second**  
10 **recommendation?**

11 A. This alternative approach is reasonable because it would ensure that rate  
12 increases passed through to direct access customers in the five-year opt-out  
13 program through the RAC would be synchronized with PTC benefits passed  
14 through to those same customers during the transition period. This approach  
15 substantively responds to the issue I was addressing in my second  
16 recommendation.

17 **Q. What is your recommendation to the Commission?**

18 A. I recommend that the Commission approve the first and third  
19 recommendations I presented above and that the Commission also approve  
20 PacifiCorp's alternative to my second recommendation.

21 **Q. Does this conclude your rebuttal testimony?**

22 A. Yes, it does.

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<sup>2</sup> *Id.*, p. 27.