

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172  
*(Consolidated)*

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In the Matter of

ALLIANCE OF WESTERN ENERGY  
CONSUMERS'

Petition for Order Approving Deferral of  
Increased Fly Ash Revenues

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Docket UE-210852  
*(Consolidated)*

**PACIFICORP**

**REBUTTAL TESTIMONY OF RYAN FULLER**

**October 2023**

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**ATTACHED EXHIBITS**

- Exhibit No. RF-2—Example 2024 PTC Rate Calculations
- Exhibit No. RF-3—Quick Guide: Some Popular BEA Price Indexes
- Exhibit No. RF-4—Projections of the 2023 GDP Implicit Price Deflator
- Exhibit No. RF-5—Congressional Budget Office 2023 GDP Price Index Forecast
- Exhibit No. RF-6—WIEC Response to RMP Data Request 2.2
- Exhibit No. RF-7—WIEC Response to RMP Data Request 2.3
- Exhibit No. RF-8—Mullins Transcript from Oregon Docket No. UE 420

1                                   **I. INTRODUCTION AND QUALIFICATIONS**

2   **Q. Please state your name, business address, and present position with PacifiCorp**  
3   **dba Pacific Power & Light Company (PacifiCorp or the Company).**

4   A. My name is Ryan Fuller, and my business address is 825 NE Multnomah Street, Suite  
5   1900, Portland, Oregon 97232. My present position is Senior Tax Director.

6   **Q. Please describe your education and professional experience.**

7   A. I graduated from the University of Idaho in 1997 with a Bachelor of Science Degree  
8   in Accounting. I am a licensed CPA (Inactive Status). Before joining the PacifiCorp  
9   tax department in 2003, I worked in public accounting for six years, first with Talbot,  
10   Korvola and Warwick, LLP and then for PricewaterhouseCoopers LLP. From  
11   November 2016 through May 2018, I was employed as Tax Director for Avangrid  
12   Renewables, LLC, before rejoining PacifiCorp as Senior Tax Director in May 2018.  
13   As Senior Tax Director, I am responsible for management and oversight of the  
14   Company’s tax function.<sup>1</sup>

15   **Q. Have you testified in other regulatory proceedings?**

16   A. Yes. I have testified in regulatory proceedings in each of the Company’s six state  
17   jurisdictions on various tax-related matters.

18                                   **II. PURPOSE AND SUMMARY OF TESTIMONY**

19   **Q. What is the purpose of your rebuttal testimony?**

20   A. My rebuttal testimony responds to the proposal made by Alliance of Western Energy  
21   Consumers (AWEC) witness Bradley G. Mullins to use a 2024 Federal Production  
22   Tax Credit (PTC) Rate of 3.0 cents per kilowatt hour (kWh) for purposes of setting

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<sup>1</sup> Unless personal pronouns are specified by a witness in their testimony, in my rebuttal testimony I use “they/them” when using a pronoun to refer to a witness.

1 rates in this case. More specifically, in recommending the Washington Utilities and  
2 Transportation Commission (Commission) reject witness Mullins' proposal:

- 3 • I explain how witness Mullins' reliance on a dissimilar price index renders their  
4 conclusions invalid and provide objective evidence that supports a 2024 PTC rate  
5 of 2.9 cents per kWh as used by the Company in its filing.
- 6 • I bring to the attention of the Commission that witness Mullins' testimony is  
7 outdated due to the September 28, 2023, release of a comprehensive update to the  
8 National Economic Accounts (NEAs) by the Department of Commerce's Bureau  
9 of Economic Analysis (BEA).

10 I also provide testimony explaining there is no basis for AWEC's proposed  
11 adjustment for what they characterize as a PTC disallowance.

### 12 **III. AWEC'S PRODUCTION TAX CREDIT FORECAST**

13 **Q. Please explain the data needed to calculate the 2024 PTC Rate.**

14 A. Please refer to Exhibit No. RF-2. The formula for calculating the 2024 PTC Rate is  
15 provided in Section A and includes three inputs: (1) the 2023 Gross Domestic Product  
16 (GDP) Implicit Price Deflator, (2) the 1992 GDP Implicit Price Deflator, and (3) the  
17 Base PTC Rate. As illustrated in Section B of this exhibit, of these three inputs, only  
18 the 2023 GDP Implicit Price Deflator is unknown at this time, and it will not be  
19 known until it is published by the BEA in February 2024.

20 **Q. With respect to the 2024 PTC Rate, what facts should be agreed upon by**  
21 **PacifiCorp and AWEC?**

22 A. Both PacifiCorp and AWEC agree that the minimum 2024 Inflation Adjustment

1 Factor needed to produce a 2024 PTC Rate of 3.0 cents per kWh is 1.9667.<sup>2</sup> Filling in  
2 this blank allows for the derivation of the minimum 2023 GDP Implicit Price Deflator  
3 needed to produce a 2024 Inflation Adjustment Factor of 1.9667; the value derived is  
4 123.323 as illustrated in Exhibit No. RF-2, Section C. If the 2023 GDP Implicit Price  
5 Deflator is lower by just one-thousandth, as illustrated in Section D, it will produce a  
6 2024 Inflation Adjustment Factor of 1.9666 and a 2024 PTC Rate of 2.9 cents per  
7 kWh. In summary, both PacifiCorp and AWEC should agree to the following four  
8 facts:

- 9 1. The minimum 2024 Inflation Adjustment Factor needed to produce a 2024  
10 PTC Rate of 3.0 cents per kWh is 1.9667.
- 11 2. The minimum 2023 GDP Implicit Price Deflator needed to produce a  
12 2024 Inflation Adjustment Factor is 123.323.
- 13 3. The annual GDP Implicit Price Deflators for 1992 as published by the BEA in  
14 September 2023 is 62.707.
- 15 4. The annual GDP Implicit Price Deflator for 2022 as published by the BEA in  
16 September 2023 is 117.973.

17 **Q. What issue is before the Commission to decide the 2024 PTC Rate used for the**  
18 **Test Period?**

19 A. PacifiCorp used a projected 2024 PTC Rate of 2.9 cents per kWh for the purpose of  
20 the Test Period.<sup>3</sup> AWEC proposes using a projected 2024 PTC Rate of 3.0 cents per  
21 kWh.<sup>4</sup>

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<sup>2</sup> Mullins, Exh. BGM-1CT at 51:8-9.

<sup>3</sup> The Test Period is the 12-month period beginning January 1, 2024, through December 31, 2024.

<sup>4</sup> Mullins, Exh. BGM-1CT at 51:13-16.

1                   The 2024 PTC Rate is entirely dependent on the value of the 2023 GDP  
2                   Implicit Price Deflator that will be published by the BEA in February 2024. The issue  
3                   before the Commission is whether or not the price index will be less than 123.323, in  
4                   which case, the PTC rate will be 2.9 cents per kWh as projected by the Company.

5                   **Q. Please summarize the analysis performed by witness Mullins.**

6                   A. Albeit using incorrect values, in AWEC Exhibit No. BGM-9, witness Mullins simply  
7                   calculates the year-on-year change in value of the GDP Implicit Price Deflator needed  
8                   to achieve a 2024 PTC Rate of 3.0 cents per kWh and converts the change in value to  
9                   a percentage change in a manner consistent with following table (in which the correct  
10                  values are used):

<b>GDP Implicit Price Deflator</b>	
<b>Minimum 2023 value needed to achieve a 2024 PTC rate of 3.0 cents per kWh</b>	<b>123.323</b>
<b>2022 Annual GDP Implicit Price Deflator</b>	<b>117.973</b>
<b>Change in Value</b>	<b>5.350</b>
<b>Percentage Change In Value</b>	<b>4.535%</b>

11                  Witness Mullins then observes that “it can be determined that the PTC rate will  
12                  increase to 3.0 cents per kWh in 2024 so long as inflation equals or exceeds  
13                  [4.535%]<sup>5</sup> on an annualized basis for 2023, *as measured by the GDP implicit price*  
14                  *deflator.*”<sup>6</sup>

15                  **Q. Does witness Mullins provide evidence that inflation will equal or exceed 4.535**  
16                  **percent on an annualized basis for 2023, as measured by the GDP Implicit Price**  
17                  **Deflator?**

18                  A. No. To support the likelihood that inflation will exceed this target, witness Mullins

<sup>5</sup> For ease of reading this testimony, the correct percentage change in value as calculated in the table has been substituted for the erroneous percentage change in value of 3.63 percent as calculated by witness Mullins.

<sup>6</sup> Mullins, Exh. BGM-1CT at 51:20-52:2 (emphasis added).

1 does not cite forecast percentage rate changes for the price index by which the  
2 witness says inflation must be measured, the GDP Implicit Price Deflator.

3 Instead, witness Mullins cites a forecast annualized percentage change range  
4 for a price index that does not even closely mirror the GDP Implicit Price Deflator:  
5 The Core Personal Consumption Expenditures Price Index (Core PCE Price Index).<sup>7</sup>

6 The Core PCE Price Index measures prices for goods and services that are  
7 produced in or imported to the U.S. and bought by consumers; the index also  
8 excludes food and energy. In contrast, the GDP Implicit Price Deflator measures  
9 prices for goods and services that are produced in or exported from the U.S. and  
10 bought by consumers, business, and governments.

11 These significant differences, illustrated in Exhibit No. RF-3, make the  
12 conclusions drawn from the Core PCE Price Index by witness Mullins invalid,  
13 especially because objectively better information is readily available.

14 **Q. What objectively better information is available to make an informed decision**  
15 **on the value of the 2023 GDP Implicit Price Deflator?**

16 A. While the Company is not presently aware of a publicly available forecast of the GDP  
17 Implicit Price Deflator, there is another price index which closely mirrors the GDP  
18 Implicit Price Deflator for which a forecast is publicly available—the GDP Price  
19 Index.<sup>8</sup>

20 In Exhibit No. RF-4, Table 2, the Company provides a comparison of the  
21 historical price index values for the annual GDP Implicit Price Deflator and the

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<sup>7</sup> *Id.*, at 52:5-10.

<sup>8</sup> *See*, the BEA’s “Quick Guide: Some Popular BEA Price Indexes” provided as Exhibit No. RF-3. In this document the BEA makes this note about the GDP Implicit Price Deflator: “Closely mirrors the GDP Price index, although calculated differently.”

1 annual GDP Price Index for the years 1992 through 2022,<sup>9</sup> a period that covers the  
2 duration of the existence of the PTC. Exhibit No. RF-4, Table 1 summarizes the  
3 maximum variance between the two price indexes, both positive and negative, and the  
4 average variance over the subject time period. These two tables demonstrate and  
5 establish that the GDP Implicit Price Deflator closely mirrors the GDP Price Index as  
6 noted by the BEA.

7 The Congressional Budget Office’s July 2023 report, *An Update to the*  
8 *Economic Outlook: 2023 to 2025*, forecasts the 2023 GDP Price Index will increase  
9 by 3.755 percent over the 2022 GDP Price Index.<sup>10</sup> This forecast is well below the  
10 4.535 percent increase over the 2022 GDP Price Index, needed to achieve AWEC’s  
11 proposed 2024 PTC rate of 3.0 cents per kWh.

12 **Q. Are there any other reasons that invalidate the conclusions drawn by witness**  
13 **Mullins?**

14 A. Yes. For reasons not explained, witness Mullins uses fourth quarter values to  
15 calculate what they mischaracterize as “annualized inflation rates” in the GDP  
16 Implicit Price Deflator of 6.418 percent and 6.409 percent for 2021 and 2022,  
17 respectively.<sup>11</sup> Witness Mullins compares these percentages to 2021 and 2022 annual

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<sup>9</sup> The data for Fuller, Exh. RF-4, Table 2, is sourced from the *National Accounts (NIPA), 2023, Q2, Vintage: Third*, Bureau of Economic Analysis (Sep. 29, 2023) (available here: <https://apps.bea.gov/histdata/fileStructDisplay.cfm?HMI=7&DY=2023&DQ=Q2&DV=Third&dNRD=September-29-2023>). The historical GDP Price Index values are located in Section 1, Tab T10104-A, row 9. The historical GDP Implicit Price Deflator values are located in Section 1, Tab T10109-A, row 9.

<sup>10</sup> Fuller, Exh. RF-5 at Tab “2. Calendar Year”, Cell H58 (this exhibit was downloaded from the Congressional Budget Office, and is available here: <https://www.cbo.gov/data/budget-economic-data#11>). Under 10-Year Economic Projections, select the link for July 2023.

<sup>11</sup> Mullins, Exh. BGM-1CT at 52:3-5. Witness Mullins presented nearly identical testimony on behalf of Wyoming Industrial Energy Consumers (WIEC) in PacifiCorp’s pending Wyoming general rate case. *In re the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Service Rates by Approximately \$140.2 Million per Year or 21.6 Percent and to Revise the Energy Cost Adjustment Mechanism*, Wyoming Public Service Commission Docket No. 20000-633-ER-23 (Record No. 17252), WIEC Exh. 202



1 inflation rates in the Core PCE Index to draw a “historical” comparison<sup>12</sup> that witness  
2 Mullins proposes can be used to project a “more likely than not” outcome for the  
3 2023 GDP Implicit Price Deflator.<sup>13</sup> This argument has two important flaws.

4 First, in a September 7, 2023, hearing before the Public Utility Commission of  
5 Oregon, which included cross-examination on an identical PTC adjustment,  
6 witness Mullins’ conceded that the GDP Implicit Price Deflator was “quite high”  
7 relative to the Core PCE Index in the two years of historical data the witness used,  
8 making their comparison of the historical relationship insufficient to forecast the  
9 same relationship in 2024.<sup>14</sup>

10 Second, a percentage change in values between sequential three-month  
11 periods (i.e., quarters) can be annualized, but a percentage change between values for  
12 two non-sequential three-month periods, as witness Mullins has calculated, cannot be  
13 annualized and has not been annualized. Setting aside an argument that an analysis of  
14 two years is insufficient to establish historic relationships between two price indexes,  
15 this is an oversight that further invalidates the only substantive argument put forth by  
16 witness Mullins.

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Corrected Direct Testimony and Exhibits of Brad Mullins at 82:8-10 (Aug. 14, 2023). Witness Mullins explains how these percentages were calculated in WIEC’s response to Rocky Mountain Power Data Request 2.2, provided as Exhibit No. RF-6. Because quarterly GDP Implicit Price Deflator values are never used to determine the annual Inflation Adjustment Factor, the annualized inflation rates calculated by witness Mullins are irrelevant as are all other percentages in Mullins, Exh. BGM-1CT at 52:2-11 that are subsequently derived from the invalid rates.

<sup>12</sup> Mullins, Exh. 52:5-8. Witness Mullins presented nearly identical testimony on behalf of WIEC in PacifiCorp’s pending Wyoming general rate case, Docket No. 20000-633-ER-23 (Record No. 17252), WIEC Exh. 202 Corrected Direct Testimony and Exhibits of Brad Mullins at 82:10-14 (Aug. 14, 2023). Witness Mullins explains how they draw a “historical” comparison between the Core PCE Index and the GDP Implicit Price Deflator in WIEC’s response to RMP Data Request 2.3, provided as Exhibit No. RF-7.

<sup>13</sup> Mullins, Exh. BGM-1CT at 51:7-8.

<sup>14</sup> Exhibit No. RF-8 at 15:22-24.

1 **Q. Have you identified any errors in AWEC Exhibit No. BGM-9?**

2 A. Yes. I have identified the following errors in AWEC Exhibit No. BGM-9, Tab

3 “Mullins Inflation Forecast.”

4 • Cell I36: The value is hard coded and is not the average of the four  
5 quarterly values in cells E36, F36, G36, and H36.

6 • Cells J36, J37 and J39: The annual value of 67.277 used by witness  
7 Mullins is in error. The correct 1992 GDP Implicit Price Deflator for  
8 2021 and 2022 was 67.282.

9 • Cell I39: An annual GDP Implicit Price Deflator of 132.219 will not  
10 produce the target Inflation Adjustment Factor of 1.9667 or greater  
11 when the correct 1992 GDP Implicit Price Deflator is used.

12 • Cell I40: The value in this cell erroneously uses quarterly values in  
13 column H, making the percentage irrelevant in terms of how it is used  
14 in witness Mullins’ testimony. The Inflation Adjustment Factor is  
15 based on annual values.

16 **Q. Can anything useful be derived from Exhibit No. BGM-9?**

17 A. Yes. While the calculation of the 2024 Inflation Adjustment Factor relies on annual  
18 values of the 2023 GDP Implicit Price Deflator that will not be published until  
19 February 2024, AWEC Exhibit No. BGM-9 demonstrates that an average of quarterly  
20 GDP Implicit Price Deflator estimates produces an accurate projection of the annual  
21 value. As of the drafting of this testimony, the BEA has published quarterly estimates  
22 for Q1 and Q2 of 2023.

23 At the bottom of AWEC Exhibit No. BGM-9, witness Mullins has included a  
24 section labeled “2024 Forecast.” In the following table, this section has been updated  
25 with the most recently published GDP Implicit Price Deflator estimates and expanded

1 to include annualized rates of inflation.<sup>15</sup>

Projection of Annualized Rate for Q3 and Q4 of 2023 to Achieve an Annual GDP IPD of 123.323						
Item	Published			Projection		
	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023 Annual
GDP Implicit Price Deflator	120.093	121.261	121.766	123.997	126.269	123.323
% Change Quarter-to-Quarter	-----	0.973%	0.416%	1.832%	1.832%	-----
% Change at an Annual Rate	-----	3.947%	1.676%	7.533%	7.533%	-----

2 This analysis shows the annualized rate of inflation in the Q2 2023 GDP  
3 Implicit Price Deflator (1.676 percent) decreased by nearly 58 percent as compared to  
4 the annualized rate of inflation in the Q1 2023 GDP Implicit Price Deflator  
5 (3.947 percent). The analysis also shows to achieve an annual GDP Implicit Price  
6 Deflator of 123.323, inflation must occur at an annualized rate of 7.533 percent for  
7 each of the next two quarters assuming inflation is experienced ratably.

8 This analysis weighs heavily against the likelihood of the 2023 annual GDP  
9 Implicit Price Deflator reaching a value equal to or greater than 123.323. In the  
10 history of the PTC, the annualized rate for quarter-on-quarter changes in the GDP  
11 Implicit Price Deflator has only ever exceeded 7.533 percent twice; once in Q1 2022  
12 and again in Q2 2022.<sup>16</sup> Since that time, the annualized rate for quarter-on-quarter  
13 changes in the GDP Implicit Price Deflator has cooled off significantly and has come  
14 nowhere near approaching 7.533 percent, including in the first two quarters of 2023  
15 as illustrated in the following table.<sup>17</sup>

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<sup>15</sup> The published values of the Q4 2022, Q1 2023, and Q2 2023 GDP Implicit Price Deflators are sourced from the BEA for Year, Quarter: 2023, Q2, Vintage: Third., Section 1, Tab T10109-Q, cells KU9, KV9, and KW9, respectively (available here: <https://apps.bea.gov/histdata/histChildLevels.cfm?HMI=7>).

<sup>16</sup> For an history of the annualized rate for quarter-on-quarter change in the GDP Implicit Price Deflator see the BEA for Year, Quarter: 2023, Q2, Vintage: Third., Section 1, Tab T10107-Q, row 38 (available here: <https://apps.bea.gov/histdata/histChildLevels.cfm?HMI=7>).

<sup>17</sup> The table percentages are sourced from the BEA for Year, Quarter: 2023, Q2, Vintage: Third., Section 1, Tab T1017-Q, cells KQ38:KV38 (available here: <https://apps.bea.gov/histdata/histChildLevels.cfm?HMI=7>).

Quarterly GDP Implicit Price Deflator: Annualized Percent Change from Preceding Period					
Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
8.4%	9.1%	4.5%	3.9%	3.9%	1.7%

1           Witness Mullins has submitted no explanation or evidence as to why inflation  
2           in the GDP Implicit Price Deflator would suddenly jump to record-level annualized  
3           rates after cooling off so significantly in Q2 2023. Indeed, in the same Oregon  
4           proceeding referenced above, witness Mullins conceded that “inflation has softened  
5           some” over the course of 2023 and that the increase to the PTC they recommend is  
6           “not a slam dunk” and “could go either way.”<sup>18</sup>

7   **Q. Has the PTC rate been contested between witness Mullins and PacifiCorp in past**  
8   **proceedings?**

9   A. Yes. In the Company’s most recently decided Wyoming general rate case, Docket  
10   No. 20000-578-ER-20, witness Mullins argued against the Company’s projected  
11   2021 PTC rate of 2.5 cents per kWh, in favor of 2.6 cents per kWh.<sup>19</sup> The actual PTC  
12   rate for 2021 is 2.5 cents per kWh as projected by the Company.<sup>20</sup>

13   **Q. Based on this information, what 2024 PTC Rate should be used for the Test**  
14   **Period?**

15   A. The Congressional Budget Office’s 2023 forecast of inflation in the GDP Price Index,  
16   the application of which results in a 2024 PTC Rate of 2.9 cents per kWh, is

<sup>18</sup> Fuller, Exh. RF-8 at 8:19-9:4.

<sup>19</sup> *In re the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Service Rates by Approximately \$7.1 Million Per Year or 1.1 Percent, to Revise the Energy Cost Adjustment Mechanism, and to Discontinue Operations at Cholla Unit 4*, Docket No. 20000-578-ER-20 (Record No. 15464), Mullins, Exh. No. 302 at 55:11-58:8; RMP Exh. 28b, Rebuttal Testimony of Nicholas L. Highsmith at 29:15-31:8; WIEC Exh. 310, Response to Rocky Mountain Power Rebuttal Testimony and Exhibits of Bradley G. Mullins at 29:8-32:12; Sur-Reply Testimony of Nicholas L. Highsmith at 13:6-16:15.

<sup>20</sup> Credit for Renewable Electricity Production, Refined Coal Production, and Indian Coal Production, and Publication of Adjustment Factors and Reference Prices for Calendar Year 2021, Notice 2021-32, 2021-21 IRB 1159.

1 independent and objective data to which weight can be given and is of far better  
2 quality than the data cited by AWEC. Furthermore, AWEC has submitted nothing in  
3 the record to explain or support why inflation in the GDP Implicit Price deflator  
4 would jump drastically, as is needed to result in a PTC Rate of 3.0 cents per kWh, for  
5 the remaining two quarters of 2023 after cooling off so significantly in the second  
6 quarter. For these reasons, the best estimate of the 2024 PTC Rate is 2.9 cents per  
7 kWh as projected by the Company.

8 **Q. In the event the Commission decides to use a 2024 PTC rate of 3.0 cents per**  
9 **kWh, is the adjustment calculated by witness Mullins correct?**

10 A. No. Witness Mullins erroneously uses a PTC rate of 3.3 cents per kilowatt hour for  
11 the 2024 wind projects. Facilities placed in service after December 31, 2021, and  
12 before January 1, 2025, are subject to a calculation of the PTC rate under Internal  
13 Revenue Code Section 45 as amended by the Inflation Reduction Act of 2022.<sup>21</sup> This  
14 calculation is slightly different than the calculation of the PTC rate used for facilities  
15 placed in service prior to January 1, 2022, and is not the subject of witness Mullins  
16 testimony. The Company's projected 2024 PTC rate of 3.0 cents per kilowatt hour for  
17 the facilities placed in service in 2024 has not been disputed by AWEC.

#### 18 **IV. COMPREHENSIVE UPDATE TO THE NATIONAL ACCOUNTS**

19 **Q. Is witness Mullins' testimony regarding the Production Tax Credit Rate**  
20 **Forecast outdated because the BEA subsequently released a comprehensive**  
21 **update to the National Economic Accounts?**

22 A. Yes. Comprehensive updates are usually conducted at five-year intervals and provide

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<sup>21</sup> 26 U.S.C. § 45(a); Inflation Reduction Act of 2022, Pub. L. No. 117-169, § 13101(k)(1), 136 Stat. 1818, 1913 (“[T]he amendments made by this section shall apply to facilities placed in service after December 31, 2021.”).

1 an opportunity to improve the NEAs through (1) statistical changes to introduce new  
 2 and improved methodologies and to incorporate newly available and revised source  
 3 data; (2) changes in definitions and classifications to more accurately portray the  
 4 evolving U.S. economy and to provide consistent comparisons with data for other  
 5 national economies; and (3) changes in presentations to reflect the definitional and  
 6 statistical changes, where necessary, or to provide additional data or perspectives for  
 7 users. These improvements ensure the accounts continue to accurately measure the  
 8 structure of the U.S. economy.

9 With respect to the September 2023 comprehensive update, the output and  
 10 price measures will use 2017 as the reference year; previously the reference year is  
 11 2012. Accordingly, quantity and price indexes, including the GDP Implicit Price  
 12 Deflator, will be expressed as 2017 equal to 100. Because the GDP Implicit Price  
 13 Deflator is a chained price index, all pre- and post-2017 values are updated as well.

14 The following table illustrates the magnitude of the impact the comprehensive  
 15 update had on GDP Implicit Price Deflator values used by witness Mullins.

Change in GDP Implicit Price Deflators after September 2023 Comprehensive Update						
National Income and Product Accounts Release				GDP Implicit Price Deflator		
Year	Quarter	Vintage	Release Date	Q1 2023	Q2 2023	1992
2023	Q2	Second	08/31/23	130.800	131.453	67.282
2023	Q2	Third	09/28/23	121.261	121.766	62.707

16 The comprehensive update was released September 28, 2023; after witness  
 17 Mullins submitted their response testimony and before I submitted rebuttal testimony.  
 18 As a result, my testimony incorporates the comprehensive update while witness  
 19 Mullins' testimony does not. The changes in GDP Implicit Price Deflator values are  
 20 significant enough that they certainly affect the analytics performed, but also  
 21 potentially the conclusions reached, by witness Mullins.

1           **V.    AWEC’S PRODUCTION TAX CREDIT DISALLOWANCE**

2   **Q.    Witness Mullins testifies that PacifiCorp’s PTC workpaper contains a note**  
3           **“stating that a portion of the PTCs associated with the Glenrock and Rolling**  
4           **Hills facilities had been disallowed.”<sup>22</sup> Is this true?**

5   **A.    No. Witness Mullins testimony is misleading. The workpaper footnote referenced by**  
6           **witness Mullins begins “Total available kWh is reflected net of the generation that is**  
7           **not considered PTC eligible because the facility was not fully repowered.”<sup>23</sup>**

8                   Some of the wind turbines (*i.e.*, facilities) were not repowered at Glenrock I,  
9           Glenrock III, and Rolling Hills. The facilities that were not repowered were placed in  
10          service in 2008 and 2009. Accordingly, the 10-year production tax credit period for  
11          those facilities has expired and, by law, the kWh produced by those facilities are no  
12          longer PTC eligible. It is my understanding that Company’s repowering financial  
13          analysis properly excluded PTCs on these facilities. There simply is no basis for  
14          witness Mullins’ proposed adjustment.

15                   The footnote goes on to explain the percentage production at each project that  
16          is attributable to facilities that have not been repowered.<sup>24</sup> The percentage is used to  
17          adjust total production to PTC eligible production. Although the word “disallowed” is  
18          used to describe the production from these projects that is not PTC eligible under the  
19          law, nowhere does the workpaper say that PTCs have been disallowed.

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<sup>22</sup> Mullins, Exh. BGM-1CT at 54:4-6.

<sup>23</sup> Cheung, Exh. “230172-PAC-SLC-7-3ProductionTaxCreditYear1.xlsx” at tab “7.3.1.”

<sup>24</sup> *Id.*

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**VI. CONCLUSION**

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

3 **A. Yes.**