OFFICE OF CONSUMER ADVOCATE

DIRECT TESTIMONY

OF

SCOTT C. BENTS

IN RE: MIDAMERICAN ENERGY COMPANY
DOCKET NO. EPB-2020-0156

December 17, 2020
Q: Please state your name and business address.
A: Scott Bents, 1375 East Court Avenue, Des Moines, Iowa 50319.

Q: By whom and in what capacity are you employed?
A: I am employed by the Office of Consumer Advocate (OCA), Iowa Department of Justice, as a Utility Specialist.

Q: Please briefly describe your education and experience.
A: I have a Bachelor of Arts degree in Mechanical Engineering as well as a Master of Science degree in Mechanical Engineering with a co-major in Biorenewable Resources Technology. Both degrees are from Iowa State University.

Prior to working for the OCA, I was a Utility Regulation Engineer with the Iowa Utilities Board. I worked on resource adequacy, transmission planning, and cost allocation issues at the federal and regional level. Since joining the OCA staff, I have worked on rate cases, electric transmission line franchise petitions, pipeline permits, rule-makings, filings for complaints, and service boundary modifications.

Q: Have you previously testified before the Board?
A: Yes. I have previously testified in electric transmission line and rate case proceedings before the Board.

Q: What is the purpose of your testimony in this proceeding?
A: The purpose of my testimony is to address the issues of MidAmerican Energy Company’s (MidAmerican) environmental plan and budget (EPB) for 2020.
• Regarding environmental requirements, I agree that MidAmerican meets applicable state and federal requirements.

• Regarding cost-effectiveness, I will discuss MidAmerican’s narrow focus on emissions controls equipment, and the need to study alternative compliance options via an integrated resource plan (IRP).

• Regarding the balance of costs, environmental requirements, economic development, and reliability, I will discuss MidAmerican’s lack of any analysis of these criteria.

**Q:** Are you sponsoring any exhibits as part of this filing?

**A:** Yes. I am sponsoring OCA Bents Direct Exhibits 1 through 4. OCA Bents Direct Exhibit 1 contains MidAmerican’s responses to OCA data requests 3 and 4 in this proceeding. OCA Bents Direct Exhibit 2 contains a National Association of Regulatory Utility Commissioners (NARUC) handbook on least-cost planning. OCA Bents Direct Exhibit 3 contains PacifiCorp's 2019 IRP. OCA Bents Exhibit 4 contains NV Energy's 2018 IRP.

**Compliance with Iowa Code**

**Q:** Do you agree that MidAmerican’s plan meets “applicable state environmental requirements and federal ambient air quality standards for regulated emissions from electric power generating facilities located in the state” as required by Iowa Code section 476.6(19)(b) (2019)?
A: Yes. Regarding “applicable state environmental requirements,” I defer to the Iowa Department of Natural Resources (IDNR) for its evaluation. On October 26, 2020, the IDNR filed testimony stating that MidAmerican’s EPB filing met the applicable state environmental requirements for regulated emissions.1

Regarding federal ambient air quality standards, it appears that MidAmerican’s 2020 complies with applicable federal standards.

Q: Do you agree that the plan and associated budget are “reasonably expected to achieve cost-effective compliance with applicable state environmental requirements and federal ambient air quality standards” as required by Iowa Code section 476.6(19)(c)?

A: No.

Q: Can you explain why?

A: MidAmerican’s 2020 EPB appears to be operating on the assumption that installation and maintenance of emissions control equipment is the only way to manage regulated emissions on its coal-fired units. In response to a data request from OCA, MidAmerican stated “Coal-fired units and the emission controls and budgets for those units are the focus of the EPB process.”2

MidAmerican is correct in saying that coal-fired units are the major focus of the EPB process. However, an EPB is not just about installing and

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1 IDNR witness Piziali Direct Testimony, p. 2, lines 10-14.
2 OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 3.
maintaining dry scrubbers, low nitrogen oxide burners, baghouses, and other traditional emissions control equipment. MidAmerican would have the Board believe that the entirety of 476.6(19) is dedicated to installing equipment on coal-fired generators. Iowa Code describes “managing regulated emissions,” but does not stipulate how those regulated emissions must be managed.

In fact, in previous EPBs as recently as 2018, MidAmerican touted its retirement of coal-fired generating units as being the “least-cost alternative” for compliance with regulated emissions.3, 4 And also in its 2018 EPB, MidAmerican mentioned limiting its Riverside Generating Station to using only natural gas as MidAmerican’s means of complying with these regulated emissions.

It’s important to discuss MidAmerican’s use of the term “least-cost,” especially how it relates to Iowa Code’s use of the term “cost-effective” in section 476.6(19)(a)(4). Least Cost Planning Methodology, also called Least Cost Planning, is a specific term that is based on choosing the optimal solution using a cost-benefit analysis.5 On the one hand, MidAmerican has said for at

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least the past 10 years\textsuperscript{6, 7, 8} that it chooses the least-cost solution for emissions compliance and has clearly stated that unit retirement and alternate fuel sources are part of those least-cost solutions. On the other hand, in 2020 MidAmerican now emphatically argues that “emission controls on coal-fueled units and the budgets for those controls are the focus of the EPB process.” MidAmerican cannot have it both ways.

Considering that MidAmerican has been using the term “least-cost” to describe its process for controlling emissions since at least 2010, it appears that MidAmerican considers “least-cost” to satisfy the “cost-effective” requirement of section 476.6(19)(a)(4). Given this, and the fact that MidAmerican has previously used both coal unit retirements and fuel switching to natural gas in its EPBs, MidAmerican should, at minimum, provide a cost-benefit analysis of its entire coal fleet including options such as fuel switching, retirements, seasonal operation, capacity purchases, plus building new wind, solar, or natural gas generation—an IRP would allow consideration of these options as well as the impacts of other environmental regulations such as the Environmental Protection Agency’s (EPA) Steam Electric Power Generating Effluent Guidelines.\textsuperscript{9}

\textsuperscript{8} MidAmerican Energy Company, Docket No. EPB-2010-0156, “Direct Testimony of Kevin D. Dodson,” at 5 (IUB, September 17, 2010).
\textsuperscript{9} Docket No. EPA-HQ-OW-2009-0819. See https://www.epa.gov/eg/2020-steam-electric-reconsideration-rule.
Q: Why should the Board consider these alternative methods for managing regulated emissions?

A: As noted by MidAmerican witness Joshua Mohr, the EPA’s Affordable Clean Energy (ACE) rule applies to existing coal-fired power plants, and identifies heat rate improvements as the best system of carbon dioxide emission reduction. Each state is responsible for developing its own plan, and states have considerable flexibility in determining standards of performance. The IDNR has not yet developed its standards for the ACE rule, however, the IDNR is allowed to consider a unit’s remaining useful life and changes in operations of the unit, among other factors. The IDNR is expected to initiate the rulemaking for ACE performance standards in December 2020.

MidAmerican’s EPB does not address the cost impacts of ACE, and MidAmerican witness Mohr only mentions its impacts briefly. A least-cost planning process performed via an IRP, which considers unit retirement and seasonal operations at coal plants, is useful and will guide the standards that MidAmerican recommends to the IDNR.

Q: Why is an IRP useful?

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10 MidAmerican witness Mohr Direct Testimony, p. 4, lines 71-82.
13 MidAmerican witness Mohr Direct Testimony, p. 4, lines 80-82.
A: An IRP is useful because it presents a utility’s resource needs over the long-term while taking into consideration factors such as generation additions, unit retirements, and environmental standards. Currently thirty-three states require utilities to perform some type of IRP, often with emissions planning included.\(^\text{14}\)

In other states, utilities that are also subsidiaries of Berkshire Hathaway Energy (BHE) have benefited from engaging in an IRP. For example, PacifiCorp, which operates in the northwestern United States, developed its IRP through “comprehensive analysis and a public-input process spanning nearly a year and a half resulting in the selection of a least cost, least-risk preferred portfolio.”\(^\text{15}\)

Relevant to Iowa, PacifiCorp's IRP addressed accelerated coal retirements and investment in transmission infrastructure to facilitate adding renewable resources. Similarly, NV Energy, located in Nevada, sets forth its vision for relying on the addition of renewable energy resources to keep rates low while pursuing the early retirement of coal-fired generation.\(^\text{16}\)

Q: \textbf{Do you agree that the plan and associated budget “reasonably balance[s] costs, environmental requirements, economic development potential, and the reliability of the electric generation and transmission system” per Iowa Code 476.6(19)(c)?}


A: No.

Q: Can you explain why?

A: There is no way to tell if these four criteria are reasonably balanced because MidAmerican has not shown that it made any attempt at all to balance these criteria.

Regarding costs, as I stated earlier, MidAmerican has not properly analyzed its costs of managing regulated emissions. When OCA attempted to inquire about any additional analyses of managing emissions through other means such as seasonal operation, MidAmerican objected, claimed such questions were not relevant, and stated “[c]oal-fired units and the emission controls and budgets for those units are the focus of the EPB process.”\(^{17}\)

Regarding economic development potential, in its 2020 EPB MidAmerican has only addressed economic development in terms of 1) making air emission incrementally available for other industrial developments, and 2) maximizing the opportunity for Iowa to avoid non-attainment status with the Environmental Protection Agency (EPA).\(^{18}\) However, MidAmerican has made it clear that it has not performed even a basic analysis of economic development potential. In response to a data request from OCA regarding any analysis performed related to its emissions reduction efforts, MidAmerican stated that no

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\(^{17}\) OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 3.

specific analysis was performed. Additionally, when OCA attempted to inquire about any further economic analyses related to 1) net job creation from constructing new generation, 2) net economic development potential from coal unit retirements, or 3) the economic impact of coal plant pollution on surrounding land, MidAmerican again objected to the questions as not relevant.

Q: What are your recommendations to the Board?
A: The best way for MidAmerican to manage its regulated emissions is for the Board to require an IRP for MidAmerican’s entire fleet, specifically including an analysis of the least-cost options for managing regulated emissions. Similar to PacifiCorp, another BHE utility, the Board should require MidAmerican to perform a full IRP every two years, with updates provided in the off years. The process should be open and public, with active input from a diverse group of stakeholders, including the Board, the OCA, community members, and other interested parties.

Absent a full IRP, the Board should require MidAmerican to provide a cost-benefit analysis of its entire coal fleet that includes options such as fuel switching, retirements, seasonal operation, capacity purchases, as well as building new wind, solar, or natural gas generation. In addition, to more fully

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19 OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 4A.
20 OCA Bents Direct Exhibit 1, MidAmerican responses to OCA DR Nos. 4B, 4C, and 4D.
understand “economic development potential”, the Board should require
MidAmerican to perform an analysis that includes 1) net job creation from
constructing new generation, 2) net economic development potential from coal
unit retirements, and 3) the economic impact of coal plant pollution on
surrounding land.

Q: Does this conclude your testimony?
A: Yes.
I, Scott C. Bents, being first duly sworn on oath, depose and state that I am the same Scott C. Bents identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof, and that the foregoing Direct Testimony as identified therein is true and correct to the best of my knowledge, information and belief as of the date of this Affidavit.

/s/ Scott C. Bents
Scott C. Bents

Subscribed and sworn to before me, A Notary Public, in and for said County and State, this 16th date day of December, 2020.

/s/ Jeffrey J. Cook
Notary Public
Signed Original on File