

**OFFICE OF CONSUMER ADVOCATE**

**DIRECT TESTIMONY**

**OF**

**SCOTT C. BENTS**

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

**December 17, 2020**

1 **Q: Please state your name and business address.**

2 A: Scott Bents, 1375 East Court Avenue, Des Moines, Iowa 50319.

3 **Q: By whom and in what capacity are you employed?**

4 A: I am employed by the Office of Consumer Advocate (OCA), Iowa Department  
5 of Justice, as a Utility Specialist.

6 **Q: Please briefly describe your education and experience.**

7 A: I have a Bachelor of Arts degree in Mechanical Engineering as well as a Master  
8 of Science degree in Mechanical Engineering with a co-major in Biorenewable  
9 Resources Technology. Both degrees are from Iowa State University.

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

16 **Q: Have you previously testified before the Board?**

17 A: Yes. I have previously testified in electric transmission line and rate case  
18 proceedings before the Board.

19 **Q: What is the purpose of your testimony in this proceeding?**

20 A: The purpose of my testimony is to address the issues of MidAmerican Energy  
21 Company's (MidAmerican) environmental plan and budget (EPB) for 2020.

- 1 • Regarding environmental requirements, I agree that MidAmerican meets
- 2 applicable state and federal requirements.
- 3 • Regarding cost-effectiveness, I will discuss MidAmerican's narrow focus on
- 4 emissions controls equipment, and the need to study alternative compliance
- 5 options via an integrated resource plan (IRP).
- 6 • Regarding the balance of costs, environmental requirements, economic
- 7 development, and reliability, I will discuss MidAmerican's lack of any analysis
- 8 of these criteria.
- 9 **Q: Are you sponsoring any exhibits as part of this filing?**

10 A: Yes. I am sponsoring OCA Bents Direct Exhibits 1 through 4. OCA Bents

11 Direct Exhibit 1 contains MidAmerican's responses to OCA data requests 3 and

12 4 in this proceeding. OCA Bents Direct Exhibit 2 contains a National

13 Association of Regulatory Utility Commissioners (NARUC) handbook on least-

14 cost planning. OCA Bents Direct Exhibit 3 contains PacifiCorp's 2019 IRP.

15 OCA Bents Exhibit 4 contains NV Energy's 2018 IRP.

16 **Compliance with Iowa Code**

17 **Q: Do you agree that MidAmerican's plan meets "applicable state**

18 **environmental requirements and federal ambient air quality standards for**

19 **regulated emissions from electric power generating facilities located in the**

20 **state" as required by Iowa Code section 476.6(19)(b) (2019)?**

1 A: Yes. Regarding “applicable state environmental requirements,” I defer to the  
2 Iowa Department of Natural Resources (IDNR) for its evaluation. On  
3 October 26, 2020, the IDNR filed testimony stating that MidAmerican’s EPB  
4 filing met the applicable state environmental requirements for regulated  
5 emissions.<sup>1</sup>

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

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

12 A: No.

13 **Q: Can you explain why?**

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

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

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<sup>1</sup> IDNR witness Piziali Direct Testimony, p. 2, lines 10-14.

<sup>2</sup> OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 3.

1 maintaining dry scrubbers, low nitrogen oxide burners, baghouses, and other  
2 traditional emissions control equipment. MidAmerican would have the Board  
3 believe that the entirety of 476.6(19) is dedicated to installing equipment on  
4 coal-fired generators. Iowa Code describes “managing regulated emissions,”  
5 but does not stipulate how those regulated emissions must be managed.

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

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

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<sup>3</sup> *MidAmerican Energy Company*, Docket No. EPB-2016-0156, “Direct Testimony of Jennifer A. McIvor,” at 5 (IUB, April 1, 2016).

<sup>4</sup> *MidAmerican Energy Company*, Docket No. EPB-2018-0156, “Direct Testimony of Jennifer A. McIvor,” at 4 (IUB, April 2, 2018).

<sup>5</sup> OCA Bents Direct Exhibit 2, Eto, Joseph H. Least-Cost Utility Planning, A Handbook for Public Utility Commissioners Volume 1. NARUC, 1988, page 14.

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

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

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<sup>6</sup> *MidAmerican Energy Company*, Docket No. EPB-2014-0156, “Electric Power Generation Facility Budget Update,” at 6 (IUB, April 1, 2014).

<sup>7</sup> *MidAmerican Energy Company*, Docket No. EPB-2012-0156, “Electric Power Generation Facility Budget Update,” at 6 (IUB, April 1, 2012).

<sup>8</sup> *MidAmerican Energy Company*, Docket No. EPB-2010-0156, “Direct Testimony of Kevin D. Dodson,” at 5 (IUB, September 17, 2010).

<sup>9</sup> Docket No. EPA-HQ-OW-2009-0819. See <https://www.epa.gov/eg/2020-steam-electric-reconsideration-rule>.

1 **Q: Why should the Board consider these alternative methods for managing**  
2 **regulated emissions?**

3 A: As noted by MidAmerican witness Joshua Mohr,<sup>10</sup> the EPA's Affordable Clean  
4 Energy (ACE) rule applies to existing coal-fired power plants, and identifies  
5 heat rate improvements as the best system of carbon dioxide emission reduction.  
6 Each state is responsible for developing its own plan, and states have  
7 considerable flexibility in determining standards of performance. The IDNR  
8 has not yet developed its standards for the ACE rule, however, the IDNR is  
9 allowed to consider a unit's remaining useful life and changes in operations of  
10 the unit, among other factors.<sup>11</sup> The IDNR is expected to initiate the  
11 rulemaking for ACE performance standards in December 2020.<sup>12</sup>  
12 MidAmerican's EPB does not address the cost impacts of ACE, and  
13 MidAmerican witness Mohr only mentions its impacts briefly.<sup>13</sup> A least-cost  
14 planning process performed via an IRP, which considers unit retirement and  
15 seasonal operations at coal plants, is useful and will guide the standards that  
16 MidAmerican recommends to the IDNR.

17 **Q: Why is an IRP useful?**

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<sup>10</sup> MidAmerican witness Mohr Direct Testimony, p. 4, lines 71-82.

<sup>11</sup> Repeal of the Clean Power Plan; Emission Guidelines for Greenhouse Gas Emissions From Existing Electric Utility Generating Units; Revisions to Emission Guidelines Implementing Regulations, Docket No. EPA-HQ-OAR-2017-0355, "Final Rule" Fed. Reg. Vol. 84, No. 130 (July 8, 2019) <https://www.govinfo.gov/content/pkg/FR-2019-07-08/pdf/2019-13507.pdf>.

<sup>12</sup> See Regulatory Plan for SFY2021, Iowa Department of Natural Resources, <https://www.iowadnr.gov/about-dnr/about-dnr/administrative-rules>.

<sup>13</sup> MidAmerican witness Mohr Direct Testimony, p. 4, lines 80-82.

- 1 A: An IRP is useful because it presents a utility’s resource needs over the long-  
2 term while taking into consideration factors such as generation additions, unit  
3 retirements, and environmental standards. Currently thirty-three states require  
4 utilities to perform some type of IRP, often with emissions planning included.<sup>14</sup>  
5 In other states, utilities that are also subsidiaries of Berkshire Hathaway Energy  
6 (BHE) have benefited from engaging in an IRP. For example, PacifiCorp,  
7 which operates in the northwestern United States, developed its IRP through  
8 “comprehensive analysis and a public-input process spanning nearly a year and  
9 a half resulting in the selection of a least cost, least-risk preferred portfolio.”<sup>15</sup>  
10 Relevant to Iowa, PacifiCorp’s IRP addressed accelerated coal retirements and  
11 investment in transmission infrastructure to facilitate adding renewable  
12 resources. Similarly, NV Energy, located in Nevada, sets forth its vision for  
13 relying on the addition of renewable energy resources to keep rates low while  
14 pursuing the early retirement of coal-fired generation.<sup>16</sup>
- 15 **Q: Do you agree that the plan and associated budget “reasonably balance[s]**  
16 **costs, environmental requirements, economic development potential, and**  
17 **the reliability of the electric generation and transmission system” per Iowa**  
18 **Code 476.6(19)(c)?**

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<sup>14</sup> American Wind Energy Association. See <https://www.awea.org/policy-and-issues/electricity-policy/irp>.

<sup>15</sup> OCA Bents Direct Exhibit 3, PacifiCorp “2019 Integrated Resource Plan Volume 1,” p. 1, October 18, 2019.

<sup>16</sup> OCA Bents Direct Exhibit 4, NV Energy “2018 Integrated Resource Plan Volume 4,” p. 1, April 30, 2019.



1 A: No.

2 **Q: Can you explain why?**

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

6           Regarding costs, as I stated earlier, MidAmerican has not properly  
7 analyzed its costs of managing regulated emissions. When OCA attempted to  
8 inquire about any additional analyses of managing emissions through other  
9 means such as seasonal operation, MidAmerican objected, claimed such  
10 questions were not relevant, and stated “[c]oal-fired units and the emission  
11 controls and budgets for those units are the focus of the EPB process.”<sup>17</sup>

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

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<sup>17</sup> OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 3.

<sup>18</sup> MidAmerican “Electric Power Generation Facility Budget Update”, p. 13, Docket no. EPB-2020-0156, (IUB, April 1, 2020).

1 specific analysis was performed.<sup>19</sup> Additionally, when OCA attempted to  
2 inquire about any further economic analyses related to 1) net job creation from  
3 constructing new generation, 2) net economic development potential from coal  
4 unit retirements, or 3) the economic impact of coal plant pollution on  
5 surrounding land, MidAmerican again objected to the questions as not  
6 relevant.<sup>20</sup>

7 **Q: What are your recommendations to the Board?**

8 A: The best way for MidAmerican to manage its regulated emissions is for the  
9 Board to require an IRP for MidAmerican's entire fleet, specifically including  
10 an analysis of the least-cost options for managing regulated emissions. Similar  
11 to PacifiCorp, another BHE utility, the Board should require MidAmerican to  
12 perform a full IRP every two years, with updates provided in the off years. The  
13 process should be open and public, with active input from a diverse group of  
14 stakeholders, including the Board, the OCA, community members, and other  
15 interested parties.<sup>21</sup>

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

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<sup>19</sup> OCA Bents Direct Exhibit 1, MidAmerican response to OCA DR No. 4A.

<sup>20</sup> OCA Bents Direct Exhibit 1, MidAmerican responses to OCA DR Nos. 4B, 4C, and 4D.

<sup>21</sup> OCA Bents Direct Exhibit 3, PacifiCorp "2019 Integrated Resource Plan Volume 1," p. 6, October 18, 2019.

1 understand “economic development potential”, the Board should require  
2 MidAmerican to perform an analysis that includes 1) net job creation from  
3 constructing new generation, 2) net economic development potential from coal  
4 unit retirements, and 3) the economic impact of coal plant pollution on  
5 surrounding land.

6 **Q: Does this conclude your testimony?**

7 A: Yes.

**STATE OF IOWA**                    )  
  ) **SS: AFFIDAVIT OF SCOTT C. BENTS**  
**COUNTY OF POLK**                )

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 16<sup>th</sup> date day of December, 2020.

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

My Commission expires: September 28, 2022.