

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
PACIFICORP for Approval of Its)
Proposed Electric Service Schedules and) Docket No. 04-035-42
Electric Service Regulations)

STIPULATION TESTIMONY OF JOHN STEWART

OCTOBER 12, 2004

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

2 A. My name is John Stewart. My business address is One Utah Center, Suite 2300,
3 201 South Main Street, Salt Lake City, Utah.

4 **Qualifications**

5 **Q. What is your current position at PacifiCorp?**

6 A. I am the Managing Direct, Regulation for PacifiCorp's Eastern Service States.

7 **Q. What are your responsibilities in this role?**

8 A. My responsibilities include managing the regulatory proceedings in the states of
9 Utah, Wyoming and Idaho, including the management of all filings that are made
10 by PacifiCorp with the Utah Public Service Commission.

11 **Q. Are you familiar with the terms and conditions of the Test Period Stipulation**
12 **("Stipulation") before the Commission?**

13 A. Yes.

14 **Background**

15 **Q. Please describe the negotiations that led to the Stipulation.**

16 A. The negotiations in this case really began prior to the Company's filing.
17 Beginning in June and July, the Company and the regulatory parties held
18 meetings, in accordance with a stipulation from the Company's last general rate
19 case, to discuss test period issues, including various issues regarding the base data
20 to use for determining a forecast test period. As a result of those discussions, the
21 Company made changes to its proposed revenue requirement filing, including the
22 use of a different base period for the determination of its forecast test period.
23 Originally, the Company had planned to use adjusted historical data ending

1 September 2003 for its base period. The Division and the Committee requested
2 more recent data and, in order to accommodate that suggestion, the Company
3 delayed and updated its filing to allow it to use adjusted historical data for the
4 period ending March 2004 as its base.

5 Post-test period settlement negotiations between the parties began on
6 August 11 and continued on August 24, September 7, September 22, September
7 28 and October 4 and finally resulted in the Test Period Stipulation before the
8 Commission.

9 Those negotiations were advanced, the Company believes, by the
10 extensive discovery parties have already filed, over 1400 requests since August 4,
11 2004, and by the audits the Division has already performed of Company results in
12 Portland.

13 **Q. Were the negotiations open to all parties in the proceeding?**

14 A. Yes.

15 **Terms of Stipulation**

16 **Q. Please generally describe the terms of the Stipulation.**

17 A. The Stipulation provides that the test period to be used in this case will consist of
18 normalized, forecasted results for PacifiCorp's 2006 Fiscal Year, April 1, 2005
19 through March 31, 2006. That is the test period used by PacifiCorp in its August
20 4 filing as the basis for its revenue requirement request of approximately \$111
21 million.

22 The Stipulation also provides that, while the Parties agree that the use of
23 the test period in this case satisfies the requirements of Utah's new test period

1 statute, the Parties also agree that the Stipulation will not have any binding effect
2 with respect to establishing test periods in future proceedings.

3 Finally, the Stipulation includes certain safeguards, including reporting
4 and filing requirements. These were safeguards that the Company was willing to
5 agree to because of the importance it placed on being given the opportunity to use
6 a future test year in this case.

7 **Q. Please describe what the Company considers the safeguard provisions of the**
8 **Stipulation.**

9 A. In general there are four safeguard provisions. The first, found in paragraph 12,
10 simply provides that the parties can challenge any aspect of PacifiCorp's test
11 period forecasts and otherwise present evidence to support their position on
12 calculating values for any account or amount in the Test Period.

13 The second, found in paragraphs 7 and 8, provides a recommendation for
14 the establishment of a task force and an agreement to a filing process to address
15 some of the issues that were subjects of controversy in the discussions in this
16 case. Paragraph 7 proposes that the Commission establish a task force, which
17 should include Questar, to address procedural issues raised by the new test period
18 statute. The expectation is that the Task Force and/or individual parties will file
19 proposed rules which address these issues with the Commission by April 1, 2005.
20 In the event that the Commission has not resolved the procedural issues described
21 in Paragraph 7 by October 1, 2005, Paragraph 8 provides that the parties will meet
22 to discuss filing requirements for the Company's next general rate case and,

1 failing agreement on those requirements, PacifiCorp agrees to file with its rate
2 case specified additional data.

3 The third safeguard is found in paragraphs 9 and 10. Paragraph 9 provides
4 that the Company will file specified information to allow various comparisons
5 between PacifiCorp's filed forecast in this case, the Commission's joint exhibit in
6 this case and 6 months actual and 6 months forecast results for FY 2006.
7 Paragraph 10 provides that in order to give the parties time to review that data,
8 the Company commits that its next general rate case in Utah will be filed no earlier
9 than January 1, 2006.

10 The final safeguard is found in paragraph 11. Paragraph 11 provides
11 PacifiCorp with an opportunity to seek deferral and eventual recovery of excess
12 power costs due to the failure of a major generation or transmission asset if those
13 costs exceed \$44 million on a Utah allocated basis. That \$44 million reflects
14 approximately \$100 million of costs on a Company-wide basis.

15 **Q. In your view, does the stipulated test period best reflect the conditions that**
16 **PacifiCorp will encounter during the period when rates in this proceeding**
17 **will be in effect?**

18 A. Yes.

19 **Q. In your opinion, is the Stipulation in the public interest?**

20 A. Yes.

21 **Q. Does this complete your testimony?**

22 A. Yes.