Witness CCS 4R

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Service Rate in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately $161.2 Million Per Year, and for Approval Of a New Large Load Surcharge	**)**	**Docket No. 07-035-93** **Rebuttal Testimony of Randall J. Falkenberg On Behalf of the Utah Committee of Consumer Services**

May 9, 2008

DIRECT TESTIMONY OF RANDALL J. FALKENBERG

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Randall J. Falkenberg, PMB 362, 8351 Roswell Road, Atlanta, Georgia 30350. I am the same Randall J. Falkenberg who pre-filed direct testimony in this docket on April 7, 2008.

Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?

A. I will comment on the direct testimony of Division of Public Utilities (Division) witness James Dalton, concentrating on his adjustment related to planned outages in GRID.

Q. PLEASE SUMMARIZE YOUR COMMENTS REGARDING MR. DALTON'S PLANNED OUTAGE ADJUSTMENT.

A. Mr. Dalton and the Division have also identified planned outages as an important issue in this case. Mr. Dalton seems to agree with my point that Rocky Mountain Power's (Company) assumed "normalized" outage schedule conflicts with actual practice in prior years. I discuss in this testimony where Mr. Dalton and I agree and where we differ in development of a proper normalized outage schedule. In the end, I continue to strongly recommend the outage schedule I put forth in my direct testimony because it is more realistic and better matches actual practice.

Q. COMPARE THE AMOUNT OF THE PLANNED OUTAGE ADJUSTMENTS AS PROPOSED BY MR. DALTON AND YOURSELF.

A. Mr. Dalton's proposed adjustment amounts to $4.36 million on a total Company basis, or approximately $1.835 million on a Utah basis. My adjustment is $10.99 million total Company, or $4.63 million on a Utah basis. This is a very

significant difference considering we are both sponsoring the same type of adjustment. I will demonstrate that Mr. Dalton's adjustment does not capture the full extent to which the Company's proposed planned outage schedule departs from actual practice.

Q. IN WHAT WAYS ARE YOU AND MR. DALTON IN AGREEMENT?

A. We both have concluded that the outage schedule proposed by the Company is at odds with historical practice, as well as outages actually planned for the test year. Mr. Dalton identified the fact that many of the planned outages in GRID fall outside of the Company's preferred window, and were scheduled during times when planned outages have not historically occurred. For example, both Mr. Dalton and I proposed moving the Hunter plant outages from January, until later in the year. Mr. Dalton and I both removed all planned outages for coal units from February as well.

Q. EXPLAIN WHY YOU CONSIDER THIS TO BE IMPORTANT.

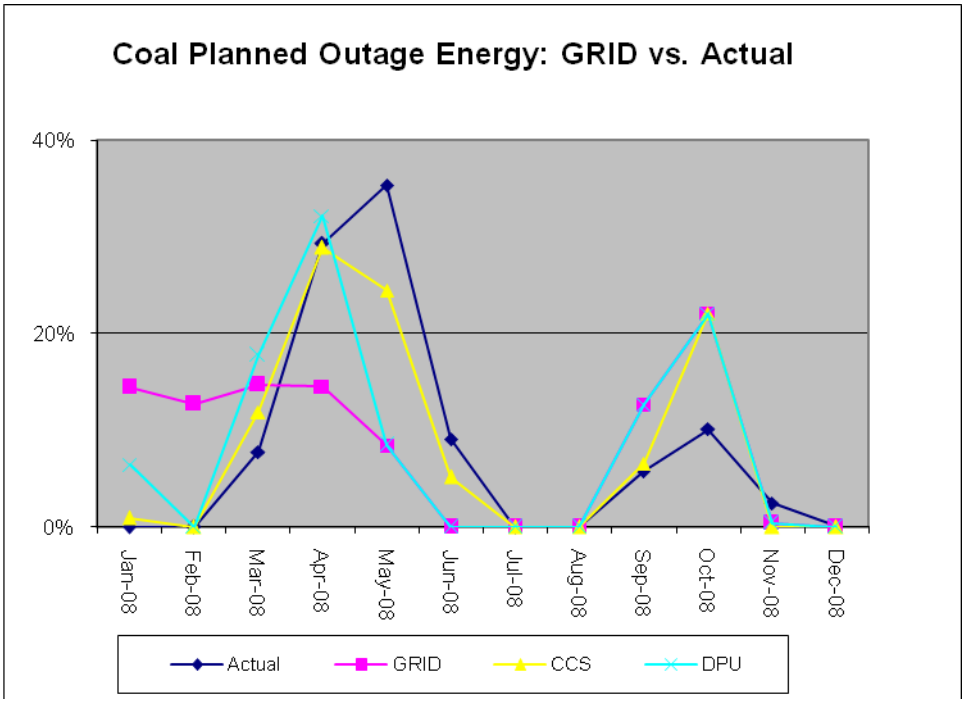
A. January is a high cost, high load month with cold weather that is not compatible with performing scheduled maintenance. According to documentation provided by the Company open design, high altitude plants (all coal plants fall into this designation) should avoid planned outages in cold weather months. Further, high cost months are to be avoided as well.

Q. IN WHAT WAYS DOES YOUR PROPOSED PLANNED OUTAGE SCHEDULE DIFFER FROM MR. DALTON'S?

A. The figure below compares the planned outage schedule I used to the one proposed by Mr. Dalton. It is comparable to the chart I presented in my direct testimony comparing planned outage assumptions to actual history. The chart

shows the percentage of annual planned outage energy for coal plants that occurs during each month of the year under the different assumptions in this case. The actual planned outage schedule for the four-year period ending June 30, 2007 is shown for comparison purposes, as is the Company's proposed outage schedule.

Figure 1



In developing my proposed schedule, I tried to follow the Company's historical schedule of outages as closely as practical, while avoiding excessive "overlaps" and without exceeding historical averages for capacity on outage during any given week. As the figure shows, Mr. Dalton and I differ in some key respects. First, I removed all coal plant outages from January, while Mr. Dalton's schedule still has about 6% of coal outage energy occurring in January. I removed all coal outages from January because the Company has had no coal units on planned outages in that month during the last four years. In fact, I have obtained data for all PacifiCorp coal plant planned outages from 1990 to present. Based on this data,

the Company has never started a planned outage for a coal plant in January, since the PP&L and UP&L merger. See Exhibit CCS 4.1R for a complete summary of planned outages since 1990. As these figures show, Mr. Dalton's adjustment does not completely correct the problems with the Company's proposed outage schedule.

Q. WHERE ELSE DO YOU AND MR. DALTON DIFFER?

A. As the figure above shows, Mr. Dalton places more maintenance in March than I did. His March outage energy also exceeds the actual four-year average, as does the Company's assumptions. Likewise, his April outage energy is slightly more than I assumed and more than the historical level and the Company's assumed outage schedule as well.

Mr. Dalton shows substantially less outage energy in May and June, than I do, and his figures are well below the four-year average. His figures for those months are essentially the same as the Company's. As the figure above shows, it is quite unrealistic to assume that only about 10% of planned outage energy would occur in May, and none in June. Both the Division and Company outage schedule suffer from this defect.

In the fall outage window, Mr. Dalton closely tracks the Company outage plan, and shows more outages in this period than I did. The historical outages in the fall period I used track the historical figures better for September. As the figure above shows, September is a month where very little planned outage energy has been scheduled in the past. Further, Exhibit CCS 4.1R shows that only 7% of all coal unit planned outages from 1990 started in September.

Q. ARE THERE ANY OTHER DIFFERENCES BETWEEN THE OUTAGE SCHEDULE YOU PROPOSED AND THAT OF MR. DALTON?

A. Another area where we differed concerned overlaps. Because the Company has limited resources available, there is a limit on how many units can have outages at the same time. Generally the Company will not schedule more than one unit at a plant to be on outage at a time. It appears that the outage schedule used by Mr. Dalton does show an overlap of more than one week for Naughton and a few days for Hunter. In both cases, more than one unit at the plant was off-line at the same time.

Q. PLEASE DESCRIBE ANY DIFFERENCES IN PLANNED OUTAGE SCHEDULES ASSOCIATED WITH THE CURRANT CREEK AND LAKESIDE PLANTS.

A. Mr. Dalton appears to have accepted the Company's schedule for the Currant Creek and LakeSide combined cycle units. The Company modeled both of these units on outage in the fall. This is suboptimal as compared to spring outages. In prior as well as projected future outages the Company has used both spring and fall outages for theses plants. Therefore, I placed one plant on outage in the spring and the other in the fall in my proposed schedule.

Q. BASED ON THIS ANALYSIS DO YOU STILL RECOMMEND THE PLANNED OUTAGE SCHEDULE ADJUSTMENT YOU PROPOSED IN YOUR DIRECT TESTIMONY?

A. Yes. Although, Mr. Dalton's proposal is an improvement over that of the Company, I believe my proposed schedule much more closely matches actual practice and I continue to strongly recommend it be adopted by the Commission.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.