

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Utility Service Rates in Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations)	Docket No. 08-035-38
)	Pre-Filed Rebuttal
)	Revenue Requirement
)	Testimony of
)	Cheryl Murray
)	For the Committee of
)	Consumer Services

March 9, 2009

1 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a utility analyst on the staff of the
3 Committee of Consumer Services (Committee). My business address is
4 160 East 300 South Salt Lake City, Utah.

5 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THESE**
6 **PROCEEDINGS?**

7 A. Yes, on October 7, 2008 I filed direct testimony presenting the
8 Committee's policy position regarding the appropriate test period for this
9 proceeding and on February 12, 2009 I filed direct revenue requirement
10 testimony.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. My testimony responds to the Division's recommendations regarding the
13 issue of the Energy Trust of Oregon's (ETO) contribution to the above
14 market costs of the Goodnoe Hills Wind plant as presented in the direct
15 testimony of Dr. William Powell. I also introduce the rebuttal testimony of
16 Committee witnesses Donna Ramas and Randall J. Falkenberg.

17 **Q. WILL YOU OR OTHER COMMITTEE WITNESSES ADDRESS ALL**
18 **ISSUES PRESENTED BY OTHER PARTIES IN DIRECT TESTIMONY?**

19 A. No, we will not address all issues presented by other parties. However,
20 that should not be taken as an indication that we disagree or agree with
21 any particular adjustment.

22 **Q. PLEASE BRIEFLY DESCRIBE THE ISSUE WITH THE ETO'S**
23 **CONTRIBUTION TO GOODNOE HILLS.**

24 A. Company witness McDougal provides brief testimony in both the July
25 2008 and December 2008 filing. In his July 2008 testimony discussing the
26 adjustments made to O&M in Tab 4 he states,

27 This adjustment also includes the impact of funding
28 provided by the Energy Trust of Oregon (“ETO”) associated
29 with the Goodnoe Hills wind plant in exchange for additional
30 renewable energy credits allocated to Oregon customers
31 after the first five years of operation. The amount of the
32 funding included in the current case is \$2,473,254 on a total
33 Company basis. If Utah elects to displace the ETO funding,
34 as described by Mr. Mark Tallman in Docket No. 07-035-93,
35 then this amount will need to be added to the test period
36 revenue requirement.¹

37
38

In December testimony he added the following:

39 **Treatment of Energy Trust of Oregon Funding --**
40 The Incremental Generation O&M adjustment assumes Utah
41 displaces funding provided by the Energy Trust of Oregon
42 (“ETO”) associated with the Goodnoe Hills wind plant in
43 exchange for additional renewable energy credits allocated
44 to Oregon customers after the first five years of operation. If
45 Utah elects not to displace the ETO funding, as described by
46 Mr. Mark R. Tallman in Docket No. 07-035-93, then
47 approximately \$1.1 million on a Utah allocated basis must be
48 deducted from the Test Period revenue requirement.²
49

50 The July testimony identifies that \$1.1 million will have to be added to
51 Utah’s revenue requirement if the Commission elects to displace a portion
52 of the ETO funding. In the December testimony it is turned around so that
53 \$1.1 million will have to be deducted from Utah’s revenue requirement if
54 the Commission rejects displacement. There is no explanation of why the

¹ Direct Testimony of Steven R. McDougal, page 26, lines 590-596.

² Second Supplemental Direct Testimony of Steven R. McDougal, page 12, lines 261 – 268.

55 Company changed its approach on the \$1.1 million of revenue
56 requirement. In essence the Company has changed the proposal from an
57 opt-in to opt-out.

58 **Q. HAS THE COMMISSION PREVIOUSLY CONSIDERED A SIMILAR**
59 **ADJUSTMENT?**

60 A. Yes, in Docket No. 07-035-93. As Dr. Powell points out, in the last rate
61 case the Commission rejected the Company's proposed adjustment on
62 this issue because the Company failed to provide sufficient evidence to
63 support the adjustment;

64 We do not have sufficient information on the record to
65 make this clarification at this time. First of all, it is our
66 understanding the Revised Protocol cost allocation
67 agreement addresses State Portfolio Standards. The record
68 is not clear how the Company's proposal fits with the multi-
69 state agreement on REC revenue allocation. On the surface,
70 this appears to be the sale of a REC by the Company and
71 there are currently informal agreements for allocating such
72 revenue. We are interested in knowing if there are
73 alternatives to addressing the Energy Trust of Oregon's
74 funding, whether it is a prepayment for the sale of future
75 RECs, whether it addresses above market costs, and if so,
76 whether this factor needs to be considered.

77
78 Second, no party other than the Company
79 recommends the Commission accept this proposal and the
80 Company provides no evidence demonstrating, through
81 cost-benefit analysis, this proposal is in the public interest.
82 The Committee is the only other party to comment on the
83 issue and it recommends the Commission reject the
84 Company's recommendation in this docket and require the
85 Company to explain and provide supporting evidence for any
86 benefits to Utah customers resulting from adoption of the
87 Company's proposal in the next general rate case.

88
89 Finally, because the issue addresses the disposition
90 of REC revenue five years hence, we conclude we may
91 await further evidence on the costs and benefits of this

92 expenditure to Utah ratepayers prior to rendering a
93 decision.³

94
95 Based on the clear statements in the Commission's Order regarding the
96 need for evidence demonstrating that this proposal is in the public interest
97 it is troubling that the Company would again put forth this adjustment with
98 no new or additional evidence.

99 **Q. WHAT IS THE COMMITTEE'S POSITION ON THIS ISSUE?**

100 A. The Committee supports the Division's recommendations as articulated in
101 Dr. Powell's testimony: 1) the Commission should open a separate docket
102 to investigate the value to Utah ratepayers of offsetting a portion of the
103 costs associated with the ETO's contribution; and 2) the Commission
104 should reject the inclusion of the \$1.1 million for incremental O&M in Utah
105 rates for the present time.

106 **Q. PLEASE DESCRIBE MS. RAMAS REBUTTAL TESTIMONY.**

107 A. Ms. Ramas addresses three issues from the direct testimony of Division
108 witnesses: 1) David Thompson's recommendation on the pension
109 curtailment and measurement date change; 2) Mark Garrett's
110 recommendation on property tax expense; and 3) Dr. William Powell's
111 recommendation regarding the ETO adjustment.

112

113 First, Ms. Ramas describes why the treatment of the pension curtailment
114 gain and the pension measurement date change transitional adjustment

³ Order on Reconsideration, Docket No. 07-035-93, October 13, 2008, pp 17-18.

115 outlined in her direct testimony is more appropriate than that proposed by
116 Mr. Thomson. Her proposed adjustment more accurately reflects the
117 terms of the Stipulation⁴ and the Commission's February 4, 2009 Report
118 and Order on these issues.

119

120 Second, she explains why Mr. Garrett's testimony does not fully address
121 the concerns stated by the Commission in Docket No. 07-035-93
122 regarding the Company's property tax expense.

123

124 Third, Ms. Ramas identifies a further reduction to the Committee's
125 revenue requirement recommendation based on our support of the
126 Division's recommendation to open a separate docket regarding the ETO
127 issue.

128 **Q. PLEASE INTRODUCE MR. FALKENBERG'S REBUTTAL TESTIMONY.**

129 A. Mr. Falkenberg makes a correction to his SMUD contract adjustment and
130 rebuts the direct testimony of Division witness Dr. Powell on this issue.
131 He then discusses the proposals of Division witness James Dalton and
132 UAE witness Kevin Higgins to impute a capacity factor for the Rolling Hills
133 wind project. Next, he comments on Mr. Dalton's planned outage
134 proposal, makes a correction to his own direct testimony on this issue and
135 offers the idea that parties work together to develop a planned outage

⁴ Docket No. 08-035-38.

136 schedule approach that can be used in the next rate case. Finally, he
137 provides an errata to his direct testimony.

138 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

139 **A. Yes.**