

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE)
APPLICATION OF ROCKY)Docket No. 08-035-38
MOUNTAIN POWER FOR AUTHORITY)
TO INCREASE ITS RETAIL)H E A R I N G
ELECTRIC UTILITY SERVICE)
RATES IN UTAH AND FOR)
APPROVAL OF ITS PROPOSED)
ELECTRIC SERVICE SCHEDULES)
AND ELECTRIC SERVICE)
REGULATIONS)
)

May 7, 2009
9:36 a.m.

LOCATION:
PUBLIC SERVICE COMMISSION
160 East 300 South, Room 451
Salt Lake City, Utah 84111

* * *

Karen Christensen
- Registered Professional Reporter -
- Certified Shorthand Reporter -

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1 May 7, 2009

9:36 a.m.

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P R O C E E D I N G S

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4 MR. BOYER: Let's go on the record, then, in
5 Docket No. 08-035-38 captioned in the Matter of the
6 Application for Rocky Mountain Power for authority to
7 increase its retail electric utility service rates in
8 Utah and for approval of its proposed electric service
9 schedules and electric service regulations.

10 And specifically we're here today to hear
11 testimony concerning the stipulation and the motion for
12 approval of cost of service, which will deal both with
13 cost of service and rate spread, sometimes known as phase
14 two of the rate case, but not rate design.

15 And may the record show that this morning
16 Ms. Hogle, counsel for Rocky Mountain Power, filed with
17 us a copy of a signature page to the stipulation bearing
18 the signature of Mr. Robert Reeder, counsel for Utah
19 Industrial Energy Consumers.

20 So our intention this morning will be to
21 proceed, first, to hear from proponents of the
22 stipulation. It will be an opportunity for
23 cross-examination and commissioner questioning and
24 redirect, if necessary. And then we'll go to those
25 opponents of the stipulation, if any.

So let's begin by taking appearances, please.

1 Let's begin with the Company. Ms. Hogle.

2 MS. HOGLE: Yvonne Hogle on behalf of Rocky
3 Mountain Power, and I have here with me Mr. Jeff Larsen,
4 who is the company's witness.

5 MR. BOYER: Thank you. Ms. Schmid.

6 MS. SCHMID: Patricia E. Schmid, with the
7 Attorney General's Office on behalf of the Division of
8 Public Utilities, and with me is Dr. Abdinasir Abdulle
9 from the Division.

10 MR. BOYER: Welcome, Dr. Abdulle.

11 MR. PROCTOR: Paul Proctor on behalf of the
12 Committee of Consumer Services. Mr. Gimble will be
13 presenting on behalf of the Committee.

14 MR. BOYER: And you're still known as the
15 Committee until the 12th; is that --

16 MR. PROCTOR: On the 12th we're the Office.
17 You can begin to call us the Office now, if you'd like.

18 MR. BOYER: It has a nice ring to it. You
19 should do a TV program on that.

20 MR. PROCTOR: We're equally confused.

21 MS. SCHMID: Amusing.

22 MR. BOYER: Mr. Reeder?

23 MR. REEDER: Good morning. My name is Robert
24 Reeder. I'm here this morning for Industrial Customers
25 whose names appear on this record and are known by an

1 acronym UIEC. And I'm alone.

2 MR. BOYER: And Mr. Higgins representing
3 himself, I guess?

4 MR. HIGGINS: Good morning, Mr. Chairman.
5 Kevin Higgins. I'm a witness for UAE Intervention Group.
6 Our attorney, Mr. Dodge, is out of the country on a
7 previously scheduled trip. He's not available today.
8 However, I am here to answer any questions that the
9 Commission may have regarding UAE support for the
10 stipulation.

11 MR. REEDER: I would stipulate Mr. Higgins to
12 appear and act in Mr. Dodge's place for the morning.

13 MR. BOYER: Okay. Rather large shoes to
14 fill, Mr. Higgins, but I'm sure you're up to it.

15 With that, who is going to speak for the
16 stipulation, Ms. Hogle?

17 MS. HOGLE: That is Mr. Larsen, Your Honor.
18 However, he has not been sworn in this case, I believe,
19 so he would need to be sworn.

20 MR. BOYER: Let's begin with Mr. Larsen. If
21 you'd like to remain there, please raise your right hand.

22 JEFFREY K. LARSEN,
23 having been first duly sworn, was examined
24 and testified as follows:

25 MR. BOYER: Thank you. Please be seated.

1 You may proceed.

2 EXAMINATION

3 BY MS. HOGLE:

4 Q. Can you please state your name and business
5 for the record?

6 A. Yes. My name is Jeffrey K. Larsen,
7 L-a-r-s-e-n. My business address is at the One Utah
8 Center, Suite 2300. That's at 201 South Main Street,
9 Salt Lake City, Utah 84111.

10 Q. Can you tell us what your position is with
11 Rocky Mountain Power and describe your employment history
12 with the Company?

13 A. Yes. I'm currently employed as the vice
14 president of regulation for Rocky Mountain Power. I
15 joined the Company in 1985 and then held various
16 accounting, regulatory and compliance-related functions
17 of the Company during my tenure. I've testified in all
18 of the states PacifiCorp does business in, including
19 Utah, Idaho, Wyoming, California, Washington and Oregon.

20 Q. And what is the purpose of your testimony
21 today?

22 A. The purpose of my testimony is, first, to
23 reconfirm Rocky Mountain Power's support for the
24 stipulation and the company's belief that the stipulation
25 is in the public interest. I will also give a brief

1 review and history of the events and the key elements of
2 cost of service and rate spread stipulation that has been
3 entered into by the following parties, including Rocky
4 Mountain Power, Utah Division of Public Utilities, the
5 Utah Committee of Consumer Services, Utah Industrial
6 Energy Consumers, UAE Intervention Group, the Kroger
7 Company and the Wal-Mart stores.

8 Q. Can you please proceed to recount the key
9 events that led up to the agreement that we're presenting
10 here today?

11 A. Sure. On April 24th, 2009, an e-mail was
12 circulated by the UAE Group to the intervening parties in
13 this case, indicating that UAE had held informal
14 discussions with many of the parties to the case, and it
15 expressed its desire to settle the cost of service and
16 rate spread components of the case but not the rate
17 design element. A rate spread proposal was included with
18 their e-mail to the parties and the parties were invited
19 to participate in a settlement conference on April 28th,
20 2009.

21 At that April 28th, 2009 meeting, the parties
22 held the settlement conference to discuss the rate spread
23 issues in the 2008 general rate case. All intervenors in
24 the case were invited to participate in those discussions
25 and, ultimately, the signing parties all participated

1 either in person or by phone in those discussions. At
2 the meeting an agreement on rate spread was reached by
3 the participating parties. Additionally, an agreement
4 was reached on a process to discuss cost of service
5 issues.

6 On April 28th and 29th, 2009, drafts of the
7 stipulation were circulated to the parties that
8 participated in those settlement discussions. And on
9 April 29th, 2009, a copy of a draft stipulation was
10 formulated and circulated to all intervenors in the case.

11 As a result of those settlement discussions,
12 the parties to the stipulation have agreed to the cost of
13 service and rate spread and other matters specified in
14 the docket -- in the document before you entitled
15 Stipulation in Cost of Service and Rate Spread, Phase II.
16 That was filed with the Utah Commission on April 30th,
17 2009. The parties have not, however, agreed on rate
18 design issues in this docket yet. Those matters will
19 continue.

20 Now, not all of the parties in the case have
21 signed the stipulation or participated in all of the
22 discussions, but at this time we're not aware of any
23 party that has voiced opposition to the stipulation.

24 Q. Can you now describe the specific terms of
25 the stipulation?

1 A. Certainly. I'm going to jump to paragraph 13
2 of the stipulation. The first section of the stipulation
3 is the preamble on the history leading up to the events
4 of today.

5 Paragraph 13.a. addresses the implementation
6 of the rate increase. \$45 million increase granted to
7 the Company in the Order issued by the Commission on
8 April 21st in the revenue appointment phase shall be
9 allocated across rate schedules as set forth in Exhibit A
10 to the stipulation. And I'll summarize the major rate
11 schedules included in that exhibit. The residential
12 customers would receive a 2.32% increase. And when
13 combined with Schedule 97, which is the prior surcharge,
14 new Schedule 98 that incorporates both Schedule 97 and
15 the new proposed increase would be a 5.35% increase.

16 Schedule 23, a 3.34% increase with a
17 surcharge of 6.4%. Schedule 6, 4.34%. Schedule 98, a
18 surcharge of 7.34%. Schedule 8, 3.34% and Schedule 98
19 surcharge is 7.43%. Schedule, 9, 4.34% and Schedule 98
20 at 7.43%. Irrigation customers, 3.34% and a combined
21 Schedule 98 of 6.4%, and lighting 3.34%, and Schedule 98
22 at 6.4%.

23 You'll notice from those that they all center
24 around the average of 3.34%. Schedules 6 and 9 receive
25 an increase equal to one percentage point greater than

1 the average jurisdictional increase proposed. For
2 residential customers, a smaller increase is proposed
3 equal to approximately one percentage point below the
4 jurisdictional average. So 2.32 below the -- or 2.32%
5 increase, one percent off the 3.34. And all other rate
6 schedules receive the average increase at the 3.34%.

7 The parties also agree that the increase
8 shall be implemented through the Schedule 98 that is
9 attached as Exhibit B to the stipulation. The proposed
10 Schedule 98 will replace the compliancetariff sheet
11 schedule that was filed by the Company on April 24th.
12 That filing was originally made to implement the
13 previously approved increase from the revenue requirement
14 phase, with an equal percentage increase across all
15 tariff customers. But with this stipulation, we'd no
16 longer be implementing the 3.34% average across all the
17 groups and instead the percentages I just outlined.

18 The parties agree that the other tariff
19 revisions filed by the Company and its compliance filing
20 on April 24th, 2009 should be implemented, if approved by
21 the Commission. That includes the revisions to Schedule
22 193, indicating that the DSM surcharge will also apply to
23 Schedule 98.

24 In this stipulation the parties agree that
25 Schedule 98 shall be applied to all tariff customers'

1 bills as set forth in Exhibit A, Column 11, and if
2 approved by the Commission, will become affective with
3 service on and after May 8th, 2009, which is tomorrow,
4 the effective date for the increase.

5 The percentage increase for each schedule
6 shown on the proposed Schedule 98 is a result of a
7 stipulated spread of a \$45 million increase applied to
8 current rates, in addition to the current Schedule 97
9 surcharge of 2.96%. As I indicated, Schedule 97 will be
10 canceled pursuant to the Company's April 24th filing
11 requesting such action.

12 It is the parties' intent that Schedule 98
13 remain in effect until it is superseded by a revised rate
14 schedule following the Commission's final order in the
15 Phase II portion of this case, which would ultimately
16 resolve all issues related to rate design. And that is
17 scheduled to proceed through the summer, with hearings
18 later in the fall.

19 In the event the Commission does not approve
20 this stipulation by the end of the day today, on May 7,
21 2009, the Company will proceed to implement the original
22 rates approved in the Order effective with service on and
23 after May 8th, 2009 and submitted in the original
24 April 24th compliance filing.

25 So if there's no order accepting the

1 stipulation, we'd move forward with just an equal
2 percentage increase of 3.34% to all of the rate
3 schedules, with the increase going into effect tomorrow.

4 Moving on to subparagraph B in paragraph 13
5 entitled the Work Group on Cost of Service Model, Rocky
6 Mountain Power agrees, within 14 days of the date of
7 approval of this stipulation, to invite all parties to
8 participate in work group meetings to discuss the
9 company's cost of the service model.

10 The work group meetings will address the
11 mechanics of the cost of service model, as opposed to the
12 assumptions that go into the model with more of the
13 mechanical elements.

14 The Company agrees to schedule the first work
15 group meeting promptly, giving due consideration to the
16 availability of interested parties, and to hold at least
17 three substantive work group meetings within 90 days of
18 the date of approval of this stipulation.

19 Interested parties should be prepared to
20 share and identify specific issues and concerns related
21 to the cost of service model at the first work group
22 meeting. Rocky Mountain Power will discuss and respond
23 to such concerns in that and subsequent meetings.

24 Rocky Mountain Power also agrees to develop
25 instruction models on -- instruction manuals for

1 operating specific components and sections of the cost of
2 service model, subject to the discussions and
3 negotiations described within the stipulation. And I'll
4 get to those in just a minute.

5 Rocky Mountain Power will provide training on
6 the cost of service model to all interested parties
7 requesting such training and will provide additional
8 documentation and other reasonable means of facilitating
9 easier use of the cost of service model. The parties
10 agree to discuss and negotiate in good faith at least the
11 following issues, but without limitation: The scope of
12 any necessary instruction manuals on cost of service
13 modeling; the relationship between Rocky Mountain Power's
14 Jurisdictional Allocation Model, commonly known as the
15 JAM model, and the cost of service model and consistency
16 between the two models; the potential alternative cost of
17 service models that could replace the Company's existing
18 model; or potential changes and improvements to the
19 current cost of service model to make it easier to use.

20 Moving on to paragraph 14, it's the revised
21 cost of service and rate design update filing date. The
22 parties agree that the filing date for the revised cost
23 of service study and rate design originally agreed to be
24 filed within 30 days of the hearing date of the revenue
25 requirement stipulation should be extended to May 5th,

1 2009. The Company has subsequently complied with that
2 date and has made the appropriate and required filings,
3 so that provision is complete.

4 Paragraph 15 on rate design, the parties
5 agree that this stipulation does not address any issues
6 related to rate design in this proceeding and that those
7 issues are still unresolved and will continue in this
8 docket.

9 Paragraph 16, schedule in the Phase II to
10 continue, as I indicated on rate design. And the parties
11 agree to follow the schedule currently in place in
12 Phase II of this docket, unless there's a mutual
13 agreement to change dates, if needed, but agree that any
14 filings made pursuant to the schedule will address only
15 rate design issues.

16 Finally, the parties agree that, pending
17 Commission approval of the stipulation, cost of service
18 and rate spread elements of this case shall be deemed
19 concluded.

20 The remaining paragraphs of the stipulation
21 contain the general terms and conditions, which are
22 associated with most of the stipulations that were filed
23 before this Commission, identifying the obligation of the
24 parties to the stipulation and to each other as a result
25 of agreement.

1 Q. Mr. Larsen, do you have any final comments?

2 A. Yes. I would, first, thank all of the
3 parties for their hard work in preparing for the case,
4 for the work that they've done on their positions and
5 negotiating in good faith on the stipulation.

6 I restate the Company's support for the
7 stipulation. It was negotiated in good faith by the
8 parties to the stipulation. I believe the stipulation is
9 in the public interest and that all the terms and
10 conditions, when taken together as a whole, will produce
11 just, fair, reasonable Utah retail electric utility
12 rates. I'd recommend the Commission approve the
13 stipulation as filed.

14 As I indicated, we are on a short timeline.
15 Without an approval today, the Company would move forward
16 with equal percentage rates tomorrow. And at the
17 conclusion of the hearings, if the parties have presented
18 sufficient evidence, I would respectively request and ask
19 that the Commission consider deliberating and issuing a
20 bench order related to the stipulation, if appropriate.
21 That concludes my comments. Thank you.

22 MR. BOYER: Thank you, Mr. Larsen. Are there
23 questions from the parties for Mr. Larsen? Ms. Schmid?

24 MS. SCHMID: No questions.

25 MR. PROCTOR: No.

1 MR. REEDER: No.

2 MR. HIGGINS: No questions.

3 MR. BOYER: I think the Commissioners will
4 elect to reserve our questions until we've heard from all
5 of the proponents and then we'll take them at that time.
6 We have -- just for the benefit of the parties, we
7 understand the efficiencies of time and we've essentially
8 drafted two draft orders, one approval and one
9 disapproval, so that we -- our intention is to deliberate
10 and issue an order today.

11 Ms. Schmid, is Dr. Abdulle going to speak for
12 the stipulation.

13 MS. SCHMID: Yes, please. Could he be sworn?

14 MR. BOYER: Would you please stand and be
15 sworn?

16 ABDINASIR M. ABDULLE, PH.D.,
17 having been first duly sworn, was examined
18 and testified as follows:

19 MR. BOYER: Thank you. Please be seated.

20 EXAMINATION

21 BY MS. SCHMID:

22 Q. Good morning. Could you please state your
23 full name and business address for the record?

24 A. My name is Abdinasir Abdulle. My business
25 address is 160 East 300 South, Salt Lake, Utah.

1 Q. Thank you. And do you have a Ph.D. in
2 economics, so I can properly call you Dr. Abdulle?

3 A. Yes, I do.

4 Q. Thank you. By whom are you employed?

5 A. I work for the Division of Public Utilities.

6 Q. Have you participated in this docket on
7 behalf of the Division?

8 A. Yes, I did.

9 Q. Could you please describe your participation?

10 A. Primarily, for this occasion, my
11 participation was I reviewed the stipulation and
12 evaluated the stipulation for the Division. And I will
13 be saying my conclusions here.

14 Q. Thank you. Do you have a summary of the
15 Division's position with respect to the stipulation and
16 of your testimony that you would like to give at this
17 time?

18 A. Yes, I do.

19 Q. Please proceed.

20 A. The Division supports the stipulation in the
21 cost of service and rate design spread before the
22 Commission today and believes that the terms and
23 conditions of the stipulation, taken as a whole, are
24 just, reasonable and in the public interest. That being
25 said, I will briefly discuss what led the Division to

1 support the stipulation and comment upon the stipulation.

2 The Division believes that the stipulated
3 rate spread is consistent with the results of the cost of
4 service study as filed by the Company in this docket.
5 The rate spread suggested by the Company's cost of
6 service study calls for Schedule 8 to get a rate increase
7 equal to the system average; schedule 6, Schedule 9 to
8 get a rate increase above the system average; and
9 Schedule 1 to get an increase less than average. For
10 Schedule 10, given the concerns surrounding its load
11 research, the Division sees -- thinks that it's
12 reasonable to give an average -- system average rate
13 increase.

14 The spread proposed by the stipulation is
15 consistent with the directional changes suggested by the
16 cost of service model, i.e. where the cost of service
17 model suggested an increase above the average, it's
18 stipulated to give an above-average rate, such as the
19 below-average rate it stipulates to give below average.

20 The stipulation proposes a systemwide average
21 increase of 3.34%, consistent with the implementation of
22 the \$45 million increase previously ordered by the
23 Commission in this docket. For Schedules 8, 10 and 23,
24 this stipulation proposes the system average increase of
25 3.34%. Schedule 1 would receive an increase of 2.32%,

1 which is less than the system average. And Schedules 6
2 and 9 receive an increase of 4.34%, which is greater than
3 the system average.

4 Although the Division believes that these
5 changes in rates are directionally correct, because of
6 the outstanding issues around the cost of service model,
7 the Division is not certain about the exact magnitude of
8 this stipulated rate spread. This stipulation reflects a
9 first step in addressing cost of service disparities
10 arising in several recent rate cases.

11 As a result of the criticisms that the
12 Company's cost of service model received in the 2007 rate
13 case, the Division hired a consultant, R.W. Beck, to
14 assist in analyzing the model. Many of the comments of
15 the other parties about the model were echoed by R.W.
16 Beck's experts. In particular, we, the Division, and
17 R.W. Beck have had difficulty using the cost of service
18 model itself. For this reason, the terms of the
19 stipulation also call for a work group to discuss the
20 mechanics of the Company's cost of service model, as was
21 indicated by the Company.

22 Some of the outstanding issues surrounding
23 the Company's model include, but are not limited to, a
24 lack of transparency and unnecessary complexities built
25 into the model and possible inconsistencies between the

1 cost of service model and the JAM model.

2 To resolve this, the parties in the
3 stipulation agree to form a work group to discuss the
4 mechanics of the model, potential improvement or
5 replacement of the model, and possible development of
6 manuals documenting certain portions of the cost of
7 service model. Also, the Company agrees to provide
8 additional training on the model for interested parties.

9 Therefore, the Division believes that the
10 terms and conditions of the cost of service model and the
11 rate -- the cost of service and rate spread, taken as a
12 whole, serve the public interest and are just and
13 reasonable as required by Utah Code 54-3-1. And that
14 concludes my summary.

15 Q. And so, therefore, it's your testimony that
16 the Division supports the Commission approving this
17 stipulation?

18 A. Yes.

19 MS. SCHMID: Thank you.

20 MR. BOYER: Thank you, Ms. Schmid and
21 Dr. Abdulle. Are there questions for Dr. Abdulle,
22 Ms. Hogle?

23 MS. HOGLE: None.

24 MR. BOYER: Mr. Proctor has indicated no.
25 Mr. Reeder and Mr. Higgins?

1 MR. HIGGINS: No.

2 MR. BOYER: And the commissioners will
3 reserve any questions they might have. Turning now to
4 Mr. Proctor, the Committee, or office.

5 MR. PROCTOR: Thank you. Mr. Gimble needs to
6 be sworn, please.

7 DAN GIMBLE,
8 having been first duly sworn, was examined
9 and testified as follows:

10 MR. BOYER: Please be seated.

11 EXAMINATION

12 BY MR. PROCTOR:

13 Q. Mr. Gimble, on behalf of the Committee staff,
14 you were the project manager to consider the cost of
15 service and rate spread issues in this most recent rate
16 case; is that correct?

17 A. That's correct.

18 Q. And the Committee has executed the proposed
19 stipulation. Do you have a summary of the Committee's
20 perspective on that stipulation?

21 A. Yes.

22 Q. Could you provide that, please?

23 A. Parties of the stipulation agree that the
24 class rate spread in this case should generally follow
25 the result of the cost of study. The proposed rate

1 spread has already been talked about by Mr. Larsen as
2 Exhibit A to the stipulation.

3 My comments address why the proposed rate
4 spread is a just and reasonable outcome for the classes
5 that the Committee represents. Because the cost of
6 service study presented in this case was essentially the
7 same as presented in the Company's last rate case, the
8 Committee staff and experts have already completed a
9 significant amount of analysis of certain issues.

10 Our analysis shows that, while the proposed
11 rate spread will result in just -- our analysis shows the
12 proposed rate spread will result in just and reasonable
13 rates. While the Committee may have made some
14 adjustments to the Company's proposed classification and
15 allocation factors, these would have had a minor impact
16 on the rate spread outcome. We'll continue our analysis
17 of these issues and we'll present any recommended
18 adjustments in the Company's next rate case.

19 Let's turn to the schedule that the Company
20 represents, starting with the residential classes.
21 Schedule 1 is the largest residential class, and we've
22 got 2, 3 and 25, as well. In comparing the rates of
23 return of the major rate classes, looking at 1, 23, 6, 9,
24 including irrigators, as well, I guess, the residential
25 Schedule 1 has the highest return at 1.22.

1 Moreover, the residential class has been a
2 strong performer, really going back to 2003 with returns
3 in five rate cases ranging from 1 to 1.22 in the current
4 case. We believe that strong performance warrants less
5 than the jurisdictional average for the residential
6 classes.

7 For these reasons, the parties agree that
8 these schedules will receive an increase of 2.32%, which
9 is about two percentage points lower than the increases
10 for the large customer classes and about one percentage
11 point lower than the jurisdictional average increase.

12 Turning now to Schedule 23, Schedule 23 has a
13 solid return in this case of 1.16, a bit below the
14 residential one schedule that I just talked about. This
15 compares to a rather weak return, however, a .84. In the
16 last case we've seen quite a swing here, 23 in this case.

17 If you look at the last four cases, however,
18 they've typically -- Schedule 23 typically has had a very
19 strong performance, ranging from about 1.09, I think, up
20 to about 1.23. Because of the recent inconsistent
21 performance of this class, the parties agree that
22 applying the jurisdictional average increase of 3.34% is
23 appropriate in this case.

24 The Committee will continue to investigate
25 the issues behind the performance variations for this

1 class and may make a different recommendation to Rocky
2 Mountain Power's next general rate case.

3 Lastly, the irrigation schedule, Schedule 10.
4 Regarding Schedule 10 and the accuracy of the irrigator
5 load data it continues to concern the Committee as the
6 same load data is being applied in the current case and
7 the last case.

8 In the last case we pointed out, based on our
9 analysis and our testimony, that the estimated data used
10 by the Company may have overstated actual usage on an
11 annual basis by 24 percent and, for the month of
12 September, about 70 percent. It is essential, we
13 believe, to justify any large rate increase for the
14 irrigation class as the impacts would have a potentially
15 devastating impact on irrigation customers. Therefore,
16 the parties agree that applying the jurisdictional
17 average increase of 3.34% is appropriate for the
18 irrigation class.

19 One other comment on the irrigation class.
20 We would note that because irrigators' annual water
21 requirements can vary considerably due to crop rotations,
22 weather and economics, obtaining reliable load data for
23 estimation purposes has proven to be really difficult for
24 this class over the years. We have informally committed
25 to the Company to continue to work with them toward

1 improving the data used for measuring the irrigator
2 class.

3 Just kind of the last category, it's been
4 mentioned by the Company and Division witnesses -- it has
5 to do with the working group to examine the cost of
6 service model. And that, I think, essentially relates
7 to paragraph 13B in the stipulation. That essentially
8 relates to the transparency and the operation of the
9 model.

10 Our experience is that there's a fairly steep
11 learning curve with the model. It's a macro-driven model
12 and the working group will examine, among other things, a
13 level of documentation for any possible changes to the
14 current model.

15 Lastly, the Committee believes that the
16 proposed cost of service stipulation, taken as a whole,
17 is in the public interest and we recommend that it be
18 approved by the Commission.

19 MR. PROCTOR: Thank you, Mr. Gimble.

20 MR. BOYER: Thank you, Mr. Gimble. Are there
21 questions of Mr. Gimble? Ms. Hogle?

22 MS. HOGLE: I have no questions.

23 MR. BOYER: Ms. Schmid?

24 MS. SCHMID: No questions.

25 MR. BOYER: Mr. Reeder?

1 MR. REEDER: No questions.

2 MR. BOYER: Mr. Higgins?

3 MR. HIGGINS: No questions.

4 MR. BOYER: Are there any more --

5 MR. REEDER: Can Mr. Higgins be sworn as the
6 next witness in order? Mr. Higgins, will you be sworn as
7 the next witness in order?

8 MR. BOYER: Very well, if he wishes to be. I
9 was just going to ask you if you wish to speak for or
10 against the stipulation.

11 MR. HIGGINS: Thank you, Mr. Chairman, and I
12 would like to make a statement under oath in support of
13 that.

14 MR. BOYER: Very well. Please stand and
15 raise your right hand. We'll swear you in.

16 KEVIN HIGGINS,
17 having been first duly sworn, was examined
18 and testified as follows:

19 MR. BOYER: Please be seated. You may
20 proceed.

21 MR. HIGGINS: Thank you. My name is Kevin C.
22 Higgins. My business address is 215 South State Street,
23 Suite 200, Salt Lake City, 84111. I'm a witness in this
24 docket on behalf of the UAE Intervention Group. UAE
25 supports the stipulation and believes that it is in the

1 public interest and will produce just and reasonable
2 rates. The UAE clients in our group take service
3 generally under rates 6, 8 and 9.

4 As has already been explained, the
5 stipulation provides that rates 6 and 9 will get a rate
6 increase that is above the average increase to the retail
7 load. While we, UAE, have challenged a number of the
8 aspects of Rocky Mountain Power's cost of service study
9 in the past and continue to have some questions about it,
10 we, at the same time, recognize that an above average
11 increase for 6 and 9 in this docket is consistent with
12 the direction of the results of the company's cost of
13 service study. And for purposes of this proceeding, we
14 are willing to agree to a rate increase that is modestly
15 above the average increase, and the members of the UAE
16 Intervention Group are willing to support that.

17 So I'm here to express our support for
18 adoption of the stipulation and respectfully recommend
19 its approval by the Commission. Thank you.

20 MR. BOYER: Thank you, Mr. Higgins. Are
21 there questions for Mr. Higgins? Are there other persons
22 or parties who wish to speak in favor of the stipulation?
23 All right. Let's turn now, then, to the Commissioners
24 and see if they have any questions. First to
25 Commissioner Allen.

1 MR. ALLEN: Thank you, Mr. Chairman. In
2 looking at this spread, I had some questions about a
3 couple of categories, but I did hear some explanation
4 about irrigation. But I am curious about public street
5 lighting. Perhaps the Division can help me.

6 Dr. Abdulle, have you had any contact with
7 the city? If my memory serves me correctly, the
8 original -- the original spread plan, as served by the
9 Company, was to not increase street lighting. I could
10 have that wrong. But did you have any dialogue with the
11 city? Has anybody had any contact with you? And if
12 anyone else has and can inform that question, that would
13 be helpful, about the spread for street lighting,
14 specifically.

15 MR. ABDULLE: Nobody from the city contacted
16 us, and I did not contact them either.

17 MR. ALLEN: Anyone else with the city talk
18 with parties?

19 (No audible response.)

20 MR. ALLEN: Okay. So I would suppose that
21 under those circumstances, then, the assertion would be
22 that it's probably just and reasonable, because it was
23 the average rate spread and that was applied to most of
24 the parties. Would that --

25 MR. ABDULLE: That's what the Division

1 proposes.

2 MR. ALLEN: Having -- the fact that we have
3 no other input from the city, that was the decision, I
4 suppose.

5 MR. ABDULLE: Yes.

6 MR. ALLEN: Okay. Thank you.

7 MR. BOYER: Commissioner Campbell?

8 MR. CAMPBELL: I guess let me ask my question
9 related to irrigation of the Company. Are you going to
10 do anything different in the next rate case as it relates
11 to calculating irrigation load? I've been around this
12 business probably for 13 years, and I don't think there's
13 been a single rate case where people were confident in
14 the numbers for irrigation. I guess I'm just asking
15 when. When will we be done with that question and be
16 able to decide what the appropriate allocation is to that
17 group of customers?

18 MR. LARSEN: In the next case -- and we've
19 provided notice to the Commission that we anticipate
20 filing that in June -- I'm not sure that we'll have
21 sufficient data to recommend wholesale changes in that
22 rate. We are continuing to gather data.

23 We're also implementing our dispatchable
24 irrigation load control program here in Utah that we've
25 had success with in Idaho. So we will be in a period of

1 gathering additional data and meter information to see if
2 there's additional changes that are warranted. But
3 probably not in the next case, this summer.

4 MR. CAMPBELL: Have you experienced the same
5 issue in Idaho? I know you have a lot of irrigation
6 customers in Idaho. Are there similar questions raised
7 in Idaho as it relates to proper allocation of cost to
8 the irrigation customers?

9 MR. LARSEN: The questions that we've had in
10 Idaho, we've had, you know, a significant either
11 curtailment of programs or the dispatchable programs that
12 the majority of the irrigators are participating in, so
13 that the issues we face there have been more around the
14 value of those curtailment programs and the credits and
15 whether it's demand or energy related and how those
16 apply. So it is a larger class. We haven't necessarily
17 seen the swings that we do in Utah.

18 MR. BOYER: And I have just one question for
19 Mr. Larsen. And it may be that I didn't hear you say
20 this, but at the beginning of your testimony you
21 testified that it was your opinion that the stipulation
22 was in the public interest. I didn't hear you say, but
23 you may have said later in your testimony, that you also
24 believe it was just and reasonable.

25 MR. LARSEN: Yes, I did, in my concluding

1 comments. We believe it is very much in the public
2 interest and would recommend its approval.

3 MR. BOYER: Thank you very much. Anything
4 further from the proponents of the stipulation? Are
5 there those among us who wish to speak against the
6 stipulation -- approval of the stipulation? We have
7 scheduled this a little later this morning, at 11:30, the
8 public witness portion of this proceeding, and so we'll
9 be in recess until then. Thank you all.

10 (A recess was taken from 10:16 to 11:34 a.m.)

11 MR. BOYER: Let's go back on the record in
12 Docket 08-035-38. This is the time and place duly
13 noticed for the public witness portion of the hearing for
14 motion of approval of the stipulation on cost of service
15 and rate spread. And I'm looking now at Ms. Murray and
16 no one from the public is here and interested and
17 speaking to us.

18 The three Commissioners have already
19 deliberated, pending the outcome of the public witness
20 hearing. And the public witness hearing had a start date
21 but no end date. So inasmuch as no one is here, we're
22 going to conclude the testimony portion of the hearing
23 and rule from the bench.

24 And our ruling is that we are going to
25 approve the stipulation and will be issuing a written

1 order later this very day. Thank you all for your
2 participation.

3 MS. SCHMID: Thank you.

4 MS. HOGLE: Thank you.

5 (The hearing was concluded at 11:40 a.m.)

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C E R T I F I C A T E

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

This is to certify that the foregoing proceedings were taken before me, KAREN CHRISTENSEN, a Registered Professional Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting.

That a full, true and correct transcription of said proceedings so taken and transcribed to the best of my ability is set forth in the foregoing pages, numbered 3 through 32, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

Witness my hand and official seal at West Jordan, Utah, this 15th day of May 2009.

Karen Christensen, CSR, RPR
My Commission Expires:
December 30, 2011