

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE)
APPLICATION OF ROCKY)
MOUNTAIN POWER FOR) DOCKET NO. 08-035-93
AN ACCOUNTING ORDER)
REGARDING PENSION)
CURTAILMENT AND PENSION)
MEASUREMENT DATE CHANGE.)
)
)

TRANSCRIPT OF HEARING PROCEEDINGS

HELD AT: Public Service Commission
160 East 300 South, Room 403
Salt Lake City, Utah

DATE: January 6, 2009

TIME: 10:02 a.m.

REPORTED BY: RENEE L. STACY, CSR, RPR

A P P E A R A N C E S

COMMISSIONERS:

TED BOYER (Chairman)
RIC CAMPBELL
RON ALLEN

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I N D E X

WITNESS: STEVEN R. McDOUGAL

Direct Examination by Mr. Solander 7

WITNESS: DAVID T. THOMSON

Direct Examination by Mr. Ginsberg 11

WITNESS: CHERYL MURRAY

Testimony. 13

E X H I B I T S

Exhibit No.	Received
CCS-1, DPU-1, and Rocky Mountain Power prefiled testimony	5

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January 6, 2009
10:02 a.m.

P R O C E E D I N G S

CHAIRMAN BOYER: This is the time and place that was originally noticed to hear testimony on Rocky Mountain's application for an accounting order regarding pension curtailment and pension measurement date change.

A stipulation was filed late yesterday afternoon, and, by agreement of the parties, we've converted this hearing to be a hearing on the stipulation.

Are there any preliminary matters that we need to deal with before we hear testimony on the stipulation?

MR. SOLANDER: Thank you, Chairman Boyer. Daniel Solander for Rocky Mountain Power.

We'd just ask at this time that all of the prefiled testimony be admitted into the record.

CHAIRMAN BOYER: Very well. We might as well just handle that right now. Are there any objections to the prefiled testimony being admitted into evidence?

MR. PROCTOR: Are we on the record?

1 CHAIRMAN BOYER: We are on the record.

2 MR. PROCTOR: Oh, okay. No.

3 CHAIRMAN BOYER: Very well. The prefiled
4 testimony is admitted into the record.
5 Let's enter appearances for the record.
6 Mr. Solander?

7 MR. SOLANDER: Thank you. Daniel Solander
8 on behalf of the Rocky Mountain Power. I have with
9 me Mr. Steven McDougal, also from the Company.

10 CHAIRMAN BOYER: All right. Welcome,
11 Mr. McDougal.

12 MR. GINSBERG: Michael Ginsberg for the
13 Division of Public Utilities, and the Division's
14 witness will be Dave Thomson.

15 CHAIRMAN BOYER: Welcome, Mr. Thomson and
16 Mr. Ginsberg. Mr. Proctor?

17 MR. PROCTOR: Paul Proctor on behalf of the
18 Committee of Consumer Services, and I'm accompanied
19 by co-counsel, Cheryl Murray.

20 CHAIRMAN BOYER: She's taught us most of us
21 everything we know about the law, right?

22 MR. PROCTOR: Certainly me.

23 CHAIRMAN BOYER: Very well. Welcome,
24 Ms. Murray and Mr. Proctor.
25 Have there been any discussions on how you

1 wish to proceed? Does anyone want to speak to the
2 stipulation? Are there any parties here who wish to
3 speak against the stipulation, or people who are not
4 parties? Okay.

5 Back to my first question, then. Do we
6 have an agreement as to how we proceed? Shall we
7 hear from the Company first?

8 MR. GINSBERG: I think the Company was
9 going to go first, and then what isn't covered that
10 we need to cover, I think we will -- the intent was
11 that both the Division and the Committee would have
12 witnesses here to provide what input there needs to
13 be made.

14 CHAIRMAN BOYER: Very well. Thank you,
15 Mr. Ginsberg. Let's proceed that way, then, turning
16 to Mr. Solander.

17 MR. SOLANDER: Thank you, Chairman Boyer.
18 We have only one witness. I'd like to call Mr. Steve
19 McDougal to present a summary of the stipulation.

20 CHAIRMAN BOYER: Very well. Mr. McDougal,
21 if you'd like, since we're just small in number --
22 few in number, you can just sit right there, if you
23 like. I guess we need to swear you in this
24 proceeding. Would you please stand and raise your
25 right hand?

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STEVEN R. McDOUGAL

called as a witness and sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SOLANDER:

Q Would you please state your full name and business address for the record, please?

A My name is Steven R. McDougal. My business address is 201 South Main Salt Lake City, Utah.

Q And by whom are you employed?

A Rocky Mountain Power.

Q And what is your position with the Company?

A I am the director of revenue requirement.

Q And what are the responsibilities of that position?

A My primary responsibilities include overseeing the calculation and reporting of the Company's regulated earnings or revenue requirement, assuring that the interjurisdictional cost allocation methodology is correctly applied, and the explanation of those calculations to regulators in the jurisdictions in which the Company operates.

Q And were you involved in discussions that resulted in the pension change deferral stipulation that was filed with the Commission yesterday?

1 A Yes.

2 Q And are you familiar with the terms of that
3 stipulation?

4 A Yes, I am.

5 Q And have you also prepared a summary of
6 that stipulation?

7 A Yes.

8 Q Would you please present that summary to
9 the Commission?

10 A Okay. Rocky Mountain Power filed an
11 application with the Commission on November 4th, 2008
12 seeking an accounting order authorizing Rocky
13 Mountain Power to record a net reduction to the
14 regulatory asset associated with the existing pension
15 and other post-retirement welfare assets for a
16 pension curtailment gain and a measurement date
17 change transitional adjustment.

18 The Division of Public Utilities and the
19 Committee of Consumer Services participated as
20 parties and filed testimony.

21 On December 23rd, 2008, the parties held a
22 settlement conference and reached an agreement in
23 principal that formed the basis for the stipulation
24 that is presented before the Commission today. The
25 stipulation was signed on January 5th, yesterday, and

1 it resolves all of the outstanding issues in this
2 docket.

3 The terms of the stipulation are that Rocky
4 Mountain Power agrees to reduce the amortization
5 period of the \$40.5 million pension benefit from ten
6 years, as proposed in the application, to three
7 years. The parties agree that the amortization of
8 the pension benefit shall begin January 1st, 2009,
9 and such amortization shall be included in the
10 revenue requirement of the Company's current general
11 rate case, Docket Number 08-035-38.

12 The parties agree that the amortization of
13 the \$13.8 million measurement date change
14 transitional adjustment will be amortized over ten
15 years, as proposed by Rocky Mountain Power in the
16 application. The parties agree that the amortization
17 of the measurement date change transitional
18 adjustments shall begin on January 1st, 2008 and that
19 the second year of the ten-year amortization,
20 occurring in 2009, shall be reflected in the
21 Company's revenue requirement in its current general
22 rate case.

23 The parties agree that the unamortized
24 balances of the pension measurement date change and
25 pension curtailment benefit will not be included in

1 rate base during the amortization period. And the
2 last part of the stipulation was that Rocky Mountain
3 Power acknowledge that we should have included in the
4 2007 general rate case filing information on this
5 future change and the treatment of the pension
6 measurement date.

7 Q And have you formed an opinion on what
8 action the Commission should take with regards to the
9 stipulation?

10 A I believe the Commission should approve
11 this stipulation, as agreed to by all the parties.

12 MR. SOLANDER: Thank you, Mr. McDougal.
13 That's all the questions I have.

14 THE WITNESS: Thanks.

15 CHAIRMAN BOYER: Thank you, Mr. McDougal.
16 Why don't we just reserve any questions that the
17 Commission has until we've heard from the three
18 witnesses, and then we'll ask them all at once.

19 Mr. Ginsberg?

20 MR. GINSBERG: The Division's witness is
21 David Thomson.

22 CHAIRMAN BOYER: Mr. Thomson?

23 MR. GINSBERG: Thomson.

24 CHAIRMAN BOYER: Would you please stand and
25 raise your right hand?

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DAVID THOMSON

called as a witness and sworn, was examined and testified as follows:

CHAIRMAN BOYER: Mr. Ginsberg?

DIRECT EXAMINATION

BY MR. GINSBERG:

Q Would you state your name for the record?

A David Thomson.

Q And you were the Division's witness in this proceeding?

A I was.

Q And you participated in the discussions that led to the stipulation that was filed yesterday?

A Yes, I did.

Q Can you go ahead and provide your comments on the stipulation?

A My comments are very brief. I concur with what the Company stated. The terms of the stipulation are similar to -- in most respects, to the recommendations -- major recommendations made by the Division, having to do with starting dates and length of the amortization period.

As a result of the negotiation process, the Division stipulated to amortizing the date change transition. In the testimony, the Division broke out

1 the two pension adjustments, broke them out into
2 different analyses, and pretty much in the
3 curtailment analysis what we settled on was what the
4 Division recommended in its testimony. In the date
5 change analysis, we recommended a ten-year
6 amortization period, and based upon the fact that in
7 our testimony we stated that we probably would have
8 accepted the amortization of the measurement date
9 change and due to the provisions and representations
10 of Items 9 and 11, we settled on amortizing and
11 agreed to have that amortized in the future periods.

12 Therefore, the Division represents that the
13 stipulation is in the public interest and recommends
14 that the Utah Public Service Commission approve the
15 stipulation and all of its terms and conditions.

16 MR. GINSBERG: Thank you.

17 CHAIRMAN BOYER: Thank you, Mr. Thomson.

18 Mr. Proctor?

19 MR. PROCTOR: Ms. Murray has worked with
20 the expert witness retained by the Committee and she
21 has prepared a brief statement to the Commission.

22 CHAIRMAN BOYER: Would you please stand and
23 raise your right hand?

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25 //

1 adjustment will begin on January 1, 2008.

2 The Committee believes that the measurement
3 date change would have been an allowable expense had
4 it been brought forth in the 2007 rate case;
5 therefore, the proposal to begin amortization in
6 January 2008 is reasonable under the circumstances.

7 For these reasons, the Committee believes
8 that the stipulation is in the public interest and it
9 is fair and reasonable.

10 CHAIRMAN BOYER: Thank you, Ms. Murray.

11 Do any of the parties have questions of any
12 of the witnesses who have spoken to us today?

13 MR. SOLANDER: We have no questions.

14 MR. GINSBERG: No.

15 CHAIRMAN BOYER: Okay. Let's see if the
16 commissioners do. Commissioner Allen, questions?

17 COMMISSIONER ALLEN: Thank you,
18 Mr. Chairman.

19 Just a quick question that I probably know
20 the answer to. I want to make sure we just get it on
21 the record. Are any parties aware of anything in the
22 stipulation that would put us pushing the limits of
23 generally accepted accounting principles or
24 especially new law changes pertaining to pension fund
25 reporting? Are we all copasetic under those

1 categories?

2 MR. McDOUGAL: The Company is.

3 MS. MURRAY: Our expert witness said we're
4 fine.

5 MR. THOMSON: I think it's fine.

6 CHAIRMAN BOYER: Okay. Thank you.

7 Ms. Ramas was formerly known as DeRonne?

8 MS. MURRAY: That's correct.

9 CHAIRMAN BOYER: Commissioner Campbell?

10 COMMISSIONER CAMPBELL: I have no
11 questions.

12 CHAIRMAN BOYER: Is there anything further?

13 Okay. We're going to go into recess for a few
14 minutes, five to ten minutes, and be back. the
15 issues are rather straightforward. Maybe we can
16 decide this right now. If you'll be patient with us,
17 we'll be back in a few moments.

18 (Recess, 10:14 a.m.)

19 (Reconvened, 10:17 a.m.)

20 CHAIRMAN BOYER: Let's go back on the
21 record. I deceived you. It was only three minutes,
22 but we have read the testimony and we read the
23 stipulation before coming today.

24 After deliberation, we have decided to
25 approve the stipulation as filed, and we'd like to

1 ask Mr. Solander to prepare a draft order for us at
2 your earliest convenience. Show it to the other
3 parties first, and file it with us.

4 MR. SOLANDER: Thank you.

5 CHAIRMAN BOYER: Thank you all very much.
6 Enjoy the new year.

7 (Whereupon the taking of the hearing was
8 concluded at 10:18 a.m.)

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

I, RENEE L. STACY, Certified Shorthand Reporter, Registered Professional Reporter and Notary Public for the State of Utah, certify:

That the foregoing transcript, consisting of Pages 1 to 16, was stenographically reported by me at the time and place hereinbefore set forth; that the same was thereafter reduced to typewritten form, and that the foregoing is a true and correct transcript of those proceedings.

I further certify that I am neither counsel for nor related to any party to said action nor in anywise interested in the outcome thereof.

IN WITNESS WHEREOF, I have subscribed my name and affixed my seal this 12th day of January, 2009.

RENEE L. STACY, CSR, RPR
Notary Public in and for the
County of Salt Lake, State of Utah

My Commission Expires:

November 9, 2011

