

1 **Q. Please state your name, business address and present position with Rocky**  
2 **Mountain Power, a division of PacifiCorp (the “Company” or “RMP”).**

3 A. My name is Gregory N. Duvall, my business address is 825 NE Multnomah St.,  
4 Suite 600, Portland, Oregon 97232, and my present title is Director, Long Range  
5 Planning and Net Power Costs.

6 **Q. Have you previously filed testimony in this case?**

7 A. Yes. I filed direct testimony, supplemental direct testimony and rebuttal testimony  
8 in Phase I of this case. I also filed rebuttal testimony in Phase II A of this case.

9 **Q. What is the purpose of your supplemental direct testimony?**

10 A. I present one change to the Company’s Energy Cost Adjustment Mechanism  
11 (“ECAM”) that I proposed in my March 2009 direct testimony in Phase I of this  
12 case. All other elements of the ECAM proposed in March 2009 remain  
13 unchanged. I will also present the Company’s response to the inclusion of  
14 wheeling revenues in the ECAM.

15 **Q. Please identify the change to the Company’s ECAM you will cover in your**  
16 **supplemental direct testimony?**

17 A. In my supplemental direct testimony, I propose the inclusion of revenues from the  
18 sale of Renewable Energy Credits (“REC”) in the ECAM.

19 **Q. Please describe the Company’s proposal for the treatment of REC revenues.**

20 A. The Company proposes to include REC revenues as an offset to net power costs  
21 (“NPC”). Given the recent and significant increase in REC revenues, they are  
22 currently large. In addition, they are volatile and unpredictable and fit well with  
23 the NPC included in the ECAM. Like NPC, REC revenues are dependent on the

24 actual level of generation from unpredictable renewable resources such as wind  
25 and hydro resources. In addition to an uncertain volume component, REC  
26 revenues are dependent upon illiquid, volatile and non-transparent market prices.  
27 Sales to certain entities may also require bundling RECs with energy production  
28 that is intertwined in NPC in order to comply with state specific certification  
29 requirements.

30 **Q. How would REC revenues be included in the ECAM?**

31 A. The Company has requested that the ECAM should start with the conclusion of  
32 the last general rate case on February 18, 2010. If REC revenues are included in  
33 the ECAM, then they should be included beginning essentially at the same time  
34 NPC are included in the ECAM.

35 **Q. If REC revenues are not included in the ECAM, then how will they be  
36 reflected in rates?**

37 A. As was done in Docket No. 09-035-23, they would be included as a forecasted  
38 revenue amount in determining the Company's revenue requirement in a general  
39 rate case and no adjustment would be made to rates between general rate cases if  
40 actual REC revenues received by the Company were different than the amount  
41 included in base rates. Actual REC revenues could be significantly greater or less  
42 than the in-rates REC revenues at any point in time.

43 **Q. Would it be equitable to have a true-up mechanism for REC revenues  
44 without a true-up mechanism for NPC?**

45 A. No. As indicated above, both NPC and current REC revenues are large, volatile,  
46 unpredictable, and largely out of the control of the Company. They are both

47 affected by the unpredictable and volatile nature of wind and hydro. The basis for  
48 allowing rates to be adjusted between general rate cases based on actual REC  
49 revenues and NPC is the same. The Company believes they should be treated in a  
50 similar manner through the ECAM and is only supportive of a true-up for REC  
51 revenues if there is a true up for NPC.

52 **Q. Why didn't the Company originally propose that REC revenues be included**  
53 **in the ECAM?**

54 A. REC revenues are a relatively new phenomenon and have not been included in  
55 NPC in the past. The ECAM as originally proposed only addressed NPC. In  
56 addition, until recently REC revenues were relatively insignificant in amount.  
57 Recent events have shown they can be quite significant and volatile for some of  
58 the same reasons NPC are large and volatile.

59 **Q. During the hearing on the Stipulation and Joint Motion for Deferred**  
60 **Accounting Orders in Docket Nos. 09-035-15 and 10-035-14 on June 29, 2010,**  
61 **Commissioner Campbell asked whether including transmission wheeling**  
62 **costs in the deferred account without including transmission wheeling**  
63 **revenues created an imbalance. Do you believe this creates an imbalance?**

64 A. No. For as long as I can remember, transmission wheeling costs have always been  
65 included in NPC, but transmission wheeling revenues have never been included in  
66 NPC. The reason for this is that transmission wheeling costs are costs incurred by  
67 the Company for contracts with third parties to bring purchased power into its  
68 system for service to its customers. Thus, these costs are part of NPC. On the  
69 other hand, transmission wheeling revenues are incidental revenues received

70 when another company wishes to move power across the Company's transmission  
71 system and capacity is available to do so. We did not consider including  
72 transmission wheeling revenues in the ECAM because the ECAM was intended to  
73 allow recovery of actual NPC.

74 **Q. Would the Company object to inclusion of transmission wheeling revenues in**  
75 **the ECAM?**

76 A. No. In general rate cases, transmission wheeling revenues have always been  
77 considered in determining the Company's revenue requirement. They are not as  
78 substantial, volatile, difficult to forecast or outside the control of the Company as  
79 NPC. Therefore, the reasons for including them in an ECAM are not as  
80 compelling as the reasons for including NPC. However, the Company has no  
81 objection to including transmission wheeling revenues in the ECAM to the extent  
82 the Commission believes this is appropriate. Just like including REC revenues in  
83 the ECAM, the Company has no objection to the mechanism being used to true up  
84 forecasts to actuals for any expenses or revenues related to power supply or  
85 transmission services.

86 **Q. If the Commission orders that transmission wheeling revenues be included in**  
87 **the ECAM, will the Company have any difficulty including them in the**  
88 **deferred account that has been established based on the Commission's**  
89 **Report and Order on Deferred Accounting Stipulation issued July 14, 2010?**

90 A. No. If the Commission orders that transmission wheeling revenues be included in  
91 the ECAM, the Company will be able to add them to the deferred account  
92 effective February 18, 2010.

93 Q. Does this conclude your testimony?

94 A. Yes.