Q. Please state your name, business address and present position with Rocky Mountain Power (the Company), a division of PacifiCorp.

A. My name is Peter C. Eelkema, my business address is 825 N.E. Multnomah, Suite 600, Portland, Utah 97232, and my present position is Lead/Senior Consultant, Load and Revenue Forecasting.

Qualifications

Q. Please briefly describe your education and business experience.

A. I received an undergraduate degree in Economics from San Jose State University in San Jose, California. I also received a PhD in Economics from the University of Kansas.

From September 1989 to October 1993, I was a Managing Research Economist at the Kansas Corporation Commission. From October 1993 to March 1996, I was an Economist at the Nevada Office of Advocate for Customers of Public Utilities. From March 1996 to March 1998, I was a Senior Economist, Forecasting, at Sierra Pacific Power/Nevada Power Company, and from March 1998 to January 2005, I was a Staff Economist, Forecasting at Sierra Pacific Power/Nevada Power Company. From January 2005 to May 2008, I was a Consultant, Load and Revenue Forecasting at PacifiCorp. I was promoted to my current position in May 2008.

Q. Please describe your present duties.

A. I am the senior consultant of the Load and Forecasting group. We are responsible for the development of the forecasts of kilowatt-hour sales, number of customers, system loads, and peaks for the Company's six retail jurisdictions.

Q. Have you previously testified before a regulatory commission?

A. Yes. I have testified before the Utah, Wyoming, Nevada Public Service Commissions, and the Kansas Corporation Commission.

Purpose of Testimony

Q. Please explain the purpose of your testimony in this proceeding.

A. I describe how we developed the forecasts of the number of customers and bills, kilowatt-hour sales at the meter ("sales"), and system loads and system peak loads at the system input level ("loads") for the twelve-month period ending June 30, 2010. We produce these forecasts for all six states in which the Company serves retail customers and are necessary for the development of inter-jurisdictional allocation factors, forecasted revenues, and net power costs. In addition to the class level forecasts for bills and sales, we have developed a forecast of bills and kilowatt-hour sales by rate schedule for Utah.

Q. How were the forecasts utilized in preparation of this general rate case?

A. The forecasted loads for Utah for the twelve months ended June 2010 were used by Company witness Mr. Gregory N. Duvall to calculate Utah net power costs, and by Mr. Steven R. McDougal to calculate the revenue requirement and jurisdictional allocation factors. Additionally, forecasted sales by rate schedule are used by Mr. William R. Griffith and Mr. C. Craig Paice to allocate costs between customer classes and to design rates which correctly reflect the cost of service. The sum of energy by rate schedule ties to the forecasted energy by customer class.

Q. Please provide the forecasted energy sales.

A. Table 1 provides the forecasted energy sales for the test period.

Table 1, Test Period Sales Forecast (MWh)

	July 2009 to June 2010	
	Total Company	Utah
Residential	15,772,148	6,616,982
Commercial	15,902,388	7,491,422
Industrial	19,744,434	7,314,906
Irrigation	1,346,600	188,820
Public Authority	436,110	436,110
Lighting	139,740	76,070
Total	53,341,420	22,124,310

Summary of Changes in Forecast Assumptions

Q. Does this forecast employ the same methodology as presented to the Utah Public Service Commission in the last general rate case in Docket 08-035-38?

A. Yes. This is the same methodology that we used to develop the forecast presented by the Company in my supplemental direct testimony in the last general rate case in Utah, Docket. In summary, this methodology consists of first developing a model-driven forecast of monthly sales. I then adjusted the model driven results to reflect the effect of the economic downturn. This sales forecast becomes the basis of the load forecast by adding line losses. The monthly loads are then spread out to each hour to produce the hourly load forecast. I describe this forecasting process in more detail later in my testimony.

Q. Please summarize major changes in forecast assumptions for the Company's sales and load forecast.

A. There are only five notable changes in forecast assumptions when compared to the forecast in the supplemental filing in the previous general rate case in Docket No. 08-035-38:

i. We performed analyses and updated adjustments as appropriate to account for the impact of current economic conditions. This adjustment is discussed later in my testimony.

ii. We updated the historical data period used to develop the monthly retail sales forecasts to include January 1997 through January 2009.

iii. We updated the historical data period used to develop the monthly peak forecasts to include January 1997 through December 2008.

iv. We updated the economic drivers from IHS Global Insight using the most recent information available for each of the Company's jurisdictions.

v. We updated the forecast of individual industrial customer usage based on the best information available as of January 2009.

Q. Please describe how the impact of the current economic conditions is reflected in the Company's sales forecast for Utah.

A. We developed the Company's sales forecast model using historical sales data ending January 2009, and the most recent economic data available. We adjusted the model-driven results for the industrial class to reflect the economic slowdown in the industrial class. We did not adjust the model driven results for the other customer classes. I will discuss the adjustment to the industrial class later in my testimony.

Forecasts for Non-Industrial Customer Classes

Q. How are monthly sales forecasts developed by customer class?

A. We develop monthly sales forecasts as a product of two separate forecasts: the number of customers, and sales per customer. We use this methodology for all

customer classes except for the industrial customer class.

Q. How are the forecasts for number of customers developed?

A. We forecast all customer classes using regression models based on the January 1997 to January 2009 time period. For the residential class, we develop the forecast of number of customers with IHS Global Insight's forecast of each state's number of households as the major driver. For the commercial class, we develop the forecast for number of customers with the forecasted residential customer numbers used as the major driver. For the forecast, we used the most recently available economic drivers from IHS Global Insights which were released in December 2008. For irrigation and street lighting classes the forecast of number of customers is fairly static and we developed these forecasts using regression models without any economic drivers.

Q. How is average use per customer for customer classes forecasted?

A. We model sales per customer for the residential class through a Statistically Adjusted End-use ("SAE") model, which combines the end-use modeling concepts with traditional regression analysis techniques. Major drivers of the SAE-based residential model are heating and cooling related variables, end-use information such as equipment shares, saturation levels and efficiency trends, and economic drivers such as household size, income and energy price.

For the commercial class, we forecast sales per customer using regression analysis techniques with non-manufacturing employment used as the major economic driver in addition to weather-related variables.

For other classes, we forecast sales per customer through regression analysis techniques using time trend variables.

Industrial Class Forecasts

Q. How does the Company forecast sales for the industrial customer class?

A. The industrial customers are separated into three categories: i) existing customers that are tracked by the Customer and Community Managers ("CCMs"); ii) new large customers or expansions by existing large customers; and iii) industrial customers that are not tracked by the CCMs. Customers are tracked by the CCMs if they have a peak load of one megawatt or more at a single site.

We develop the forecast for the first two categories through the data gathered by the CCM assigned to each customer. The CCMs have ongoing direct contact with large customers and are in the best position to know about the customer's plans for changes in business processes, which might impact their energy consumption.

We develop the portion of the industrial forecast related to new large customers and expansion by existing large customers based on direct input of the customers, forecasted load factors, and the probability of the project occurrence.

Smaller industrial customers are more homogeneous and are modeled using regression analysis with trend and economic variables. Manufacturing employment is used as the major economic driver.

We develop the total industrial sales forecast by aggregating the forecast for the three industrial customer categories.

Q. Why do you forecast industrial sales using a different methodology than the other customer classes?

A. We forecast this class differently because of the diverse makeup of the customers within the class. In the industrial class, there is no "typical" customer. Large customers have very diverse usage patterns and power requirements. It is not unusual for the entire class to be strongly influenced by the behavior of one customer or a small group of customers.

In contrast, customer classes that are made up of mostly smaller, homogeneous customers are best forecasted as a use per customer multiplied by number of customers. Those customer classes are generally composed of many smaller customers that have similar behaviors and usage patterns. No small group of customers, or single customer, influences the movement of the entire class. This difference requires the different processes for forecasting.

Q. Please describe how the impact of the current economic conditions is reflected in the Company's industrial sales forecast for Utah.

A. We adjusted the model-driven results for the industrial class to reflect the economic slowdown in the industrial class based primarily on a review of the reductions in usage experienced as an aftermath of the 2000 and 2001 recession and discussions with the Company's personnel that work directly with the large industrial customers. This review resulted in an additional reduction to Utah industrial sales of 703,056 megawatt-hours (MWhs), or 3.2 percent of Utah sales as compared to the model driven results.

Hourly Load Forecast

Q. Please outline how you develop the hourly load forecast.

A. After we develop the forecasts of monthly energy sales by customer class, we develop a forecast of hourly loads in two steps:

First, we develop monthly and seasonal peak forecasts for each state. The monthly peak model uses historic peak-producing weather for each state, and incorporates the impact of weather on peak loads through several weather variables which drive heating and cooling usage. These weather variables include the average temperature on the peak day and lagged average temperatures. The peak forecast is based on average monthly historical peak-producing weather for the period 1990-2007.

Second, we obtain hourly load forecasts for each state from hourly load models using state-specific hourly load data and daily weather variables. We develop hourly loads using a model that incorporates the twenty-year average temperatures, a typical weather pattern for each year, and day-type variables such as weekends and holidays. The hourly loads are adjusted for line losses and calibrated to monthly and seasonal peaks.

Q. How are monthly system coincident peaks derived?

A. After we develop the hourly load forecasts for each state, hourly loads are aggregated to the total system level. The system coincident peaks can then be identified as well as the contribution of each jurisdiction to those monthly peaks.

Forecasts by Rate Schedule

Q. Are there any additional forecasts that you created for this proceeding?

A. Yes. As mentioned earlier, Mr. Griffith and Mr. Paice require two additional forecasts that are based on the kWh sales forecast and the number of customers forecast. Once the kWh sales forecast is complete, it must be applied to individual rate schedules to forecast kWh sales by rate schedule. In addition, the forecast of number of customers must be expressed in number of bills.

Q. How are rate schedule level forecasts produced?

A. This forecast was carried out in several steps. First, we calculate the ratio of sales by rate schedule to sales by customer class. Second, using regression analysis, we project the ratio for the test period. Third, we multiply the ratio by the customer class sales to produce the sales by rate schedule.

Q. How is the number of bills for each schedule forecasted?

A. Similar to the forecast of the rate schedule sales forecast, the rate schedule bill forecast is carried out in several steps. First, we calculate the ratio of bills to sales by rate schedule to bills by customer class. Second, we forecast this ratio for the test period based on the regression results. Third, we multiply the ratio by the customer class bills to produce the bills by rate schedule.

Summary of Results

Q. How does the sales forecast for the twelve months ended June 30, 2010, compare to the weather normalized MWh sales for the December 2008 base period?

A. Table 2 shows that sales for the total Company, test period forecasted sales are 0.7

percent less than weather normalized sales in 2008.

Table 2, Total Company Sales Comparison (MWh)

	2008 Actual	July 2009 to June 2010 GRC Forecast
Residential	15,692,659	15,772,148
Commercial	15,922,895	15,902,388
Industrial	20,128,170	19,744,434
Irrigation	1,366,540	1,346,600
Public Authority	449,314	436,110
Lighting	141,122	139,740
Total	53,700,700	53,341,420

Table 3 shows that sales for Utah, forecasted test period sales are 1.0 percent less than weather normalized sale in 2008.

Table 3, Utah Sales Comparison (MWh)

	2008 Actual	July 2009 to June 2010 GRC Forecast
Residential	6,334,535	6,616,982
Commercial	7,363,541	7,491,422
Industrial	7,913,408	7,314,906
Irrigation	212,599	188,820
Public Authority	449,314	436,110
Lighting	76,652	76,070
Total	22,350,050	22,124,310

Q. How does the sales forecast for the twelve months ended June 30, 2010, compare to the sales forecast in the last general rate case supplemental filing in Docket 08-035-38?

A. I compared the test period forecasted sales in this general rate case to forecasted sales for the same time period that was prepared in conjunction with the supplemental filing in Docket No. 08-035-38. As shown in Table 5, the Utah sales forecast has gone down by about 1.8 percent. And, as shown in Table 4, the total Company sales have gone down by an even larger percentage, about 3.6 percent.

Table 4, Total Company Sales Forecast Comparison (MWh)

	July 2009 to June 2010 GRC Forecasts	
	Current	Previous
Residential	15,772,148	15,819,314
Commercial	15,902,388	16,882,187
Industrial	19,744,434	20,855,762
Irrigation	1,346,600	1,337,010
Public Authority	436,110	430,830
Lighting	139,740	151,090
Total	53,341,420	55,325,103

Table 5, Utah Sales Forecast Comparison (MWh)

	July 2009 to June 2010 GRC Forecasts	
	Current	Previous
Residential	6,616,982	6,460,750
Commercial	7,491,422	8,091,793
Industrial	7,314,906	7,264,613
Irrigation	188,820	185,630
Public Authority	436,110	430,830
Lighting	76,070	88,420
Total	22,124,310	22,522,036

Q. How are the actual sales tracking the forecast in 2009?

A. Very well. Table 6 shows that for the first five months of 2009, actual total Company weather normalized sales are about 2.1 percent below the current forecast for the same period of time.

Table 6, Total Company Sales Forecast (MWh)

	January to May 2009	
	Actual	GRC Forecast
Residential	6,380,346	6,528,818
Commercial	6,352,237	6,302,028
Industrial	7,703,784	8,080,624
Irrigation	248,685	228,320
Public Authority	180,684	176,740
Lighting	60,864	59,850
Total	20,926,600	21,376,380

Table 7 shows that for the first five months of 2009, actual Utah weather normalized sales are about 1.6 percent below the current forecast for the same period of time.

Table 7, Utah Sales Forecast (MWh)

	January to May 2009	
	Actual	GRC Forecast
Residential	2,417,528	2,472,984
Commercial	2,937,628	2,896,234
Industrial	3,016,689	3,143,002
Irrigation	33,385	39,520
Public Authority	180,684	176,740
Lighting	33,385	33,070
Total	8,619,299	8,761,550

Q. Do you consider this sales and load forecasts to be reasonable?

A. Yes. I believe it is a reasonable forecast. This forecast has an equal probability of under forecasting or over forecasting sales. As shown in Tables 6 and 7 above, this forecast is tracking about two percent above total Company weather normalized sales and is tracking about 1.6 percent above weather normalized Utah sales.

Q. Does this conclude your testimony?

A. Yes.