1   I.   <u>INTRODUCTION</u>
2   Q.   PLEASE STATE YOUR NAME, POSITION AND YOUR BUSINESS
3   ADDRESS.
4   A.   My name is Daniel E. Gimble. I am a special projects manager with the
5   Office of Consumer Services (Office). My business address is 160 E. 300
6   S., Salt Lake City, Utah.
7
8   Q.   DID YOU PREVIOUSLY FILE DIRECT TESTIMONY ON OCTOBER 8,
9   2009 IN THIS DOCKET, WHICH PRESENTED THE OFFICE'S RATE
10   SPREAD RECOMMENDATION AND ADDRESSED OTHER COS
11   ISSUES.
12   A.   Yes.
13
14   Q.   WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS
15   PROCEEDING?
16   A.   My testimony responds to the rate spread proposals submitted for
17   consideration by other parties. I also make a minor correction to Table 3
18   in my Direct Testimony.
19
20   Q.   IS THE OFFICE SUBMITTING REBUTTAL TESTIMONY BY ANOTHER
21   WITNESS ADDRESSING COST-OF-SERVICE ISSUES?
22   A.   Yes. Mr. Paul Chernick earlier filed direct testimony on behalf of the
23   Office addressing various cost-of-service issues. Mr. Chernick's rebuttal
24   testimony specifically responds to a number of cost-of-service issues
25   raised by witnesses for the Division, UIEC and UAE.
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32 II. <u>RATE SPREAD PROPOSALS BY OTHER PARTIES</u>

33 Q. PLEASE BRIEFLY SUMMARIZE THE SPREAD PROPOSALS

34 PRESENTED BY OTHER PARTIES IN DIRECT TESTIMONY?

35 A. Table 1R below provides an overview of rate spread proposals submitted

36 in direct and supplemental direct testimony.

37

38 Table 1R

	Rate Spread Proposals
RMP	Proposes major retail classes receive a rate increase between 4.0%-6.0% at $67 M increase level.
DPU	Rate decrease applied only to Schedule 1; no rate change for other classes. Recommends Special Contract Customer B revenue changes be applied as a credit against retail rates.
OCS	Specific proposal for rate rebalancing between Schedules 1 and 9 to better reflect cost-of-service. Other major classes receive rate change near or at jurisdictional average. Sets forth general principles to guide rate spread outcomes at different revenue requirement levels.
UIEC	Uniform percentage increase applied to all retail classes.
UAE	Supports RMP's 2% band around jurisdictional average increase at the $67 M increase level. Recommends that RMP's initial percentage of revenue apportionment by class be applied to the final revenue requirement approved by PSC.
Kroger	Supports RMP's 2% band around jurisdictional average increase at the $67 M increase level. Assumes all special contract revenue increases occurring by the end of 2009 will be credited against retail rates.
WM-SC	Ordered revenue change should be allocated in accordance with the approved COS model/study. Any rate mitigation mechanism should be designed to move each customer class towards paying cost-based rates.

39

40   Q.   IS THERE COMMON GROUND AMONG PARTIES' RATE SPREAD

41   PROPOSALS?

42   A.   With the exception of UIEC's uniform percentage spread proposal, there is

43   a certain degree of commonality in that all other parties' rate spread

44   proposals recognize the Residential Schedules are currently paying rates

45   that are higher than cost-of-service and should receive either <u>less of a rate</u>

46   <u>increase or more of a decrease</u>[1] than other classes in this proceeding.

47   Where parties differ is the relative amount of a rate increase or decrease

48   between classes paying rates that exceed cost (e.g., Schedule 1) and

49   classes paying rates that are below cost (e.g., Schedule 9).   For example,

50   the Office is asking the Commission to begin rebalancing the rate

51   relationship between Schedule 1 and Schedule 9 and the Division's

52   updated spread proposal allocates all of its recommended revenue

53   decrease to the Residential Schedules. Other parties (e.g., Company,

54   UAE and Kroger) propose that a relatively narrow bandwidth be used to

55   make individual class rate changes in this case.

56

57   Q.   BASED ON THE OFFICE'S REVIEW OF THE RATE SPREAD

58   PROPOSALS, DOES THE OFFICE HAVE ANY MODIFICATIONS TO ITS

59   RATE SPREAD PROPOSAL AT THIS TIME?

60   A.   No. The Office continues to support the rate spread proposal and general

61   principles relating to rate spread outcomes for Schedules 1, 10, 23 and 25

62   under different revenue requirement levels as set forth in my direct

63   testimony.

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[1] The Office and Division recommend revenue requirement decreases and consequently their respective rate spread proposals call for certain classes to receive rate decreases.

69 III.   CORRECTION TO TABLE 3

70 Q.   PLEASE EXPLAIN YOUR CORRECTION TO TABLE 3, WHICH IS

71   LOCATED ON PAGE 7 OF YOUR DIRECT TESTIMONY.

72 A.   In responding to UAE's DR 1.1, I realized that Table 3 included class

73   earned return figures for 2007 that I took from Company witness Paice's

74   Direct Exhibit (CCP-1) instead of his subsequent Supplemental Direct

75   Exhibit (CCP-1S).   Mr. Paice's Exhibit (CCP-1S) shows class earned

76   returns based on the test year ordered by the Commission in the case. A

77   revised Table 3 is provided below, which corrects certain class earned

78   returns for the year 2007.   Specifically, Schedule 1's return increases

79   from 1.03 to 1.05; Schedule 6's return increases from 1.20 to 1.23;

80   Schedule 9's return declines from 0.84 to 0.77; and Schedule 10's return

81   declines from 0.17 to 0.12

82

83   Table 3

Rate Schedule	2003	2004	2006	2007	2008	2009
Sch. 1	1.11	1.17	1.00	1.05	1.23	1.16
Sch. 23	1.28	1.09	1.18	0.84	1.15	1.01
Sch. 6	0.99	0.94	1.31	1.23	0.90	1.03
Sch. 8	NA	0.99	1.00	1.01	0.97	0.94
Sch. 9	0.86	0.98	0.62	0.77	0.68	0.69
Sch.10	0.33	0.48	0.29	0.12	0.32	0.43

84

85 Q.   DOES THIS CORRECTION TO THE 2007 CLASS EARNED RETURNS

86   CAUSE YOU TO CHANGE IN ANY WAY YOUR DIRECT TESTIMONY

87   AS IT RELATES TO TABLE 3?

88 A.   No.   Table 3 clearly illustrates a trend where Schedule 1 has been paying

89   rates higher than cost and Schedule 9 has been paying rates below cost.

90   The Office continues to recommend that the Commission take a significant

91   step in this proceeding to rebalance the rate relationship between the

92   residential and the large industrial rate classes to better reflect cost-of-

93   service.

94

95   Q.   DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY ON COS AND

96   RATE SPREAD?

97   A.   Yes it does.

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