BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.	**Docket No. 09-035-23**

Surrebuttal Testimony and Exhibits of

Maurice Brubaker

Phase I

On behalf of

Utah Industrial Energy Consumers

November 30, 2009

BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

Project 9168

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Surrebuttal Testimony of Maurice Brubaker

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q ARE YOU THE SAME MAURICE BRUBAKER WHO PROVIDED PHASE I DIRECT TESTIMONY ON OCTOBER 8, 2009 AND PHASE I REBUTTAL TESTIMONY ON NOVEMBER 12, 2009?

A Yes, I am.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of the Utah Industrial Energy Consumers (UIEC). Members of UIEC purchase substantial quantities of electricity from Rocky Mountain Power Company (RMP) in Utah, and are vitally interested in the outcome of this proceeding.

Q WHAT SUBJECTS ARE ADDRESSED IN YOUR SURREBUTTAL TESTIMONY?

A In this surrebuttal testimony, I address certain cost of service and revenue allocation issues.

Q PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A My findings and recommendations may be summarized as follows:

1. RMP's adjustments to class load data reduce the disparities between the jurisdictional peaks and the sum of the class loads in most months, but do not eliminate these disparities, nor has RMP adequately explained the reason for the remaining disparities.

2. While RMP's adjustments do reduce the disparities in most months, it is notable that the class loads in the important summer months of July and August are still between 350 and 400 MW lower than the jurisdictional peak. Also of note is the fact that the disparity in October increased from 265 MW to 999 MW, indicating that RMP has not yet found all the problems in its methods.

3. It is notable that Division witness Dr. Abdulle finds significant statistical support for using summer peak demands, as opposed to 12 monthly peak demands, in the class allocation study.

4. The "technology choice" argument for classifying part of the fixed cost of generating units as energy related (75/25) only considers the capital cost side of the issue and ignores the fuel side.

5. I demonstrate on UIEC ____ (MEB-3SR) that while the 12CP-75/25 method allocates 119% of system average capital costs to transmission level customers, and 87% of system average capital costs to residential customers, the method charges all customers with the same ¢/kWh cost of fuel, which is inconsistent with the higher allocation of capital costs to Schedule 9 and the lower allocation of capital costs to the Residential class.

6. A symmetrical consideration of technology choices that resulted in higher generation capital costs being allocated to high load factor customers would correspondingly provide them with the benefits of lower than system average fuel costs.

7. The technology argument that has been applied in the case of generation resources does not even exist in the case of transmission resources, and no other argument has been advanced. Furthermore, RMP uses a 100% demand classification in developing the transmission charges applicable to wholesale customers served under its OATT.

8. Division witness Mancinelli continues to be inconsistent in his position. On the one hand, he argues for the 12CP-75/25 allocation method because of its use in

the jurisdictional allocations, but on the other hand is more than willing to deviate from that methodology in the case of wind resources and allocate 100% of the costs of wind resources on an energy basis, thereby placing additional costs on high load factor customers like those on Schedule 9.

9. RMP's responses to data requests in this case make it clear that the 75/25 aspect of the allocation methodology is no more than a compromise that was crafted in order to secure agreement among the states for jurisdictional allocation purposes. It was not adopted with the intention of being applied at the class level.

10. Considerable doubts about the fairness of the current jurisdictional allocation remain, and it would be a mistake to extend the application of that methodology to the class cost of service studies.

11. The modifications to class load data that RMP has made substantially reduce the disparities among customer class rates of return and the indicated revenue neutral adjustments needed to reach cost of service.

12. The most appropriate way to spread any increase or decrease in revenue requirements from this case is an equal percentage across-the-board adjustment to all customer classes.

13. RMP has adequately explained the apparent discrepancy in transmission revenue requirement between the OATT filing and the cost of service in this case. However, in reviewing the purchased transmission service that accounts for the difference, it is noted that about 60% of the costs are associated with payments to Bonneville Power Administration. In light of Utah's diminished share of hydro resources, the Commission should direct the parties to give careful consideration to the purpose and use of the purchased transmission services when re-evaluating the jurisdictional allocation methodology.

Adjustments of Class Load Data

Q IN YOUR PREVIOUS TESTIMONY, YOU POINTED OUT THE SUBSTANTIAL DISPARITIES BETWEEN RMP'S ESTIMATES OF TOTAL UTAH JURISDICTIONAL LOADS AT THE TIME OF THE SYSTEM PEAKS AND THE SUM OF THE UTAH RETAIL CLASS LOADS (THAT ARE USED IN THE CLASS COST OF SERVICE STUDY) AT THE SAME TIMES. HAS RMP MADE ANY ADJUSTMENTS TO THE CLASS LOAD DATA IN RESPONSE TO YOUR TESTIMONY?

A Yes. As discussed in the testimony of RMP witnesses Paice and Thornton, RMP now agrees that there were problems with its class load data and has made some adjustments and prepared a new class cost of service study using these modified loads.

Q HOW DID THE RESULTS OF THE CLASS COST OF SERVICE STUDY CHANGE?

A In his direct testimony, Mr. Paice's revenue neutral adjustment for the Residential class was a decrease of 3.9%. In his new study, it is an increase of 0.7%. For Schedule 9 customers, his original study had a revenue neutral increase of 7.36% while his revised study has an increase of 4.92%. Schedule 8 went from an increase of 1.40% to a decrease of 0.42%. Obviously, the corrections of errors that RMP made substantially reduced the indicated disparities.

Q HAVE YOU PREPARED AN EXHIBIT TO INDICATE THE EXTENT OF THE CHANGES TO LOADS MADE BY RMP?

A Yes. This appears on UIEC ____ (MEB-1SR).

Q PLEASE EXPLAIN THIS EXHIBIT.

A The solid bars (red in the case of class loads being less than the total jurisdictional load and blue in the case of class loads being in excess of the jurisdictional load) are the same data that I included in my direct testimony, in Exhibit UIEC ____ (MEB-1), page 2 of 2. The data in the table, columns 1-4, also appeared on that exhibit.

The bars with diagonal stripes represent the disparities between the jurisdictional peak demand and the sum of the class demands at the same time that are reflected in RMP's rebuttal filing.

Q WHAT WAS THE IMPACT OF RMP'S ADJUSTMENTS?

A In most months, the disparity between the jurisdictional data and the class data is reduced. However, there are still substantial remaining disparities in the critical summer months. For example, in the month of July, there is still over 400 MW of unexplained difference, and, in August, there is over 350 MW of unexplained difference. In addition, I would note that in the months of February, April and October, the disparity is larger after the adjustment than it was before the adjustment.

The month of October appears to be particularly problematic. In RMP's original filing, the sum of the class loads exceeded the jurisdictional October peak by 265 MW, but after RMP's adjustments it now exceeds the jurisdictional peak by 999 MW, indicating that the "adjustments" which RMP made to its studies were not uniformly applicable.

Q WHAT DO YOU CONCLUDE FROM THIS ANALYSIS?

A I conclude that it is a positive step for RMP to recognize that it has problems with its load data. I am also encouraged by the fact that it was willing to make an effort to

correct these problems. However, I remain unconvinced that RMP's process for developing class demands coincident with the jurisdictional peaks is appropriate. There still remain very significant disparities between the two studies, and I think additional analysis and work are required in order to understand the nature of the problems, and then to develop an approach which will produce accurate load data.

Q MR. THORNTON STATES IN HIS REBUTTAL TESTIMONY (PAGE 8) THAT AS A RESULT OF THE ADJUSTMENTS THE DISPARITY BETWEEN JURISDICTIONAL AND CLASS PEAKS HAS DECREASED TO ABOUT 2%. DO YOU AGREE?

A Yes. This is shown on line 13 of column 7 of my Exhibit UIEC ____ (MEB-1SR). However, note that a large part of the reason why the number is of this magnitude is the fact that the October difference (38% above the jurisdictional load) is offsetting the negatives of 6% to 10% during the critical summer months.

Q IS THERE ANY OTHER WAY TO COMPARE THE DIFFERENCES BETWEEN THE JURISDICTIONAL PEAKS AND THE SUM OF THE CLASS LOADS AT THE TIMES OF THE JURISDICTIONAL PEAKS?

A Yes. Line 14 on UIEC ____ (MEB-1SR) shows the sum of the absolute values of the monthly differences. The absolute value is the summation of the differences without regard to whether the class load data is less than, or more than, the jurisdictional load data. That is, negatives and positives do not offset each other. They are both recognized as disparities. From the perspective of determining the overall "goodness of fit" between two sets of data, the absolute value comparison is more meaningful because it does not allow errors in one direction to be offset by errors in the other direction.

Q DOES MR. THORNTON HAVE AN EXPLANATION FOR THE REMAINING DIFFERENCES BETWEEN CLASS DATA AND JURISDICTIONAL DATA?

A Yes. He discusses this at the top of page 6 of his rebuttal testimony. In addition to the method employed to calculate the forecast class load data (for which he says he has made adjustments) he cites losses and the exclusion of certain customer loads.

Q DO YOU BELIEVE THAT LOSSES AND THE EXCLUSION OF CERTAIN CUSTOMER LOADS EXPLAIN THE REMAINING DIFFERENCES?

A No, I do not. The exclusion of certain customer loads certainly does not explain why the sum of the class loads is higher than the jurisdictional loads in some months – notably 207 MW higher in April and 999 MW higher in October. The difference between average losses and peak losses also does not explain this discrepancy. The exclusion of certain customer loads in other months does help to explain the shortfalls in those months.

Q SUBSEQUENT TO FILING ITS REBUTTAL TESTIMONY, DID RMP PROVIDE ANY QUANTIFICATION OF THESE DIFFERENCES?

A Yes. UIEC data request 10.22 requested a detail of the loads that RMP says were excluded from the jurisdictional totals.

Q DOES THIS INFORMATION EXPLAIN THE LARGE DISCREPANCIES DURING THE MONTHS OF JULY AND AUGUST?

A No. For the month of June, RMP's revised class loads fall short of the jurisdictional load by 423 MW. The loads excluded were reported in response to UIEC data request 10.22 as only 25 MW at the time of the July peak, still leaving 400 MW

unexplained. At the time of the August peak, where there is 325 MW of shortfall, data provided in response to UIEC data request 10.22 shows that the excluded load was only 31 MW, still leaving about 300 MW unexplained.

Thus, a substantial amount of the difference between the sum of the class loads and the jurisdictional loads continues to be unexplained.

Q BASED ON YOUR REVIEW OF ALL THE DATA AVAILABLE, WHAT IS YOUR OPINION OF THE SUITABILITY OF RMP'S CLASS LOAD DATA FOR USE IN A CLASS COST OF SERVICE STUDY?

A Based on my review of all of the available information, it is my conclusion that the class load data is not sufficiently reliable for use in a class cost of service study. Any cost of service study that relies upon this data is subject to significant error.

Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE APPORTIONMENT OF ANY REVENUE INCREASE OR DECREASE THAT RESULTS FROM THIS CASE?

A It continues to be my recommendation that an across-the-board equal percentage increase or decrease is appropriate.

The 12CP-75/25 Methodology is Not Appropriate for RMP

Q HAVE YOU REVIEWED THE TESTIMONY OF DIVISION WITNESS DR. ABDINASIR ABDULLE?

A Yes, I have. Dr. Abdulle performed an analysis of monthly peak loads for the purpose of determining if loads in particular months were significantly greater than the loads in other months. On page 9 of his testimony he concluded that the peaks for June, July

and August are statistically significantly greater than the average coincident peaks for the other months of the year. (His only reservation was that the month of September appeared to be high as well.)

Therefore, I believe it is fair to conclude that Dr. Abdulle's analysis supports the use of summer peak demands, as opposed to the use of all of the 12 monthly peak demands for purposes of class cost of service allocations.

Q DO RMP AND THE DIVISION CONTINUE TO SUPPORT A 25% ENERGY COMPONENT IN THE ALLOCATION METHOD?

A Yes. RMP and the Division (witnesses other than Dr. Abdulle) continue to support the 12CP-75/25 methodology for allocating costs among customer classes.

However, there exists an inconsistency in Mr. Mancinelli's position. On the one hand, he argues for 12CP-75/25 because of its use in the jurisdictional allocation. However, when it comes to the allocation of wind resources, he is more than happy to depart from this methodology and allocate 100% of the cost of wind resources on an energy basis, thereby placing additional costs on high load factor customers like those on Schedule 9.

Q TO YOUR KNOWLEDGE, HAS THERE EVER BEEN AN ANALYTICAL STUDY WHICH DEVELOPED THE 25% ENERGY COMPONENT FOR INCLUSION IN EITHER THE JURISDICTIONAL OR THE CLASS COST ALLOCATION METHODOLOGY?

A To my knowledge there has never been such a study. As I have pointed out in previous testimony in this and other cases, the current methodology has evolved over time and represents a compromise among the various state interests. It is not a

rigorously determined methodology. Furthermore, as I pointed out in my rebuttal testimony (page 5) this Commission in Docket No. 02-035-04 specifically stated that the method currently in use for jurisdictional allocation was not adopted for purposes of class cost of service allocation.

Q HAS RMP RECENTLY CONFIRMED THAT THIS METHODOLOGY WAS ADOPTED AS A "COMPROMISE" FOR JURISDICTIONAL ALLOCATION PURPOSES?

A Yes. In data request 10.18, UIEC asked about this:

> **"UIEC Data Request 10.18**
>
> **NPC:**
> Reference is made to studies and analysis done to support utilization of the various transmission assets of PacifiCorp for purpose of determining how those costs should be classified for cost of service studies. Please identify:
> (a) The date of each study;
> (b) The author of each study; and
> (c) Please provide a copy of each study performed to support the classification of the various increments of generation plant at 75% capacity and 25% energy.
>
> **Response to UIEC Data Request 10.18**
>
> In response to part c, support for use of the 75% demand and 25% energy classification of generation plant is provided in Attachment UIEC 10.18. Other than this, the Company has no other studies responsive to parts a and b."

The following statement appears on page 3 of the referenced attachment:

> "The choice of the 75% demand 25% energy classification for generation and transmission plant was the last allocation decision made by PITA after the merger. The PITA analysis indicated that a wide range of demand and energy classification could be supported on a technical basis. The demand energy classification was the swing issue employed to balance the sharing of merger benefits between all the states and 75% demand 25% energy was selected because it produced an overall cost allocation result that was acceptable to all the states."

This further supports and confirms my previous testimony that the 75/25 aspect of the methodology was purely a compromise that was crafted to secure agreement among the states for jurisdictional allocation purposes. It was not intended to be applied at the class level. In fact, as I pointed out at page 5 of my rebuttal testimony, the Commission found in Docket No. 02-035-04 that the Revised Protocol Method (which includes the 12CP-75/25 methodology) was not applicable to class cost of service studies.

The Availability of Technology Choices Does Not Support the 12CP-75/25 Methodology

Q RMP, THE DIVISION AND THE OCS CONTINUE TO ARGUE THAT THE AVAILABILITY OF TECHNOLOGY CHOICES (I.E., BASE LOAD UNITS, COMBINED CYCLE UNITS AND PEAKING UNITS) JUSTIFIES THE INCLUSION OF AN ENERGY COMPONENT IN THE DEMAND ALLOCATION FORMULA. (DIVISION WITNESS MANCINELLI REPEATS THIS ARGUMENT AT PAGES 5 AND 6 OF HIS REBUTTAL TESTIMONY.) DO YOU AGREE?

A No. As I have stated previously (see my rebuttal testimony at pages 14-16), this is an incomplete analysis and produces distorted results. In particular, I pointed out the fact that including a 25% energy component in the allocation of fixed costs had the effect of allocating more fixed costs to high load factor customers, but did not provide them with the corresponding benefit associated with the lower fuel costs from these more capital intense plants.

Q HOW DO YOU RESPOND TO MR. MANCINELLI'S ARGUMENTS CONCERNING THE TECHNOLOGY TRADEOFFS AND THE ALLEGED GREATER BENEFIT OF BASE LOAD PLANT THAT IS RECEIVED BY HIGH LOAD FACTOR CUSTOMERS?

A To illustrate this point, I have prepared UIEC ____ (MEB-2SR) and UIEC ____ (MEB-3SR).

Q PLEASE EXPLAIN THESE EXHIBITS.

A Exhibit UIEC ____ (MEB-2SR) is a summary of the allocation of generation plant investment and fuel costs to the Residential class and to Schedule 9 in my 3CP cost of service study which was presented earlier as Exhibit UIEC ____ (MEB-8). To illustrate the point, I have determined the net generation plant allocated and the fuel cost allocated and then divided the plant investment by the 3CP kW and the fuel cost by the MWhs. Note on line 9 that each class is allocated the same dollar investment amount per kW of demand. Note also from line 11 that each class is allocated the same amount of fuel cost per kWh. This is what happens with traditional cost allocation methods which allocate fixed costs on a demand basis and variable costs on an energy basis.

Please now look at UIEC ____ (MEB-3SR). This is derived from RMP's rebuttal cost of service study which uses the 12CP-75/25 method. I have performed exactly the same calculations here as I did with respect to my study. Note from lines 9 and 10 that when the plant investment that is allocated using the 12CP-75/25 method is divided by the class demands, it turns out that Residential customers are charged only 87% of the average investment cost per kW. Schedule 9 customers, on

the other hand, are charged 119% of the average. (If the 12CP were used, the differences would be smaller, but would be directionally the same).

Note now on lines 11 and 12 that despite having been allocated a larger share of capital costs, the Schedule 9 customers are allocated the same amount of fuel costs per kWh as the Residential class which gets a lower allocation of capital costs.

Q WHAT DO YOU CONCLUDE FROM THESE COMPARISONS?

A I conclude that the inclusion of an energy component in the allocation of fixed costs produces a result that is inconsistent with the basic underlying premise espoused by the supporters of this method. Obviously, the other part of the theory, and the one which is not being implemented, is the lower fuel costs that should be allocated to the customers that are allocated the higher capital costs. The methods employed by RMP, by the Division and OCS are one-sided and do not recognize this important tradeoff. As a result, these studies should not be entitled to any weight. The more traditional methodologies I have presented do not suffer from this infirmity and are more appropriate.

Classification of Transmission Plant

Q HAS ANY PARTY PROVIDED A RATIONALE FOR CLASSIFYING 25% OF THE FIXED COSTS ASSOCIATED WITH THE TRANSMISSION SYSTEM AS ENERGY-RELATED?

A No. No studies have been provided, and no rationale has been expressed. Clearly, the technology choice argument that has been made in the case of generation investment does not even exist with respect to the transmission system.

Transmission systems must meet peak loads, and a 100% capacity-related classification is typically used.

In fact, PacifiCorp uses a 100% demand-related classification of transmission costs when developing transmission charges applicable to wholesale customers in its OATT filings with the FERC. This is typical for other utilities, as well.

The 25% energy-related classification for transmission investment has no basis and should be rejected.

Mr. Mancinelli's Criticism of the 3CP Method

Q HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF DIVISION WITNESS MANCINELLI IN TERMS OF HIS CRITICISM OF THE 3CP METHOD?

A Yes.

Q AT PAGE 7 OF HIS REBUTTAL TESTIMONY HE MAKES THE STATEMENT THAT THE 3CP APPROACH "PENALIZES CUSTOMERS FOR CONTRIBUTING TO THE SYSTEM PEAK." PLEASE RESPOND TO MR. MANCINELLI'S CRITICISM.

A I was somewhat surprised by Mr. Mancinelli's criticism. Charging customers on the basis of their contribution to the system peak … which causes costs to be incurred … is not a penalty, but is part of the process of allocating costs to those who cause them.

Q PLEASE ADDRESS MR. MANCINELLI'S "FREE RIDER" CRITICISM ON PAGE 8 OF HIS REBUTTAL TESTIMONY.

A Mr. Mancinelli expresses a concern that using contributions to summer peak demands may be unfair in that certain classes do not pay any generation

demand-related costs. The only example he could come up with is the relatively small "Outdoor Lighting" customer class which represents less than seven one-hundredths of 1% of RMP's total jurisdictional revenues in Utah (0.0646%). This is the classic case of the tail wagging the dog.

Revised Protocol Allocation Method Contained in the JAM

Q DOES MR. MANCINELLI, IN HIS REBUTTAL TESTIMONY, CONTINUE TO BE SUPPORTIVE OF USING ALLOCATION METHODS FOR CLASS COST OF SERVICE PURPOSES BECAUSE THEY ARE USED FOR JURISDICTIONAL PURPOSES?

A Yes, although he softens this stance somewhat at page 13 of his rebuttal testimony, indicating that classification of costs should be consistent, but that different allocation methods, such as for generation demand, can be applied in the class cost of service study.

While I appreciate Mr. Mancinelli modifying his position somewhat, I continue to disagree with his view that the classification methods need to be the same. For reasons expressed in my direct testimony, as well as my rebuttal testimony, there is no need to apply the same methods at the jurisdictional level and at the class level.

While there are many reasons for not applying the jurisdictional allocation method to the class cost of service studies, this Commission's Orders issued October 19, 2009 and November 9, 2009 in this docket concerning doubts about the fairness of the current jurisdictional allocation model should be reason enough not to extend the use of this allocation methodology.

Division Recommendations for Study of Cost of Service Issues

Q HAVE DIVISION WITNESSES MADE RECOMMENDATIONS FOR FURTHER STUDY OF CLASS COST OF SERVICE ISSUES?

A Yes. At page 9 of his rebuttal testimony, Dr. Abdulle references the "operational use" of generation assets and refers us to Mr. Mancinelli's rebuttal testimony for further detail. He concludes by saying that further study is required.

Q WHAT DOES MR. MANCINELLI SAY ABOUT THIS SUBJECT?

A At page 12 of his rebuttal testimony he refers to developing classification and allocation methods from ". . . a planning and operational perspective." He does not provide any guidance as to the specific questions to be asked, the analyses to be performed, the point in time the questions would be asked, how the operational and planning perspectives would be combined, how inflation and changes in available options would be addressed, etc.

Division Recommendation on Allocation of Any Change in Revenue Requirements

Q WHAT IS YOUR UNDERSTANDING OF THE DIVISION'S POSITION ON THE ALLOCATION OF ANY CHANGE IN REVENUE REQUIREMENTS?

A From Dr. Brill's direct testimony, I understand the recommendation to be that any increase should be allocated only to Schedules 9 and 10. From his supplemental testimony, wherein the Division recommends a rate decrease, I understand the Division's position to be that any rate decrease should go exclusively to the Residential customer class.

Q DO YOU AGREE WITH THESE POSITIONS?

A No. Those recommendations rest upon the results of particular class cost of service studies. I believe that there are significant reasons for not relying upon the results of the class cost of service studies in this case for purposes of making a non-uniform adjustment to class revenue requirements.

As discussed previously, one of the major concerns is the accuracy of the customer class load data which is used in the cost of service study and which substantially influences the results. We have seen in RMP's rebuttal testimony an admission that there were significant errors. When the errors that they identified were addressed, the results of the cost of service studies changed significantly. Despite those changes, however, the evidence shows that there remains substantial unexplained differences between the sum of the customer class loads and the jurisdictional loads. I do not believe that the available class load data is sufficiently accurate to be relied upon for purposes of performing a class cost of service study.

Second, the study preferred by the Division uses the same 12CP-75/25 methodology that is contained in the Revised Protocol jurisdictional allocation study, the fairness of which has recently been questioned by the Commission.

For these reasons, I believe that the most appropriate way to adjust class revenues, whether there is an increase or a decrease, is an equal percentage across-the-board adjustment.

Transmission Revenue Requirement

Q IN ITS REBUTTAL, DID RMP ADDRESS THE ISSUE WHICH YOU HAD RAISED IN YOUR DIRECT TESTIMONY CONCERNING THE TRANSMISSION REVENUE REQUIREMENT?

A Yes. In my direct testimony I made a comparison between the transmission revenue requirement that RMP has identified in this case and the revenue requirement indicated as applicable to the Utah jurisdiction in PacifiCorp's 2009 OATT update filing with the FERC. RMP witness Paice addresses this at pages 18-20 of his rebuttal testimony. He points out that the reconciling factor is the cost of the transmission service which RMP purchases from other entities, in other words "transmission by others."

Q DO YOU ACCEPT MR. PAICE'S EXPLANATION?

A Yes, I do. In looking at the entries in Account 565 that Mr. Paice references on page 20 of his rebuttal testimony, it is noted, however, that roughly 60% of the costs are incurred for services rendered by the Bonneville Power Administration. In light of Utah's diminished share of hydro resources, I would strongly recommend that the Commission direct the parties to give consideration to the purpose and use of the purchased transmission services when re-evaluating the jurisdictional allocation methodology.

Q DO YOU HAVE ANY OTHER COMMENTS CONCERNING TRANSMISSION REVENUE REQUIREMENTS?

A Yes. In response to UIEC data request 10.2, RMP stated that its current FERC OATT rate that applies to wholesale transactions is based on a 1994 historic test period. I

find it somewhat ironic that RMP would be arguing before this Commission for a forecasted test year, yet be content to operate with a 15-year old historic test year in developing its FERC regulated transmission charges.

Q DOES THIS CONCLUDE YOUR PHASE I SURREBUTTAL TESTIMONY?

A Yes, it does.

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