

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power for Approval of Settlement Agreement with Heber Light & Power Company and Amendment of Certificate of Public Convenience and Necessity	Docket No. 10-035-117
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**TESTIMONY OF  
CRAIG BROUSSARD  
FOR  
ROCKY MOUNTAIN POWER**

**EXHIBIT RMP 7**

**November 4, 2010**

1 **Witness Identification, Qualifications and Purpose and Summary of Testimony**

2 **Q. Please state your name, business address and present position with Heber Light &**  
3 **Power Company (“HLP”).**

4 A. My name is Craig Broussard. My business address is 5891 South Tolcate Lane, Salt  
5 Lake City, Utah. I am currently a consultant for Heber Light & Power and was its past  
6 General Manager from 2001 thru 2008.

7 **Q. Please briefly describe your education and business experience.**

8 A. I received a Bachelor of Science Degree in Business Administration from the University  
9 of Phoenix in 1996, and advanced Management Degree from Templeton University,  
10 Oxford College. In addition to formal education, I have attended numerous educational,  
11 professional and electric industry seminars including Templeton College’s Advanced  
12 Management Program and the University of Idaho’s Public Utilities Executive Course.

13 My experience in the energy industry has covered a 35-year time span, starting as  
14 an electric utility groundman completing an International Brotherhood of Electrical  
15 Workers lineman apprenticeship and working for various electrical contractors as a  
16 journeyman lineman before hiring on with Utah Power & Light in 1979. At Utah Power  
17 & Light, I earned numerous advancements in various positions in operations, mid-level  
18 and upper level management. As the Wyoming Region Manager and Valley West Area  
19 Manager, I had customer service and operations responsibility for large geographic areas  
20 in both Wyoming and Utah. As Assistant Vice-President of Marketing and Sales for  
21 PacifiCorp, I had corporate-wide responsibility for demand-side management, business  
22 development, large customer contract administration, program development, field sales  
23 support and corporate marketing. In 1997, I went to England on assignment to Southern  
24 Electric PLC and in 1998 was assigned additional responsibility for business

25 development for Europe and the Middle East. Returning to the USA in 1999, I worked as  
26 a consultant before assuming the responsibility of General Manger of Heber Light &  
27 Power in 2001.

28 **Q. Please describe your present duties.**

29 A. As a consultant for Heber Light &Power, I report to the General Manager and Board of  
30 Directors. My responsibility is to support the Company's efforts in several strategic areas  
31 including resolution of the Rocky Mountain Power/Heber Light &Power service territory  
32 dispute.

33 **Q. What is the purpose of your testimony in this proceeding?**

34 A. The purpose of my testimony is to support approval by the Commission of Rocky  
35 Mountain Power's Application for Approval of Settlement Agreement and Amendment  
36 of Certificate of Public Convenience and Necessity ("Application"). The Application  
37 seeks approval of the Settlement Agreement and General Release ("Settlement  
38 Agreement") entered by HLP and Rocky Mountain Power to modify their respective  
39 service areas in Wasatch County as authorized by Senate Bill 227, 1st Substitute, as  
40 amended ("SB 227") in the 2010 General Session of the Utah Legislature.

41 **Q. Please summarize your testimony.**

42 A. My testimony summarizes, in broad terms, the Settlement Agreement and the  
43 negotiations preceding the parties' agreement including the passage of SB 227. Finally, I  
44 describe the public interest that would be served by approval and implementation of the  
45 Settlement Agreement.

46 **Q. What issue does the Settlement Agreement resolve?**

47 A. The Settlement Agreement resolves a dispute that has arisen between Rocky Mountain  
48 Power and HLP concerning their respective service areas in the Heber Valley and  
49 Wasatch County. Historically, HLP has essentially been the only electric service  
50 provider in the Heber Valley including areas both inside and outside of its members'  
51 municipal boundaries. HLP has provided this service as requested by customers, because  
52 no reasonable alternative existed to obtain electric service. In the last several years,  
53 Rocky Mountain Power has installed infrastructure that provides it some capability to  
54 serve the very north end of the Heber Valley. With the development of this additional  
55 capability, conflicts have developed between Rocky Mountain Power and HLP  
56 concerning their respective rights and/or duties to serve in the north end of the Heber  
57 Valley. The Settlement Agreement resolves this dispute and clarifies the parties'  
58 respective service areas throughout the Heber Valley.

59 **Q. How does the Settlement Agreement resolve the dispute over service area in the**  
60 **Heber Valley?**

61 A. The Settlement Agreement contains three main provisions directly addressing the service  
62 territory issue.

63 First, the Settlement Agreement defines the parties' respective service areas in the  
64 Heber Valley as shown on Appendix 6 to the Application. The parties identified the  
65 service areas based upon their relative ability to economically provide service to the  
66 customers in those areas. The goal was to minimize, to the extent reasonably possible,  
67 the construction of new facilities and to limit the number of customers affected by the

68 boundary line adjustments. As a result, Rocky Mountain Power will transfer to HLP  
69 1,000 customers, and HLP will transfer to Rocky Mountain Power 130 customers.

70 Second, the Settlement Agreement provides a mechanism for Rocky Mountain  
71 Power and HLP to exchange the facilities necessary to serve the transferred customers  
72 and service area. In this regard, it also provides for the construction of new infrastructure  
73 to integrate the transferred facilities into the parties' systems. The parties have sought to  
74 equalize the cost of such infrastructure through offsetting consideration in other  
75 provisions.

76 Finally, the Settlement Agreement provides for joint use and ownership of certain  
77 facilities that could not be economically transferred. Joint use and ownership also avoids  
78 unnecessary duplication of facilities.

79 **Q. Are there other provisions of the Settlement Agreement which are not directly**  
80 **related to the service territory transfer and changes?**

81 A. Under the Settlement Agreement, HLP is required to install more infrastructure and to  
82 forego a claim against Rocky Mountain Power for impact fees in connection with Timber  
83 Lakes. As a result, Rocky Mountain Power has provided HLP with additional  
84 consideration in connection with the Settlement Agreement which includes an option to  
85 purchase a facility (see Confidential Option, Appendix 9) and financial assistance in  
86 obtaining a study (see Confidential Agreement for Study, Appendix 11).

87 **Q. Describe the events leading to the parties' execution of the Settlement Agreement.**

88 A. As described in Mr. Moench's testimony, the parties' settlement negotiations have  
89 proceeded for more than three years of negotiation separated by brief flurries of litigation.  
90 While there was a general understanding of the best practical way to resolve the service

91 territory dispute, the question existed whether this practical solution could be  
92 implemented without authorizing legislation.

93 This legislative component was provided during the last legislative session with  
94 passage of SB 227.

95 **Q. How does SB 227 relate to the Settlement Agreement?**

96 A. This legislation amended section 11-13-204 of the Utah Code to allow an energy services  
97 interlocal entity such as Heber Light & Power to provide service to customers located in  
98 a geographic area outside the municipal boundaries of its member cities pursuant to  
99 agreement with the public utility authorized and obligated to provide service in the area.  
100 Any agreement is subject to approval of the Commission and deletion of the area from  
101 the geographic area in which the public utility is obligated to provide service

102 **Q. Describe the negotiations that followed passage of SB 227.**

103 A. The negotiations involved the careful balancing of a large number of complex variables.  
104 Of course the main issue was defining the parties' respective service areas. However,  
105 drawing the boundary line involved a number of subsidiary issues. Neither party wanted  
106 to simply give away customers or service area without some consideration. On the other  
107 hand, each party sought to maximize the use of existing facilities and to minimize the  
108 need for new infrastructure. As a result, each party was willing to concede on isolated  
109 issues in order to reach an agreement which, when viewed as a whole, was acceptable.

110 Because of this delicate balancing of complex, interrelated issues, it would not be  
111 fair to either party for the Commission to reject selected portions of the Settlement  
112 Agreement. Stated differently, each party has agreed to the Settlement Agreement as a  
113 single, integrated contract, which they would not have agreed to without each provision.

114 Thus, the Settlement Agreement is intended to be considered as a single, integrated  
115 Agreement that we strongly urge the Commission to approve.

116 **Q. In the Application, Rocky Mountain Power requests that the Commission's Order**  
117 **approving the Settlement Agreement be conditioned on the Order not being**  
118 **reversed on appeal and completion of the transfers of facilities and customers**  
119 **contemplated in the Settlement Agreement and the Transfer Agreement. Does**  
120 **Heber Light & Power agree with this request?**

121 A. Yes. Any other result could upset the balance that I described in my prior answer.

122 **Q. Does HLP believe that the Settlement Agreement is in the public interest?**

123 A. The Settlement Agreement is in the public interest for the various reasons outlined in Mr.  
124 Moench's testimony including:

125 1. The Settlement Agreement creates a reasonable, economic division of service in  
126 the Heber Valley. The proposed service territories allow each party to take full  
127 advantage of existing facilities without the unnecessary cost of duplication or additional  
128 facilities. In addition, to the extent reasonably practical, the Settlement Agreement  
129 permits the parties to continue to serve existing customers, thereby minimizing the  
130 inconvenience to customers caused by transfers.

131 2. An Agreement of the parties is the only reasonable way to resolve the dispute. As  
132 illustrated by the Settlement Agreement and related agreements, division of service  
133 territory is extremely complex. The parties and the public interest would not be served  
134 by allowing a third party to resolve the dispute in a manner that may not be acceptable to  
135 either party or the public interest. For example, a court could order Rocky Mountain  
136 Power to continue to serve the Timber Lakes area because it was not historically within

137 HLP's service area even though Rocky Mountain Power does not currently have the  
138 facilities to provide such service. Conversely, a court could order HLP to discontinue  
139 service in the unincorporated areas, therefore requiring a dismantling of its integrated  
140 system at huge costs to customers of both HLP and RMP. Finally, the Settlement  
141 Agreement avoids the possibility that the Court would not change the status quo and  
142 allow for overlapping service territories and the wasteful duplication of facilities and  
143 services and concomitant economic and environmental impacts.

144 3. The Settlement Agreement avoids expensive, costly litigation and the risk of an  
145 uncertain and potentially unacceptable result to both parties.

146 4. The uncertainty created by the dispute over service area makes it impossible for  
147 HLP to plan. It needs to be able to plan for future growth given the long lead times  
148 associated with the acquisition and financing of generation and distribution assets.

149 **Q. Does this conclude your testimony?**

150 A. Yes.

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