- Q. Please state your name, business address and present position with Rocky
 Mountain Power (the Company), a division of PacifiCorp.
- A. My name is C. Craig Paice. My business address is 825 N.E. Multnomah, Suite 2000,
 Portland, Oregon 97232, and I am currently employed as a Regulatory Consultant in
 the Regulation Department.

6 Qualifications

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

- A. I received a Bachelor of Science Degree in Business Management from Brigham
 Young University in 1976. I have also attended various educational, professional and
 electric industry seminars during my career with the Company. I have been employed
 by PacifiCorp ("Rocky Mountain Power" or the "Company") since 1978 and have
 held various positions in accounting, customer service, and regulation.
- 13 Q. Please describe your present duties.
- A. My primary responsibilities are to prepare, present, and explain the results of the
 Company's cost of service studies to regulators and interested parties in jurisdictions
 where PacifiCorp provides retail electric service.
- 17 Q. Have you been a witness in other regulatory proceedings?
- 18 A. I have previously provided cost of service testimony in the states of Utah, Wyoming,
 19 California, Oregon, Washington, and Idaho.

20 **Purpose of Testimony**

- 21 Q. What is the purpose of your testimony?
- A. I will present PacifiCorp's functionalized class cost of service study results for both
 major plant additions for which the Company is requesting recovery.

24 Summary of Results

25 Q. Please identify Exhibit RMP__(CCP-1) and explain what it shows.

26 Exhibit RMP (CCP-1) presents the results from three cost of service studies Α. 27 prepared in this filing for the State of Utah. The first study is based on the revenues 28 and results of operations that were ordered by the Public Service Commission of Utah 29 ("Commission") in the 2009 general rate case ("2009 General Rate Case"), Docket 30 No. 09-035-23 ("Base" study). The next study employs the results of operations 31 which were based on the stipulation reached by the parties, and as approved by the 32 Commission in its order, in the first major plant additions filing, Docket No. 10-035-33 13 ("First Major Plant Additions" study). The final study is based on the results of 34 operations as presented in the testimony of Company witness Mr. Brian S. Dickman 35 in this docket ("Second Major Plant Additions" study). Column A shows present 36 revenues by class. Column B shows the total cost of service by class from the Base 37 study as established in the 2009 General Rate Case and which is the basis for current 38 rates. Column C shows the total cost of service results by class from the First Major 39 Plant Additions study. Column D shows the difference between the First Major Plant 40 Additions study and the Base study and reflects the \$30.8 million rate increase 41 ordered in the First Major Plant Additions filing. Column E shows the difference in 42 Column D expressed as a percentage increase over present revenues. Column F 43 shows the total results by class at the target level for the Second Major Plant 44 Additions study. Column G shows the difference between the Second Major Plant 45 Additions study and the First Major Plant Additions study. Column H shows the 46 difference in Column G expressed as a percentage increase over present revenues.

47 Column I shows the cumulative total cost of service results from both major plant
48 additions studies when compared to the Base study. Column J shows the difference in
49 Column I expressed as a percentage increase over present revenues.

50 Q. Why are three cost of service studies relied on in this filing?

51 A. These cost of service studies illustrate the additional revenue requirement impact to 52 the customer classes occurring as a result of changes to Utah's results of operations 53 due to major plant additions. To develop a step-by-step review showing how the two 54 separate plant addition filings impact cost of service results, the Company first relies 55 on the Base study to show customer class cost of service results which incorporated 56 the \$32.4 million increase in revenues ordered by the Commission in Docket 09-035-57 23. Next, the First Major Plant Additions study was prepared to show customer class 58 revenue requirements resulting from the Commission's order in that case, Docket No. 59 10-035-13. Results from this study were then compared to the Base study to show the 60 differences. Finally, the Second Major Plant Additions study was prepared to show 61 the impact on customer class revenue requirements as a result of including both the 62 first and second major plant additions. Results from this study were compared to the 63 First Major Plant Additions study and to the Base study to show the impact of the 64 second major plant additions by themselves and the impact of both the first and 65 second major plant additions. Given the limited scope of single item rates cases, it is 66 important that cost of service impacts of major plant additions are isolated from all other costs for which the Company is not currently requesting recovery. 67

68	Changes in Cost of Service Studies	
69	Q.	Are there any methodology differences between these cost of service studies and
70		the rebuttal study previously filed with the Commission in the 2009 General
71		Rate Case?
72	A.	Yes. To comply with the Commission's Order in Phase I of the 2009 General Rate
73		Case, issued February 18, 2010, the models were modified to calculate income taxes
74		based on taxable income for each customer class.
75	Q.	Did the Commission order any other cost of service methodology changes in the
76		2009 General Rate Case?
77	A.	Yes. The Commission also ordered that the revenue requirement increase under the
78		MSP Stipulation relative to the Rolled-In method be applied to each customer class'
79		production function revenue requirement.
80	Q.	How was this methodology change accomplished into the cost of service studies
81		used in this filing?
82	A.	Revenue requirement results from the jurisdictional allocation model (JAM) for both
83		major plant additions used the Rolled-In methodology with no increase related to the
84		MSP Cap, therefore this methodology change was unnecessary.
85	Cost of Service Model Inputs	
86	Q.	Are the inputs in the cost of service models presented in this filing the same as
87		those from the Company's rebuttal study previously filed with the Commission
88		in the 2009 General Rate Case?
89	A.	Yes, with the exception of results of operations from JAM, retail revenues, and net
90		power costs, all other input data are the same as presented in the previous filing.

Page 4 - Direct Testimony of C. Craig Paice

91 Workpapers

92 Q. Have you included your workpapers?

- A. Yes. The functionalized results of operations and class cost of service studies are
 included in my workpapers which are provided electronically in folder D.1 of the
- 95 Filing Requirements CD.
- 96 Q. Does this conclude your direct testimony?
- 97 A. Yes, it does.