

1 **Q. Please state your name, business address and present position with Rocky**  
2 **Mountain Power (or the “Company”).**

3 A. My name is David L. Taylor. My business address is 201 South Main, Salt Lake  
4 City, Utah. I am employed as the Manager of Regulatory Affairs for the state of  
5 Utah.

6 **Qualifications**

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

8 A. I received a B.S. in Accounting from Weber State College in 1979 and a M.B.A.  
9 from Brigham Young University in 1986. I have been employed by Rocky  
10 Mountain Power or its predecessors since 1979. At the Company, I have worked  
11 in the Accounting, Budgeting, and Pricing and Regulatory areas. From 1987 to  
12 the present, I have held several supervisory and management positions in Pricing  
13 and Regulation.

14 **Q. Have you appeared as a witness in previous regulatory proceedings?**

15 A. Yes. I have testified on numerous occasions in Utah as well as in California,  
16 Idaho, Montana, Oregon, Washington, and Wyoming.

17 **Q. What are your responsibilities in relation to this docket?**

18 A. I was the principal author of the proposed Energy Balancing Account (“EBA”)  
19 tariff, Electric Service Schedule No. 94.

20 **Purpose of Testimony**

21 **Q. What is the purpose of your rebuttal testimony?**

22 A. The purpose of my rebuttal testimony is to address issues raised in the direct  
23 testimony of the Division of Public Utilities (“DPU”), Office of Consumer

24 Services (“OCS”), Utah Energy Consumers (“UAE”), and Utah Industrial Energy  
25 Consumers (“UIEC”). Specifically I will respond to the following:

- 26 • The scope of this docket and the development of filing requirements for annual  
27 EBA filings.
- 28 • DPU witness Mr. Charles Peterson’s testimony on whether the Company’s  
29 proposed Schedule 94 complies with the Commission’s Final Order in Docket 09-  
30 035-15 and his suggested changes to the tariff.
- 31 • OCS witness Mr. Daniel Gimble’s and UAE witness Mr. Kevin Higgins’  
32 testimony on the spread of EBA costs to rate schedules.
- 33 • UIEC witness Mr. Maurice Brubaker’s testimony on the monthly allocation of  
34 EBA costs to rate schedules and billing to transmission level customers.
- 35 • UIEC witness Mr. Brubaker’s testimony that the EBA tariff should exclude  
36 special contract customers.

37 **Annual EBA Filings**

38 **Q. The DPU, OCS, and UIEC each make recommendations about the process of**  
39 **filing, reviewing, and approving annual EBA annual filing. How do you**  
40 **respond?**

41 A. The Company agrees with DPU witness Mr. Peterson’s statement, “the Division  
42 believes that the initial policies and procedures should be kept as simple as  
43 reasonably possible; complexity can be added later as we gain experience, and  
44 should be added only when there is a significant demonstration of need.” The  
45 Company also believes that this is not the proper proceeding to address regulatory  
46 administrative details of the EBA. The Commission’s Prehearing Order in this

47 docket is very clear that this is a compliance filing and “As such, our inquiry in  
48 this docket is limited to questions regarding the proposed tariff’s compliance with  
49 pertinent statutes and our prior orders.” (Prehearing Order, page 2) The  
50 Commission further stated that, “This proceeding is also not the best forum in  
51 which to promulgate EBA administration details.” (Prehearing Order, page 2)

52 **Q. OCS Witness Mr. Gimble recommends that minimum filing requirements**  
53 **for the Company EBA filings should be developed through a rulemaking**  
54 **procedure. Do you agree?**

55 A. No. Any filing requirements for the Company’s EBA filings would only apply to  
56 Rocky Mountain Power and, as such, a formal rulemaking is not necessary.  
57 Rocky Mountain Power believes that reasonable and useful filing requirements  
58 could be developed through a less formal process, and we believe that it would be  
59 more useful to complete the development of EBA filing requirements after the  
60 Commission, the Company, and the parties have gone through the first EBA filing  
61 cycle and gained experience about which information is the most useful. The  
62 DPU, with input from Rocky Mountain Power and other parties, has done much  
63 of the initial work toward outlining reasonable filing requirements, and these  
64 issues are being addressed in a different proceeding. The information provided  
65 with the Company’s March 15, 2012, EBA surcharge filing is consistent with the  
66 DPU’s proposed filing requirements filed March 1, 2012<sup>1</sup>.

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<sup>1</sup> See Report of the Division of Public Utilities EBA Pilot Program Evaluation Plan Docket No. 09-035-15  
March 1, 2012.

67 **Q. UIEC Witness Mr. Brubaker suggests that these filing requirements should**  
68 **be laid out in the EBA tariff. Do you agree?**

69 A. No. While Rocky Mountain Power does not oppose does not oppose including  
70 more detail in the tariff if it makes the tariff easier for customers to understand,  
71 the Company does not agree that the tariff needs to include all of the  
72 administrative details of the regulatory process for approval of a new rate.

73 **DPU Proposed Edits to Schedule 94**

74 **Q. While the DPU believes that the proposed Schedule 94 substantially complies**  
75 **with the Commission's Final Order in Docket 09-035-15, Mr. Peterson**  
76 **recommends some minor edits to the tariff. Do you agree with his proposed**  
77 **edits?**

78 A. I agree with one of his proposed edits, but not the other. Mr. Peterson proposes to  
79 modify the EBA Deferral Account Balance definition as follows:

80 **EBA Deferral Account Balance:** The EBA Deferral  
81 Account Balance from the previous month plus the monthly  
82 EBA Accrual less the current monthly EBA Revenue  
83 ~~authorized by the Commission from the previous~~ based on  
84 the approved EBA rate plus the monthly Carrying Charge.<sup>2</sup>

85 I agree with this proposed change.

86 Mr. Peterson also proposes additional language to the EBA Rate  
87 Determination section to add an example demonstrating the calculation of the  
88 EBA rate and the line item that will show on a customer's bill. I do not agree with  
89 his second proposal for two reasons. First, no other rate schedule contains an  
90 example of a billing calculation. As proposed, the EBA surcharge or surcredit will

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<sup>2</sup> Schedule 94, filed December 12, 2011, p. 94.2.

91 be calculated as a percentage of a customer's monthly Power Charges and Energy  
92 Charges. This same surcharge / surcredit approach is currently used and easily  
93 understood in Schedule 98, REC Revenues Credit. It was also used in Schedules  
94 40 and 97 that were established in the Major Plant Addition dockets. Rocky  
95 Mountain Power is not aware of any customer concerns with these or any other  
96 schedules because they did not include an example of a billing calculation.  
97 Second, because both the rate design and the power and energy charges are  
98 different for each rate schedule, a single example would not be particularly  
99 meaningful.

100 Mr. Peterson also states that the DPU believes the detail of the FERC  
101 accounts needs to be expanded and recommends the replacement of the FERC  
102 accounts listing in the proposed tariff with Mr. Matthew Croft's "medium" list.  
103 Company witness Mr. Steven McDougal will address this recommendation.

104 **EBA Rate Spread**

105 **Q. OCS witness Mr. Gimble and UAE witness Mr. Higgins present opposing**  
106 **positions on the spread of EBA costs to rate schedules. After reviewing their**  
107 **testimony has Rocky Mountain Power's position on the spread of the EBA**  
108 **changed?**

109 A. No. As addressed in the direct testimony of Company witness Mr. William  
110 Griffith, Rocky Mountain Power agrees with the OCS position that a Composite  
111 NPC Allocator should be used to spread EBA costs to rate schedules is  
112 conceptually correct. The Company could support that approach for future EBA  
113 adjustments, but that approach cannot be implemented for the 2012 filing for two

114 reasons. First, while the Company filed a cost of service study in the last general  
115 rate case, there was no finding or approval in that case of the cost of service study.  
116 A composite NPC allocator developed using that study, as recommended by Mr.  
117 Gimble, should not be used as the basis for spreading the 2012 EBA adjustment  
118 since it was neither agreed upon by the parties nor approved by the Commission.  
119 Second, in the COS stipulation and revenue requirement stipulation in the last  
120 general rate case the parties agreed, and the Commission approved, the rate spread  
121 of the \$20 million per year in deferred net power costs that were included as part  
122 of the Settlement Stipulation in Docket No. 10-035-124. In that stipulation it was  
123 agreed that deferred NPC surcharge would be spread according to the stipulated  
124 rate spread of general rates.

125 **Monthly Allocation to Rate Schedules**

126 **Q. UIEC witness Mr. Brubaker argues that EBA costs should be allocated to**  
127 **rate schedules on a monthly basis. Is that approach consistent with the**  
128 **Commission’s Phase II EBA Order?**

129 A. No. Mr. Brubaker made a similar argument for monthly, rather than annual  
130 allocation of EBA costs to rate schedules in his rebuttal testimony in Phase II of  
131 Docket 098-035-15 and is proposing to relitigate it here. The Commission  
132 specifically rejected that argument in its Phase II order in that docket. Page 77 of  
133 the order states: “For simplicity, we decline to adopt UIEC’s proposal to account  
134 for the balance by rate schedule.” The Commission was also clear on page 2 of its  
135 prehearing order in this docket where it said: “This docket is not a forum for re-  
136 litigating positions presented (or that should have been presented) in the prior

137 proceedings which produced the EBA and determined the EBA-related costs that  
138 are currently in rates.”

139 **Q. Mr. Brubaker also recommends that the Company should bill EBA charges**  
140 **to transmission level customers as soon after the close of a month as it has a**  
141 **reasonable estimate of the EBA costs. Do you agree?**

142 A. No. This appears to be an extension and relitigation of his monthly allocation  
143 recommendation discussed above. Since his billing proposal is dependent on  
144 monthly class allocation, which the Commission rejected, this recommendation  
145 should be rejected as well.

146 The proposal also appears to be in conflict with Mr. Brubaker’s argument  
147 that 45 days is inadequate and that 180 days are needed to review the annual EBA  
148 filing.

149 **Q. Do you agree with Mr. Brubaker’s recommendation that the EBA tariff**  
150 **should exclude special contract customers?**

151 A. No. The Application paragraph of proposed Schedule 94 states:

152 This Schedule shall be applicable to all retail tariff Customers  
153 taking service under the terms contained in this Tariff and *to retail*  
154 *contract customers taking service under the terms of a contract to*  
155 *the extent authorized by, and according to the terms of, the*  
156 *governing contract.*<sup>3</sup>

157 Mr. Brubaker argues that this language is potentially confusing, and in any event  
158 unnecessary. I disagree. The language in the tariff is both clear and necessary. The  
159 language does not preclude application of the EBA to special contract customers,  
160 but makes clear that the EBA can only be applied to a special contract under the

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<sup>3</sup> Schedule 94, filed December 12, 2011, p. 94.1, emphasis added.

161 terms of the customer's current contract. This section of the tariff, including the  
162 reference to special contract customers, was carefully reviewed and edited by  
163 counsel for UAE, which also represents special contract customers.

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

165 A. Yes, it does.