**Q. Please state your name and business address with Rocky Mountain Power ("the Company"), a division of PacifiCorp.**

A. My name is Steven R. McDougal, and my business address is 201 South Main, Suite 2300, Salt Lake City, Utah, 84111.

**Q. Are you the same Steven R. McDougal who has previously filed testimony in this proceeding?**

A. Yes.

**Purpose of Testimony**

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

A. The purpose of my testimony is to address the Division of Public Utilities' ("DPU") recommendation to include additional detail in the Applicable FERC Accounts section of the Energy Balancing Account ("EBA") tariff, Schedule 94. I will also address Utah Industrial Energy Consumers ("UIEC") witness Mr. Maurice Brubaker's recommendations for monthly allocation of EBA costs ("EBAC") and the calculation and application of the EBA Carrying Charge.

**FERC Detail**

**Q. Mr. Matthew Croft's testimony presents a detailed list of FERC accounts, FERC subaccounts and SAP accounts the Company intends to include in or exclude from the EBA. Is his detailed listing necessary?**

A. No. Rocky Mountain Power does not oppose including more detail in the tariff if it makes the tariff easier for customers to understand. I disagree, however, that his proposed level of detail is really necessary. The basic principle of the description in the tariff is that actual and base need to include the same categories of costs.

As Mr. Croft points out “On the other hand, subaccounts will change from time to time. … The Division will be monitoring the SAP account detail on a monthly basis and will easily be able to spot changes in accounts. If significant issues arise the Division will request more information from the Company and if necessary will request a change in the tariff.” (Testimony, p 7) Since the DPU will be monitoring the monthly details for charges to all of the FERC accounts identified in the tariff, as pointed out by Mr. Croft, it will be easy for them to spot any changes. Because of this review of both the charges included in and excluded from the EBA deferral, it would be better to start with a simple and straightforward tariff and not add details that will change on a regular basis. Carried to an extreme, it would make no sense to include all of the FERC accounts that make up the revenue requirement underlying each of the Company’s general tariffs.

**Monthly Factors**

**Q. Mr. Brubaker states on page 12 of his direct testimony that, “The preferred way of implementing an EBA would not involve an estimate created by using a Scalar, but would involve separately calculating the SE and SG factors each month and applying those to the appropriate F&PP Costs elements to allocate total company F&PP Costs to Utah.” Do you agree?**

A. No. The 2010 Protocol and Rolled-in allocation methods both use annual amounts in calculating the SE and SG factors. Part of the calculation of the SG factor is the sum of the 12 monthly coincident peaks. The calculation of the SE factor is based on annual jurisdictional energy use. Mr. Brubaker’s proposal would not be consistent with the 2010 Protocol and Rolled-in allocation methods, and is not consistent with setting rates based on a test year, not 12 individual test months.

**Carrying Charge**

**Q. Does the Commission order in the EBA docket allow and provide the formula to calculate a carrying charge on the EBA deferral account balance?**

A. Yes. The Commission order is clear on the balancing account. Based on the formula on page 76 of the March 2011 order in Docket no. 09-035-15 there is to be a carrying charge. The formula clearly shows that the carrying charge is calculated using the ending balance from the prior month plus half of the current months deferral.

**Q. Do you agree with Mr. Brubaker's proposal to begin to apply the carrying charge 20 days from the end of the month EBAC cost are incurred?**

A. No. According to the EBA carrying charge in the tariff, carrying charges begin when EBAC are incurred and end when EBA revenues are billed, and not 20 days later. Mr. Brubaker argues for the delay in the carrying charge because of the lag between when net power cost deferrals are incurred versus paid, but conveniently ignores the lag between when the customers are billed versus when cash is received from customers. According to page 3.1 of the 2010 lead-lag study filed with the 2012 general rate case, Docket 11-035-200, the billing lag for customer bills is 23.9 days. Mr. Brubaker's analyses only addresses the expense side of the lead-lag study. Therefore, using his logic, the carrying charge should start 20 days after the costs are incurred, we should continue until 24 days after the customer is billed. This type of logic adds nothing to the process other than attempting to add complexity.

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

A. Yes.