

Rocky Mountain Power
Docket No. 13-035-184
Witness: Jeffrey M. Kent

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Jeffrey M. Kent

Pole Attachments

January 2014

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

3 A. My name is Jeffrey M. Kent. My business address is 825 NE Multnomah Street,
4 Suite 1700, Portland, Oregon 97232. My present position is Director Distribution
5 Support in the Construction and Support Services Department.

6 **Q. Briefly describe your educational and professional background.**

7 A. In March of 1978 I was employed by Pacific Northwest Bell Telephone Company
8 and worked in various positions including as a field technician until 1990. In
9 1988, I graduated from Portland State University with a Bachelor of Science
10 degree in General Studies Science. In 1990 I was promoted and held a number of
11 management positions within the renamed company, U. S. West Communications
12 and subsequently Qwest Communications, in the Construction and Engineering
13 Department until I retired from Qwest in December 2008. The last five years of
14 my career at Qwest were spent managing Construction Operations and as
15 Program Manager overseeing the Joint Use of poles in Oregon. In December of
16 2008 I was employed by PacifiCorp in my current position. I have been a member
17 of the Oregon Joint Use Association’s Board of Directors since 2004 including
18 President of the Association in 2007. I also serve as a member of Western Energy
19 Institute’s annual Joint Use Conference Program Delivery Team.

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

21 A. I have appeared before the Public Service Commission of Utah and the Oregon
22 Public Utility Commission.

23

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

25 A. The purpose of my testimony is to provide support for the change the Company is
26 seeking to the Annual Charge component in the Company's Electric Service
27 Schedule No. 4.

28 **Q. Please describe the change the Company is seeking to the Company's**
29 **Electric Service Schedule No. 4.**

30 A. The Company proposes a reduction in the current Annual Charge from \$6.33 to
31 \$5.76. The amount proposed by the Company is calculated in accordance with
32 Commission Rule R746-345-5 using the Company's most recent data.
33 Calculations are provided in Exhibit RMP___(JMK-1), attached hereto.

34 **Q. What is the estimated financial impact of this change in Annual Charge?**

35 A. The Company estimates this change will reduce pole attachment rental revenue
36 collected by the Company from attaching entities in Utah by \$159,152 when
37 comparing the base year to the test year as defined in this general rate case. The
38 Company's revenue change forecast is provided in Exhibit RMP___(SRM-3),
39 attached to the Direct Testimony of Mr. Steven R. McDougal.

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

41 A. Yes.

Rocky Mountain Power
Exhibit RMP__(JMK-1)
Docket No. 13-035-184
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BEFORE THE PUBLIC SERVICE COMMISSION
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ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Jeffrey M. Kent

Pole Rental Rate Calculations

January 2014

**Rocky Mountain Power
 State of Utah**

Pole Attachment Rate Calculation; Based on 2012 FERC Accounting Data

	<u>Description</u>	<u>Report Reference or Formula</u>	<u>Utah</u>
1	Net Costs of Bare Pole		
	A Plant In Service		\$ 323,749,776
	B Accumulated Book Depreciation		\$ (180,940,159)
	C Accumulated Deferred Taxes		\$ (48,390,573)
	D Net Pole Investment Account 364		\$ 94,419,044
			15.0%
	E Exclusion of X-arms, Etc.	15% of 1D	\$ (14,162,857)
	F Net Pole investment	1D - 1E	\$ 80,256,187
	G Total Poles in Service	From Company Records	350,610
	H Net Costs of Bare Pole	1F / 1G	\$ 228.90
2	Depreciation Rate Adjusted to Reflect Net Investment		
	A Depreciation Rate for Gross Pole Investment	State Depreciation Rate	3.53%
	B Gross Pole Investment		\$ 323,749,776
	C Net Pole Investment	1D	\$ 94,419,044
	D Gross Pole/Net Pole Investment Ratio	2B / 2C	3.429
	E Depreciation Rate Net Investment	2A X 2D	12.10%
3	Administrative & General Expenses Factor		
	A Total Admin & General Expense Total Company		\$ 62,638,332
	B Net Plant Investment		\$ 5,494,226,519
	C Administrative & General Expenses Factor	3A / 3B	1.14%
4	Maintenance Expense Factor		
	A Account 593 Maintenance Expense		\$ 32,960,937
	B Net Plant Poles, Conductors, Devices, and Services		\$ 336,040,427
	C Maintenance Expense Factor	4A / 4B	9.81%
5	Normalized Tax Factor (expressed as % of Net Plant Invest)		
	A Total Taxes		\$ 178,497,347
	B Net Plant Investment State		\$ 5,494,226,519
	C Normalized Tax Factor	5A / 5B	3.25%
6	Cost of Capital = Authorized Rate of Return		

A	Authorized Rate of Return				7.678%
7	Combined Carrying Charge Factor - Poles				
A	Depreciation Expense factor	2E			12.10%
B	Admin & Gen Exp Factor	3C			1.14%
C	Maintenance Exp Factor	4C			9.81%
D	Tax Normalization Factor	5C			3.25%
E	Authorization Rate of Return	6A			7.68%
F	Total Carrying Charge Factor	SUM 7A - 7E			33.98%
8	Amount of Requested Space / Usable Space				
A	Pole Length			37.50	
B	Safety Corridor			-	
C	Portion Buried Underground			(6.00)	
D	Ground Clearance			(18.00)	
E	Pole Length			13.50	
F	Usable Space Per Pole	1 / 8E			7.41%
9	Pole Attachment Rate per Foot of Attachment				
A	Net cost of bare pole (1H)	1H		\$	228.90
B	Total Carrying Charge Factor (7F)	7F			33.98%
C	Percentage of Requested Space (8F)	8F			7.41%
D	Rental Rate (A*B*C)	9A X 9B X 9C		\$	5.76

Based on 2012 FERC Accounting Data