

1 **Q. Are you the same Kelcey A. Brown who submitted direct testimony in this**
2 **proceeding on behalf of PacifiCorp dba Rocky Mountain Power (“the**
3 **Company”)?**

4 A. Yes.

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

6 A. I respond to a proposed adjustment to the Company’s residential sales forecast by
7 Mr. Greg R. Meyer on behalf of the Federal Executive Agencies (“FEA”).

8 **Q. Please summarize Mr. Meyer’s position on the Company’s residential sales**
9 **forecast.**

10 A. Mr. Meyer proposes that residential class retail sales, and subsequently, residential
11 revenues in Rate Schedule 1 are understated relative to historical levels of
12 residential usage. Mr. Meyer states that recent declines in residential usage are due
13 to decreases in weather normalized residential usage from June 2011 to
14 June 2013 that is attributable to warm weather during the “winter of 2012” and is
15 potentially over influencing the residential sales forecast filed by Rocky Mountain
16 Power in the Utah General Rate case. Mr. Meyer’s proposed revenue adjustment is
17 an increase of approximately \$22 million in residential schedule 1 revenues.

18 **Q. Please explain Mr. Meyer’s proposed adjustment to residential schedule 1**
19 **revenues.**

20 A. Mr. Meyer recommends that the level of residential schedule 1 retail revenues be
21 increased by \$22 million resulting in a \$13.4 million reduction in revenue
22 requirement net of an \$8.6 million fuel and purchased power expense offset.

23 **Q. How does Mr. Meyer calculate his \$22 million increase in residential schedule**

24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

1 revenue?

A. Mr. Meyer calculated his increased revenue adjustment based on “50 percent of the decrease from the actual normalized level at June 2013 and the forecasted level proposed by Rocky Mountain Power for the 2015 test year.”¹ Mr. Meyer used an average usage per residential schedule 1 customer bill of 8,750 kilowatt-hours (“kWh”) relative to the Company’s forecast average use per residential class customer of 8,529 kWh to calculate his \$ 22 million increase in revenues.

Q. What is your general observation about Mr. Meyer’s proposed adjustment?

A. Mr. Meyer’s proposed adjustment does not take into consideration underlying reasons for changes in customer load, ignores annual weather normalized residential usage decreases that have occurred in the last two years, and refers to a 2012 calendar year (January 2012-December 2012) warm winter in weather normalized historical loads as the reason for lower residential class retail sales.

Q. Did you discuss in your direct testimony why residential use per customer has been declining over the last two years and is expected to continue to decline?

A. Yes. My direct testimony provided information from the residential survey conducted in 2013 that showed that Utah residential customers are no longer adding significant amounts of central air conditioning, are moving towards smaller multi-dwelling units such as townhomes and condos that use 40 percent less energy than a single family home, are replacing existing appliances with more energy efficient ones and energy efficient lighting continues to replace incandescent bulbs that are 75-85 percent less efficient. I cited all of these changes in customer usage as causes

¹ FEA Direct Testimony of Mr. Greg R. Meyer, Page 7, Lines 100-102.

46 for the decreases in residential use per customer that have occurred since 2011 and
47 are expected to continue into the test period.

48 **Q. Did Mr. Meyer address any of the underlying drivers you cited in your direct**
49 **testimony as the cause of decreasing average use per residential customer in**
50 **2013?**

51 A. No. Mr. Meyer states that the decrease in average use per customer projected by
52 the Company was largely due to a “warm winter in 2012” and did not address
53 changes in the marketplace due to energy efficiency or customers changing
54 preference for multi-dwelling units that use 40 percent less energy than a single
55 family home.

56 **Q. Mr. Meyer states that a “significant contributor to the decrease in usage from**
57 **June 2011 to June 2013”² in weather normalized use per customer was a warm**
58 **winter in 2012. Do you agree with this statement?**

59 A. No. Mr. Meyer used weather normalized historical actual loads to make his point
60 that a warm winter was overly influencing the load forecast. However, weather
61 normalized means that impacts on loads due to fluctuations in actual weather
62 relative to normal weather have been removed. Rocky Mountain Power normalizes
63 historical loads to enable a like-for-like comparison of energy consumption from
64 different periods with different weather conditions.

65 **Q. Are there other issues with Mr. Meyer's claim that the “winter of 2012” was**

² *Id* at Page 7, Lines 93-94.

66 **the cause for the decrease in weather normalized usage in the twelve months**
67 **ending June 2013?**

68 A. Yes. The "winter of 2012" referenced by Mr. Meyer in his testimony as the cause
69 of the decrease in usage in the twelve months ending June 2013, spanned the
70 calendar year 2012 (January 2012 through December 2012). The winter of
71 2012/2013, that is reflected in the June 2013 residential average use per customer,
72 was in fact very close to normal.³ Lastly, residential usage in winter months in Utah
73 would not have a large impact on the average use per customer in a twelve month
74 period due to low saturation of electric heating appliances in the state.

75 **Q. Mr. Meyer states that “there has not been such a dramatic reduction in actual**
76 **normalized usage per customer for any of the study periods.”⁴ Do you agree?**

77 A. No. Calendar year 2013 weather normalized average use per customer decreased
78 4.1 percent relative to calendar year 2012. Mr. Meyer relied solely on historical
79 comparisons that were based on test periods from previous cases filed by the
80 Company intermittently since 2006 and ignored residential historical actual usage
81 on a calendar basis through January 2013 in his statement.

82 **Q. Is the Company’s forecast average use per customer consistent with the**
83 **changing trend in average use per customer that has occurred since 2011?**

84 A. Yes. The Company’s average use per customer forecast is supported by actual
85 usage and the recent residential survey information.

86 **Q. What were the causes of increasing average use per customer 2003 through**

³ The winter of 2012/2013, which was reflected in the average use per customer for the 12 months ending June 2013, was 5,505 HDD Base 65, very close to normal HDD Base 65 of 5,534.

⁴ FEA Direct Testimony of Mr. Greg R. Meyer, Page 6, Lines 69-70.

87 **2010?**

88 A. Increasing average use per customer 2003 through 2010 was due to increasing
89 saturation of central air conditioning which, as I stated in my direct testimony, uses
90 35 percent more electricity than customers who do not have cooling units. In
91 addition, from 2003 through 2010, customers were continuing to add appliances
92 such as clothes washers, clothes dryers, televisions and computers. The residential
93 survey showed that increasing saturation in these categories is now relatively flat
94 or declining and tablets and smart phones are supplanting the use of computers.
95 Recycling an older appliance for a more energy efficient appliance is now more
96 likely than customers adding new appliances to the home.

97 **Q. Has Mr. Meyer appropriately accounted for all of the impacts of his proposed**
98 **sales adjustments in the revenue requirement adjustment?**

99 A. No. Mr. Meyer's adjustment is improperly computed because it does not account
100 for the impact of the changed sales on allocation factors associated with the change
101 in the peak load and energy and he utilized a high level assumption of increased
102 fuel and purchased power expense outside of the Company's net power cost model.
103 Please refer to Company witness Mr. Steve R. McDougal's rebuttal testimony in
104 regard to the proposed revenue requirement adjustment of
105 Mr. Meyer.

106 **Q. Overall, is Mr. Meyer's adjustment reasonable given the history of residential**

107 **average use per customer in Utah and the recent results of the residential**
108 **survey?**

109 A. No. Mr. Meyer’s proposed adjustment is based on a flawed assumption that a warm
110 winter was the cause of the decrease in average use per customer in 2013 and
111 completely ignores the fact that the Company’s residential customers are changing
112 their energy use preferences towards more energy efficient appliances, lighting and
113 smaller more efficient homes. In addition, the “winter of 2012” that Mr. Meyer
114 referenced as the cause for the historical decrease was not reflected in the twelve
115 months ending June 2013 average use per customer, and, regardless of the time
116 period, was based on a weather normalized historical load value. The Commission
117 should therefore reject this proposed adjustment to the residential sales forecast.

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

119 A. Yes.