

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of: the Application)
of Rocky Mountain Power for)
Authority to Revise Rates in) Docket No. 13-035-33
Tariff Schedule 98, Renewable)
Energy Credits Balancing Account.)

HEARING
(REDACTED TRANSCRIPT)

TAKEN AT: Heber M. Wells Building
160 East 300 South, Room 451
Salt Lake City, Utah 84111

DATE: Thursday, May 16, 2013

TIME: 9:00 a.m. to 9:35 a.m.

REPORTED BY: Michelle Mallonee, RPR

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| | | |
|----|-------------------------------------|------|
| 1 | I N D E X | |
| 2 | WITNESSES | PAGE |
| 3 | FOR ROCKY MOUNTAIN POWER: | |
| 4 | STACEY KUSTERS | |
| 5 | Direct Examination by Ms. Hogle | 7 |
| 6 | | |
| 7 | STEVEN R. MCDOUGAL | |
| 8 | Direct Examination by Ms. Hogle | 12 |
| 9 | | |
| 10 | JOELLE STEWARD | |
| 11 | Direct Examination by Ms. Hogle | 15 |
| 12 | | |
| 13 | FOR THE DIVISION: | |
| 14 | BRENDA SALTER | |
| 15 | Direct Examination by Mr. Jetter | 17 |
| 16 | | |
| 17 | FOR THE OFFICE OF CONSUMER AFFAIRS: | |
| 18 | CHERYL MURRAY | |
| 19 | Statement | 20 |
| 20 | | |
| 21 | REDACTED TEXT | |
| 22 | PAGE | LINE |
| 23 | 10 | 23 |
| | 11 | 3 |
| 24 | 21 | 15 |
| | 21 | 16 |
| 25 | | |

| | | |
|----|--|--------------------------|
| 1 | E X H I B I T S | |
| 2 | | |
| 3 | EXHIBIT | RECEIVED INTO THE RECORD |
| 4 | Prefiled Direct Testimony with Exhibits of Stacey Kusters | 10 |
| 5 | | |
| 6 | CONFIDENTIAL SJK-1 - Rocky Mountain Power Utah REC Balancing Account March 15, 2013 Actual REC Revenue Sales by Resource | 10 |
| 7 | | |
| 8 | CONFIDENTIAL SJK-2 - Rocky Mountain Power Utah REC Balancing Account March 15, 2013 Actual REC Revenue Sales by Entity, Tag Price, Resource, and Vintage | 10 |
| 9 | | |
| 10 | | |
| 11 | Prefiled Direct Testimony with Exhibits of Steven R. McDougal | 13 |
| 12 | | |
| 13 | | |
| 14 | Prefiled Direct Testimony with Exhibits of Joelle Steward | 15 |
| 15 | | |
| 16 | Administrative Notice of Prefiled Comments by the Department of Public Utilities | 18 |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |

1 PROCEEDINGS

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3 THE HEARING OFFICER: Good morning, everyone.
4 My name is David Clark. I'm a Public Service Commission
5 commissioner. Seated to my left is Commission Chairman
6 Ron Allen. To his left is the other Commissioner, Thad
7 LeVar. And we are convened in Docket No. 13035-33, which
8 is the Matter of the Application of Rocky Mountain Power
9 for Authority to Revise Rates in Tariff Schedule 98
10 Renewable Energy Credits Balancing Account. And this is
11 a duly-noticed interim rates hearing, the notice having
12 been issued April 8, 2013.

13 Are there any matters that parties wish to
14 address prior to having counsel make their appearances?

15 All right, then. Let's begin with the
16 applicant, Ms. Hogle.

17 MS. HOGLE: Thank you, your Honor. Yvonne Hogle
18 on behalf of Rocky Mountain Power. We would like to
19 thank you for the opportunity to present to you today the
20 Company's application and supporting testimony for
21 approval of a credit to the Company's customers of
22 approximately \$3.3 million, beginning June 1, 2013. Three
23 witnesses are here today, either in person or by phone,
24 to provide short summaries in support of the Company's
25 application.

1 Ms. Stacey Kusters, who is on the phone, will
2 address historical REC sales in 2012 that were used in
3 the calculation to set Tariff Schedule 98 credits.

4 Mr. Steve McDougal, who is here in person, will
5 address the allocation of total company sales to Utah and
6 the calculation of the deferral component to true up
7 calendar year 2012 REC sales.

8 And finally, Ms. Joelle Steward, who is on the
9 phone, will address the Company's proposed REC revenue
10 spread and REC sales. Thank you.

11 THE HEARING OFFICER: Thank you.

12 MR. JETTER: And Justin Jetter representing the
13 Utah Division of Public Utilities. And with me is the
14 Division of Public Utilities' technical consultant,
15 Brenda Salter.

16 THE HEARING OFFICER: Thank you.

17 MS. MURRAY: I'm Cheryl Murray with the Office
18 of Consumer Services. And I don't have an attorney
19 today.

20 THE HEARING OFFICER: Thanks for being here, Ms.
21 Murray.

22 Any other individuals wish to enter an
23 appearance? And on the phone, we've been informed that
24 Ms. Kusters and Ms. Steward are on the phone. Is there
25 anyone else, besides other employees of the applicant?

1 And if so, would you please identify yourselves for the
2 record?

3 Okay. We'll proceed by hearing from the
4 applicant. And that will at least begin with a brief
5 summary of the applicant's testimony and introduction of
6 the applicant's prefiled testimony.

7 MS. HOGLE: Thank you, your Honor. The Company
8 calls as its first witness Ms. Stacey Kusters, who is on
9 the phone.

10 THE HEARING OFFICER: All right. Ms. Kusters,
11 would you please raise your right hand. I'm going to
12 administer an oath to you.

13 Do you solemnly swear that the testimony you are
14 about to give shall be the truth, the whole truth, and
15 nothing but the truth?

16 MS. KUSTERS: I do.

17 THE HEARING OFFICER: Thank you.
18 Ms. Hogle.

19 STACEY KUSTERS,
20 having been first duly sworn,
21 was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MS. HOGLE:

24 Q. Good morning, Ms. Kusters. Can you please state
25 your name and place of employment for the record.

1 A. My name is Stacey Kusters. I'm the director of
2 origination. I am at 825 N.E. Multnomah in Portland.

3 Q. And in that capacity, did you prepare direct
4 testimony with exhibits in support of the Company's
5 application?

6 A. Yes, I did.

7 Q. And do you have any changes to your testimony
8 here today?

9 A. Yes, I do. I have two corrections to my
10 exhibits. In Exhibit SJK-1, I have a correction that the
11 actual REC revenue sales of 90,000 is moved from Marengo
12 I to Marengo II. This provides no impact to the
13 revenues, only that it's allocated from one facility to
14 the other.

15 My second correction is in Exhibit SJK-2, which
16 involves two corrections. The Nevada Power Company
17 transaction associated with the Chevron Casper Wind, the
18 vintage was corrected from September 1 of 2012 to
19 August 1 of 2012, which provides no impact to the
20 quantity or the revenue. It's just an allocation of
21 vintage.

22 And the second correction is in the PG&E
23 transaction associated with Marengo, with a vintage of
24 March 1, 2012. The resource and the vintage was
25 corrected to Marengo II, and the vintage of January 1,

1 2012. Again, there's no impact to the quantity or the
2 revenues.

3 And so I just wanted to provide those two
4 corrections. And we will update those exhibits
5 accordingly.

6 THE HEARING OFFICER: And, Ms. Hogle, you've
7 distributed confidential exhibits. Are these the
8 originals or the corrected versions?

9 MS. HOGLE: Thank you, your Honor. What I have
10 distributed to you today, and everybody in the room, are
11 replacement copies in their entirety of Exhibits 1 and 2,
12 Confidential Exhibits 1 and 2.

13 THE HEARING OFFICER: They reflect the
14 corrections that Ms. Kusters has just --

15 MS. HOGLE: Yes, your Honor. And the
16 corrections are highlighted in gray.

17 THE HEARING OFFICER: Thank you. And they'll be
18 received as part of the confidential record of the
19 proceeding.

20 MS. HOGLE: Thank you, your Honor. And we will
21 be sending by e-mail a copy of these two documents as
22 well.

23 THE HEARING OFFICER: Okay.

24 MS. HOGLE: Okay.

25 THE HEARING OFFICER: I assume there's no

1 objection to receiving them into the record. Is that
2 correct?

3 MR. JETTER: No.

4 THE HEARING OFFICER: Thank you. Okay.

5 Q. (BY MS. HOGLE:) And, Ms. Kusters, are those all
6 the corrections you have to your testimony?

7 A. Yes, they are.

8 MS. HOGLE: Okay. Mr. Hearing Officer, I move
9 for the admission of the direct testimony, with all of
10 the exhibits, including the replacement exhibits, of
11 Ms. Stacey Kusters.

12 THE HEARING OFFICER: Any objection?

13 MR. JETTER: No objection.

14 THE HEARING OFFICER: They're received.

15 MS. HOGLE: Thank you.

16 (The direct prefiled testimony of Stacey Kusters and
17 Confidential Exhibits SJK-1 and SJK-2 were
18 received into the record.)

19 Q. (BY MS. HOGLE:) Ms. Kusters, do you have a
20 short summary that you would like to present today?

21 A. Yes. In brief, my testimony presents the actual
22 PacifiCorp total company 2012 renewable energy credits.
23 In 2012, (redacted) of the revenues that were generated
24 were generated by three existing contracts. Those
25 existing contracts were executed in 2009 and '10. In

1 addition to these three existing contracts, the Company
2 has executed several additional contracts for a total of
3 \$2.79 million, which is the average price of (redacted).
4 And that is on a company-wide basis.

5 The market conditions in the REC market have
6 changed substantially; and therefore, we're at a point
7 where, because of the RPS rules and the guidelines for
8 compliance and the changes, both the volumes and the
9 pricing have subsided substantially over this period of
10 time. And that concludes my summary.

11 MS. HOGLE: The witness is available for
12 questions, your Honor.

13 THE HEARING OFFICER: Thank you.
14 Any cross-examination for Ms. Kusters?

15 MR. JETTER: I have no questions.

16 MS. MURRAY: I have no questions.

17 THE HEARING OFFICER: Any questions from the
18 Commission?

19 Thank you, Ms. Kusters. You are excused.

20 MS. KUSTERS: Thank you.

21 THE WITNESS: Your Honor, the Company calls
22 Mr. Steve McDougal.

23 THE HEARING OFFICER: Thank you.

24 Do you solemnly swear that the testimony you are
25 about to give shall be the truth, the whole truth, and

1 nothing but the truth?

2 MR. MCDOUGAL: Yes.

3 THE HEARING OFFICER: Thank you.

4 STEVEN R. MCDOUGAL,

5 having been first duly sworn,

6 was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MS. HOGLE:

9 Q. Can you please state your name and place of
10 employment for the record.

11 A. Yes. My name is Steven R. McDougal. I am
12 employed by the Company at 201 South Main, Salt Lake
13 City, Utah.

14 Q. And in that capacity, did you prepare direct
15 testimony with exhibits in support of the Company's
16 application?

17 A. Yes, I did.

18 Q. And do you have any changes to your testimony?

19 A. No, I do not.

20 Q. So if I were to ask you here today the same
21 questions that are in your testimony, would your answers
22 be the same?

23 A. Yes, they would.

24 MS. HOGLE: Your Honor, I move for the admission
25 of the direct testimony with exhibits of Mr. Steve

1 McDougal.

2 THE HEARING OFFICER: Any objections?

3 MR. JETTER: No.

4 THE HEARING OFFICER: They'll be received.

5 (The prefiled direct testimony and exhibits of
6 Steven R. McDougal were received into the record.)

7 MS. HOGLE: Thank you.

8 Q. (BY MS. HOGLE:) And do you have a short
9 summary for the Commission today?

10 A. Yes. The purpose of my testimony is to explain
11 the calculation of the \$3.3 million deferral balance the
12 Company is requesting to become effective on an interim
13 basis on June 1. Basically, what I do in my testimony is
14 I start out with the \$24 million balance that we had on
15 December 31, 2012. At the time we made that filing, we
16 made it clear that we had two months, November and
17 December, that we didn't have the actual resource
18 allocations, so I made that correction. It's a minor
19 \$9000 issue.

20 Then what I do is I take the Utah allocated
21 revenues for calendar year 2012, which are about \$48
22 million, compare that to what we had in base rates of
23 approximately \$45 million less the collections plus the
24 carrying charges to come up with the 3.3 million. And
25 that full calculation is detailed on page 3 of my

1 testimony. That's the conclusion of my summary.

2 MS. HOGLE: Thank you. The witness is available
3 for questions, your Honor.

4 THE HEARING OFFICER: Any cross-examination for
5 Mr. McDougal?

6 MR. JETTER: No.

7 MS. MURRAY: No, thank you.

8 THE HEARING OFFICER: Any questions?

9 (The Commissioners responded in the negative.)

10 THE HEARING OFFICER: Thank you, Mr. McDougal.
11 You are excused.

12 MS. HOGLE: Finally, your Honor, the Company
13 calls Ms. Joelle Steward, who is on the phone.

14 THE HEARING OFFICER: Would you please raise
15 your right hand.

16 Do you solemnly swear that the testimony you are
17 about to give shall be the truth, the whole truth, and
18 nothing but the truth?

19 MS. STEWARD: I do.

20 THE HEARING OFFICER: Thank you.

21 JOELLE STEWARD,
22 having been first duly sworn,
23 was examined and testified as follows:

24 DIRECT EXAMINATION

25 BY MS. HOGLE:

1 Q. Could you please state your name and place of
2 employment for the record.

3 A. My name is Joelle Steward. I am employed by
4 PacifiCorp as the director of pricing, process service,
5 and regulatory operations. My address 825 NE Multnomah.
6 That's portland, Oregon.

7 Q. Thank you. And in that capacity, did you
8 prepare a direct testimony with exhibits in support of
9 the Company's application?

10 A. Yes.

11 Q. Do you have any changes --

12 A. No.

13 Q. -- to your testimony? Thank you.

14 So if I were to ask you here today the same
15 questions that are in your testimony, your answers would
16 be the same?

17 A. Correct.

18 MS. HOGLE: Your Honor, I move for the admission
19 of the direct testimony with exhibits of Joelle Steward.

20 THE HEARING OFFICER: Any objections?

21 They're received.

22 (The prefiled direct testimony of Joelle Steward
23 and the exhibits were received into the record.)

24 Q. (BY MS. HOGLE:) Do you have a short summary for
25 the Commission today, Ms. Steward?

1 A. I do.

2 Q. Thank you.

3 A. In my testimony, I propose the allocation of the
4 \$3.3 million in REC credit across the rate schedules.
5 And I provide the calculation of the rates for Schedule
6 98. To allocate the credits, the Company proposes to use
7 the same rate spread approved by the Commission for the
8 increase in the 2012 rate case, with the exception for
9 certain lighting schedules, which received no increase in
10 the rate case. For these schedules, the Company proposes
11 to use the same percentage share of deferred REC revenues
12 as in the prior REC filings. The results are shown on my
13 Exhibit JRS-3.

14 Once the credits are allocated to each rate
15 schedule, the Schedule 98 rates were calculated by
16 dividing the allocated deferred REC revenue amount by the
17 corresponding present revenues. These calculations are
18 shown in my Exhibit JRS-2.

19 And then lastly, JRS-3 is the proposed tariff
20 that we propose go into effect on June 1 reflecting these
21 rates. And that concludes my summary.

22 MS. HOGLE: Thank you. The witness is available
23 for questions.

24 THE HEARING OFFICER: Any questions?

25 MR. JETTER: No.

1 THE HEARING OFFICER: There are no questions;
2 therefore, you are excused, Ms. Steward. Thank you for
3 your testimony.

4 THE WITNESS: Thank you.

5 MS. HOGLE: The Company rests its case.

6 THE HEARING OFFICER: Mr. Jetter.

7 MR. JETTER: Thank you. The Division would like
8 to call our witness, Mr. Brenda Salter.

9 THE HEARING OFFICER: Ms. Salter, would you
10 please raise your right hand.

11 Do you solemnly swear that the testimony you are
12 about to give shall be the truth, the whole truth, and
13 nothing but the truth?

14 MS. SALTER: I do.

15 THE HEARING OFFICER: Thank you.

16 BRENDA SALTER,
17 having been first duly sworn,
18 was examined and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. JETTER:

21 Q. Ms. Salter, would you please state your name and
22 occupation for the record.

23 A. Brenda Salter. I work for the Division of
24 Public Utilities. I'm a technical consultant for the
25 Division.

1 Q. Thank you. And for the Division of Public
2 Utilities, have you reviewed the application filed by the
3 Company in this docket as well as the direct testimony by
4 the three witnesses we've heard from from the Company
5 this morning?

6 A. Yes, I have.

7 Q. And did you cause -- or excuse me. Did you
8 prepare confidential initial comments on behalf of the
9 Division of Public Utilities?

10 A. I did, yes.

11 Q. And do the recommendations contained within that
12 April 18th filed additional comments reflect the current
13 position of the Division of Public Utilities?

14 A. Yes, it does.

15 Q. Do you have any corrections or additions that
16 you would like to make to that?

17 A. No, I do not.

18 MR. JETTER: The Division would ask at this time
19 that the Commission take judicial notice of -- or
20 administrative notice, excuse me, of the initial comments
21 filed by the Division of Public Utilities.

22 THE HEARING OFFICER: Is there any objection?

23 The motion is granted.

24 (Administrative notice of the prefiled comments filed by
25 the Division of Public Utilities was taken.)

1 MR. JETTER: Thank you.

2 Q. (BY MR. JETTER:) Just a couple of other quick
3 questions.

4 Since you filed these initial comments, have you
5 been conducting an audit of the records in this case?

6 A. Yes, I have. I've had several data request
7 questions and am in the process of reviewing those
8 questions and will have the responses and will have a
9 final report in July.

10 Q. And is there anything that you've come across so
11 far that would indicate that the Commission should not
12 approve this application?

13 A. No, I have not.

14 Q. And so finally, would you recommend that the
15 Commission approve this application and that allowing
16 these interim rates to go into effect on June 1 would be
17 just, reasonable, and in the public interest?

18 A. Yes.

19 Q. Thank you.

20 MR. JETTER: I have no further questions.

21 THE HEARING OFFICER: Thank you.

22 Any questions for Ms. Salter?

23 No questions.

24 You are excused, Ms. Salter. Thank you.

25 Any other information or testimony for the

1 Commission?

2 Ms. Murray, did you have anything to present?

3 MS. MURRAY: We do --

4 THE HEARING OFFICER: It's not obligatory,
5 but --

6 MS. MURRAY: -- we have -- I have a brief
7 statement in support of the stipulation.

8 THE HEARING OFFICER: Thank you.

9 STATEMENT OF CHERYL MURRAY

10 MS. MURRAY: My name is Cheryl Murray. I work
11 for the Office of Consumer Services, 160 East 300 South,
12 Salt Lake City, Utah.

13 The Office has reviewed the Company's
14 application, testimony, accompanying documents, and the
15 data responses that they have provided to date. We will
16 continue to evaluate the information, additional
17 information, as it comes in, and also the Division's
18 final report on its audit results. We are confident that
19 in the end, appropriate rates will result. In the
20 meantime, we support the June 1 change to Schedule 98
21 rates.

22 THE HEARING OFFICER: Thank you very much.

23 Anything else to come before the Commission?

24 MS. HOGLE: Yes, your Honor. Thank you. Given
25 that there was no testimony filed challenging the

1 Company's application and also the supporting testimony
2 you heard here today, the Company requests that the
3 Commission issue a bench order -- at least consider
4 issuing a bench order. Thank you. That's all I have.

5 THE HEARING OFFICER: Yes. We had contemplated
6 that possibility. We'll be off the record until 9:30.
7 Thank you.

8 (A break was taken from 9:22 a.m. to 9:30 a.m.)

9 THE HEARING OFFICER: We'll be on the record. A
10 couple of preliminary matters before we issue a bench
11 ruling.

12 And I don't know if we still have Ms. Kusters on
13 the phone. There were a couple of pieces of data in her
14 summary that we wanted to clarify the status of the data.
15 One was (redacted) that relates, I think, to REC prices.
16 And the other was (redacted) of revenues associated with
17 three contracts.

18 Are those pieces of information proprietary or
19 confidential in the Company's view? And let me also just
20 note for the record, that while we intended to stream
21 this process, or this proceeding, rather, we were
22 unsuccessful in having the streaming function. So it
23 wasn't streamed. And so there isn't any -- there has not
24 been any disclosure outside of this room and the people
25 on the phone that we know of of the information.

1 MS. KUSTERS: Thank you. Yes. Both of those
2 are confidential.

3 THE HEARING OFFICER: All right. So we'll
4 redact them from the transcript.

5 MS. KUSTERS: Thank you.

6 MS. HOGLE: Thank you.

7 THE HEARING OFFICER: And then a second
8 question. Do we -- is there a person participating with
9 us today that knows the rate effects of the change?

10 MS. HOGLE: I believe Joelle.

11 MS. STEWARD: And this is Ms. Steward -- or
12 Joelle Steward. The \$3.3 million REC credit is a slight
13 reduction from the current amount in rates. And so
14 overall, there is a slight increase as a result. And
15 it's .05 percent on average.

16 THE HEARING OFFICER: And any sense of what the
17 dollar effect of that is for the average customer? And
18 if you don't know, that's --

19 MS. STEWARD: I don't have it handy, but it's
20 very slight. Because on the residential version --
21 residential is actually even less -- it's .02 percent.
22 So it will be very slight. But I don't have the dollar
23 impact handy at the moment.

24 THE HEARING OFFICER: Okay. All right. Thank
25 you.

1 Well, the following is the Commission's ruling
2 in this matter, at this stage of the matter, this interim
3 stage. My fellow commissioners have authorized me to
4 articulate it.

5 The request for approval of the application and
6 the revenue changes described therein is approved on an
7 interim basis, subject to the further proceedings of the
8 Commission in this docket, which will include the results
9 of the Division's audit, which will be forthcoming at a
10 future date after that audit has been completed.

11 And we wish to note that interim rates -- or an
12 interim rate order is appropriate in this particular
13 instance. We have undisputed testimony supporting the
14 reasonableness of the application and its revenue and
15 rate effects, both from the Company and the Division and
16 the statement of support from the Office, and no contrary
17 positions. And in that setting, we approve the
18 application on an interim basis.

19 Are there any questions about this ruling? It
20 will be memorialized in a written order of the Commission
21 that will be published in due course.

22 Anything further to come before the Commission?

23 Then we're adjourned. Thank you very much for
24 your participation today.

25 (The matter concluded at 9:35 a.m.)

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CERTIFICATE

State of Utah)

ss.

County of Salt Lake)

I, Michelle Mallonee, a Registered
Professional Reporter in and for the State of Utah, do
hereby certify:

That the proceedings of said matter was
reported by me in stenotype and thereafter transcribed
into typewritten form;

That the same constitutes a true and correct
transcription of said proceedings so taken and
transcribed;

I further certify that I am not of kin or
otherwise associated with any of the parties of said
cause of action, and that I am not interested in the
event thereof.

Michelle Mallonee, RPR, CSR