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A P P E A R A N C E S

COMMISSIONER DAVID R. CLARK  
CHAIRMAN RON ALLEN  
COMMISSIONER THAD LEVAR

FOR DIVISION OF PUBLIC UTILITIES:

PATRICIA E. SCHMID, ESQ.,  
ASSISTANT ATTORNEY GENERAL  
160 East 300 South, Fifth Floor  
Salt Lake City, Utah 84114  
(801) 366-0380

FOR OFFICE OF CONSUMER SERVICES:

REX OLSEN, ESQ.,  
ASSISTANT ATTORNEY GENERAL  
160 East 300 South, Second Floor  
Salt Lake City, Utah 84114  
(801) 366-0137

FOR ROCKY MOUNTAIN POWER:

YVONNE R. HOGLE, ESQ.  
ROCKY MOUNTAIN POWER  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
(801) 220-4050  
yvonne.hogle@pacificorp.com

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## I N D E X

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## EXHIBITS RECEIVED INTO EVIDENCE

All prefiled testimony was received page 6  
into evidence



1 MR. OLSEN: Rex Olsen with the  
2 Attorney General's Office, representing the Office of  
3 Consumer Services, and our witness today will be  
4 Dan Gimble.

5 THE HEARING OFFICER: Thank you.  
6 Any other appearances? And is there  
7 anyone on the phone who intends to be a participant in  
8 the proceeding today? Do we have people on the phone?  
9 (Inaudible response.)

10 THE HEARING OFFICER: Do we have people on  
11 the phone?

12 MS. BINTZ: We do, if we can hear --

13 THE HEARING OFFICER: Thank you. We've  
14 got a microphone now, so we can hear you. Thank you.

15 If you're just monitoring, there's no need  
16 to identify yourselves, but if you're going to  
17 participate, we'd like to know that in advance.

18 Are there any preliminary matters before I  
19 lay out how we intend to proceed today?

20 MS. HOGLE: Yes, Your Honor.

21 The Company is going to present  
22 James Zang, who I believe just spoke, who will be  
23 adopting all of the testimony and exhibits that were  
24 filed by Joelle Steward today. And he will be  
25 available to answer any questions that the Commission

1 may have regarding that testimony, in addition to  
2 Exhibit A, which was attached as stipulation.

3 In addition, I believe we have all of the  
4 other witnesses on the phone, who also filed testimony  
5 here today, available to answer any questions. And  
6 behind me is Mr. Steve McDougal, who I believe also  
7 filed direct testimony in the case, who is available  
8 to answer any questions that you may have.

9 THE HEARING OFFICER: Thank you very much.

10 MS. HOGLE: And then I wonder if we can  
11 move for the admission of all of the testimony filed  
12 in this case into the record as evidence, if right now  
13 is the appropriate time.

14 THE HEARING OFFICER: We can do it now and  
15 that would -- I assume your motion encompasses the  
16 testimony of the other parties as well.

17 MS. HOGLE: Yes, Your Honor.

18 THE HEARING OFFICER: So is there any  
19 objection to receiving all of the prefiled testimony  
20 into evidence?

21 MR. OLSEN: We have no objection,  
22 Your Honor.

23 THE HEARING OFFICER: It will be received.

24 (All prefiled testimony was received into  
25 evidence.)

1 MS. HOGLE: And one more matter,  
2 Your Honor.

3 I received a phone call from  
4 Mr. Gary Dodge, representing UAE, extending his  
5 apologies for not being able to be here this morning,  
6 but he wanted me to represent to you that he and his  
7 clients support a settlement stipulation.

8 THE HEARING OFFICER: Thank you.

9 MS. HOGLE: Thank you.

10 THE HEARING OFFICER: Any other  
11 preliminary matters?

12 As Ms. Hogle has mentioned, we received a  
13 filing in the docket on October the 6th, two days ago,  
14 the filing of a settlement stipulation signed by the  
15 applicant, the Division of Public Utilities, the  
16 Office of Consumer Services, and the UAE intervention  
17 group. And it's our intent to address that settlement  
18 stipulation in this hearing. And I presume, since no  
19 other parties entered any appearance at this stage,  
20 that no one has come with an intention to do anything  
21 other than that today, but if I'm incorrect, now is  
22 the time for someone to speak up.

23 Okay. And what we propose to do, I  
24 believe that Rocky Mountain Power, the Division, and  
25 the Office each have a witness who will support the

1 settlement stipulation. We would propose to swear  
2 them together and have them testify as a panel, each  
3 one in turn making any statement orally that they wish  
4 to about the settlement stipulation. And then we'll  
5 have an opportunity for questions from parties or the  
6 Commission after they have each made their summary or  
7 statement.

8 Any objection to that process?

9 MS. SCHMID: No objection.

10 MR. OLSEN: No objection.

11 MS. HOGLE: No objection.

12 THE HEARING OFFICER: Okay. And since we  
13 have already received the written testimony, I would  
14 propose that each of the witnesses be sworn now and  
15 we'll begin the process I described.

16 So would you each raise your right hand,  
17 please.

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

21 MR. CROFT: Yes.

22 MR. CLEMENTS: Yes.

23 MR. GIMBLE: Yes.

24 THE HEARING OFFICER: Thank you.

25 So we'll begin with the Company,



1 Ms. Hogle.

2 MS. HOGLE: Thank you, Your Honor.

3

4 PAUL CLEMENTS,  
5 called as a witness for and on behalf of the Company,  
6 being first duly sworn, was examined and testified as  
7 follows:

8 EXAMINATION

9 BY MS. HOGLE:

10 Q. Good morning, Mr. Clements. Can you  
11 please state and spell your name and your position  
12 with the Company for the record.

13 A. Yes. My name is Paul H. Clements,  
14 C-L-E-M-E-N-T-S. I'm employed by Rocky Mountain Power  
15 as director of regulatory affairs. My business  
16 address is 201 South Main Street, Suite 2300, Salt  
17 Lake City, Utah, 84111.

18 Q. And what is the purpose of your testimony  
19 here today?

20 A. Today, I will briefly review the history  
21 of events and key elements of the stipulation entered  
22 into by the four signing parties. Those parties are  
23 Rocky Mountain Power, the Utah Division of Public  
24 Utilities, the Utah Office of Consumer Services, and  
25 the Utah Association of Energy Users. I will also

1 reconfirm Rocky Mountain Power's support of the  
2 stipulation and the Company's belief that the  
3 stipulation is in the public interest.

4 Q. Please proceed.

5 A. I'll begin by recounting the relevant key  
6 event that has led to the agreement presented here  
7 today.

8 First, on March 17, 2014, Rocky Mountain  
9 Power filed an application to increase rates by  
10 \$28.3 million through the energy balancing account, or  
11 EBA.

12 On April 1, 2014, the Commission convened  
13 a scheduling conference and established a schedule for  
14 an order and notice of hearing dated that same day.

15 On July 29, 2014, the Division filed its  
16 audit report and direct testimony. And on August 28,  
17 2014, the interveners filed direct testimony and the  
18 Company provided its response to the Division's audit  
19 report.

20 The docket proceeded on September 23,  
21 2014, with all parties filing their rebuttal  
22 testimony. And then on October 6, 2014, the parties  
23 reached agreement and executed the settlement  
24 stipulation before the Commission for approval today.

25 In addition to the 20 filing requirement

1 responses included with the Company's application, the  
2 Company responded to 211 data requests. If you  
3 include the subparts of those data requests, the  
4 Company responded to 415 data requests. In response  
5 to those requests, the Company provided more than  
6 2,400 documents to parties who participated in this  
7 case, as they prepared their audit and their responses  
8 to the Company's case.

9           So as you can see, prior to engaging in  
10 settlement discussions, a substantial amount of  
11 evidence and discovery had been reviewed, analyzed,  
12 and evaluated by the parties.

13           Over the last few weeks, the parties have  
14 been engaged in settlement discussions. Based upon  
15 those discussions, the parties have agreed to the  
16 terms and conditions set forth in the settlement  
17 stipulation before the Commission.

18           The stipulation addresses a number of  
19 issues. The individual parties may have placed  
20 greater weight on some issues than others in getting  
21 comfortable with the stipulation. I'll let each  
22 individual party address those issues, if they choose.

23           Side stipulation was filed with the  
24 Commission October 6, 2014, and all intervening  
25 parties in the case have signed the stipulation.

1 Q. Okay. Can you please describe the key  
2 terms of the stipulation?

3 A. Yes.

4 I assume the Commission and other  
5 interested parties have read the stipulation, so I  
6 will briefly address the key components without  
7 reading the stipulation verbatim. In doing so, I do  
8 not intend to modify the terms of the stipulation. So  
9 if I misspeak, the language of the stipulation and not  
10 my words is the binding agreement.

11 The stipulation includes agreements on the  
12 financial or rate request component of the docket, as  
13 well as introduction of several nonfinancial terms  
14 that are related to processes and procedures for  
15 future EBA cases.

16 Starting with the financial component, the  
17 parties agree to the following -- and this is found in  
18 paragraph 3 of the stipulation: The parties agree  
19 that the Commission should allow Rocky Mountain Power  
20 to recover EBA costs in this docket in the amount of  
21 25.3 million of the approximate amount of 28.3 million  
22 that the Company requested. And this is based on an  
23 unspecified adjustment in the amount of 3.0 million.

24 The stipulation also includes several  
25 nonfinancial terms. These terms will put in place

1 various processes and procedures that will facilitate  
2 the Division's review and audit in future EBA dockets.  
3 They will also improve the information exchanged  
4 between the Company and the Division.

5 And if I may speak to that particular  
6 point for a moment. As I mentioned earlier in my  
7 testimony, a considerable amount of information is  
8 exchanged between the Company and the Division as part  
9 of the EBA audit process. I mentioned over 2,400  
10 documents were provided by the Company in this case.

11 The Company desires and has worked  
12 diligently to provide the requested information to the  
13 Division and to be responsive to initial and follow-up  
14 data requests from the Division.

15 The Company acknowledges that the Division  
16 has a very challenging task in performing their audit  
17 within a certain time period and that efficient  
18 information exchange is critical to their ability to  
19 perform that task.

20 The Company further acknowledges that  
21 there have been many lessons learned through this  
22 process and that further improvements can be made.  
23 The Company appreciates the effort and the patience  
24 shown by the Division as we have worked to identify  
25 gaps in the process and to identify where improvements

1 can be implemented.

2 I want to dwell on that for a moment. The  
3 Company is very appreciative of the effort of the  
4 Division staff and working through the process to make  
5 it more efficient for the Company, for the Division,  
6 and ultimately, for the benefit of customers, and  
7 we're very appreciative of the effort they've put  
8 forth.

9 The processes that we've established in  
10 the stipulation are a result of that collaborative  
11 effort. After considerable experience that we've  
12 gained through the prior EBA dockets, the Company  
13 believes that the lessons learned have now been  
14 applied and the processes that have been agreed to in  
15 the stipulation will resolve all known issues  
16 regarding discovery.

17 The Company is committed to improving the  
18 audit process and we fully expect and, quite frankly,  
19 demand from our staff and our company that subsequent  
20 EBA cases will be much more efficient and less  
21 contentious.

22 Now, turning to the actual nonfinancial  
23 terms. The first nonfinancial term addresses  
24 documentation of trade purpose. And talking a bit  
25 about trade purpose, what we mean here is the Company

1 only enters into trades for hedging or balancing.  
2 What we're talking about when we say "trade purpose"  
3 is the Division has requested that the Company provide  
4 additional information about why a trade was entered  
5 into on a particular day at a particular price, so  
6 basically, what was going through the trader's mind at  
7 the time of execution of the trade.

8 So paragraphs 4 and 5 put into place the  
9 procedure to capture that information so it can be  
10 provided to the Division.

11 For all hedge transactions, which are  
12 transactions that are prompt month and forward, so  
13 this excludes balancing transactions -- and balancing  
14 transaction is a daily trade or a trade for a balance  
15 of the month product. So we're basically talking  
16 about next month and then forward products.

17 The Company will put in place a process  
18 for capturing the trade purpose through a weekly  
19 report that's called the commercial objectives report.  
20 Now, that report captures the objective that the  
21 Company has from a hedging standpoint for that  
22 particular week. So it will say that we expect  
23 natural gas prices to move in a certain direction, for  
24 example. And so if we have opportunities to buy or  
25 sell based on that thought, the traders are to execute

1 based on that strategy. So it provides a roadmap or a  
2 trading guideline for the traders for that particular  
3 week.

4 The Company is also agreeing to document,  
5 through additional narratives specific to a particular  
6 trade, if a trade deviates from that particular  
7 strategy. So if the weekly report has a certain  
8 strategy and the trader does a trade that is not in  
9 line with that strategy, the Company has committed to  
10 provide additional narrative as to why that trade was  
11 entered into.

12 The process we've established in  
13 stipulation will be further discussed and documented,  
14 in cooperation with the Division, within 90 days of  
15 the stipulation. And this process will change over  
16 time, as conditions warrant.

17 The parties further agree that this  
18 process for trade documentation does not apply to  
19 transactions entered into prior to the stipulation.  
20 The Company is implementing this process now and so  
21 there may be trades in future EBA cases that were done  
22 prior to the implementation of this process. For  
23 those trades, the parties agree that they'll work in  
24 good faith to review the trade purpose and they'll use  
25 relevant documents and information that's been



1 archived by the Company and further discussion with  
2 Company personnel where applicable.

3 Now, moving on to paragraph 6, 7 and 8 in  
4 the stipulation, these paragraphs are intended to  
5 clarify and to document how certain information needed  
6 by the Division will be obtained by the Company and  
7 subsequently shared with the Division. This includes  
8 customer billing information related to curtailment  
9 by/through and the verification of index prices that  
10 are used in various calculations.

11 Paragraph 8 establishes that the Division  
12 may request ad hoc information pertaining to EBA  
13 audit-related work outside of a formal docket and the  
14 Company will provide the information, if available.

15 Paragraph 9 of the stipulation sets forth  
16 the process through which the Company will provide the  
17 Division with the base set of trade data to be used in  
18 the audit at an earlier time than what has occurred in  
19 previous dockets and in a format that is preferred by  
20 the Division. This will facilitate the Division  
21 selecting its sample data earlier in the audit  
22 process. This will allow the Division and the Company  
23 more time to exchange information on this narrower set  
24 of data that is the focus of the detailed audit.

25 Now, the Company believes that this

1 procedure, in particular, will have a significant  
2 impact and will greatly improve the audit process as  
3 the Division gets their information sooner and in a  
4 format that's easier for them to use.

5 Paragraph 10 of the stipulation states  
6 that the Company will provide to the Division, within  
7 90 days of approval of the stipulation, a  
8 comprehensive list of documents, policies, and reports  
9 used or relied on by traders and trading activity.

10 We're exchanging this information in advance of the  
11 next EBA audit in order to allow the Division and the  
12 Company to jointly discuss the policy documents and  
13 other key reports that the Division may find useful,  
14 once they enter into their audit next year and in  
15 coming years.

16 Paragraphs 11, 12 and 13 establish certain  
17 procedures that will be put in place to facilitate the  
18 timely and accurate exchange of information once the  
19 DPU has initiated its audit each year.

20 Paragraph 11 establishes additional  
21 communication protocols for identifying and resolving  
22 issues with discovery in a timely and efficient  
23 manner.

24 Paragraph 12 sets forth that the Company  
25 will make key personnel available to the Division to

1 facilitate and expedite review of information  
2 submitted by the Company.

3 And paragraph 13 establishes a procedure  
4 through which the Division and the Company will meet  
5 early in the EBA audit process to review, in detail,  
6 the information for the sample trade selected by the  
7 Division.

8 Two more and we're done with this section.

9 Paragraph 14 establishes that the Company  
10 will file a notice of impending EBA application  
11 annually on January 15. The purpose of this is to  
12 establish a means by which the parties can exchange  
13 confidential information earlier in the process.

14 Paragraph 15 states that the Company will  
15 record the competitive price for nonbrokered  
16 transactions. This will facilitate the Division's  
17 review of those particular types of trades, so those  
18 are trades that are done directly with a counterparty  
19 and not through a broker.

20 And the last of the process improvement  
21 terms is in paragraph 16, and it sets forth that the  
22 Company will inform the DPU of any updates to relevant  
23 policy documents that affect hedging. Some of these  
24 documents are the corporate governance and approvals  
25 process, the risk management policy, and the

1 front-office procedures and practices.

2 And this will facilitate the Division's  
3 review of the Company's trading policy and procedural  
4 information throughout the year. And so when the  
5 Division is performing their audit, they will already  
6 have considerable information regarding the Company's  
7 trading policies and procedures and they can track  
8 that throughout the year.

9 So that concludes my summary of the terms  
10 of the stipulation related to the financial and the  
11 nonfinancial pieces, and I'll speak briefly about the  
12 rate spread.

13 Paragraphs 17, 18 and 19 address the  
14 collection terms and the rate spread. Paragraph 17  
15 states that, consistent with the settlement  
16 stipulation in Docket No. 13-035-184, which was the  
17 2014 general rate case, the parties agree that  
18 effective November 1, 2014, all deferral balances  
19 currently being collected into EBA from Docket Nos.  
20 10-035-124, 12-035-67, and 13-035-32 shall be added  
21 together with the 25.3 million balance in this case,  
22 subject to Commission approval of the stipulation,  
23 with a total balance to be collected over one year,  
24 beginning November 1, 2014.

25 And staying on that particular subject for

1 a minute, previous EBA dockets had collection periods  
2 that are a bit staggered. We have three collection  
3 periods currently in place right now. What the  
4 stipulation, in the 2014 general rate case, said was  
5 that we will combine those three collection amounts  
6 with this current EBA docket and we will spread those  
7 all across one year, beginning November 1, 2014.

8 That eliminates this staggered ending for  
9 all of those collection periods and basically  
10 consolidates all of the collections into one annual  
11 period. The customers are still paying the same  
12 amounts as they were going to pay under the prior  
13 dockets, we've just consolidated the payment period.

14 Paragraph 18 provides that, consistent  
15 with the settlement stipulation in the 2014 general  
16 rate case, prior EBA balances shall continue to be  
17 collected from customers, without interest, during  
18 this consolidated collection period, but that the  
19 25.3 million balance in this case, subject to  
20 Commission approval of the stipulation, will accrue  
21 interest during the collection period, unless  
22 otherwise ordered by the Commission.

23 If you desire to have additional  
24 information on those particular different tranches of  
25 collection, in Mr. McDougal's testimony at page 3,

1 there's a very helpful graph that shows the timing and  
2 the amounts for those various collection periods.

3 Paragraph 19 addresses the rate spread.

4 The parties agree to the spread and the rate designed  
5 and the approved rate change, including the balances  
6 to be consolidated with the 25.3 million balance in  
7 this case. And the rate schedules are set forth in  
8 Exhibit A of the stipulation. The EBA spread is  
9 consistent with the NPC allocator method ordered by  
10 the Commission in Docket No. 11-035-T10.

11 The rest of the stipulation includes  
12 general terms and conditions. So paragraph 21 through  
13 25 contain those items that are found in most  
14 stipulations, represent the obligations of the parties  
15 to each other and to the stipulation.

16 As with most stipulations, the agreement  
17 was reached through negotiation and compromise. Each  
18 party became comfortable through their own means and  
19 nothing in the stipulation shall be considered as  
20 precedential in any future case, with the exception of  
21 any issues expressly called out and resolved by the  
22 stipulation.

23 With that background, the Company  
24 recommends that the Commission approve the stipulation  
25 and all of its terms and conditions.

1 Q. Do you have any final comments?

2 A. Yes.

3 Just a final comment, I want to again  
4 thank the parties for working together to reach  
5 agreement in a very short timeframe. It took a lot of  
6 work to get where we are today and we restate our  
7 support for the stipulation. I believe it was  
8 negotiated in good faith and it's in the public  
9 interest and its rates are just and reasonable. And  
10 again, I recommend the Commission approve the  
11 stipulation as filed.

12 Thank you very much.

13 THE HEARING OFFICER: Anything from  
14 Ms. Hogle?

15 MS. HOGLE: No, Your Honor. Thank you. I  
16 don't have anymore.

17 THE HEARING OFFICER: Ms. Schmid?

18 MS. SCHMID: Thank you.

19 MATTHEW ALAN CROFT,  
20 called as a witness for and on behalf of the Division,  
21 being first duly sworn, was examined and testified as  
22 follows:

23 EXAMINATION

24 BY MS. SCHMID:

25 Q. Mr. Croft, could you please state your

1 full name and position for the record.

2 A. Yes.

3 My name is Matthew Alan Croft. I am a  
4 utility technical consultant for the Division of  
5 Public Utilities.

6 Q. Could you briefly describe your  
7 participation in this docket on behalf of the  
8 Division.

9 A. Yes. I was the Division staff's lead  
10 witness in this case. I was responsible for  
11 coordinating efforts with our consultant, LaCapra  
12 Associates, and I was also responsible for  
13 coordinating assignments with Division staff. I also  
14 did a lot of analysis myself in this case as well.

15 Q. I see the Division has signed the  
16 stipulation. Do you have a statement?

17 A. I do.

18 Q. Please proceed.

19 A. Good morning, Commissioners. And thank  
20 you for the opportunity to express the Division's full  
21 support of the stipulation signed by the parties in  
22 this docket.

23 The Division believes the stipulation,  
24 including the agreed-upon recovery of \$25.3 million,  
25 is just and reasonable and in the public interest.



1           Mr. Clements has already adequately  
2 discussed the details of the stipulation, so I would  
3 just like to make a few comments regarding the  
4 agreed-upon number and the difficulties that still  
5 remain in the EBA audit process.

6           The Division's testimony in this case  
7 raised several issues with regards to plant outages,  
8 trade purposes, trade approvals, and other matters.  
9 These issues resulted in approximately \$7 million in  
10 adjustments to rebuttal testimony. Although it's  
11 inexplicably late, certain Company revisions and  
12 additions were made to previously provided data, as  
13 well as other Company explanations. Some of these  
14 explanations and further audit work performed by the  
15 Division took place after rebuttal testimony, with  
16 limited time for review.

17           This settlement is not an endorsement of  
18 such late supplementation of the record on elementary  
19 questions concerning EBA expenses. The Division does  
20 note that at least nine phone conferences were held  
21 with the Company in which certain trading reports were  
22 discussed. These phone conferences were very helpful  
23 to our staff and to LaCapra Associates.

24           In addition, some data request responses  
25 required the Company pulling thousands of pages of

1 supporting documentation. The Division appreciates  
2 these helpful efforts made by the Company.

3 Despite these good efforts, significant  
4 problems still remain. We want to make it clear to  
5 the Commission that all is not well with the audit  
6 process, particularly as it relates to the Company's  
7 handling of and the sharing of information with the  
8 Division and its consultants.

9 First, as has been documented in testimony  
10 in this case, many of the late data request responses  
11 have been unnecessarily late, not merely delayed by  
12 complexity or other unique issues.

13 Second, while many initial Company  
14 responses to data requests may satisfy a legal  
15 requirement to answer a question, they have not  
16 satisfied the more important question of, does this  
17 response adequately explain why certain costs should  
18 be recovered?

19 Third, with respect to the current and  
20 previous EBA case, the Division and its consultants  
21 have become aware of additional types of trading  
22 reports and other documents used by traders that  
23 should have been disclosed previously.

24 Fourth, at times, the Company has used the  
25 need for customer consent and the proprietary nature

1 of certain information as reasons for withholding key  
2 source documents. The Division believes it is the  
3 Company's statutory obligation to provide such  
4 organization documents, regardless of its agreements  
5 with other third parties or customers.

6 Despite the Company's executive  
7 management's verbal assurances and the concrete  
8 commitments embodied in this stipulation, these  
9 difficulties will not be considered to be resolved  
10 until the Company proves itself in the next EBA  
11 filing. Many of the specific terms of the stipulation  
12 were written for the purpose of addressing the  
13 information issues.

14 Among other things, the Company has agreed  
15 to arrange access to ICE prices, document certain  
16 trade purposes and nonbrokered trade prices, and  
17 provide a complete list and brief explanation of all  
18 the types of reports used by traders in their daily  
19 operations. If improvements are not made in the next  
20 EBA case, the Division will seek penalties and could  
21 recommend the EBA end.

22 Despite these outstanding difficulties,  
23 the Division believes the stipulation to be in the  
24 public interest. In the Division's view, the Division  
25 not only recognizes warranted financial adjustments

1 but also outlines specific actions to be taken by the  
2 Company that, if followed, will result in a smoother  
3 EBA audit process. These assurances have value so  
4 long as they compel the Company to act or the  
5 Commission to enforce them if violated.

6 The Division is in full support of the  
7 Company recovering the stipulated \$25.3 million EBA  
8 deferral balance. The Division supports the rate  
9 spread indicated in the stipulation and recommends  
10 that these new rates be established November 1, 2014.

11 And that concludes my summary.

12 MS. SCHMID: Thank you, Mr. Croft.

13 The Division has nothing further.

14 THE HEARING OFFICER: Thank you.

15 Mr. Olsen?

16 MR. OLSEN: Thank you.

17 DANIEL A. GIMBLE,

18 called as a witness for and on behalf of the Office,  
19 being first duly sworn, was examined and testified as  
20 follows:

21  
22 EXAMINATION

23 BY MR. OLSEN:

24 Q. Mr. Gimble, would you state your name and  
25 position and address, please.

1           A.    Yes. My name is Daniel A. Gimble. I'm a  
2 manager with the Office of Consumer Services, and my  
3 address is 160 East 300 South, Heber Wells Building.

4           Q.    Did you participate in the discussions  
5 that led to the settlement stipulation that has been  
6 filed with the Commission in this proceeding?

7           A.    Yes, I did.

8           Q.    Do you have a statement regarding the  
9 stipulation?

10          A.    I do.

11          Q.    Would you please set that forth now.

12          A.    Okay. Good morning.

13                The stipulation includes an adjustment of  
14 \$3 million to the Company's requested 28.3 million EBA  
15 increase, which reflects, to some measure, the three  
16 adjustments proposed by the Office in this proceeding.

17                In addition, the stipulated \$25.3 million  
18 amount is appropriately spread to the rate schedules  
19 and contract customers using the MPC allocator from  
20 Docket 11-035-200.

21                The Office supports the stipulation as  
22 being reasonable and in the public interest. We  
23 recommend that it be approved by the Commission as  
24 filed.

25                And that concludes my statement.

1 MR. OLSEN: The Office has nothing  
2 further.

3 THE HEARING OFFICER: Thank you.  
4 Are there questions from the parties for  
5 the witnesses who have addressed the settlement  
6 stipulation?

7 Thank you.

8 Questions from the Commission?

9 COMMISSIONER LEVAR: I have one. This is  
10 a question for Mr. Croft and Mr. Gimble both.

11 I just want to make sure I'm understanding  
12 or not reading too much into the phrase at the end of  
13 paragraph 18 where it says, "Unless otherwise ordered  
14 by the Commission."

15 Just to clarify, are the Division and the  
16 Office both recommending that the 25.3 million balance  
17 does accrue interest during the collection period?

18 MR. CROFT: That is our understanding,  
19 yes, the \$23.3 million would accrue interest.

20 MR. GIMBLE: That is the Office's  
21 understanding as well.

22 COMMISSIONER LEVAR: And that's both  
23 party's recommendation also?

24 MR. CROFT: Yes.

25 MR. GIMBLE: Yes.

1 CHAIRMAN ALLEN: Thank you.

2 Looking at the accounting that came in  
3 quickly and towards the end -- the past few days, I'm  
4 just curious, is there a common understanding as to  
5 how the \$3 million that's been backed out of the  
6 request is going to be allocated among the source  
7 energy accounts? Is it the three adjustments the  
8 Office was recommending? Is there a common  
9 understanding how that was being allocated or is just  
10 as the stipulation says, it's an unspecified amount?

11 MR. CLEMENTS: Yes, that's an unspecified  
12 amount that reduces the overall request.

13 CHAIRMAN ALLEN: So will you be filing any  
14 post-hearing spreadsheets or anything that might  
15 indicate how the allocation of costs will occur going  
16 forward so we have a baseline or should we just use  
17 the original filings and keep it in ratio to what the  
18 original filing was, original spreadsheet?

19 MR. CLEMENTS: I think I'll defer to  
20 Mr. McDougal.

21 MR. MCDUGAL: We are not anticipating any  
22 future filings.

23 THE HEARING OFFICER: Mr. McDougal, could  
24 you get closer to the microphone for the reporter,  
25 please?

1 MR. OLSEN: Mr. Clark, does he need to be  
2 sworn?

3 THE HEARING OFFICER: That's a good idea.  
4 Would you mind if I administered an oath  
5 to you, Mr. McDougal.

6 Do you solemnly swear that the testimony  
7 you are about to give shall be the truth, the whole  
8 truth, and nothing but the truth?

9 MR. MCDOUGAL: Yes.

10 STEVEN R. MCDOUGAL,  
11 called as a witness for and on behalf of the Company,  
12 being first duly sworn, was examined and testified as  
13 follows:

14

15 EXAMINATION

16 BY THE HEARING OFFICER:

17 Q. Thank you. And state your full name for  
18 the record, please.

19 A. Yes, my name is Steve R. McDougal,  
20 M-C-D-O-U-G-A-L.

21 Q. An employee of Rocky Mountain Power?

22 A. I am an employee of Rocky Mountain Power  
23 at 201 South Main, Salt Lake City, Utah, 84111.

24 We are not anticipating any future  
25 filings, because what we're really doing is comparing



1 the historical period. So we will make that  
2 \$3 million adjustment in the accrual account and that  
3 will be really the only place that we will make an  
4 adjustment.

5 Q. And that will be available to us in future  
6 cases, then?

7 A. Yes.

8 Q. Okay. Great. Thank you.

9 THE HEARING OFFICER: I have a couple of  
10 questions -- not for Mr. McDougal, so if you'd -- you  
11 can sit there, if you'd like, or resume your seat,  
12 wherever you'd like to be.

13 But for Mr. Clements, regarding the  
14 provisions on trade purpose, how often is it likely  
15 that a trade during the week is going to deviate from  
16 the weekly commercial objectives report that expresses  
17 the objectives that were at least known at the  
18 beginning of the trading period? In other words, I'm  
19 wondering how much additional documentation is going  
20 to flow from this provision.

21 MR. CLEMENTS: I think it is very unlikely  
22 that that will occur. Typically, the trading strategy  
23 is established in that weekly report. And absent a  
24 considerable market move or extenuating circumstance,  
25 that strategy does not change throughout the week. So

1 I would say that it would be rare, maybe ten times a  
2 year would be an estimate I would provide.

3 THE HEARING OFFICER: Thank you.

4 Separate subject: Regarding paragraph 17  
5 in which you address earlier EBA dockets, I just want  
6 to clarify for the record, those earlier dockets, that  
7 is the deferral periods pertinent to those earlier  
8 dockets, are each scheduled to conclude either by  
9 November 1, 2015, or before November 1, 2015? Am I  
10 correct there?

11 MR. CLEMENTS: Yes. Each of those three  
12 are already scheduled to conclude prior to November 1,  
13 2015, correct.

14 THE HEARING OFFICER: So this provision  
15 would simply lengthen the recovery period for one or  
16 more of them. And, again, interest is not accruing on  
17 those balances, is that --

18 MR. CLEMENTS: Yes, that's correct.

19 THE HEARING OFFICER: Thank you.

20 Now for Mr. Croft, I have a question about  
21 the corrective actions that you address that are  
22 detailed in the settlement stipulation.

23 Am I correct in understanding that at  
24 least in word, the settlement stipulation adequately  
25 addresses the deficiencies in the Company's

1       responsiveness that you outlined? Is that an accurate  
2       statement?

3               MR. CROFT: I think what's presented in  
4       the stipulation presents a plan or specific items that  
5       will resolve these issues. Obviously, the Company  
6       would have to perform on those, but assuming they do,  
7       then they would be resolved.

8               THE HEARING OFFICER: Thank you.  
9               Anything further? Anything further from  
10       the parties?

11              MS. HOGLE: Yes, Your Honor.  
12              Given that no party objects to the  
13       stipulation, the Company requests that the Commission  
14       issue a bench order approving the stipulation.

15              Thank you.

16              THE HEARING OFFICER: Let's be in recess  
17       until ten minutes to the hour to consider that motion.

18              Thank you.

19              (A recess was taken.)

20              THE HEARING OFFICER: We'll be on the  
21       record.

22              Before we address, Ms. Hogle, your motion,  
23       I have a follow-up question that relates to the  
24       schedules or exhibits attached to the settlement  
25       stipulation. And this may be for Mr. McDougal or

1 Mr. Clements, I will let you sort it out, but in terms  
2 of the mechanics, as I understand it, the proposed EBA  
3 revenues that are presented are projected based on  
4 loads that relate to a former historical period, 2013,  
5 or something like that. Whatever they are, they're  
6 not likely to be exactly what's experienced during the  
7 November 1, 2014, to November 1, 2015, period.

8 So given that inevitable mismatch, what  
9 happens if the Company has amortized the complete  
10 balance in the account before we reach November 1,  
11 2015? Does the Company somehow act to stop the  
12 collection or does it continue to collect and that  
13 gets sorted out in the next EBA case?

14 MR. CLEMENTS: I am going to defer to  
15 Mr. McDougal to make sure you get the complete  
16 response on that one.

17 MR. MCDUGAL: Sorry, I took your advice  
18 and went back to the more comfortable seat.

19 What we are planning on doing in the EBA  
20 would just be to roll that forward to the future EBA.  
21 So what we will do is just keep this rate in effect  
22 until next November 1. If there is a positive or a  
23 negative balance, that balance will then roll forward  
24 into the future EBA filings.

25 THE HEARING OFFICER: Thank you. That's

1 helpful.

2 And now to the motion, we -- that is, the  
3 Commission finds and concludes that the facts have  
4 been presented sufficient for us to approve the  
5 settlement stipulation. And we will issue a written  
6 order that will further articulate those findings and  
7 conclusions, but that is our order as of today and we  
8 expect the written order will issue before November 1.

9 With that action, is there anything  
10 further for the Commission at this time?

11 Then we're adjourned.

12 And thank you all very much for your  
13 participation.

14 (Concluded at 9:53 a.m.)

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CERTIFICATE

This is to certify that the proceedings in the foregoing matter were reported by me in stenotype and thereafter transcribed into written form;

That said proceedings were taken at the time and place herein named;

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.

*Teena Green*  
Teena Green, RPR, CSR, CRR, CB

