Q. Please state your name, business address and position with PacifiCorp dba Rocky Mountain Power ("the Company").

A. My name is F. Robert Stewart. My business address is 4171 West Lake Park Blvd, Salt Lake City, Utah, 84120. My present position is Senior Customer Regulatory Specialist, Customer & Regulatory Liaison department in Regulation.

QUALIFICATIONS

Q. Briefly describe your educational and professional background.

A. In 1985, I graduated from Utah State University with a Master of Science degree in Engineering, and have taken other university courses related to economics and regulation. I joined Utah Power and Light Company (now Rocky Mountain Power) as a Tariff Policy Coordinator in the Customer Service Department in 1986. I began work in Regulation as a Tariff Analyst in 1995 and advanced to my current position in 2004.

Q. What are your responsibilities as Senior Customer Regulatory Specialist?

A. My primary responsibilities include working with the Company's personnel providing training and application of Company's tariffs (regulations), and drafting and filing those tariffs. In particular, I provide support and training for the Company's line extension tariff, policy and contracts. I also assist with addressing customer complaints and appearing as a Company witness in customer complaint formal hearings.

Q. Have you previously appeared as a witness for the Company?

A. Yes. I have presented testimony in regulatory proceedings for Rocky Mountain Power and Pacific Power in the states of Utah, Idaho, Oregon, and Wyoming.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain and provide support for the proposed Commercial Line Extension Pilot Program ("Line Extension Pilot") the Company is requesting authorization for pursuant to U.C.A. § 54-20-105(1)(d), as part of the Company's Application. The Company respectfully requests the Commission authorize the Line Extension Program through a new tariff Regulation No. 13 pursuant to U.C.A. § 54-20-105(1)(d), as an innovative utility program in the interest of the Company's utility customers. The Company requests authorization from the Commission to spend $2,500,000 of STEP funds over the five-year pilot program period on the Line Extension Pilot.

LINE EXTENSION PILOT

Q. Is there a tariff that is being filed as part of the Line Extension Pilot?

A. Yes, Regulation 13, Sustainable Transportation and Energy Program ("STEP"), Commercial Line Extension Pilot Program, is included as part of Attachment 1 to the Application.

Q. What is being proposed in the Line Extension Pilot?

A. The Company is proposing a pilot program of providing an allowance of 20 percent of the cost of backbone electric infrastructure within non-residential ("commercial") developments that the developer would otherwise pay. Backbone is the primary voltage line(s) which distribute power to and throughout the development, to which the individual lots/buildings are connected, typically by means of switch gear.

Q. What is the current allowance for developments?

A. Regulation 12, Line Extensions, Section 4 addresses line extensions to planned developments. Section 4 does not provide any allowance for commercial developments, with developments being defined as areas where groups of buildings may be constructed at or about the same time. Under the current policy, the Company expects that a developer recovers their investment from the sale of land, or development of business within their development.

Q. Do commercial buildings receive an allowance under Regulation 12, Section 4, Extensions to Planned Developments?

A. No. Section 3 provides an allowance for commercial (non-residential) loads, whether buildings, pumps, lighting, etc. Section 4 is for developments which are the improvement of the land by installing utilities (gas, electricity, water, sewer, communications, etc.) for buildings yet to be constructed.

Q. Can a development/developer receive an allowance for buildings within the development?

A. Applicants for power to commercial/industrial loads receive an allowance as per section 3 of Regulation 12. That applicant may also be the developer, but the allowance is applied only to infrastructure needed for service to that building. In other words when the developer's request includes a request for service to a commercial load, that portion of their request is provided power under the provisions of section 3 of Regulation 12, and the remainder of the developer's request is addressed under the provisions of section 4 of Regulation 12.

Q. How will the proposed Regulation 13 of the Line Extension Pilot be applied?

A. It will be applied to the portion of the developer's request which will receive service under the provisions of section 4 of Regulation 12.

Q. What is the potential benefit to customers of the proposed Regulation 13, Line Extension Pilot?

A. There is a growing trend among developers to not install electricity backbone within their developments. When backbone is not installed, it is left to the individual commercial applicants to request power, which includes necessary backbone, under the provisions of Section 3 of Regulation 12. This results in a piecemeal installation of the backbone within the development, which is both more expensive and problematic, as described below. The benefits are the avoidance of the expenses and problems of piecemeal installation.

Piecemeal installation results in multiple mobilizations to install lines and equipment to serve as each individual applies for service. If the backbone passes other lots, the design should include switch gear to serve these other lots in the future which shift development costs to the applicant. If the applicant's allowance doesn't cover the cost then they are eligible for refunds from future applicants, which adds complexity, and adds a surprise cost to those future applicants when they request service and have to pay to connect to existing switch gear in the development.

The reliability of a fully installed backbone with loop feeds is not accomplished until after full build out of the development's backbone. This can result in planned outages as additional customers are connected, due to the need to

cut into existing lines. When the complete backbone infrastructure for the new development is installed, switch gear, sectionalizing cabinets, and loop feed transformers allow for continuity of service to existing customers as additional customers are connected. In case of a dig in or other damages, loop feeds allow for rerouting power to customers while the fault is located and repaired. These loop feeds take time to develop when the backbone is installed piecemeal.

If the Company is not appraised of the full extent of the development, the extension (backbone) to the applicant may be undersized and not able to serve future applicants as needed.

Design and installation of the backbone at the same time as other utilities, before permanent surface improvements are made, allows for joint use of trench, and space conflicts can be worked out. With piecemeal installation the individual installations are also more expensive due to permanent surface improvements being in place, and often there is not adequate space for installation of switchgear in the existing public utility easement.

Q. What are the costs and benefits to the developer in addition to the 20 percent allowance?

A. For those developers whose standard practice already is to install backbone within their developments, the benefit is a 20 percent cost reduction of the backbone cost within the development.

For those developers whose standard practice is to not install backbone within their developments, they will have the cost of installing backbone to and within their development, with opportunity for refund on the outside of

development costs for ten years, as negotiated with developers and filed late in 2013. Should these developers choose to install backbone on future developments, the benefits are the 20 percent reduction on the "within development" backbone cost, and the greater marketability of lots due to having primary voltage electricity to their lot line.

Q. What are the costs of this program?

A. The Company is proposing a budget of $2.5 million in total for the five year period. However, there are a lot of unknowns/variables. There are those developers who currently are paying for the installation of backbone and those who are not. For all developers that request backbone to be installed, the cost is the 20 percent of the cost of the backbone with their developments. For those developments where the developer has not been requesting service there is the savings/benefits as discussed above. Also a cost savings is the extension allowances not granted for backbone, which would have occurred if developers had not paid for installation of the backbone, and left that expense to individual customers.

The 20 percent allowance will be an identifiable cost. The reduction in costs can only be estimated by comparing to previous years.

Q. Are there any other items in this filing not already addressed?

A. Yes, one. For those developers that also request service to a commercial building, there is a provision in the Line Extension Pilot, Regulation 13, for those developers to provide conduit to parking areas for EV charging, in order to be eligible for the 20 percent backbone allowance.

CONCLUSION

Q. Please summarize the proposal for Line Extension Pilot contained in this Application.

A. The Line Extension Pilot provides 20 percent of developers' backbone costs up to $50,000 per development to a new non-residential development to encourage developers to install appropriate backbone at the beginning of a new development. The pilot also requires developers to provide conduit to parking areas for EV charging. The proposed cost is $2.5 million over the five-year term of the STEP pilot period. The funds will be applied until the total allocated amount is used, or five years have expired, whichever comes first.

Q. In your opinion, is the Company's commercial line extension program consistent with STEP and in the interest of Rocky Mountain Power's customers?

A. Yes.

Q. Does this conclude your direct testimony?

A. Yes.