

Docket No. 04-035-42
Marlin H. Barrow
DPU Exhibit 1.0
December 3, 2004

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF THE)	DOCKET NO. 04-035-42
APPLICATION OF PACIFICORP)	
FOR APPROVAL OF IT'S PROPOSED)	
ELECTRIC RATE SCHEDULES &)	
ELECTRIC SERVICE REGULATIONS)	

DIRECT TESTIMONY OF

MARLIN H. BARROW

FOR THE

DIVISION OF PUBLIC UTILITIES

DEPARTMENT OF COMMERCE

STATE OF UTAH

December 3, 2004

1 **Q. Please state your name, business address, and present position with the Division**
2 **of Public Utilities.**

3 A. My name is Marlin H. Barrow; my business address is the Heber Wells
4 Building, 160 East 300 South, Salt Lake City, Utah. My position with the Division is
5 a Utility Analyst.

6 **Q. Could you please explain your education and regulatory experience?**

7 A. I have a Bachelors Degree in Business Administration from Brigham Young
8 University and a Masters Degree in Business Administration from Westminster
9 College. I have been with the Division since August 13, 2001. Prior to coming to the
10 Division, I was employed in Salt Lake City with Northwest Energy and subsequently
11 the Williams Companies for over twenty-six years.

12 **Q. What is the purpose of your testimony in this filing?**

13 A. My purpose is to introduce the exhibit that details the Division's proposed
14 adjustments as well as the witnesses that will be testifying to each proposed
15 adjustment. The Division's results are based on an 13 month average April 05- April
16 06 future test period, as filed by PacifiCorp.

17 **Q. Please list the other Division witnesses for the revenue requirement.**

18 A. DPU witness 2.0 is Dr. Artie Powell. He will address the Return on Equity
19 (ROE) requested by the Company and act as the general policy witness for the
20 Division.

21 DPU witness 3.0 is Ms. Mary Cleveland. She will discuss adjustments related
22 to PacifiCorp's Management Fee, Scottish Power Cross-Charges, Incentive

1 Compensation, Property and Liability Insurance, Union Labor Overtime Costs and a
2 Revenue adjustment for Situs Contracts.

3 DPU witness 4.0 is Mr. Bruce Moio. He will address issues relating to the
4 Gadsby Plant Lease Waiver, Cash in Working Capital, Capital Additions, Fuel Stock,
5 Regulatory Asset Error, Trapper Mine Royalty Agreement, Energy West Mining Self
6 Insurance for Black Lung and a Pension Reserve.

7 DPU witness 5.0 is Mr. Bart Croxford. He will discuss adjustments made to
8 the filed Capital Structure, Cost of Debt, WAPA Wheeling and the Number of
9 Employees forecasted in the filing.

10 DPU witness 6.0 is Mr. Dave Thomson. He will discuss adjustments made to
11 account for changes in the Corporate Tax Laws, Pension Costs, Overhead Line
12 Maintenance Costs, Bad Debt Expenses, Property Taxes related to reduced Capital
13 Expenditures and removal of a Sarbanes-Oxley Adjustment.

14 DPU witness 7.0 is Ms. Andrea Coon. She will discuss adjustments made to
15 PacifiCorp's Net Power Costs.

16 **Q. Please explain the methodology used to model the adjustments proposed by the**
17 **various Division witnesses.**

18 A. The adjustments were modeled using PacifiCorp's filed model JAM FY06 Ut
19 MSP. The proposed adjustments were input as additions or subtractions to the
20 numbers filed in the model under the Inputs tab. They were first input and modeled
21 using the MSP Protocol method, as provided in the JAM FY06 model. After all the
22 adjustments were input under the MSP Protocol, the model was re-calculated with the
23 same adjustments using the Rolled-In method. This was done in order to provide the

1 proper Utah allocations and to determine the effect of the 101.5% Rate Mitigation
2 Cap in effect under the MSP Protocol Stipulation as described in Mr. David L.
3 Taylor's initial testimony in this proceeding.

4 **Q. Please explain Exhibit No. DPU 1.1.**

5 A. Exhibit No. DPU 1.1 summarizes the Divisions adjustments, by each Division
6 witness, showing the Description of the Adjustment in Column A, the Total Company
7 Amount, if applicable in Column B, the Utah Allocated Amount in Column C and the
8 modeled effect of the MSP Protocol method for each adjustment in Column D.
9 Column E summarizes the effect of each witness adjustments on a Rolled-In basis. .
10 Column F lists each Division Witness and Column G refers to their exhibit no.

11 All of the accounting adjustments were made using the Company's filed
12 capital structure, cost of debt and requested ROE. They were input into the model in
13 the order listed in Column H. Line 3, ROE at 10.00%, Line 23, Capital Structure
14 Adjustment and Line 25, Cost of Debt Adjustment were the last inputs made and
15 changed the capital structure, cost of debt and ROE from what was filed by the
16 Company. The dollar amounts have been rounded to thousands for display purposes.

17 As shown on line 3 in Column A, the Division is recommending an ROE of
18 10.00%, which will be supported by Division Witness Dr. Artie Powell and as noted
19 in Exhibit 1.1, the Division is unable to determine a recommended Revenue
20 Requirement at this time for reasons addressed by Division Witnesses Dr. Artie
21 Powell and Ms. Andrea Coon in their respective testimonies.

22 **Q Does this conclude your testimony?**

1 A Yes.