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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power, a Division of PacifiCorp, for a Deferred Accounting Order to Defer the Costs of Loans Made to Grid West, the Regional Transmission Organization

DOCKET NO. 06-035-163

In the Matter of the Application of Rocky Mountain Power for an Accounting Order To Defer the Costs Related to the MidAmerican Energy Holdings Company Transaction

DOCKET NO. 07-035-04

In the Matter of the Application of Rocky Mountain Power for an Accounting Order for Costs Related to the Flooding of the Powerdale Hydro Facility

DOCKET NO. 07-035-14

**PREFILED DIRECT TESTIMONY OF KEVIN C. HIGGINS ON BEHALF OF
UTAH ASSOCIATION OF ENERGY USERS**

The Utah Association of Energy Users (UAE) hereby files the prefiled direct testimony of Kevin C. Higgins in the above dockets.

DATED this 10th day of September, 2007.

HATCH, JAMES & DODGE

/s/ _____
Gary A. Dodge
Attorneys for UAE

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent this 10th day of September, 2007, to the mail or email addresses listed below:

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**BEFORE
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Direct Testimony of Kevin C. Higgins

on behalf of

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In the Matter of the Application of Rocky Mountain Power for an Accounting Order To
Defer the Costs Related to the MidAmerican Energy Holdings Company Transaction

In the Matter of the Application of Rocky Mountain Power, a Division of PacifiCorp, for
a Deferred Accounting Order To Defer the Costs of Loans Made to Grid West, the
Regional Transmission Organization

In the Matter of the Application of Rocky Mountain Power for an Accounting Order for
Costs related to the Flooding of the Powerdale Hydro Facility

Docket Nos. 07-035-04, 06-035-163, 07-035-14

September 10, 2007

DIRECT TESTIMONY OF KEVIN C. HIGGINS

Introduction

Q. Please state your name and business address.

A. Kevin C. Higgins, 215 South State Street, Suite 200, Salt Lake City, Utah,
84111.

Q. By whom are you employed and in what capacity?

A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies
is a private consulting firm specializing in economic and policy analysis
applicable to energy production, transportation, and consumption.

Q. On whose behalf are you testifying in this proceeding?

A. My testimony is being sponsored by the Utah Association of Energy Users
(UAE).

Q. Please describe your professional experience and qualifications.

A. My academic background is in economics, and I have completed all
coursework and field examinations toward a Ph.D. in Economics at the University
of Utah. In addition, I have served on the adjunct faculties of both the University
of Utah and Westminster College, where I taught undergraduate and graduate
courses in economics. I joined Energy Strategies in 1995, where I assist private
and public sector clients in the areas of energy-related economic and policy
analysis, including evaluation of gas and electric utility rate matters.

Prior to joining Energy Strategies, I held policy positions in state and local government. From 1983 to 1990, I was economist, then assistant director, for the Utah Energy Office, where I helped develop and implement state energy policy. From 1991 to 1994, I was chief of staff to the chairman of the Salt Lake County Commission, where I was responsible for development and implementation of a broad spectrum of public policy at the local government level.

Q. Have you previously testified before this Commission?

A. Yes. Since 1984, I have testified over fifteen times before the Utah Public Service Commission on natural gas and electric power issues.

Q. Have you testified previously before any other state utility regulatory commissions?

A. Yes. I have testified in over fifty other proceedings on the subjects of utility rates and regulatory policy before state utility regulators in Alaska, Arizona, Arkansas, Colorado, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia, Washington, West Virginia, and Wyoming.

My qualifications are presented in detail in UAE Exhibit 1.1 (KCH-1), attached to this testimony.

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

A. My testimony responds to the Applications by Rocky Mountain Power (“RMP”) for Deferred Accounting Orders (“DAOs”) that would: (1) defer the

costs of loans RMP made to Grid West, (2) defer severance costs related to the MidAmerican Energy Holdings Company transaction, and (3) defer costs related to the flooding of the Powerdale hydro facility.

Q. Please provide a summary of your direct testimony.

A. A brief summary of my opinions, conclusions and recommendations is as follows:

- A deferred accounting order should be entered only for expenses for which future recovery in rates is probable; this is a high bar, not a low bar as suggested by Rocky Mountain Power.
- Requests for deferred accounting implicate a number of important policy issues, including single-issue ratemaking, retroactive ratemaking, future test periods and selection bias. Such requests should be carefully scrutinized from a policy perspective.
- Deferred accounting is not appropriate for Grid West costs. These expenses were known when the last rate case was settled and were incurred prior to the end of the test period proposed by the utility.
- Deferred accounting for severance expenses should be analyzed in four separate categories:
 - (1) *Severance expense for backfilled positions*: Deferred accounting treatment is not appropriate for this portion of the severance expense as the backfill positions will not likely create significant labor cost savings;
 - (2) *Executive severance expense*: Deferred accounting treatment is not appropriate for this portion of the severance expense as executive transition costs should be borne exclusively by shareholders;
 - (3) *Non-executive severance expense included in the prior rate case*: I do not oppose deferred accounting treatment, beginning October 1, 2006, and continuing for 36 months, for severance expenses identified in the previous rate case for non-executive positions. Both the costs and the savings of this severance package were considered in the rate case settlement and are thus presumably reflected in current rates;

(4) *New non-executive severance expense*: Deferred accounting treatment is not appropriate for new non-executive severance expenses because they occurred before or during the utility's projected test period in the last rate case, they reflect mis-projections of severance costs and savings, and the savings resulting from the additional severance are not considered.

- If the Commission allows deferred accounting treatment for severance related expenses, a regulatory liability equal to the amount of the reduction in monthly labor expense attributable to the severance program should also be recognized.
- To the extent the Commission wishes to provide long-term incentives for aggressive cost-savings, a three year amortization could be adopted for new non-executive severance expense (net of backfill), but without any interest on the regulatory asset until the start of the rate effective period following the next rate case.
- Utah should pay its share of Powerdale decommissioning costs starting in 2010, but there is no need for a regulatory asset at this time. A regulatory asset commensurate with Utah's ultimate share of the undepreciated investment in the Powerdale Plant would be appropriate, but the Company has not provided the information necessary to calculate Utah's proper allocation of such costs under the embedded cost differential (ECD) adjustment of the MSP Revised Protocol.

Overall Policy Issues

Q. Have you reviewed the direct testimony of RMP witness Jeffrey K. Larsen filed August 8, 2007 and RMP's Statement of Position filed May 3, 2007?

A. Yes, I have.

Q. Do you have any disagreements with the characterization of deferred accounting standards described on pages 4 through 10 of Mr. Larsen's direct testimony?

A. I do not disagree with any particular passage of Mr. Larsen's general description of deferred accounting standards, but I believe that both Mr. Larsen's

testimony and RMP's Statement of Position understate the importance of the Commission determining, as a threshold matter, whether the costs that are the subject of the deferred accounting request are likely to qualify for recovery in future rates. The tenor of the Company's message is demonstrated in the following passage in Mr. Larsen's testimony:

Q. Is assurance of cost recovery required before a cost can be deferred from the income statement to the balance sheet?

A. No. A deferral does not assure future cost recovery and does not bind a regulatory agency to a level of recovery unless or until that agency addresses the cost recovery in a rate setting process. The condition is that it is "probable that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services".

Also, it is important to remember that there is a fundamental difference between a case dealing with cost recovery such as a general rate case or a surcharge request and a case involving only accounting procedures. An order for deferred accounting is not a ratemaking decision. It is improper to assume that having met the criteria for recording deferred charges that the utility is automatically entitled to recovery of the deferred costs. A deferred accounting order only affords the utility the opportunity to present the cost for recovery in a future rate case. Such an order does not foreclose any discussion or presentation of evidence that would normally occur when the commission conducts the ratemaking hearing for the expense. In further recognition of the difference between a deferred accounting order and a ratemaking decision, the USOA provides specific accounting procedures if rate recovery of all or part of a deferred amount is disallowed.¹

Mr. Larsen accurately states that a necessary condition for establishing a regulatory asset through deferred accounting is that it is "probable that such [expense] items will be included in a different period(s) for the purposes of developing the rates the utility is authorized to charge for its utility services," but

¹ Direct testimony of Jeffrey K. Larsen, pp. 5-6.

I believe he understates the importance of this requirement. A regulatory asset should only be established if future recovery in rates is likely. Both Mr. Larsen's testimony and RMP's Statement of Position pay little attention to this requirement and instead emphasize that the issuance of a DAO does not assure future recovery, and that the question of whether and how deferred costs can be recovered is a matter for a subsequent rate case. While this latter assertion is also correct as far as it goes, RMP's overall presentation gives little weight to the importance of determining whether the costs under consideration for deferral are likely to be recoverable in a subsequent rate proceeding, as a necessary condition of establishing a regulatory asset. In a nutshell, RMP's presentation gives the impression that the test for establishing a regulatory asset has a relatively low bar, when in fact, the opposite is the case: the test has a high bar.

Q. Are there any authorities that support your interpretation of this requirement?

A. Yes. Consider this passage from Hahne and Aliff, *Accounting for Public Utilities*, in their discussion of FASB Statement No. 71:

FASB Statement No. 71 requires a rate-regulated utility to capitalize as a regulatory asset an incurred cost that would otherwise be charged to expense if future recovery in rates is probable. Probable is defined in FASB Statement No. 5, "Accounting for Contingencies," as "likely to occur," which is a high test to meet.² [Emphasis added.]

Thus, a fundamental question for the Commission to consider in this proceeding is whether the establishment of the regulatory assets requested by RMP is primarily a ministerial exercise, with few policy implications, or whether RMP's

request should be subject to a “high-bar test” demonstrating that future recovery of the deferred costs in rates is probable, even if the recovery is not assured.

Q. Are there any aspects of deferred accounting that you wish to address from the vantage point of overall regulatory policy?

A. Yes. By its nature, deferred accounting calls out specific expenses for future recovery that were not considered when current rates were set. As such, it is a form of single-issue ratemaking that should only be applied very judiciously.

Q. What is single-issue ratemaking?

A. Single-issue ratemaking occurs when utility rates are adjusted in response to a change in a single cost or revenue item considered in isolation. Single-issue ratemaking ignores the multitude of other factors that otherwise influence rates, some of which could, if properly considered, move rates in the opposite direction from the single-issue change.

When regulatory commissions determine the appropriateness of a rate or charge that a utility seeks to impose on its customers, the standard practice is to review and consider all relevant factors, rather than just a single factor. To consider some costs in isolation might cause a commission to allow a utility to increase rates to recover higher costs in one area without recognizing counterbalancing savings in another area. Alternatively, a single revenue item considered in isolation might cause a decrease in rates without recognizing counterbalancing costs in other areas. For these reasons, single-issue ratemaking, absent a compelling public interest, is generally not sound regulatory practice.

² Robert L. Hahne and Gregory E. Aliff, *Accounting for Public Utilities*, §12.02, LexisNexis, 2006.

Q. How can deferred accounting be a form of single-issue ratemaking if deferred accounting does not affect current rates?

A. Deferred accounting does not affect current rates, but it establishes a means for and probability of recovering isolated past expenses in future rates, without considering countervailing cost or revenue items from the same period.

Q. What other regulatory policy issues are implicated by deferred accounting orders?

A. Among other things, retroactive ratemaking and future test periods are both implicated. While I do not intend to address legal implications of retroactive ratemaking, from a policy perspective it is troubling whenever actual costs incurred or revenues received prior to or during a test period used in developing rates in the last rate case are treated in a manner that cause additional rate impacts for customers. The failure of any party to properly predict the actual level of a particular revenue or expense item is not a basis for later changing rates. The bar against retroactive ratemaking is intended to prevent after-the fact true-ups for these types of missteps. The utility proposed the use of a particular future test period and it must accept the negative as well as the positive implications of such a test year. Deferred accounting orders should be used in this context only for revenue or expense items that are so unusual or extraordinary that they could not reasonably have been considered by anyone in the ratemaking process.

Q. Do you have any concerns over the types of items that are typically brought to the Commission for deferred accounting treatment?

A. Yes. The Commission should be very sensitive to an obvious selection bias in deferred accounting treatment. Since utilities are the most likely agent to bring forward deferred accounting proposals, such proposals are far more likely to focus on isolated increases in costs rather than isolated decreases in costs. This inherent selection bias provides another reason for proceeding with caution and applying a high bar for approval of deferred accounting treatment.

Q. Please summarize your general guidance to the Commission in considering RMP's requests for deferred accounting treatment in this proceeding.

A. As a threshold matter, the Commission should not approve deferred accounting treatment for any expenses unless it has been demonstrated to the Commission's satisfaction that future recovery of the expenses in rates is probable. Further, the deferred accounting treatment should be consistent with meeting a compelling public interest, such as ensuring the financial viability of the utility or supporting changes in public policy (e.g., introduction of DSM programs between rate cases). Deferred accounting treatment should be reserved for extraordinary circumstances to avoid the negative policy implications of single item ratemaking, retroactive ratemaking and selection bias. Consistent with RMP's position, to the extent the Commission ultimately approves deferred accounting treatment for any specific expenses, the Commission should make it clear that said approval does not assure recovery in future rates.

Q. Are there other general issues you wish to bring to the Commission's attention in considering deferred accounting treatment?

A. Yes. The impact on customers from any ultimate recovery in rates of deferred costs is sensitive to the date at which the amortization of the regulatory asset is initiated. That is, delaying the initiation of the amortization period means that a greater proportion of the deferred costs will remain unamortized during the test period used to set rates in the next rate case; therefore, the remaining life of the amortization will extend further into the future (and remain in rates longer) than an amortization period that is started sooner. For this reason, amortization proposals with earlier initiation dates will have smaller cumulative rate impacts on customers than amortization proposals with later initiation dates, all things being equal.

Q. Are there any other factors that the Commission should take into account in this proceeding?

A. Yes. The Commission should consider each request for deferred accounting treatment in this proceeding within the context of the settlement agreement reached by the parties and approved by the Commission in the previous rate case, Docket No. 06-035-21. Of particular import, this agreement contains a “stayout” provision that precludes RMP from filing a general rate case before December 11, 2007 with a rate effective date prior to August 7, 2008. The Commission should consider whether the requested treatment is reasonable in light of the overall settlement agreement, including this provision.

Loans Made to Grid West

Q. What deferred accounting treatment is RMP requesting with respect to loans made to Grid West?

A. As described in Mr. Larsen's testimony, RMP provided initial funding for the development of RTO West, the predecessor to Grid West in June 2000, and has loaned a total of \$2.7 million to the organization. Apparently, Grid West is unable to repay the loan and RMP is requesting to defer the cost of these loans. As stated by Mr. Larsen, RMP is seeking deferred accounting treatment in order to "preserve an opportunity to request recovery of these costs in a subsequent rate setting proceeding." Utah's share of the loan cost is approximately \$1.1 million.

Q. Do you support RMP's request for deferred accounting treatment for the Grid West loans?

A. No. The future recovery of these costs in rates is not reasonable in the context of the settlement agreement resolving the previous rate case, which was reached in July 2006. The test period proposed by RMP in that proceeding ended September 2007. The Grid West costs were incurred prior to the close of RMP's test period and were not unforeseen or unforeseeable to RMP at the time it was agreeing to settle the rate case. This fact is clear as the Company filed for deferred accounting treatment for the Grid West loan in Oregon on March 23, 2006 and later that same month in Wyoming and Idaho. The other parties to the Utah settlement agreement had a reasonable expectation that by agreeing to accept a rate increase of \$115 million, they would not later be asked to provide additional

cost recovery for expenses incurred prior to, or during, RMP's proposed test year that were already known or foreseeable to the Company at the time of the settlement agreement.

This reasonable expectation is strongly reinforced by the stayout provision in the settlement, which precludes RMP from filing a general rate case before December 11, 2007. While the stayout provision did not explicitly exclude requests for deferred accounting treatment, the other parties to the agreement had a reasonable expectation that by agreeing to the rate increases provided in the settlement, they would be protected by the stayout provision from additional rate increases associated with costs that were known or knowable at the time of the agreement – costs that were incurred prior to, or during, RMP's proposed test period.

For these reasons, the Grid West costs should not be recovered in future rates from Utah customers. Consequently, they should not now be turned into a regulatory asset, as their future recovery should not be construed to be probable.

Severance Costs

Q. What deferred accounting treatment is RMP requesting with respect to severance costs?

A. RMP is requesting approval to defer certain costs pertaining to severance payments associated with the reduction in workforce that occurred subsequent to the MEHC transaction. According to Mr. Larsen, as a result of the severance

program, 270 employees have been terminated resulting in \$40 million in annual labor cost savings. The severance costs for these employees is approximately \$46 million, of which only \$6.4 million was included in its revenue requirement as part of its general rate case in Docket No. 06-035-21.

RMP estimates that Utah's portion of the severance expense is \$18 million, which includes Utah's allocated share of \$2.7 million included in the previous rate case. To the extent the Commission determines that it prefers to address amortization periods and start dates in this proceeding, RMP recommends a three-year amortization period and a start date of October 1, 2006. The latter is the mid-point between March 21, 2006 and May 23, 2007, the applicable time frame that employees were severed as part of the change-in-control severance plan.

Q. What is your recommendation with respect to RMP's request for deferred accounting treatment for severance costs?

A. I recommend against it in part, and do not oppose it, in part.

Q. What is included in the Company's request for deferred accounting treatment of severance costs?

A. For purposes of my analysis, I categorize the severance expenses in question into four categories: (1) Severance expense for backfilled positions; (2) Executive severance expense; (3) Non-executive severance expense included in the prior rate proceeding and (4) New non-executive severance expense.

Q. What is severance expense associated with backfilled positions?

A. The positions vacated by some individuals who took severance packages were taken by other people, or backfilled. In such cases there may not be any labor cost savings from the severance program. In RMP's rate case proceeding in Wyoming, which was filed in June 2007, RMP took the step (not discussed in RMP's Utah application) of removing the severance expense associated with positions that were backfilled. Removal of the severance expense associated with backfill reduced RMP's total request for severance cost recovery in Wyoming by \$5.3 million to \$39.5 million (total company).

Q. What is your recommendation with respect to the deferred accounting treatment of severance expense associated with backfilled positions?

A. As there are not likely to be significant labor cost savings associated with backfilled positions, this portion of the severance expense should not be eligible for deferred accounting treatment.

Q. What portion of RMP's deferred accounting request pertains to executive severance expense?

A. The amount is not discernable from RMP's filing, but in its rate case proceeding in Wyoming, RMP claims \$44.8 million in total severance expense (total company), of which \$15.6 million is related to executive severance packages, \$3.9 million of which was for a single individual. Six other individual packages were in excess of \$1 million apiece. After adjusting for backfilled positions, RMP requests recovery of \$11.3 million (total company) of severance costs associated with executive positions in its Wyoming filing.

Q. What is your recommendation with respect to the treatment of executive severance packages?

A. In my opinion, these executive transition costs should be borne exclusively by shareholders, not customers. A new owner may determine that it is preferable to install a new management team, and that is the owner's prerogative, but the costs of exercising that prerogative belong to the owners making that decision. Similarly, if certain transition costs are incurred due to "golden parachute" terms in executive compensation contracts, then the cost consequences of such clauses should be borne by the ownership that agreed to such terms in the first instance. Passing such costs on to customers removes the proper incentive to structure executive severance costs in a disciplined and proportionate manner. Because the executive severance expense should not be recovered in rates, neither should it be included in the establishment of a regulatory asset through deferred accounting treatment. Consequently, I recommend that RMP's application for deferred accounting treatment be denied for any severance expense pertaining to executive severance packages. Using RMP's Wyoming filing as a guide, I estimate that this portion is approximately 29 percent of the severance-related request, adjusted for backfilled positions.

Q. How should non-executive severance expenses that were included in the prior rate proceeding be treated?

A. I do not oppose the Company's request to recognize as a regulatory asset the severance expenses that were identified in the previous rate case, to the extent

that these expenses are for non-executive positions. The projected labor costs identified in the prior rate proceeding also reflected projected savings from the severance expenses. Consequently, both the costs and savings of the projected level of non-executive severance are reflected in current rates. For the purpose of this regulatory asset, I concur with RMP's proposed three-year amortization period and start date of October 1, 2006.

Q. How should new non-executive severance expenses be treated?

A. Deferred accounting treatment is not appropriate for these expenses because they occurred before or during the utility's projected test period in the last rate case and appear to reflect mis-projections by the utility of its level of severance costs and savings. Selectively "capturing" these mis-projections for later recovery in rates is an example of an inappropriate application of single-issue ratemaking and potentially violates strictures against retroactive ratemaking. By way of comparison, I note that the Company's cost projections in the previous rate case assumed the Lakeside plant would come on line in May 2007 and would be available for five-twelfths of the Company's test period. As it turns out, the plant did not come on line until September 6, 2007 and will have been available less than one-twelfth of the test period. Yet there have been no proposals by RMP (or any other party) to adjust rates downward (or delay the removal of the rate credit that expired June 1, 2007) to reflect this mis-projection. I fail to see why the change in projected severance expenses should be treated any differently.

Q. If, notwithstanding your recommendation, the Commission allows deferred accounting treatment for these expenses, do you have any suggestions?

A. Yes. I offer two possible alternatives for the treatment of these expenses.

Q. Please proceed.

A. In this proceeding, RMP has proposed to establish a regulatory asset recognizing new severance expenses to provide for the possibility that these costs, incurred prior to June 2007, can be recovered in a future rate case. At the same time, RMP has experienced a labor cost reduction from these very same severance expenses – and of course these cost reductions are not reflected in current rates. Yet, no deferred accounting treatment is requested by the Company to recognize the reduced expense as a negative regulatory asset (or regulatory liability). Until rates are reset, the benefit of these cost reductions inures solely to shareholders. This is a classic example of a mis-match between costs and associated savings.

Q. How could this mis-match be corrected?

A. This mis-match could be corrected by simultaneously recognizing a regulatory asset for the amount of new non-executive severance expense (net of backfill) and a regulatory liability equal to the amount of the reduction in monthly labor expense attributable to the severance program. The regulatory liability account would grow each month dating from the initiation of the severance program until such time that a new level of labor expense was recognized in rates pursuant to a general rate case. Both the regulatory asset and regulatory liability accounts would earn interest at RMP's weighted cost-of-capital and would be

amortized over three years starting at the beginning of the rate effective period following the next general rate case.

This approach would have the advantage of matching costs with benefits and would ensure that RMP would fully recover the severance expenses associated with providing the benefit of reduced labor expenses.

Q. Does the approach have any disadvantages?

A. The only disadvantage of this approach is that it likely provides no net benefit for shareholders, even though it fully compensates shareholders for their expenses plus interest. While this approach is eminently fair, one could argue that removal of the net benefit for shareholders would dampen long-term incentives for the Company to initiate cost-saving measures.

Q. If the Commission wishes to allow deferred accounting treatment of these expenses in order to provide long-term incentives for the Company to pursue aggressive cost-savings measures such as this severance program, what else could be done?

A. If the Commission elects to authorize deferred accounting treatment for these expenses, then the deferred accounting recommendation of RMP (for a three year amortization starting October 1, 2006) could be adopted for new non-executive severance expense (net of backfill), but without any interest on the regulatory asset until the start of the rate effective period following the next rate case. Between now and that time, the sole beneficiaries of the labor cost reduction from the severance program are RMP shareholders, and there is no good reason

for customers to pay the Company interest on the capitalized expense which is making that shareholder benefit possible.

Powerdale Plant Costs

Q. What deferred accounting treatment is RMP requesting with respect to Powerdale Plant costs?

A. As explained by Mr. Larsen and in RMP's Statement of Position, the Powerdale hydro facility was scheduled to be decommissioned in three years, beginning in 2010, but then was damaged by flooding. RMP has determined that it is more cost-effective to retire the plant rather than repair it. Accordingly, RMP is requesting to: (1) transfer its undepreciated net investment of \$8.9 million in Powerdale from the Plant in Service account to Undercovered Plant and Regulatory Study Costs, (2) record the Powerdale Plant decommissioning costs estimated to be approximately \$6.3 million to FERC Account 182.2, and (3) establish amortization periods for these amounts.

Q. What is your opinion regarding RMP's request for deferred accounting treatment for Powerdale Plant costs?

A. In principle, given the unforeseen and unforeseeable nature of the event that caused these costs, I do not oppose Powerdale Plant costs receiving deferred accounting treatment. However, I do not believe that RMP has met its burden of proof in identifying the appropriate regulatory asset treatment for Utah's share of these costs. In addition, it is not clear why a regulatory asset should be created

today for decommissioning expenses that are not expected to be incurred until 2010.

Q. Please explain your concern regarding the identification of Utah's share of Powerdale costs.

A. As a hydro facility located in Oregon, most of the benefits from the Powerdale facility were reserved for the western part of the PacifiCorp system pursuant to the Multi-State Process Revised Protocol. As explained by Mr. Larsen, according to the Revised Protocol, hydro-related costs are initially allocated ratably to each jurisdiction. Using this initial allocation, Mr. Larsen identifies Utah's allocated share of undepreciated investment in the Powerdale Plant to be \$3,549,000 and Utah's allocated share of decommissioning cost to be \$2,505,000.³ Mr. Larsen then acknowledges that subsequent to the initial allocation, hydro costs are included in an Embedded Cost Differential ("ECD") adjustment, which assigns the majority of hydroelectric costs to the western side of the Company's system. Yet it appears that regulatory assets that RMP is seeking to establish are based on Utah's share of the initial cost allocation. Mr. Larsen attempts to address this concern by stating that: "In order to align cost responsibility with benefits received, the costs for which this Application seeks an order would be included in the calculation of the ECD for future rate-making purposes based on the continued use of the Revised Protocol."⁴ It is not clear to me exactly what this statement means relative to establishing the appropriate Utah

³ Direct testimony of Jeffrey K. Larsen, p. 24.

⁴ Ibid., p. 25, lines 561-564.

regulatory asset. As the regulatory asset should reflect what will probably be recovered in rates from Utah customers, it should be established based on Utah's share of western hydro costs after the ECD adjustment is applied, rather than based on the initial allocation. The information necessary to make this determination does not appear to have been provided by RMP in its filing.

Q. What recommendation do you make to the Commission on this issue?

A. I do not oppose the collection of Utah's share of Powerdale decommissioning costs starting in 2010, but it is not clear why a regulatory asset should be created for this cost at this time. Consequently, I recommend against creation of a regulatory asset for these costs in this proceeding.

Further, I do not oppose the creation of a regulatory asset commensurate with Utah's share of the undepreciated investment in the Powerdale Plant.

However, this amount should be recalculated based on the likely allocation of costs to Utah subsequent to the application of the ECD adjustment.

Q. Does this conclude your direct testimony?

A. Yes, it does.

KEVIN C. HIGGINS
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215 South State St., Suite 200, Salt Lake City, UT 84111

Vitae

PROFESSIONAL EXPERIENCE

Principal, Energy Strategies, L.L.C., Salt Lake City, Utah, January 2000 to present. Responsible for energy-related economic and policy analysis, regulatory intervention, and strategic negotiation on behalf of industrial, commercial, and public sector interests. Previously Senior Associate, February 1995 to December 1999.

Adjunct Instructor in Economics, Westminster College, Salt Lake City, Utah, September 1981 to May 1982; September 1987 to May 1995. Taught in the economics and M.B.A. programs. Awarded Adjunct Professor of the Year, Gore School of Business, 1990-91.

Chief of Staff to the Chairman, Salt Lake County Board of Commissioners, Salt Lake City, Utah, January 1991 to January 1995. Senior executive responsibility for all matters of county government, including formulation and execution of public policy, delivery of approximately 140 government services, budget adoption and fiscal management (over \$300 million), strategic planning, coordination with elected officials, and communication with consultants and media.

Assistant Director, Utah Energy Office, Utah Department of Natural Resources, Salt Lake City, Utah, August 1985 to January 1991. Directed the agency's resource development section, which provided energy policy analysis to the Governor, implemented state energy development policy, coordinated state energy data collection and dissemination, and managed energy technology demonstration programs. Position responsibilities included policy formulation and implementation, design and administration of energy technology demonstration programs, strategic management of the agency's interventions before the Utah Public Service Commission, budget preparation, and staff development. Supervised a staff of economists, engineers, and policy analysts, and served as lead economist on selected projects.

Utility Economist, Utah Energy Office, January 1985 to August 1985. Provided policy and economic analysis pertaining to energy conservation and resource development, with an emphasis on utility issues. Testified before the state Public Service Commission as an expert witness in cases related to the above.

Acting Assistant Director, Utah Energy Office, June 1984 to January 1985. Same responsibilities as Assistant Director identified above.

Research Economist, Utah Energy Office, October 1983 to June 1984. Provided economic analysis pertaining to renewable energy resource development and utility issues. Experience includes preparation of testimony, development of strategy, and appearance as an expert witness for the Energy Office before the Utah PSC.

Operations Research Assistant, Corporate Modeling and Operations Research Department, Utah Power and Light Company, Salt Lake City, Utah, May 1983 to September 1983. Primary area of responsibility: designing and conducting energy load forecasts.

Instructor in Economics, University of Utah, Salt Lake City, Utah, January 1982 to April 1983. Taught intermediate microeconomics, principles of macroeconomics, and economics as a social science.

Teacher, Vernon-Verona-Sherrill School District, Verona, New York, September 1976 to June 1978.

EDUCATION

Ph.D. Candidate, Economics, University of Utah (coursework and field exams completed, 1981).

Fields of Specialization: Public Finance, Urban and Regional Economics, Economic Development, International Economics, History of Economic Doctrines.

Bachelor of Science, Education, State University of New York at Plattsburgh, 1976 (cum laude).

Danish International Studies Program, University of Copenhagen, 1975.

SCHOLARSHIPS AND FELLOWSHIPS

University Research Fellow, University of Utah, Salt Lake City, Utah 1982 to 1983.
Research Fellow, Institute of Human Resources Management, University of Utah, 1980 to 1982.

Teaching Fellow, Economics Department, University of Utah, 1978 to 1980.
New York State Regents Scholar, 1972 to 1976.

EXPERT TESTIMONY

“In the Matter of General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.,” **Kentucky** Public Service Commission, Case No. 2006-00472. Direct testimony submitted July 5, 2007.

“In the Matter of the Application of Sempra Energy Solutions for a Certificate of Convenience and Necessity for Competitive Retail Electric Service,” **Arizona** Corporation Commission, Docket No. E-03964A-06-0168. Direct testimony submitted July 3, 2007.

“Application of Public Service Company of Oklahoma for a Determination that Additional Electric Generating Capacity Will Be Used and Useful,” **Oklahoma** Corporation Commission, Cause No. PUD 200500516; “Application of Public Service Company of Oklahoma for a Determination that Additional Baseload Electric Generating Capacity Will Be Used and Useful,” Cause No. PUD 200600030; “In the Matter of the Application of Oklahoma Gas and Electric Company for an Order Granting Pre-Approval to Construct Red Rock Generating Facility and Authorizing a Recovery Rider,” Cause No. PUD200700012. Responsive testimony submitted May 21, 2007. Cross examined July 26, 2007.

“Application of Nevada Power Company for Authority to Increase Its Annual Revenue Requirement for General Rates Charged to All Classes of Electric Customers and for Relief Properly Related Thereto,” Public Utilities Commission of **Nevada**, Docket No. 06-11022. Direct testimony submitted March 14, 2007 (Phase III – revenue requirements) and March 19, 2007 (Phase IV – rate design). Cross examined April 10, 2007 (Phase III – revenue requirements) and April 16, 2007 (Phase IV – rate design).

“In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service,” **Arkansas** Public Service Commission, Docket No. 06-101-U. Direct testimony submitted February 5, 2007. Surrebuttal testimony submitted March 26, 2007.

“Monongahela Power Company and The Potomac Edison Company, both d/b/a Allegheny Power – Rule 42T Application to Increase Electric Rates and Charges,” Public Service Commission of **West Virginia**, Case No. 06-0960-E-42T; “Monongahela Power Company and The Potomac Edison Company, both d/b/a Allegheny Power – Information Required for Change of Depreciation Rates Pursuant to Rule 20,” Case No. 06-1426-E-D. Direct and rebuttal testimony submitted January 22, 2007.

“In the Matter of the Tariffs of Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P Increasing Electric Rates for the Services Provided to Customers in the Aquila Networks-MPS and Aquila Networks-L&P Missouri Service Areas,” **Missouri** Public Service Commission, Case No. ER-2007-0004. Direct testimony submitted

January 18, 2007 (revenue requirements) and January 25, 2007 (revenue apportionment). Supplemental direct testimony submitted February 27, 2007.

“In the Matter of the Filing by Tucson Electric Power Company to Amend Decision No. 62103, **Arizona** Corporation Commission, Docket No. E-01933A-05-0650. Direct testimony submitted January 8, 2007. Surrebuttal testimony filed February 8, 2007. Cross examined March 8, 2007.

“In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company’s Missouri Service Area,” **Missouri** Public Service Commission, Case No. ER-2007-0002. Direct testimony submitted December 15, 2006 (revenue requirements) and December 29, 2006 (fuel adjustment clause/cost-of-service/rate design). Rebuttal testimony submitted February 5, 2007 (cost-of-service). Surrebuttal testimony submitted February 27, 2007. Cross examined March 21, 2007.

“In the Matter of Application of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc. for an Adjustment of Electric Rates,” **Kentucky** Public Service Commission, Case No. 2006-00172. Direct testimony submitted September 13, 2006.

“In the Matter of Appalachian Power Company’s Application for Increase in Electric Rates,” **Virginia** State Corporation Commission, Case No. PUE-2006-00065. Direct testimony submitted September 1, 2006. Cross examined December 7, 2006.

“In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, To Approve Rate Schedules Designed to Develop Such Return, and to Amend Decision No. 67744, **Arizona** Corporation Commission,” Docket No. E-01345A-05-0816. Direct testimony submitted August 18, 2006 (revenue requirements) and September 1, 2006 (cost-of-service/rate design). Surrebuttal testimony submitted September 27, 2006. Cross examined November 7, 2006.

“Re: The Tariff Sheets Filed by Public Service Company of Colorado with Advice Letter No 1454 – Electric,” **Colorado** Public Utilities Commission, Docket No. 06S-234EG. Answer testimony submitted August 18, 2006.

“Portland General Electric General Rate Case Filing,” Public Utility Commission of **Oregon**, Docket No. UE-180. Direct testimony submitted August 9, 2006. Joint testimony regarding stipulation submitted August 22, 2006.

“2006 Puget Sound Energy General Rate Case,” **Washington** Utilities and Transportation Commission, Docket Nos. UE-060266 and UG-060267. Response testimony submitted July 19, 2006. Joint testimony regarding stipulation submitted August 23, 2006.

“In the Matter of PacifiCorp, dba Pacific Power & Light Company, Request for a General Rate Increase in the Company’s Oregon Annual Revenues,” Public Utility Commission of **Oregon**, Docket No. UE-179. Direct testimony submitted July 12, 2006. Joint testimony regarding stipulation submitted August 21, 2006.

“Petition of Metropolitan Edison Company for Approval of a Rate Transition Plan,” **Pennsylvania** Public Utilities Commission, Docket Nos. P-00062213 and R-00061366; “Petition of Pennsylvania Electric Company for Approval of a Rate Transition Plan,” Docket Nos. P-0062214 and R-00061367; Merger Savings Remand Proceeding, Docket Nos. A-110300F0095 and A-110400F0040. Direct testimony submitted July 10, 2006. Rebuttal testimony submitted August 8, 2006. Surrebuttal testimony submitted August 18, 2006. Cross examined August 30, 2006.

“In the Matter of the Application of PacifiCorp for approval of its Proposed Electric Rate Schedules & Electric Service Regulations,” **Utah** Public Service Commission, Docket No. 06-035-21. Direct testimony submitted June 9, 2006 (Test Period). Surrebuttal testimony submitted July 14, 2006.

“Joint Application of Questar Gas Company, the Division of Public Utilities, and Utah Clean Energy for the Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders,” **Utah** Public Service Commission, Docket No. 05-057-T01. Direct testimony submitted May 15, 2006. Rebuttal testimony submitted August 8, 2007.

“Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Power Company d/b/a AmerenCIPS, Illinois Power Company d/b/a AmerenIP, Proposed General Increase in Rates for Delivery Service (Tariffs Filed December 27, 2005),” **Illinois** Commerce Commission, Docket Nos. 06-0070, 06-0071, 06-0072. Direct testimony submitted March 26, 2006. Rebuttal testimony submitted June 27, 2006.

“In the Matter of Appalachian Power Company and Wheeling Power Company, both dba American Electric Power,” Public Service Commission of **West Virginia**, Case No. 05-1278-E-PC-PW-42T. Direct and rebuttal testimony submitted March 8, 2006.

“In the Matter of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota,” **Minnesota** Public Utilities Commission, Docket No. G-002/GR-05-1428. Direct testimony submitted March 2, 2006. Rebuttal testimony submitted March 30, 2006. Cross examined April 25, 2006.

“In the Matter of the Application of Arizona Public Service Company for an Emergency Interim Rate Increase and for an Interim Amendment to Decision No. 67744,” **Arizona** Corporation Commission, Docket No. E-01345A-06-0009. Direct testimony submitted February 28, 2006. Cross examined March 23, 2006.

“In the Matter of the Applications of Westar Energy, Inc. and Kansas Gas and Electric Company for Approval to Make Certain Changes in Their Charges for Electric Service,” State Corporation Commission of **Kansas**, Case No. 05-WSEE-981-RTS. Direct testimony submitted September 9, 2005. Cross examined October 28, 2005.

“In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Recover Costs Associated with the Construction and Ultimate Operation of an Integrated Combined Cycle Electric Generating Facility,” Public Utilities Commission of **Ohio**,” Case No. 05-376-EL-UNC. Direct testimony submitted July 15, 2005. Cross examined August 12, 2005.

“In the Matter of the Filing of General Rate Case Information by Tucson Electric Power Company Pursuant to Decision No. 62103,” **Arizona** Corporation Commission, Docket No. E-01933A-04-0408. Direct testimony submitted June 24, 2005.

“In the Matter of Application of The Detroit Edison Company to Unbundle and Realign Its Rate Schedules for Jurisdictional Retail Sales of Electricity,” **Michigan** Public Service Commission, Case No. U-14399. Direct testimony submitted June 9, 2005. Rebuttal testimony submitted July 1, 2005.

“In the Matter of the Application of Consumers Energy Company for Authority to Increase Its Rates for the Generation and Distribution of Electricity and Other Relief,” **Michigan** Public Service Commission, Case No. U-14347. Direct testimony submitted June 3, 2005. Rebuttal testimony submitted June 17, 2005.

“In the Matter of Pacific Power & Light, Request for a General Rate Increase in the Company’s Oregon Annual Revenues,” Public Utility Commission of **Oregon**, Docket No. UE 170. Direct testimony submitted May 9, 2005. Surrebuttal testimony submitted June 27, 2005. Joint testimony regarding partial stipulations submitted June 2005, July 2005, and August 2005.

“In the Matter of the Application of Trico Electric Cooperative, Inc. for a Rate Increase,” **Arizona** Corporation Commission, Docket No. E-01461A-04-0607. Direct testimony submitted April 13, 2005. Surrebuttal testimony submitted May 16, 2005. Cross examined May 26, 2005.

“In the Matter of the Application of PacifiCorp for Approval of its Proposed Electric Service Schedules and Electric Service Regulations,” **Utah** Public Service Commission, Docket No. 04-035-42. Direct testimony submitted January 7, 2005.

“In the Matter of the Application by Golden Valley Electric Association, Inc., for Authority to Implement Simplified Rate Filing Procedures and Adjust Rates,” Regulatory Commission of **Alaska**, Docket No. U-4-33. Direct testimony submitted November 5, 2004. Cross examined February 8, 2005.

“Advice Letter No. 1411 - Public Service Company of Colorado Electric Phase II General Rate Case,” **Colorado** Public Utilities Commission, Docket No. 04S-164E. Direct testimony submitted October 12, 2004. Cross-answer testimony submitted December 13, 2004. Testimony withdrawn January 18, 2005, following Applicant’s withdrawal of testimony pertaining to TOU rates.

“In the Matter of Georgia Power Company’s 2004 Rate Case,” **Georgia** Public Service Commission, Docket No. 18300-U. Direct testimony submitted October 8, 2004. Cross examined October 27, 2004.

“2004 Puget Sound Energy General Rate Case,” **Washington** Utilities and Transportation Commission, Docket Nos. UE-040641 and UG-040640. Response testimony submitted September 23, 2004. Cross-answer testimony submitted November 3, 2004. Joint testimony regarding stipulation submitted December 6, 2004.

“In the Matter of the Application of PacifiCorp for an Investigation of Interjurisdictional Issues,” **Utah** Public Service Commission, Docket No. 02-035-04. Direct testimony submitted July 15, 2004. Cross examined July 19, 2004.

“In the Matter of an Adjustment of the Gas and Electric Rates, Terms and Conditions of Kentucky Utilities Company,” **Kentucky** Public Service Commission, Case No. 2003-00434. Direct testimony submitted March 23, 2004. Testimony withdrawn pursuant to stipulation entered May 2004.

“In the Matter of an Adjustment of the Gas and Electric Rates, Terms and Conditions of Louisville Gas and Electric Company,” **Kentucky** Public Service Commission, Case No. 2003-00433. Direct testimony submitted March 23, 2004. Testimony withdrawn pursuant to stipulation entered May 2004.

“In the Matter of the Application of Idaho Power Company for Authority to Increase Its Interim and Base Rates and Charges for Electric Service,” **Idaho** Public Utilities Commission, Case No. IPC-E-03-13. Direct testimony submitted February 20, 2004. Rebuttal testimony submitted March 19, 2004. Cross examined April 1, 2004.

“In the Matter of the Applications of the Ohio Edison Company, the Cleveland Electric Illuminating Company and the Toledo Edison Company for Authority to Continue and Modify Certain Regulatory Accounting Practices and Procedures, for Tariff Approvals and to Establish Rates and Other Charges, Including Regulatory Transition Charges Following the Market Development Period,” Public Utilities Commission of **Ohio**, Case

No. 03-2144-EL-ATA. Direct testimony submitted February 6, 2004. Cross examined February 18, 2004.

“In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, To Fix a Just and Reasonable Rate of Return Thereon, To Approve Rate Schedules Designed to Develop Such Return, and For Approval of Purchased Power Contract,” **Arizona** Corporation Commission, Docket No. E-01345A-03-0437. Direct testimony submitted February 3, 2004. Rebuttal testimony submitted March 30, 2004. Direct testimony regarding stipulation submitted September 27, 2004. Responsive / Clarifying testimony regarding stipulation submitted October 25, 2004. Cross examined November 8-10, 2004 and November 29-December 3, 2004.

“In the Matter of Application of the Detroit Edison Company to Increase Rates, Amend Its Rate Schedules Governing the Distribution and Supply of Electric Energy, etc.,” **Michigan** Public Service Commission, Case No. U-13808. Direct testimony submitted December 12, 2003 (interim request) and March 5, 2004 (general rate case).

“In the Matter of PacifiCorp’s Filing of Revised Tariff Schedules,” Public Utility Commission of **Oregon**, Docket No. UE-147. Joint testimony regarding stipulation submitted August 21, 2003.

“Petition of PSI Energy, Inc. for Authority to Increase Its Rates and Charges for Electric Service, etc.,” **Indiana** Utility Regulatory Commission, Cause No. 42359. Direct testimony submitted August 19, 2003. Cross examined November 5, 2003.

“In the Matter of the Application of Consumers Energy Company for a Financing Order Approving the Securitization of Certain of its Qualified Cost,” **Michigan** Public Service Commission, Case No. U-13715. Direct testimony submitted April 8, 2003. Cross examined April 23, 2003.

“In the Matter of the Application of Arizona Public Service Company for Approval of Adjustment Mechanisms,” **Arizona** Corporation Commission, Docket No. E-01345A-02-0403. Direct testimony submitted February 13, 2003. Surrebuttal testimony submitted March 20, 2003. Cross examined April 8, 2003.

“Re: The Investigation and Suspension of Tariff Sheets Filed by Public Service Company of Colorado, Advice Letter No. 1373 – Electric, Advice Letter No. 593 – Gas, Advice Letter No. 80 – Steam,” **Colorado** Public Utilities Commission, Docket No. 02S-315 EG. Direct testimony submitted November 22, 2002. Cross-answer testimony submitted January 24, 2003.

“In the Matter of the Application of The Detroit Edison Company to Implement the Commission’s Stranded Cost Recovery Procedure and for Approval of Net Stranded Cost

Recovery Charges,” **Michigan** Public Service Commission, Case No. U-13350. Direct testimony submitted November 12, 2002.

“Application of South Carolina Electric & Gas Company: Adjustments in the Company’s Electric Rate Schedules and Tariffs,” Public Service Commission of **South Carolina**, Docket No. 2002-223-E. Direct testimony submitted November 8, 2002. Surrebuttal testimony submitted November 18, 2002. Cross examined November 21, 2002.

“In the Matter of the Application of Questar Gas Company for a General Increase in Rates and Charges,” **Utah** Public Service Commission, Docket No. 02-057-02. Direct testimony submitted August 30, 2002. Rebuttal testimony submitted October 4, 2002.

“The Kroger Co. v. Dynegy Power Marketing, Inc.,” **Federal Energy Regulatory Commission**, EL02-119-000. Confidential affidavit filed August 13, 2002.

“In the matter of the application of Consumers Energy Company for determination of net stranded costs and for approval of net stranded cost recovery charges,” **Michigan** Public Service Commission, Case No. U-13380. Direct testimony submitted August 9, 2002. Rebuttal testimony submitted August 30, 2002. Cross examined September 10, 2002.

“In the Matter of the Application of Public Service Company of Colorado for an Order to Revise Its Incentive Cost Adjustment,” **Colorado** Public Utilities Commission, Docket 02A-158E. Direct testimony submitted April 18, 2002.

“In the Matter of the Generic Proceedings Concerning Electric Restructuring Issues,” **Arizona** Corporation Commission, Docket No. E-00000A-02-0051, “In the Matter of Arizona Public Service Company’s Request for Variance of Certain Requirements of A.A.C. R14-2-1606,” Docket No. E-01345A-01-0822, “In the Matter of the Generic Proceeding Concerning the Arizona Independent Scheduling Administrator,” Docket No. E-00000A-01-0630, “In the Matter of Tucson Electric Power Company’s Application for a Variance of Certain Electric Competition Rules Compliance Dates,” Docket No. E-01933A-02-0069, “In the Matter of the Application of Tucson Electric Power Company for Approval of its Stranded Cost Recovery,” Docket No. E-01933A-98-0471. Direct testimony submitted March 29, 2002 (APS variance request); May 29, 2002 (APS Track A proceeding/market power issues); and July 28, 2003 (Arizona ISA). Rebuttal testimony submitted August 29, 2003 (Arizona ISA). Cross examined June 21, 2002 (APS Track A proceeding/market power issues) and September 12, 2003 (Arizona ISA).

“In the Matter of Savannah Electric & Power Company’s 2001 Rate Case,” **Georgia** Public Service Commission, Docket No. 14618-U. Direct testimony submitted March 15, 2002. Cross examined March 28, 2002.

“Nevada Power Company’s 2001 Deferred Energy Case,” Public Utilities Commission of **Nevada**, PUCN 01-11029. Direct testimony submitted February 7, 2002. Cross examined February 21, 2002.

“2001 Puget Sound Energy Interim Rate Case,” **Washington** Utilities and Transportation Commission, Docket Nos. UE-011570 and UE-011571. Direct testimony submitted January 30, 2002. Cross examined February 20, 2002.

“In the Matter of Georgia Power Company’s 2001 Rate Case,” **Georgia** Public Service Commission, Docket No. 14000-U. Direct testimony submitted October 12, 2001. Cross examined October 24, 2001.

“In the Matter of the Application of PacifiCorp for Approval of Its Proposed Electric Rate Schedules and Electric Service Regulations,” **Utah** Public Service Commission, Docket No. 01-35-01. Direct testimony submitted June 15, 2001. Rebuttal testimony submitted August 31, 2001.

“In the Matter of Portland General Electric Company’s Proposal to Restructure and Reprice Its Services in Accordance with the Provisions of SB 1149,” Public Utility Commission of **Oregon**, Docket No. UE-115. Direct testimony submitted February 20, 2001. Rebuttal testimony submitted May 4, 2001. Joint testimony regarding stipulation submitted July 27, 2001.

“In the Matter of the Application of APS Energy Services, Inc. for Declaratory Order or Waiver of the Electric Competition Rules,” **Arizona** Corporation Commission, Docket No. E-01933A-00-0486. Direct testimony submitted July 24, 2000.

“In the Matter of the Application of Questar Gas Company for an Increase in Rates and Charges,” **Utah** Public Service Commission, Docket No. 99-057-20. Direct testimony submitted April 19, 2000. Rebuttal testimony submitted May 24, 2000. Surrebuttal testimony submitted May 31, 2000. Cross examined June 6 & 8, 2000.

“In the Matter of the Application of Columbus Southern Power Company for Approval of Electric Transition Plan and Application for Receipt of Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1729-EL-ETP; “In the Matter of the Application of Ohio Power Company for Approval of Electric Transition Plan and Application for Receipt of Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1730-EL-ETP. Direct testimony prepared, but not submitted pursuant to settlement agreement effected May 2, 2000.

“In the Matter of the Application of FirstEnergy Corp. on Behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company for Approval of Their Transition Plans and for Authorization to Collect Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1212-EL-ETP.

Direct testimony prepared, but not submitted pursuant to settlement agreement effected April 11, 2000.

“2000 Pricing Process,” **Salt River Project** Board of Directors, oral comments provided March 6, 2000 and April 10, 2000.

“Tucson Electric Power Company vs. Cyprus Sierrita Corporation,” **Arizona** Corporation Commission, Docket No. E-000001-99-0243. Direct testimony submitted October 25, 1999. Cross examined November 4, 1999.

“Application of Hildale City and Intermountain Municipal Gas Association for an Order Granting Access for Transportation of Interstate Natural Gas over the Pipelines of Questar Gas Company for Hildale, Utah,” **Utah** Public Service Commission, Docket No. 98-057-01. Rebuttal testimony submitted August 30, 1999.

“In the Matter of the Application by Arizona Electric Power Cooperative, Inc. for Approval of Its Filing as to Regulatory Assets and Transition Revenues,” **Arizona** Corporation Commission, Docket No. E-01773A-98-0470. Direct testimony submitted July 30, 1999. Cross examined February 28, 2000.

“In the Matter of the Application of Tucson Electric Power Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01933A-98-0471; “In the Matter of the Filing of Tucson Electric Power Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01933A-97-0772; “In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted June 30, 1999. Rebuttal testimony submitted August 6, 1999. Cross examined August 11-13, 1999.

“In the Matter of the Application of Arizona Public Service Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01345A-98-0473; “In the Matter of the Filing of Arizona Public Service Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01345A-97-0773; “In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted June 4, 1999. Rebuttal testimony submitted July 12, 1999. Cross examined July 14, 1999.

“In the Matter of the Application of Tucson Electric Power Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01933A-98-0471; “In the Matter of the Filing of Tucson Electric Power Company of Unbundled Tariffs Pursuant to

A.A.C. R14-2-1601 et seq.,” Docket No. E-01933A-97-0772; “In the Matter of the Application of Arizona Public Service Company for Approval of its Plan for Stranded Cost Recovery,” Docket No. E-01345A-98-0473; “In the Matter of the Filing of Arizona Public Service Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01345A-97-0773;
“In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted November 30, 1998.

“Hearings on Pricing,” **Salt River Project** Board of Directors, written and oral comments provided November 9, 1998.

“Hearings on Customer Choice,” **Salt River Project** Board of Directors, written and oral comments provided June 22, 1998; June 29, 1998; July 9, 1998; August 7, 1998; and August 14, 1998.

“In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” **Arizona** Corporation Commission, Docket No. U-0000-94-165. Direct and rebuttal testimony filed January 21, 1998. Second rebuttal testimony filed February 4, 1998. Cross examined February 25, 1998.

“In the Matter of Consolidated Edison Company of New York, Inc.’s Plans for (1) Electric Rate/Restructuring Pursuant to Opinion No. 96-12; and (2) the Formation of a Holding Company Pursuant to PSL, Sections 70, 108, and 110, and Certain Related Transactions,” **New York** Public Service Commission, Case 96-E-0897. Direct testimony filed April 9, 1997. Cross examined May 5, 1997.

“In the Matter of the Petition of Sunnyside Cogeneration Associates for Enforcement of Contract Provisions,” **Utah** Public Service Commission, Docket No. 96-2018-01. Direct testimony submitted July 8, 1996.

“In the Matter of the Application of PacifiCorp, dba Pacific Power & Light Company, for Approval of Revised Tariff Schedules and an Alternative Form of Regulation Plan,” **Wyoming** Public Service Commission, Docket No. 2000-ER-95-99. Direct testimony submitted April 8, 1996.

“In the Matter of the Application of Mountain Fuel Supply Company for an Increase in Rates and Charges,” **Utah** Public Service Commission, Case No. 95-057-02. Direct testimony submitted June 19, 1995. Rebuttal testimony submitted July 25, 1995. Surrebuttal testimony submitted August 7, 1995.

“In the Matter of the Investigation of the Reasonableness of the Rates and Tariffs of Mountain Fuel Supply Company,” **Utah** Public Service Commission, Case No. 89-057-15. Direct testimony submitted July 1990. Surrebuttal testimony submitted August 1990.

“In the Matter of the Review of the Rates of Utah Power and Light Company pursuant to The Order in Case No. 87-035-27,” **Utah** Public Service Commission, Case No. 89-035-10. Rebuttal testimony submitted November 15, 1989. Cross examined December 1, 1989 (rate schedule changes for state facilities).

“In the Matter of the Application of Utah Power & Light Company and PC/UP&L Merging Corp. (to be renamed PacifiCorp) for an Order Authorizing the Merger of Utah Power & Light Company and PacifiCorp into PC/UP&L Merging Corp. and Authorizing the Issuance of Securities, Adoption of Tariffs, and Transfer of Certificates of Public Convenience and Necessity and Authorities in Connection Therewith,” **Utah** Public Service Commission, Case No. 87-035-27; Direct testimony submitted April 11, 1988. Cross examined May 12, 1988 (economic impact of UP&L merger with PacifiCorp).

“In the Matter of the Application of Mountain Fuel Supply Company for Approval of Interruptible Industrial Transportation Rates,” **Utah** Public Service Commission, Case No. 86-057-07. Direct testimony submitted January 15, 1988. Cross examined March 30, 1988.

“In the Matter of the Application of Utah Power and Light Company for an Order Approving a Power Purchase Agreement,” **Utah** Public Service Commission, Case No. 87-035-18. Oral testimony delivered July 8, 1987.

“Cogeneration: Small Power Production,” **Federal Energy Regulatory Commission**, Docket No. RM87-12-000. Statement on behalf of State of Utah delivered March 27, 1987, in San Francisco.

“In the Matter of the Investigation of Rates for Backup, Maintenance, Supplementary, and Standby Power for Utah Power and Light Company,” **Utah** Public Service Commission, Case No. 86-035-13. Direct testimony submitted January 5, 1987. Case settled by stipulation approved August 1987.

“In the Matter of the Application of Sunnyside Cogeneration Associates for Approval of the Cogeneration Power Purchase Agreement,” **Utah** Public Service Commission, Case No. 86-2018-01. Rebuttal testimony submitted July 16, 1986. Cross examined July 17, 1986.

“In the Matter of the Investigation of Demand-Side Alternatives to Capacity Expansion for Electric Utilities,” **Utah** Public Service Commission, Case No. 84-999-20. Direct

testimony submitted June 17, 1985. Rebuttal testimony submitted July 29, 1985. Cross examined August 19, 1985.

“In the Matter of the Implementation of Rules Governing Cogeneration and Small Power Production in Utah,” **Utah** Public Service Commission, Case No. 80-999-06, pp. 1293-1318. Direct testimony submitted January 13, 1984 (avoided costs), May 9, 1986 (security for levelized contracts) and November 17, 1986 (avoided costs). Cross-examined February 29, 1984 (avoided costs), April 11, 1985 (standard form contracts), May 22-23, 1986 (security for levelized contracts) and December 16-17, 1986 (avoided costs).

OTHER RELATED ACTIVITY

Participant, Oregon Direct Access Task Force (UM 1081), May 2003 to November 2003.

Participant, Michigan Stranded Cost Collaborative, March 2003 to March 2004.

Member, Arizona Electric Competition Advisory Group, December 2002 to present.

Board of Directors, ex-officio, Desert STAR RTO, September 1999 to February 2002.

Member, Advisory Committee, Desert STAR RTO, September 1999 to February 2002.
Acting Chairman, October 2000 to February 2002.

Board of Directors, Arizona Independent Scheduling Administrator Association, October 1998 to present.

Acting Chairman, Operating Committee, Arizona Independent Scheduling Administrator Association, October 1998 to June 1999.

Member, Desert Star ISO Investigation Working Groups: Operations, Pricing, and Governance, April 1997 to December 1999. Legal & Negotiating Committee, April 1999 to December 1999.

Participant, Independent System Operator and Spot Market Working Group, Arizona Corporation Commission, April 1997 to September 1997.

Participant, Unbundled Services and Standard Offer Working Group, Arizona Corporation Commission, April 1997 to October 1997.

Participant, Customer Selection Working Group, Arizona Corporation Commission, March 1997 to September 1997.

Member, Stranded Cost Working Group, Arizona Corporation Commission, March 1997 to September 1997.

Member, Electric System Reliability & Safety Working Group, Arizona Corporation Commission, November 1996 to September 1998.

Chairman, Salt Palace Renovation and Expansion Committee, Salt Lake County/State of Utah/Salt Lake City, multi-government entity responsible for implementation of planning, design, finance, and construction of an \$85 million renovation of the Salt Palace Convention Center, Salt Lake City, Utah, May 1991 to December 1994.

State of Utah Representative, Committee on Regional Electric Power Cooperation, a joint effort of the Western Interstate Energy Board and the Western Conference of Public Service Commissioners, January 1987 to December 1990.

Member, Utah Governor's Economic Coordinating Committee, January 1987 to December 1990.

Chairman, Standard Contract Task Force, established by Utah Public Service Commission to address contractual problems relating to qualifying facility sales under PURPA, March 1986 to December 1990.

Chairman, Load Management and Energy Conservation Task Force, Utah Public Service Commission, August 1985 to December 1990.

Alternate Delegate for Utah, Western Interstate Energy Board, Denver, Colorado, August 1985 to December 1990.

Articles Editor, Economic Forum, September 1980 to August 1981.