

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge)	
)	Docket No. 07-035-93
)	Pre-filed Direct
)	Test Year Testimony of
)	Cheryl Murray
)	For the Committee of
)	Consumer Services
)	

January 25, 2008

1 **INTRODUCTION**

2 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

3 A. My name is Cheryl Murray. I am a utility analyst on the staff of the
4 Committee of Consumer Services (Committee). My business address is
5 160 East 300 South Salt Lake City, Utah.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. I present the Committee's policy position regarding the timing of the Public
8 Service Commission's (Commission) determination of the test year.

9 **Q. WILL YOUR TESTIMONY ADDRESS THE COMMITTEE'S**

10 **RECOMMENDATION OF THE APPROPRIATE TEST YEAR FOR THIS**
11 **RATE CASE?**

12 A. No, it will not. The Committee has retained the services of Larkin &
13 Associates, PLLC to analyze Rocky Mountain Power's (Company)
14 application for a rate increase. Donna DeRonne, a CPA with that firm, will
15 present the Committee's position regarding the appropriate test year for
16 this case.

17 **Q. WHAT IS THE COMMITTEE'S POSITION REGARDING**

18 **DETERMINATION OF THE TEST YEAR TO BE USED?**

19 A. It is the Committee's position that the Commission should make a
20 determination and order on the test year to be used in this case very early
21 in these proceedings. Utah Code Section 54-4-4(3) plainly allows the
22 Commission to make this decision at this time. The Commission's
23 scheduling order dated December 27, 2007 in this docket clearly lays out

24 a schedule for determination of test year issues. Although it does not
25 specify a date by which a test year order will be issued, the schedule for
26 determining the test year is separate from and prior to hearings on the
27 other issues in the rate case.

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29 Based upon the scheduling conference and the Commission's scheduling
30 order, the Committee understood that the early resolution of the test year
31 issue was a preliminary but also necessary step to allow all parties to
32 more effectively examine the revenue requirement issues and present
33 their cases more efficiently. The Committee planned its case accordingly.

34 **Q. WHY DOES THE COMMITTEE BELIEVE THAT RESOLVING THE TEST**
35 **YEAR EARLY IS IMPORTANT?**

36 A. There are a number of reasons why early resolution of test year is
37 important. As mentioned above, early resolution of the issue will certainly
38 provide more efficient utilization of parties' resources. Additionally, the
39 Commission will be better able to determine the appropriate rates for the
40 rate effective period since costs and revenues will be matched. Ms.
41 DeRonne will provide more detail on the importance of both of these
42 issues in her direct testimony.

43 **Q. ARE THERE POLICY IMPLICATIONS IF THE COMMISSION DOES**
44 **NOT ORDER ON TEST YEAR EARLY IN THE PROCEEDINGS?**

45 A. Yes, the Committee believes that there are. The Committee is concerned
46 that if the Commission does not determine the appropriate test year for

47 this case early on, then at any point in the case a party may present an
48 alternate test year that it determines better represents its interests.
49 Logistically it would be impossible for participants in the case to
50 adequately respond to multiple test years filed at different intervals in the
51 proceedings. Based on the Commission's scheduling order it is apparent
52 that the option to present a test year proposal should be conducted in that
53 portion of the case and the issue closed following the test year hearing.

54 **Q. DOES THE COMMITTEE BELIEVE THAT A TEST YEAR**
55 **DETERMINATION IN THIS RATE CASE WOULD SET A PRECEDENT**
56 **FOR FUTURE RATE CASES?**

57 A. No. The Committee recognizes that the applicable statute allows the
58 Commission to select from a number of options in determining the
59 appropriate test year. The Committee believes the test year that best
60 reflects any rate effective period may vary depending on circumstances at
61 the time. With each rate case filing it is the responsibility and burden of
62 the Company to provide evidence to support any test year that it contends
63 is best reflective of the rate effective period for that case.

64 **Q. DOES THIS CONCLUDE YOUR TESTIMONY ON TEST YEAR ISSUES?**

65 A. Yes.