

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>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</b>	)	
	)	
	)	<b><u>Docket No. 07-035-93</u></b>
	)	
	)	<b><u>DPU Exhibit No. 8.0</u></b>
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**Direct Testimony of**

**Brenda Salter**

**For the Division of Public Utilities**

**Department of Commerce**

**State of Utah**

**April 7, 2008**

1 **Direct Testimony of Brenda Salter**

2 **I. INTRODUCTION**

3 **Q. Please state your name and occupation.**

4 A. My name is Brenda Salter. I am employed by the Division of Public Utilities of the Utah  
5 Department of Commerce as a Utility Analyst.

6 **Q. What is your business address?**

7 A. Heber M. Wells Office Building, 160 East 300 South, Salt Lake City, Utah, 84114.

8 **Q. On whose behalf are you testifying?**

9 A. The Division of Public Utilities (“Division”).

10 **Q. Please describe your position and duties with the Division of Public Utilities?**

11 A. I am a Utility Analyst. Among other things, I examine public utility financial data for  
12 determination of rates; review applications for rate increases; research, examine, analyze,  
13 organize, document, and establish regulatory positions on a variety of regulatory matters;  
14 review operations reports and evaluate compliance with laws and regulations; testify in  
15 hearings before the Public Service Commission (“Commission”), and assist in analysis of  
16 testimony and case preparation.

17 **Q. Please describe your education and work experience.**

18 A. I hold a Bachelor’s degree in accounting from Brigham Young University. I began working  
19 for the Division of Public Utilities in the spring of 2007. Since starting with the Division, I  
20 have attended the NARUC Annual Studies Program at Michigan State University. Prior to  
21 my employment with the Division, I was employed by the Utah State Tax Commission for  
22 six years as a Senior Auditor. I have testified on behalf of the Utah State Tax Commission in

23 formal and informal hearings, and also have testified in the 3<sup>rd</sup> District Court as an expert  
24 witness in criminal individual income tax hearings.

25 **II. PURPOSE OF TESTIMONY**

26 **Q. What is the purpose of your testimony?**

27 **A.** PacifiCorp does business in Utah under the name of “Rocky Mountain Power.” My  
28 testimony addresses PacifiCorp’s dues and membership fees. In addition to reviewing the  
29 dues and membership fees, I reviewed Mr. Steven McDougal’s adjustments to the Irrigation  
30 Load Control Program Exhibit 4.3, Blue Sky Exhibit 4.4, K2 Risk Management System  
31 Exhibit 4.5, DSM Expense Removal Exhibit 4.5, Affiliate Management Fee (MEHC  
32 Commitment 38) Exhibit 4.13, Solar Photovoltaic Program Exhibit 4.14, Automated Meter  
33 Reading Savings Exhibit 4.15, Environmental Settlement (PERCO) Exhibit 8.4, and  
34 Customer Service Deposits Exhibit 8.12. Along with the review of Mr. McDougal’s  
35 adjustments, I reviewed the Utah Systems Maintenance and Capital Expenditures Expenses  
36 Commitment from Docket No. 06-035-21, FERC Accounts 590 through 598, FERC  
37 Accounts 922 and 929, Distribution Expense FERC Accounts 580-593 and Cash Working  
38 Capital. Division witness Mr. Mark Garrett from the Garrett Group will address the  
39 adjustment to Cash Working Capital and the issue of the 2003 Lead/Lag study. Mr. Garrett  
40 has the experience necessary to address more fully the Cash Working Capital adjustment.

41 **III. ADJUSTMENTS**

42 **DUES AND MEMBERSHIP FEES**

43 **Q. Please explain your adjustment to dues and membership fees.**

44 A. My first adjustment removes \$120,593.45 of EPRI Research Institute membership fees (DPU  
45 Exhibit 8.1.1) that are out of period and/or lacking supporting documentation from the  
46 Company. My second adjustment removes \$63,314.97 of Western Electricity Coordinating  
47 Council membership fees (DPU Exhibit 8.1.2) that are out of period and/or lacking  
48 supporting documentation from the Company. The total of these two adjustments decreases  
49 Utah allocated operating expenses \$183,908.42, as shown on DPU Exhibit 8.1.

50 **Q. Was a Data Request sent to the Company regarding this adjustment?**

51 A. Yes, Data Request number 39.1 was sent to the Company on March 12, 2008 requesting the  
52 Company provide copies of all invoices, the date the invoice was paid, and the period  
53 covered by the payment, for dues and membership fees to EPRI Research Institute and  
54 Western Electricity Coordinating Council included in the Base Period. (See MDR 2.31 1st  
55 Supplemental)

56 **Q. What was the Company's response to this Data Request?**

57 A. On March 24, 2008 I received only a portion of the invoices requested. Documents were  
58 referenced in the response from the Company but were not included.

59 **Q. What was your response to the missing documents?**

60 A. On March 26, 2008 I sent an email to Dave Taylor and Barry Bell with the Company  
61 explaining which documents were missing. I did not receive a confirmation that they had  
62 received the email so a second email was sent on March 27, 2008 listing the document  
63 number of each missing invoice.

64 **Q. Did the Company respond to your emails from March 26 and March 27?**

65 A. Yes, on March 27, I was provided additional documentation to support the majority of the

66 WECC and EPRI expenses.

67 **Q. You say the majority of the expenses were supported. What documentation was not**  
68 **received?**

69 A. Invoices were not received for EPRI Reference Doc No.113804552 and Doc No. 113810558  
70 and also WECC Reference Doc No. 112935145 and Doc No. 113812181.

71 **Q. What in your opinion should be the outcome in the rate case regarding the missing**  
72 **invoices?**

73 A. The expenses should be disallowed from revenue requirement based on lack of supporting  
74 documentation. If the Company can provide the invoices for the above reference document  
75 numbers that show the expenses were incurred in the Base Period, the Division is willing to  
76 allow the expenses.

77 **Q. Is there a benefit to ratepayers if the Company is a member of EPRI and WECC?**

78 A. Yes, ratepayers receive through the Company's membership in EPRI a collaborative  
79 approach regarding research and development in advancing technology for the electric  
80 industry. Technology advances developed through EPRI benefit ratepayers of all member  
81 utilities by improving the efficiency and environmental performance of the electrical system.  
82 As research and development may be a controversial issue in rate design, the Company needs  
83 to be actively involved in cost control procedures and individual membership oversight.  
84 WECC's primary responsibility is coordinating and promoting electric system reliability,  
85 which benefits Utah ratepayers.

86 **Q. Does this complete your testimony?**

87 A. Yes.