

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 Surrebuttal
)	Revenue Requirement
)	Testimony of
)	Cheryl Murray
)	For the Committee of
)	Consumer Services
)	

May 23, 2008

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

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

5 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY IN THIS**
6 **DOCKET?**

7 A. Yes, I presented testimony in the Test Year portion of this docket and
8 direct and rebuttal testimony in the revenue requirement phase.

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

10 A. My testimony addresses Rocky Mountain Power's (Company) witness A.
11 Richard Walje's response to our recommendation that the Commission
12 require the Company to include additional information in its general rate
13 case filings. I also respond to the Company's proposal regarding the
14 Goodnoe Hills wind project.

15 **Q. HOW DOES MR. WALJE RESPOND TO THE COMMITTEE'S**
16 **RECOMMENDATION THAT THE COMMISSION REQUIRE**
17 **ADDITIONAL INFORMATION TO BE FILED WITH GENERAL RATE**
18 **CASE APPLICATIONS?**

19 A. Mr. Walje does not make a distinction between the Division of Public
20 Utility's (Division) and the Committee's recommendations so I will assume
21 that his comments relate equally to both. Mr. Walje seems to believe that
22 our request for additional information is in response to the Company's
23 announced intention to file another general rate case in the June time

24 frame. As I stated in my direct testimony in this docket it is the
25 Committee's position that the Company should be required to provide in
26 every initial filing an appropriate amount and level of information adequate
27 to support its filing, such as that contained in the MDRs that have been
28 provided in the Company's most recent rate case applications. This
29 recommendation is not related to the Company's announced general rate
30 case filing in June 2008, but rather to all future rate case filings and is
31 based on experience with the Company's filings.

32 **Q. DOES THE COMPANY STATE WHY IT DOES NOT ACCEPT THIS**
33 **RECOMMENDATION?**

34 A. Mr. Walje states that the Company does not agree with the Division's and
35 Committee's "proposed modifications to the regulatory process". He
36 indicates that these modifications to the required amount of information to
37 be filed for a general rate case "would further delay recovery of costs,
38 create even less opportunity for the Company to achieve its authorized
39 rate of return and provide poor price signals to customers". Regarding the
40 Committee's recommendation for an appropriate level of supporting
41 material to be filed with a general rate case application, we fail to see how
42 a requirement of this nature would result in the outcomes he suggests. It
43 is the Committee's contention that in order for the Company to develop a
44 reasonable level of expenses and costs for which rate payers would be
45 responsible the Company must have in its possession and utilize basic
46 information such as that contained in the MDRs. It is not the Committee's

47 intent to interfere with the Company's opportunity to achieve its authorized
48 rate of return or delay cost recovery, we simply believe that it is the
49 Company's responsibility to adequately support its filings. We further
50 believe that particularly with respect to general rate cases, which have a
51 time limit for analysis and approval, all necessary supporting information
52 should be provided at the time of filing in order not to disadvantage the
53 review process of intervenors.

54 **Q. PLEASE DESCRIBE THE ENERGY TRUST OF OREGON'S (TRUST)**
55 **INVOLVEMENT WITH THE GOODNOE HILLS PROJECT?**

56 A. In rebuttal testimony Company witness, Mark R. Tallman, describes \$4.5
57 million in funding the Company received from the Energy Trust of Oregon
58 toward the Goodnoe Hills Project pursuant to a confidential agreement.
59 Mr. Tallman states that the purpose of the agreement is for "the Trust to
60 invest in utility scale wind project for the benefit of Oregon customers."
61 According to Mr. Tallman's rebuttal testimony, the Trust expects RMP to
62 allocate RECs for the benefit of Oregon customers. The funding
63 agreement allows for each PacifiCorp jurisdiction to implement a funding
64 mechanism to displace a portion of the Trust's funding.

65 **Q. WHAT DOES THE COMPANY RECOMMEND WITH RESPECT TO THE**
66 **TRUSTS \$4.5 MILLION IN FUNDING?**

67 A. The Company recommends that "the Commission affirmatively declare
68 that it wishes to displace a portion of the Trust's \$4.5 million in funding
69 towards the Goodnoe Hills project and that the Company's revenue

70 requirement in this docket be increased by \$358,840.”¹ The increase in
71 revenue requirement would result from the Company removing a credit to
72 administrative costs that was reflected in its incremental generation O&M
73 expense adjustment. He does not indicate how the dollar amount of this
74 credit was determined, nor does he identify how this issue would be
75 treated in future rate case proceedings should his recommendation be
76 accepted.

77

78 **Q. DOES THE COMMITTEE AGREE WITH THE COMPANY’S**
79 **RECOMMENDATION?**

80 A. Certainly not in this docket. The first notice of this issue appears in the
81 Company’s rebuttal testimony filed on May 9, 2008. It is inappropriate for
82 the Company to introduce new material of this nature in the rebuttal phase
83 of this proceeding. The Committee has not had time to make a
84 determination of the consequences of this recommendation on Utah
85 customers of Rocky Mountain Power.

86 **Q. WHAT IS THE COMMITTEE’S RECOMMENDATION?**

87 A. The Committee recommends that the Commission not affirmatively
88 declare that it wishes to displace a portion of the \$4.5 million in funding
89 received by the Company towards the Goodnoe Hills Project. We further
90 recommend that in its next rate case the Company be required to explain

¹ Rebuttal Testimony of Mark R. Tallman at page 22, lines 478 – 481.

91 and provide supporting evidence for any benefits to Utah customers that
92 would result from adopting the Company's recommendation.

93 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

94 **A.** Yes, it does.