

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 ) Docket No.  
Utah and for Approval of ) 07-035-93  
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. )

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TRANSCRIPT OF HEARING PROCEEDINGS  
5 June 2008

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TAKEN AT: Public Service Commission  
160 East 300 South  
Room 403

DATE: 5 June 2008

TIME: 9:00 A.M.

REPORTED BY: Debra A. Dibble; CSR, RPR

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(The above-described exhibits and related testimony were pre-filed and are part of the PSC record and filed at the Commission.)

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P R O C E E D I N G S

CHAIRMAN BOYER: Good morning, everyone.

Everyone ready for the big finish?

Let's go on the record.

Well actually, before we go on the record --

(Whereupon, a discussion was  
held off the record.)

CHAIRMAN BOYER: Here we are, June 6th,  
hopefully the final day of hearing the revenue  
requirement portion of the Rocky Mountain rate case.

And today we're going to hear from  
witnesses Donna DeRonne and Bill Griffith.

And then, in the afternoon, at 4:30, we will  
hear from public witnesses.

Ms. McDowell mentioned, and Commissioner  
Campbell mentioned earlier, whether or not it would be  
advisable to have parties file post-hearing briefs, to  
help us in our deliberations, and kind of consolidate  
what -- we've all read and heard a lot of information.

We're just wondering what the parties think  
of this.

I know that it would be helpful to your  
staff, to the commissioners.

Mr. Proctor?

MR. PROCTOR: Well, I -- I'd like to hear





1 from the proponents of a brief, whomever they might be.  
2 What they intend this briefing schedule to be, and are  
3 we talking about all briefs filed at once, are we  
4 talking about brief, reply briefs, responsive briefs?  
5 A series of them?

6 So that's my first question is, what -- what  
7 is the brief going to be?

8 CHAIRMAN BOYER: Well, let's hear from  
9 Ms. McDowell.

10 We were not contemplating a series of  
11 briefs, but rather just a -- sort of a wrap-up. A  
12 post-trial brief, if you will.

13 Everyone files simultaneously.

14 That's what we were thinking, if we have  
15 them.

16 Ms. McDowell, what were you suggesting?

17 MS. McDOWELL: Rocky Mountain Power is open  
18 to whatever briefing schedule would be most helpful to  
19 the Commission. I guess I'd put it that way.

20 We're open to filing simultaneous briefs,  
21 everybody all at once. I think that was --

22 I guess, from talking to the parties, it  
23 seemed to me that that was the proposal that was most  
24 acceptable.

25 We're also happy to do it the other way,



1 where we would file the initial brief and others would  
2 respond, and then we would reply.

3 But it's probably, in terms of getting all  
4 of the information to the Commission as quickly as  
5 possible, probably the best proposal would be for us  
6 all to file post-hearing briefs simultaneously. And I  
7 think our view with some time, two to three weeks after  
8 the hearing, depending on when the transcripts would be  
9 available.

10 CHAIRMAN BOYER: Any thoughts, Mr. Ginsberg?

11 MR. GINSBERG: I got the impression that, at  
12 least from some comments that you made, that you  
13 thought that it would be helpful. So I -- I sort of  
14 look for more what would help you all. But you --  
15 areas -- areas you think that you need briefing on, or  
16 areas you don't need briefing on.

17 And I'm -- I'm satisfied with, if there is  
18 going to be a brief, to have a single, simultaneous  
19 brief.

20 CHAIRMAN BOYER: Mr. Sandack?

21 MR. GINSBERG: Also concerned when you want  
22 the -- all of this before you, to decide it.

23 CHAIRMAN BOYER: Right. Well, that's the --  
24 that's the challenge we have is we do have to get the  
25 order out at a time certain in the future, and we want



1 to get working on it.

2 But we have been, in fact, working on the  
3 procedural history for the order already. But, you  
4 know, of course, the substantive stuff we haven't  
5 started on, because we haven't made any decision at all  
6 on any of the disputed areas, or the other areas for  
7 that matter.

8 Mr. Matthias, or Mr. Dodge, or Mr. Reeder,  
9 anything comments?

10 MR. SANDACK: I have a comment.

11 CHAIRMAN BOYER: Yes, Mr. Sandack.

12 MR. SANDACK: I think it's appropriate, as a  
13 party, we -- and all of the parties here put a lot of  
14 work, effort, expense in this.

15 The hearing itself has been a learning  
16 experience, and -- in terms of evaluate and  
17 reevaluating our position, and take into account the  
18 information that's come in since then.

19 I don't think that the -- I know you asked  
20 for the issue statement in the matrix, and I think  
21 that's helpful in terms of some of these straight  
22 dollar allocations it's so important for you to make,  
23 but frankly our position is -- is a little bit  
24 different, and doesn't fit neatly into those boxes on  
25 that first matrix.



1           IBEW was down at the very bottom of the  
2 spreadsheet, off to the far left, and it didn't -- you  
3 know, I didn't see how that was going to be make much  
4 of an impact in terms of that.

5           So we would prefer the opportunity. I don't  
6 think it would take that much time, frankly, and  
7 simultaneous briefing would be appropriate.

8           I -- I'm not sure if we even need to wait  
9 for a record, per se. Those audios that -- that are on  
10 the Web. I had a chance to listen to them a bit last  
11 night, and I was very impressed about the ability of  
12 the Commission to have that information out there for  
13 the public, and for the parties.

14           Very useful.

15           CHAIRMAN BOYER: Thank you for that.  
16 Grateful for your suggestions.

17           Mr. Matthias? Oh no, Mr. Lacey.

18           MR. LACEY: We wouldn't oppose any kind of  
19 briefing schedule. It's certainly up to the Commission  
20 what kind of briefing you'd want.

21           CHAIRMAN BOYER: Mr. Dodge?

22           MR. DODGE: Mr. Chairman, I'd just recommend  
23 simultaneous briefs, maybe a week -- in a week, and  
24 with a page limitation, to make people be somewhat  
25 concise. Maybe 20 or 25 page limit. Something like





1 that.

2 CHAIRMAN BOYER: Mr. Reeder?

3 MR. REEDER: Simultaneous briefs are a good  
4 idea. Page limit is a good idea.

5 It may be also be a good idea if you gave us  
6 some focus on what you'd like us to present to you.

7 We could all spend our 25 pages restating  
8 our witness's testimony, and read it and reread it and  
9 don't need to hear it again.

10 So some guidance on where we might give help  
11 to you would also be helpful.

12 MS. McDOWELL: If I could respond.

13 You know, a page limit is challenging for  
14 us, because we have to address all of the issues. The  
15 other parties each have selected issues that they are  
16 discussing.

17 So I think a page limit is easier for other  
18 parties to meet, but it really is our responsibility to  
19 the Commission and to this case to address each of the  
20 issues. And it's difficult to do that, I think, with a  
21 strict page limit.

22 So we certainly don't intend to go on and  
23 on. Our idea is that this is to be helpful to the  
24 Commission.

25 And I understand, from past practice,



1 certainly, that, you know, voluminous briefs are not  
2 that helpful. So we would try to be concise, but I  
3 would -- I think we would oppose a page limit, just  
4 because it's difficult to predict, in advance, exactly  
5 how many pages it's going to take for us to lay out  
6 discussion on each of the issues.

7           With respect to having briefs due in a week,  
8 I think, just because we do feel like transcripts might  
9 would be helpful to the Commission in the brief, that  
10 may be difficult to manage just to get the transcript,  
11 to be able to include the citations of the transcript  
12 within a week.

13           So I guess we were saying two weeks, and --  
14 if that would work, in the Commission's decision-making  
15 process, that would be our proposal.

16           I -- I do think that a briefing opportunity  
17 is going to be important here.

18           We tried to limit our cross-examination and  
19 did not get into the regulatory policy issues for the  
20 most part on legal issues. We didn't think those were  
21 appropriate to address in cross-examination, thinking  
22 that those were items we would address in our briefs.

23           So we do want to -- there are certainly  
24 regulatory policy issues and legal issues on many of  
25 the adjustments, and we would like a chance to brief



1 those before the Commission.

2 CHAIRMAN BOYER: And positions have changed  
3 over time, as --

4 MS. McDOWELL: That's true.

5 CHAIRMAN BOYER: -- came in. So one piece  
6 of information we don't have is when those transcripts  
7 will be available.

8 Let us confer here for just a moment.

9 Mr. Proctor.

10 MR. PROCTOR: I did defer my comments, and  
11 so, if I could --

12 CHAIRMAN BOYER: Please.

13 MR. PROCTOR: -- provide them now.

14 What I heard were two excellent  
15 recommendations. One from Mr. Ginsberg, which is my  
16 preference.

17 This is to be helpful to you, and in order  
18 to do that, we have to know what it is that you're  
19 concerned about, and you want to hear.

20 Two -- and so that would be appropriate. I  
21 still think there should be a page limit. Lawyers have  
22 a tendency to go on forever.

23 If you're not going to precisely define the  
24 issues that would be important to you, which will also  
25 limit our -- the need to go through this whole



1 transcript, and, in fact, the other 5,000 pages of  
2 testimony, to say nothing of data requests -- if we're  
3 just going to simply make the briefs ones that address  
4 regulatory policy and legal issues, then, boy, in  
5 simultaneous briefs, it puts the replying parties, such  
6 as the Committee, in a great disadvantage.

7           So that has to have a significant page  
8 reduction, or page limitation, and, at that point, you  
9 almost have to have a series of briefs, where, at least  
10 we -- when we respond to the Company, we know what  
11 we're responding to. Because I have no idea what the  
12 Company's regulatory policy issues and legal issues  
13 might be, and so therefore my brief can't be helpful to  
14 you. And I have no idea. If it was filed  
15 simultaneously.

16           So I think that Mr. Ginsberg suggestion  
17 is -- and Mr. Reeder's, is -- is almost absolute. In  
18 order to get this part of the phase -- part of the  
19 process done in time for you to utilize it in preparing  
20 your order.

21           CHAIRMAN BOYER: Okay. Thank you. We'll  
22 confer for a moment.

23   (Whereupon, the Commission panel  
24   confers off the record.)

25           CHAIRMAN BOYER: Well, I might make a





1 decision when we can refer it. I think what we'll do  
2 is confer with our staff, our colleagues on staff at  
3 the morning break, and then we'll announce our  
4 intentions at that time. Or after we reconvene. If  
5 that's okay with you all.

6 And so that will be a heads-up to our  
7 colleagues here in the peanut gallery, to be thinking  
8 about.

9 Okay. Thank you very much for your  
10 suggestions on that. We have some idea and we'll see  
11 what our staff has to add to that.

12 Okay. With that, let's proceed with the  
13 summary, then, of Ms. DeRonne.

14 MR. PROCTOR: I believe that Ms. DeRonne has  
15 not been sworn in this proceeding.

16 CHAIRMAN BOYER: I was trying to remember  
17 that.

18 THE WITNESS: In a prior phase.

19 CHAIRMAN BOYER: So you're still under oath  
20 then, Ms. DeRonne.

21 THE WITNESS: Okay.

22 CHAIRMAN BOYER: You may proceed,  
23 Mr. Proctor.

24 MR. PROCTOR: Thank you.

25 \* \* \*



1 DIRECT EXAMINATION

2 BY MR. PROCTOR:

3 Q. Ms. DeRonne, would you state your name and  
4 by whom you're employed, please?

5 A. My name is Donna DeRonne, and I'm employed  
6 by the firm Larkin & Associates, PLLC.

7 Q. And you've been retained to assist the  
8 Committee of Consumer Services in preparing its case in  
9 this particular matter. Is that correct?

10 A. Yes, that's correct.

11 Q. And, as part of that retention, did you  
12 file, on April 7th, 2008, direct confidential testimony  
13 consisting of 38 pages and Exhibit CCS 2.1 through and  
14 including 2.10, an exhibit that's been marked CCS2D.  
15 DeRonne.

16 A. Yes. I have.

17 Q. And did you also file, on May 23rd, 2008, an  
18 exhibit consisting of 32 pages, and Exhibit CCS 2.1 SR,  
19 and that has been marked as CCS.2 SR DeRonne?

20 A. Yes, I did.

21 Q. If I were to ask you the questions that are  
22 in the testimony, the written testimony today, would  
23 your answers remain the same?

24 A. Yes, they would.

25 However, I would update one area with



1 regards to the Powerdale Plant decommissioning cost.

2 MR. PROCTOR: And if I could just ask a few  
3 questions about that, Mr. Chairman, and that would give  
4 some -- road map also to the other parties.

5 CHAIRMAN BOYER: Go ahead, Mr. Proctor.

6 Q. (BY MR. PROCTOR) Ms. DeRonne, is that --  
7 the part of your sur-rebuttal testimony that appears on  
8 page 18, and the question begins on line 394. And the  
9 particular part that you wish to address is line 404.

10 A. Yes. At the time I filed my direct  
11 testimony, I had removed a reduced rate base by the  
12 total amount of the projected decommissioning cost the  
13 Company had requested.

14 And the Company, as part of an accounting  
15 order in another case, was given permission to set up a  
16 regulatory asset for that.

17 Within my pre-filed direct testimony, I had  
18 recommended that that regulatory asset -- that the  
19 Company first be allowed to record a regulatory asset;  
20 but, however, that that regulatory asset not be given  
21 rate-based treatment yet, as the cash had not yet been  
22 expensed, so there was no cash outlay for it.

23 In rebuttal testimony, Company Witness  
24 Stephen McDougal agreed with that position, that the  
25 regular -- that the regulatory asset for the



1 decommissioning cost not be included in rate base, to  
2 get rate-based treatment; however, his exhibit, which  
3 is his -- page 11.4 of his sur-rebuttal exhibit, had a  
4 different dollar amount for the regulatory asset amount  
5 to be removed than what I had had in my original  
6 testimony.

7           So I had issued some additional discovery on  
8 that. And at the time I wrote my sur-rebuttal  
9 testimony, I still had some uncertainties with that, as  
10 far as was actually in rate based in the files.

11           And based on data responses that were dated  
12 the day my testimony -- the day before my sur-rebuttal  
13 testimony was filed but received late by me, the  
14 Company had provided more clarification.

15           I do agree that it's only 2.5 million that  
16 was recorded in regulatory assets, upon which the rate  
17 of return was applied in the case.

18           Therefore, my recommended reduction -- I had  
19 recommended rate-base be reduced by 5.97 million, which  
20 was the unammortized balance reflected by the Company  
21 in the case.

22           And in sur-rebuttal, the amount provided by  
23 the Company that was actually as a regulatory asset,  
24 was approximately \$2.5 million.

25           And so my reduction of 5.97 million should





1 be reduced to 2.5 million.

2 Q. Ms. DeRonne, and the parties in the  
3 Commission, is the information upon which you based  
4 this adjustment found in the CCS data request 33.1 and  
5 the Company's response dated May 22nd, 2008?

6 A. Yes. That was the data request issued to  
7 get further clarification.

8 What had happened is the Company hadn't  
9 transferred all of the balance of its projected  
10 decommissioning costs to the regulatory asset account,  
11 upon which the regulated out of the cash and factors  
12 are applied.

13 Part of it was still recorded on its books,  
14 at the time it put its filing together, as a  
15 non-utility item; therefore it does not appear in rate  
16 base.

17 And that data request clarified, for me,  
18 more where it was in the file, and on the Company's  
19 books.

20 Q. And this data request was outstanding at the  
21 time that you sur-rebuttal was due, and therefore  
22 filed?

23 A. The date received on it was the day before  
24 my sur-rebuttal was filed. With the time difference I  
25 received it after my testimony was filed last.



1                   That's why I left it open, as -- that it may  
2 be -- I may be recommending a change to that. Within  
3 my sur-rebuttal.

4                   MR. PROCTOR: Under these circumstances,  
5 Mr. Chairman, it would be the Committee's request and a  
6 motion to -- to mark the data request and the response  
7 to data request 33.1, which has been supplied to all of  
8 the parties and to the Commission, to mark that as  
9 CCS2.2 SR, as an exhibit to Ms. DeRonne's sur-rebuttal  
10 testimony of May 23rd.

11                  MR. SANDACK: We'll so mark it.

12   (Whereupon, Exhibit No. CCS 2.2  
13   was marked for identification.)

14                  Q.    (BY MR. PROCTOR) And do you have any other  
15 corrections or additions that you wish to make to any  
16 of the testimony you have pre-filed?

17                  A.    No, I do not.

18                  MR. PROCTOR: With that, Mr. Chairman, we  
19 would move for admission of the direct confidential  
20 testimony and all exhibits, and the sur-rebuttal  
21 testimony and the two exhibits, including the one that  
22 was just added moments ago.

23                  CHAIRMAN BOYER: Are there any objections to  
24 the admission of Ms. DeRonne's direct confidential  
25 testimony, together with exhibits, her sur-rebuttal



1 testimony, and CCS 2.2 SR that was just introduced?

2 Seeing none, they will be admitted into  
3 evidence.

4 Thank you.

5 (Whereupon, the aforementioned  
6 items were received.)

7 Q. (BY MR. PROCTOR) Ms. DeRonne, have you  
8 prepared a summary of the testimony you've filed and  
9 provided in this testimony?

10 A. Yes. I have provided a brief summary.  
11 Well, somewhat brief.

12 First though, before get into the  
13 summarization of my direct and sur-rebuttal testimony,  
14 I would like to point out that earlier this week, the  
15 Company had made a revision with regards to the  
16 normalization issue for the book basis differences on  
17 depreciable property.

18 And it's my understanding, based on  
19 explanation to me of what happened earlier this week,  
20 that the Company has agreed to reduce revenue  
21 requirement by 9.7 million in this case, as a result of  
22 withdrawing that adjustment, going to that full norm --  
23 100 percent normalization, just as a part of this case.

24 And I would like to make sure that it's  
25 pointed out to the Commission that that \$9.7 million



1 reduction to revenue requirement should be taken, not  
2 only off the Company's position, but off each of the  
3 parties' positions as well, just so that the full  
4 impact of that is reflected.

5 And with that, I'll get into my summary,  
6 more focusing on areas where there is still a  
7 difference between the Company and myself in this case.

8 The first area I discussed previously was  
9 Powerdale decommissioning costs.

10 The main difference between us and the --  
11 the Committee and the Company is that the Committee is  
12 still recommending that recovery of the decommissioning  
13 of costs themselves do not begin until after the costs  
14 are incurred.

15 At this time the Company's projecting to  
16 begin the decommissioning, or the main part of the  
17 decommissioning sometime in 2010.

18 It's our recommendation that the recovery  
19 and amortization of those costs and rates occur at the  
20 point they're actually incurred and thereafter.

21 The main reason cited in my testimony for  
22 this is there are still some unknowns with regards to  
23 the amounts. There's potential offsets still  
24 outstanding.

25 The Company has an agreement that any scrap





1 sales will be used to reduce the decommissioning costs  
2 with the vendor.

3 And there was a concern raised by the  
4 Committee that a prior agreement with regards to the  
5 Powerdale Dam, that a third-party conveyance of some  
6 land that may result in tax benefits to the Company,  
7 and by delaying recovery of those costs until they're  
8 incurred, there would be more certainty on what the  
9 amount is.

10 There was also a concern -- within the  
11 Company's rebuttal, they revised the amount of  
12 projected decommissioning costs from the 6.58 million  
13 in their initial filing to 5.9 million. They provided  
14 really no detail of what caused that reduction of that  
15 estimate.

16 And we asked further data requests to get  
17 details. And basically the Company's only provided  
18 dollar amounts by year of attestments. I had asked  
19 for details behind those projections. And all that  
20 I've seen to date is dollar amounts by year, with no  
21 detail. So it's our recommendation that that be --  
22 wait for recovery until such time as the costs are  
23 known and more measurable.

24 The Company would not be harmed by this,  
25 because they would still receive full recovery of the



1 costs. And at the time they incur the costs they would  
2 be allowed rate-based treatment, presumably the cost  
3 actually incurred until they recovered from rate  
4 payers, making them whole.

5           However, and their concern I had pointed out  
6 in my sur-rebuttal testimony is if the Commission does,  
7 in fact, allow the amortization at this time as part of  
8 this case, there should be a reduction rate base for  
9 that, because the Company will be, then, collecting the  
10 funds, before the time they're paying them out, giving  
11 them cash to be used towards other operations.

12           So it would resolve any a sort of regulatory  
13 liability that should be used to reduce rate base, if  
14 recovery begins in this case.

15           Another item I pointed out in my  
16 sur-rebuttal testimony is, within the filing of this  
17 case, including the Company's supplemental filing,  
18 which occurred after the date of the accounting orders,  
19 on this -- specifically addressing the Powerdale issue.  
20 The Company had reflected a five-year amortization of  
21 the unrecovered plant costs and the decommissioning  
22 costs.

23           In the rebuttal testimony and the Company's  
24 exhibit then changed it to three years, with no  
25 explanation of why three years should be used versus a



1 five.

2 They did reference the Commission order in  
3 the accounting case, which said they tentatively set it  
4 at three years, but it also specifically said in that  
5 order that it's left open for review and consideration  
6 in future cases.

7 There was no justification or reasoning for  
8 the three-year versus the five-year amortization and  
9 why that change occurred. So I would -- I would  
10 continue to recommend that the five-year amortization  
11 in the Company's original and its supplemental filing  
12 continue to be used.

13 The next area, within rate base where my  
14 position differs from the Company is with regards to  
15 cash working capital.

16 And when looking at cash working capital,  
17 one really needs to focus on what the purpose of  
18 including cash working capital and rate base is.

19 The whole purpose of cash working capital is  
20 that it represents the cash needed by the Company to  
21 fund its day-to-day operations.

22 And so the whole purpose of it is to allow  
23 the Company to meet its cash needs, and to recognize  
24 that in cases -- in some instances, the investors are  
25 providing those cash needs, so then you allow a



1 recovery and a rate base.

2 In looking at -- at their lead/lag and their  
3 net lead/lag data in the case, I had recommended that  
4 another component be added to their lead/lag study, to  
5 account for long-term debt.

6 The fact with long-term debt is that they  
7 are collecting, in revenues, the amount to pay the  
8 interest expense on that long-term debt.

9 But, however, they don't pay out that cash  
10 or that interest until some point well after collecting  
11 the revenues for it. That provides additional cash  
12 that the Company has access to.

13 And that's the importance in looking at cash  
14 working capital, is to focus on what cash impact of  
15 these items are.

16 And you need to acknowledge the fact that  
17 that cash is cash the Company has available to help  
18 fund its day-to-day operations.

19 I do acknowledge that in rebuttal testimony,  
20 Company Witness Stephen McDougal had cited some prior  
21 Commission orders from the '80s and early '90s, in  
22 which it did not allow interest expense to be a  
23 component in cash working capital in those specific  
24 cases; however, I still recommend that this be  
25 re-looked at, because it is, in fact, a cash item, that





1 results in cash being available to the Company.

2 Many jurisdictions include cash working  
3 capital in the lead/lag study, and there is accrued  
4 interest expense in the lead/lag analysis. So this is  
5 not at all uncommon, and I've seen it in many  
6 jurisdictions.

7 Another item that I addressed in my direct  
8 testimony is the pension and other post-employment  
9 benefit expense contained in the Company's filing.

10 I had recommended two different revisions to  
11 both the pension and other post-employment benefit  
12 expense.

13 The first revision was to reflect and  
14 acknowledge the fact that in 2007, the Company's actual  
15 plan experience was better than it had projected;  
16 therefore, it had a gain on certain components.

17 And the Company had indicated a response to  
18 discovery that that actuarial gain or the fact that the  
19 fund assets performed better than anticipated, directly  
20 results in a reduction of the 2008 pension and other  
21 post-employment benefits expense.

22 So the first component in my adjustment was  
23 to reflect the actual plan experience for '07 on the  
24 expenses that will be incurred in 2008, which is the  
25 test year in this case.



1           The second revision I recommended was that  
2 the long-term rate of return on plan assets utilized by  
3 the Company, in the projected 2008 test period, be  
4 reduced by 25 basis points -- or, I'm sorry, be  
5 increased by 25 basis points.

6           The Company filed no rebuttal on this area,  
7 so I -- I'm not sure where they stand on this issue,  
8 but I recommend that my recommendations in my direct  
9 testimony be adopted.

10           The next area where I differ from the  
11 Company is generation overhaul expense.

12           The -- in the test year, the Company had  
13 approximately 40 million in generation overhaul  
14 expense. And part of the reason for that was the  
15 timing of the test year, because you used part of 2006  
16 and part of 2007.

17           And by mixing those two six-month periods,  
18 it just worked out where the expense was 40 million.  
19 But that was significantly higher than what a normal  
20 annual level is. And it's -- was due largely because  
21 the timing presumably of projects during that period.

22           What I had recommended is that a four-year  
23 average be used. And then, in my sur-rebuttal  
24 testimony, I updated that four-year average should be  
25 based on calendar years.



1           In rebuttal, the Company had agreed to use  
2 of a four-year average going forward; however, they  
3 made two changes to my recommendation.

4           The first one was that they escalated each  
5 of those years to get to a current level of expense;  
6 however, in applying that escalation, going back to  
7 four years, they applied escalation factors as high as  
8 15 percent.

9           I recommend that that not be done. That it  
10 just be based on the straight four-year average, as  
11 those costs fluctuate from year to year. They go up  
12 some years and they go down. Therefore, it's my  
13 opinion that a straight four-year average would be more  
14 reflective of a normal cost level for this cost.

15           Also in sur-rebuttal -- or in rebuttal  
16 testimony, the Company had added expenses based on  
17 projected future costs for two of the plants; the  
18 Lakeside plant and the Current Creek plant.

19           I also recommend that that not be done. One  
20 reason being, that there is the overhaul costs  
21 associated with the Lakeside plant are reflected  
22 elsewhere in the filing, and another adjustment the  
23 Company had made, so it's fully included.

24           Also, when you look at my -- my four-year  
25 average, the result is that overhaul expense in the



1 future test year, 2008, results in \$29.6 million  
2 recommended allowance for that cost. That's including  
3 the four-year average plus the additional \$650,000 in  
4 the filing for the Lakeside plant.

5 The Company, however, in it's actual budget  
6 and what it projects to incur for that same period, is  
7 only 27.7 million, which would include the new plants  
8 also.

9 So effectively, I'm allowing for \$2 million  
10 more than the budget amount that the Company projects  
11 to incur in '08; however, I still recommended the  
12 four-year average, even though it results in \$2 million  
13 more, because I still think a four-year average is the  
14 more reasonable reflection of costs going forward, and  
15 for running the grid mileage.

16 It's my understanding that outages are  
17 incorporated or considered in their baseline on an  
18 average level also.

19 The Company's rebuttal position on this,  
20 with the modifications made by them to my  
21 recommendation, the end result of their number, when  
22 you add together the overhaul expense, and the Lakeside  
23 adjustment, is that you would have 34.9 million in 2008  
24 expenses for generation overhauls. And this is  
25 \$7.2 million more than what they actually project to





1 incur and have budgeted for in 2008.

2 So I continue to recommend that my  
3 adjustment be adopted instead.

4 The next area where I differ from the  
5 Company is with regards to property tax expense.

6 I had recommended that the projected  
7 property tax expense be reduced to 70.7 million, which  
8 is a 2.36 percent increase above the 2007 actual level  
9 incurred by the Company.

10 If you look over time, over the past five  
11 years, the total property tax expense recorded on the  
12 Company's books has only increased by about \$2 million;  
13 yet, in this case, the Company is now projecting a  
14 14.9 percent increase in one -- well, one and a half  
15 years from the test year -- the historic level to the  
16 2008 level.

17 And with the actual numbers, the Company did  
18 update their filing to reflect that the actual 2007  
19 property tax expense was only 69.1 million, yet in the  
20 Company's rebuttal filing, they are requesting  
21 \$79.7 million in 2008 in this case.

22 That -- that's a jump of over \$10 million in  
23 one year, when over time, or the last five years, it's  
24 only increased by \$2 million.

25 The Company did use a model in this case to



1 project its costs; however, that model would not factor  
2 in all changes, such as property tax rate changes.

3 There's discovery in this case in which the  
4 Company has responded, and was pointed out in my  
5 testimony, that there have been reductions in tax rates  
6 in several states over the past several years also.

7 Additionally, the new tax rates won't come  
8 out until later this year.

9 So to assume such a huge jump and a  
10 15-percent increase in one year, when consistently, and  
11 over history that type of change has not occurred, I  
12 don't think is reasonable or supported by the Company  
13 in this case.

14 With regards to the next issue where I  
15 differ from the Company, that would be from the Leaning  
16 Juniper wind plant. The amount included in the case,  
17 in operation and maintenance expense for the plant, the  
18 Company's filing includes, as part of that expense, a  
19 component for a warranty cost that's expiring in  
20 September of 2008.

21 So I -- I recommended that three months of  
22 that expense be removed in this case.

23 And even after that's done, the O and M  
24 expense for this plant, as pointed out by sur-rebuttal  
25 testimony, is still considerably higher, on a per



1 megawatt hour basis, than for any of the other wind  
2 facilities in this case.

3           It would still allow them their -- all their  
4 remaining projected O and M costs associated with the  
5 plants. I'm just taking out the component associated  
6 with an expiring warranty in this case.

7           Another area where I differ from the Company  
8 would be with regards to escalation expense.

9           The Company in this case has used global  
10 insight factors, and escalated costs from the  
11 June 2007 -- from the end of test year level to the end  
12 of 2008, using factors ranging from 1.3 percent to  
13 5.7 percent, depending on which specific FERC account  
14 it is applying the escalation factor to.

15           Based on looking at the Company's actual  
16 budgets, its budget instructions, and some information  
17 from meetings of the Company that were provided in  
18 discovery responses, I recommend that the escalation  
19 factor applied in this case be reduced to 1.25 percent.

20           The reason being is there were several  
21 places in -- and I'll try to keep my summary of this  
22 where I can stay within the public record, instead of  
23 getting into confidential information that I have  
24 reviewed.

25           However, the Company has indicated that it



1 doesn't anticipate increases in non-labor O and M  
2 expenses, or in O and M expenses, going from '07 into  
3 '08, and then into '09.

4           Therefore, I recommended the 1.25 percent  
5 escalation rate, to acknowledge the fact that the test  
6 year is not only '07, but also includes part of 2006.

7           So I allowed a half a year escalation, based  
8 on the Company's own escalation factors included within  
9 its budget directions to the Company, to allow for half  
10 a year escalation to get us to a 2007 level for these  
11 expenses.

12           The result of this is I am recommending an  
13 increase for escalation expense of 5.35 million. But  
14 this does reduce the Company's amount by \$13.46  
15 million.

16           And, again, I would recommend that the  
17 Company -- or the Commissioners go back and look at my  
18 pre-filed direct testimony. The confidential section  
19 that I'll -- I'm trying to avoid citing it all on the  
20 record.

21           But beginning at page 23, line 509, I -- I  
22 discuss the 2008 budget, and some of the assumptions.  
23 And also, some information on that as compared to the  
24 2006 expense level, which is also part -- part of that  
25 year would be within the test year in this case.





1 And with that, that concludes my testimony.

2 MR. PROCTOR: Thank you, Ms. DeRonne.

3 Ms. DeRonne is available for cross.

4 CHAIRMAN BOYER: Thank you.

5 Let's begin -- let's begin with

6 Mr. Ginsberg?

7 Have you cross-examination for this witness?

8 MR. GINSBERG: No, I don't have any.

9 CHAIRMAN BOYER: We'll move now to the  
10 Company.

11 Now, it will be our intention to take a  
12 short recess around 10:30, so if we could find a  
13 logical place to break at that point, that would be  
14 great.

15 MS. RACKNER: We may be done before.

16 CHAIRMAN BOYER: That would be great.

17 Ms. Rackner.

18 CROSS EXAMINATION

19 BY MS. RACKNER:

20 Q. Good morning, Ms. DeRonne.

21 A. Good morning.

22 Q. I want to begin by asking you about your  
23 recommendation that the Company's cash working capital  
24 proposal be adjusted to include the impact of interest  
25 expense on long-term debt.



1                   So, with that, could you please turn to  
2 page 12, line 270 of your direct testimony?

3                   A.    Yes, I'm there.

4                   Q.    And do you see, at the bottom of the page,  
5 your statement, Interest expense is typically a  
6 component of the utility lead/lag studies and  
7 working -- cash working capital calculations.  Is that  
8 correct?

9                   A.    Yes.

10                  Q.    And the Company served a data request on the  
11 Committee asking for the basis of your statement.  Do  
12 you recall that data request?

13                  A.    Yes.  Would that be --

14                  Q.    Yeah.  I'm going to hand it out, so why  
15 don't I do that now.

16                  A.    Yes.  Yes, I do recall that.

17                  Q.    Okay.  And then I'll ask you some questions  
18 about that.

19                                I'm marking this as Rocky Mountain Power 18.

20    (Whereupon, Exhibit No. RMP-18  
21    was marked for identification.)

22                  Q.    (BY MS. RACKNER)  I just want to ask you a  
23 couple of questions about your answers.

24                                The Company asked you for the basis of your  
25 statement, and also asked you whether you were aware of



1 any state in which a Public Utility Commission required  
2 a utility to include interest expense in a lead/lag  
3 study and/or working cash calculations. And if so, to  
4 provide the details.

5 And I'll direct your attention to your  
6 response to the first question, when we asked for  
7 support for your statement that interest expense is  
8 typically a component.

9 The response is, Ms. DeRonne has seen  
10 lead/lag studies in rate cases in which she has  
11 participated, which include interest expense. And it  
12 goes on to detail a particular recent case in which  
13 long-term debt was included.

14 Is that a fair summary of your initial  
15 response? And then we'll get to your supplemental.

16 A. Yes, that is.

17 Q. Okay.

18 And then in -- in your supplemental  
19 response, that you provided several days later, pointed  
20 to five different states where you had seen interest  
21 expense included in utility lead/lag studies. Is that  
22 correct?

23 A. Yes. And in utility lead/lag studies  
24 presented before Commissions.

25 Q. Correct.



1 A. Right.

2 Q. And then, with respect to the second  
3 question that we asked, isn't that true that you said  
4 that, Ms. DeRonne is not aware of any cases in which a  
5 Public Utility Commission has required a utility to  
6 include interest expense in a lead/lag study? Is that  
7 correct?

8 A. That's correct. But I also had a subsequent  
9 data request from the Company. Data Request 11.4.  
10 That was supplemented. It was served after this  
11 response.

12 Q. Yes. And it actually -- maybe it would be  
13 helpful, since I had planned to get to that anyway, for  
14 us to wait, and --

15 And I will distribute that right now, and I  
16 can ask you some questions about that one as well.

17 A. Yes. And certainly --

18 And in responding to this request, I had  
19 indicated in the response that I would go back and do  
20 more research in archive case files.

21 Part of the problem, and why it was so  
22 difficult to find direct commission orders requiring  
23 this is that the several states in which I'm aware of  
24 that I list in the supplemental response, where it is  
25 included, it was first started being included lead/lag





1 study quite historically, like in the '80s.

2 I did find some citations within the public  
3 utility report summary reports, from the '80s, of cases  
4 that just mentioned interest should be included;  
5 however, I didn't have the full -- or the full  
6 commission order.

7 And I did take attempts, within the amount  
8 of time that I had to responded to this discovery, to  
9 find that.

10 And one of those I found is -- I provided in  
11 response to RMP Data Request 11.4.

12 The other ones I was unable to get the  
13 decisions on-line, because a lot of commission archives  
14 only go back to the 2000s, to maybe the mid '90s.

15 Q. Well, excuse me, but let me ask you -- I  
16 mean, your last response to our question is,  
17 Ms. DeRonne is not aware of any cases in which a Public  
18 Utility Commission has required a utility to include  
19 interest expense.

20 That's correct, isn't it?

21 A. Yes, but --

22 Q. You did not update that particular response,  
23 did you?

24 A. Not that particular response.

25 On retrospect I should have update -- filed



1 a second supplement to reference my response to 11.4,  
2 which was provided after that date.

3 Q. Well, and I intend to ask you about that one  
4 as well.

5 So let -- let me pass that one around, and  
6 mark it as --

7 Oh, 11.4, I'm sorry. It's not in the  
8 record, and I don't have it with me.

9 And -- but let's move on, and I'm going to  
10 hand you a different one that I also believe is  
11 related, that I think gets to this.

12 And we'll mark it as RMP 19.

13 (Whereupon, Exhibit No. RMP-19  
14 was marked for identification.)

15 Q. (BY MS. RACKNER) Now, before I ask you  
16 about RMP 19, I just want to back up to give the  
17 Commission a little bit of background on this.

18 In -- in your sur-rebuttal, you take issue  
19 with some testimony in Mr. McDougal's rebuttal  
20 testimony.

21 And let me just -- I'll just very briefly  
22 summarize a statement in Mr. McDougal's testimony.

23 Mr. McDougal refers to a text by a Robert  
24 Hahne, accounting for public utilities.

25 And he points out that Mr. Hahne says that



1 the idea of including interest in -- expense in  
2 lead/lag studies is disfavored.

3 And in your response to that, you point out  
4 that you believe that the Company's reliance on  
5 Mr. Hahne's text is misplaced, because many people, you  
6 say, believe that Mr. Hahne is -- is biased. Is that  
7 correct?

8 A. I wouldn't use those exact terms. I said I  
9 disagreed, partially because there are num -- at least  
10 five states I'm aware of where interest is a component  
11 of lead/lag studies, and that those lead/lag studies  
12 have been adopted by a Commission and included in  
13 rates.

14 I then go on to address this citation of  
15 Mr. Hahne.

16 And what I specifically say is that --  
17 beginning at page 24 of my sur-rebuttal, line 520, that  
18 while I've seen several utilities cite Mr. Hahne's book  
19 in cases, that I would like to note that many do not  
20 consider Mr. Hahne to be unbiased, and that he has  
21 often represented utility interests in proceedings.

22 Q. That's fair enough, and I thank you for  
23 clarifying that and giving us more complete  
24 information.

25 After receiving your sur-rebuttal testimony,



1 the Company noted that -- that statement, and asked,  
2 What recognized authority in the field of utility  
3 accounting does Ms. DeRonne cite in support of her  
4 recommendation to include interest expense in the  
5 calculation.

6 And would it be a fair summary to say that  
7 your response begins by restating your view as to why  
8 interest expense should be included. And then goes on  
9 to say, While Ms. DeRonne is not relying upon a  
10 specific citation to a recognized authority in the  
11 field of utility accounting, she does note that other  
12 members of her firm -- and then you go on to say how  
13 much experience they have -- agree with you. Is that a  
14 fair summary?

15 A. Yes, it is.

16 And one of the reasons, there aren't a lot  
17 of books on public utility regulatory accounting.  
18 There are some, and we have quite a few in our library,  
19 but a lot of them do not address this specific issue.  
20 I did see Hahne's quote. We do have that book in our  
21 office.

22 So it was hard to get exact cites, but I  
23 thought what was more relevant is that -- what  
24 people -- the views of people who have been dealing  
25 with this issue and with regulatory accounting for over





1 30 years think is appropriate and should be reflected.

2 Q. In particular, the people at Larkin &  
3 Associates. That's who you --

4 A. That's who I referred to.

5 Q. -- yes?

6 A. I'm aware of other consultants that have  
7 recommended it, such as Mick Art, that was used in  
8 trial testimony in a prior --

9 Q. Excuse me, but you didn't provide that in  
10 response to --

11 A. Because I hadn't -- no -- no cited --  
12 I didn't reference that. No, I didn't.

13 Q. Okay. Well, you didn't feel it was  
14 appropriate then, and you didn't have enough  
15 information about it. Is that correct?

16 A. Well, we do have testimony on the record --  
17 well, testimony in the prior 2004 rate case  
18 recommending it, but I didn't have citations to any  
19 books or -- literary type books that recommend that,  
20 no.

21 Q. Okay.

22 And I want to turn your attention, then, to  
23 your sur-rebuttal testimony.

24 On page 25.

25 And there you quote -- you provide a fairly



1 lengthy quote from the Mountain Fuel case, from this  
2 Commission, docket number 93-05701.

3 And I -- I'm going to read that entire quote  
4 for the Commission, and -- to provide some background  
5 here.

6 And -- and what the -- and what you quote is  
7 the following.

8 In docket number 82-035-13, we adopted a  
9 method for determining cash working capital that  
10 excludes consideration of depreciation, interest  
11 expenses, and preferred and common dividends.

12 That method has been affirmed in recent  
13 Commission orders, and applies to PacifiCorp and U.S.  
14 West, as well as Mountain Fuel.

15 If this method is to be changed, a strong  
16 burden of persuasion will first have to be met, which  
17 must include a comprehensive analysis of all four of  
18 the above-mentioned items.

19 Do you see that there? And I'm going to  
20 ask you a question.

21 A. Yes, I -- I do.

22 Q. Okay.

23 Would it be a fair take-away from the  
24 quotation that you provide in your sur-rebuttal  
25 testimony, that, from the Commission's words in this



1 case, that what the Commission is saying is that before  
2 making a significant policy change such as you're  
3 proposing in this case, that it would require a  
4 comprehensive analysis of the effect of including  
5 depreciation, interest expense, and preferred and  
6 common dividends in a lead/lag study?

7 Is that a take-away from the Commission's  
8 order here?

9 A. Yes. That's what the -- what they  
10 recommend. And I do acknowledge that, as I said in my  
11 sur-rebuttal testimony; however, I did recommend that  
12 the Commission once again reconsider this issue.

13 Q. Yes. And we'll -- what we'll -- that's what  
14 I wanted to ask you about.

15 In asking them to reconsider the issue, has  
16 the Committee said anything about the effect of  
17 including depreciation, or preferred and common  
18 dividends in interest -- excuse me, in a lead/lag  
19 study?

20 A. With regard to the depreciation, we do  
21 state, in both our direct testimony and sur-rebuttal  
22 testimony, that cash working capital should be focused  
23 on cash items.

24 I guess I didn't specifically say that  
25 depreciation is a non-cash item, but it would be



1 intuitive that it is not.

2 Q. Well, let me ask you again.

3 Did you provide a comprehensive analysis of  
4 these factors for the Commission?

5 A. I didn't cite each of these individual  
6 factors.

7 I believe they're intuitive in looking at  
8 the cash and what the cash working capital, the purpose  
9 of that is.

10 And, again, this is an order. And to the  
11 best of my knowledge, this hasn't been addressed again  
12 since the '93 case, so I see no reason why it can't be  
13 re-looked at by Commission at this time.

14 Q. This is -- these are the Commission's last  
15 words on this issue, as far as you know though?

16 A. To the best of my knowledge.

17 Q. Okay.

18 MS. RACKNER: I'd like to offer 18 and 19  
19 into the record.

20 MR. SANDACK: Are there any objections to  
21 the admission of RMP Cross Exhibits 18 and 19?

22 MR. PROCTOR: No.

23 MR. SANDACK: Seeing none, they're admitted.

24 (Whereupon, Exhibit Nos. RMP-18 and

25 RMP-19 were admitted.)





1 MS. RACKNER: I'm going to hand you next  
2 what I'm marking as Rocky Mountain Power's Cross  
3 Exhibit 20.

4 (Whereupon, Exhibit No. RMP-20  
5 was marked for identification.)

6 MR. PROCTOR: Mr. Chairman? May I  
7 approach?

8 CHAIRMAN BOYER: You may.

9 You may approach and provide.

10 (WHEREUPON, MR. PROCTOR HANDS WITNESS WATER BOTTLE.)

11 MR. PROCTOR: That's what I do.

12 Q. (BY MS. RACKNER) I've handed you Rocky  
13 Mountain Power's response to a data request that was  
14 served by CCS.

15 And I -- I'm actually only going to ask you  
16 questions about the very last page, but I've included  
17 the entire request and response simply in -- to have  
18 the entire request and response in the record, as there  
19 have been some requests about that in the past.

20 But in this request, CCS asked the Company  
21 to please show and explain, in detail, the budgeted  
22 amounts for calendar years 2008 through 2011, for the  
23 existing plant in Current Creek.

24 And do you recall having seen the response  
25 to this, Ms. DeRonne?



1 A. Yes, I do.

2 Q. And so I want to direct your attention to  
3 the last page of the exhibit.

4 And it -- it's actually -- it's 11.3.2. At  
5 the top.

6 And it's divided into existing plants at the  
7 top, and new plants at the bottom. And it shows the  
8 Company's generation overhaul estimated budgets for  
9 calendar years 2008 through 2011 for -- again, for  
10 existing and new plans.

11 It also shows actuals, but I wasn't going to  
12 ask you about those right now.

13 And I'd like you to direct your attention to  
14 the Company's budget for generation overhaul for  
15 calendar year 2009.

16 And I -- I just wanted to ask you, subject  
17 to check, the Company has included a budget for  
18 existing plant of approximately \$28.6 million for  
19 calendar year 2009 for existing plant, and the Company  
20 has included a budget for calendar year 2009, for the  
21 Lakeside and Current Creek plant, for approximately  
22 \$8.9 million.

23 And I have added those up, and I'm wondering  
24 if you'll agree with me, subject to check, that the  
25 total is -- for 2009, budgeted expense for generation



1 overhaul, is 37 million 553, subject to check?

2 A. That sounds right.

3 Q. Okay.

4 MS. RACKNER: Thank you. I'd like to move  
5 Rocky Mountain 20 into evidence.

6 CHAIRMAN BOYER: Any objection to the  
7 admission of Rocky Mountain Power Cross Exhibit 20?

8 MR. PROCTOR: No.

9 CHAIRMAN BOYER: Seeing none, that is  
10 admitted.

11 (Whereupon, Exhibit No. RMP-20  
12 was admitted.)

13 MS. RACKNER: By the way, just so that I  
14 don't forget it, I would like to ask you one question  
15 about something that you said in your summary. Just  
16 really a point of clarification.

17 When you were talking about the Company's  
18 escalation factors that were applied to the generation  
19 overhaul, you est -- you said that one of the factors  
20 was 15 percent. Is that correct?

21 A. Approximately 15 percent, for the most  
22 historic year used in the four-year average.

23 Q. Yeah. And so I just want to clarify that --  
24 that the 15 percent was the total escalation factor  
25 that was intended to bring that number from 2004 all



1 the way to 2008. Is that correct?

2 A. Yeah. That's correct.

3 Q. Okay. It wasn't an annual number?

4 A. No, it was not.

5 Q. Okay. Thank you.

6 Okay. I want to ask you now about your  
7 recommendation with respect to property taxes.

8 And again, just to summarize, for the  
9 Commission, the Company recommends property taxes be  
10 allowed at 79.6 million, approximately, and CCS is  
11 recommending 70.7 million. Is that correct?

12 A. Correct.

13 Q. Okay.

14 And you also -- you have in your  
15 sur-rebuttal testimony -- and you may have this in mind  
16 as well, you may not have to turn to it. That the  
17 Company's actual property tax expense for 2007 was  
18 approximately \$69.1 million?

19 A. Correct. That's the amount they recorded on  
20 their books as expense in 2007.

21 Q. And -- and would you agree with me, then,  
22 that -- that CCS's proposal represents an approximate  
23 \$1.6 million increase for 2008?

24 A. Yes.

25 Q. Now, in his summary to the Commission on





1 Monday, Mr. Ross testified that the Company has  
2 received property tax assessments in several states  
3 that contain the following increased property values.

4 And I'll go through them slowly so you can  
5 keep them in mind.

6 Utah's assessment is \$301 million higher  
7 than the 2007 assessed value.

8 Wyoming's is \$172 million higher than the  
9 2001 -- excuse me, 2007 assessed value.

10 Montana's is 10 million higher, and Oregon's  
11 is \$418 million higher.

12 And would you agree with me, subject to  
13 check, that those amounts add up to a \$901,000,000  
14 increase over 2007?

15 A. Subject to check, that portion of the  
16 property tax calculation, dealing specifically with  
17 assessments, I would agree that they add up to that  
18 amount.

19 Q. Okay.

20 And assuming those assessments hold.

21 And I'll represent to you, because I know  
22 you weren't here, that Mr. Ross testified that of  
23 these, he planned only on challenging the Oregon  
24 assessment.

25 And I'd like you to also make another



1 conservative assumption, that the assessment for no  
2 other state, in which the Company does business,  
3 increases, would you have any reason to believe that  
4 your proposed one point million dollar increase would  
5 cover the Company's 2008 property tax expense?

6 A. Yes, I do firmly believe that.

7 If you look at historic numbers, the Company  
8 had provided different property tax expense amounts, by  
9 state, in CCS Data Request 18.1.

10 And the Company's also provided the amount  
11 of property subject to assessment by year within  
12 Mr. Hale's rebuttal testimony, which I also summarize  
13 in my sur-rebuttal testimony.

14 And other years have -- have had also,  
15 significant increases.

16 Like, for example, between 2006 and 2007,  
17 there was a -- about a one million -- or \$1 billion  
18 increase in property subject to assessment.

19 However, when looking at property tax  
20 expense, you have to look at not only the change in  
21 assessments, but potential changes in tax rates.

22 Over the last five years, Mr. Hale pointed  
23 out that from 2002 to 2007, that property subject to  
24 assessment has increased by 38 percent, and the net  
25 utility operating income, which is also a factor in



1 some states for determining property tax expenses, has  
2 increased by 45 percent.

3           However, I also show on my table that for  
4 property tax expense recorded on the Company's books,  
5 it's only gone up three percent from the 2003 amount to  
6 2007 amount. An increase of approximately \$2 million  
7 over that five-year period --

8           Q. Well, Ms. DeRonne, excuse me for a minute.

9           But last night I did a little bit of math,  
10 which is always dangerous for me, but I'm asking if you  
11 would accept, subject to check, that -- again, I want  
12 to go back to the hypothetical I posed.

13           That, assuming the \$901 million increase in  
14 assessed property over 2007, that the proposed -- your  
15 \$1.6 million increase proposal would represent a .18  
16 tax rate, which is minuscule.

17           Are you telling us that you believe that --  
18 that one point -- excuse me, 18 tax increase, that  
19 that's a reasonable assumption?

20           A. I believe my recommended property tax  
21 expense is a reasonable result, and likely of what the  
22 Company may actually realize in 2008.

23           Again, if you look at the change between  
24 2006 and 2007, Mr. Hale's exhibit showed property  
25 subject to assessment of an increase of over



1 \$1 billion, yet property tax expense from -- recorded  
2 on the books in 2006 went from 67.5 million to 69  
3 million in 2007.

4 There are a lot of other factors that go  
5 into determining property tax expense than just the  
6 assessments.

7 Q. Well, you --

8 A. Again --

9 Q. You've used this year-over-year method in  
10 which to project property tax expense.

11 But there was no \$901 million increase in  
12 any one year that the Company experienced with a  
13 concomitant .81 tax rate applicable, was there?

14 A. I didn't apply what that concom -- tax rate  
15 would be.

16 You've got to look at not only the tax rate  
17 you applied to that increase in jurisdiction, but  
18 changes in property tax rates --

19 Q. Well, you don't have any --

20 A. -- applied to that starting balance.

21 And again, part of the reason -- part of my  
22 concern was, we're going to a projected test year here.  
23 So you've got to look at how realistic and how accurate  
24 their forecasts have been in their area.

25 I cite in my testimony what the Company has





1 done in at least three different cases, as far as  
2 projected for property tax expense when they filed  
3 their rate request, and what they actually incurred in  
4 that year.

5 And the Company has significantly  
6 over-projected that year after year after year. That  
7 needs to be looked at.

8 The Company has provided no compelling  
9 evidence showing me that when property taxes have only  
10 increased by a couple million over five years, during a  
11 period of rapid investment, why suddenly it's going to  
12 go up \$10 million in one year.

13 I don't think the Company's provided a  
14 reasonable level of support or justification of what  
15 would cause that increase.

16 Again, we're going to a forecasted test  
17 year. You've got to evaluate how accurate their  
18 forecasts in this area has been in the past.

19 Q. Ms. DeRonne, I'm going to ask you one more  
20 time.

21 Do you believe that it is reasonable to  
22 assume, that in 2008, the Company's going to experience  
23 property tax expense of .18?

24 I'm simply asking for a yes or no.

25 A. -- expense of --



1 Q. Excuse me. That the percentage over -- over  
2 assessed values?

3 A. Are you saying the --

4 Q. Well, let's go back for a minute.

5 A. Because I never said that the property tax  
6 expense would go up by .18. I said --

7 Q. I'm sorry, I may have misspoken.

8 I told you that I calculated that, if the  
9 assessments hold. The assessments that Mr. Ross  
10 received. If those hold.

11 A. Mm-hmm.

12 Q. And make the conservative adjustment --  
13 excuse me, the conservative assumption that the  
14 Company's property tax assessments, in no other state,  
15 increase, that the Committee's proposal assumes a .18  
16 percent property tax?

17 And I'm just asking you yes or no, if you  
18 think that's reasonable.

19 And honestly, at this point --

20 A. I don't think it's reasonable, and it's not  
21 what my position reflects, because, again, you can't  
22 consider just that increment change in plan. You have  
23 to consider overall property tax rates and what has  
24 happened over time.

25 I am not saying that on that additional



1 plant you're only going to get .17 percent assessment  
2 applied to that additional plant. You've got to look  
3 at what assessments, or what tax rates are applied to  
4 the total plant.

5 And based on historic experience and  
6 discovery responses in my sur-rebuttal testimony in  
7 this case, the Company has experienced declines in the  
8 tax rates charged by various jurisdictions -- not just  
9 Utah, but other jurisdictions also over time. Some  
10 within consecutive years also.

11 You can't consider just the change in the  
12 assessment.

13 MS. RACKNER: I have no other questions.

14 CHAIRMAN BOYER: Thank you, Ms. Rackner.

15 Moving on now to Mr. Sandack? Have you  
16 questions of this witness?

17 MR. SANDACK: I have a few.

18 CROSS EXAMINATION

19 BY MR. SANDACK:

20 Q. I'm representing IBEW Local 57. How do you  
21 do?

22 A. How do you do? Good.

23 Q. I guess I'm interested in this generation  
24 adjustment that you made with regard to the overhaul  
25 expense.



1           As I understand it, these are amounts that  
2 are allocated per Code 506. Is that your  
3 understanding?

4           I think that's apparent from Mr. McDougal's  
5 sur-rebuttal exhibits at page 11 --

6           A. I don't believe they're necessarily all  
7 charged to just that code.

8           I know in the adjustment schedule, I believe  
9 they're all applied to that code.

10           If you'll give me just a minute, and let me  
11 check my actual exhibit.

12           Q. Okay.

13           A. One of the things is, for some of the  
14 adjustments you make in a case, that impact multiple  
15 FERC accounts, it may be difficult to break out the  
16 adjustment by specific FERC account.

17           The key is to make sure, when you're  
18 determining revenue requirement, you get the right  
19 allocation factor within those accounts applied.

20           But let me -- if you given me just a moment,  
21 I'd like to check my initial exhibit on this issue.

22           Q. Thank you.

23           A. Yeah. In my -- for the overhaul expense  
24 adjustment, I adjust that by direct testimony on  
25 Exhibit CCS 2.8.





1                   And within there I have an asterisk that  
2 says various accounts, and identified accounts 514,  
3 545, and 554.

4                   When applying it through the allocation  
5 model, the key is to make sure you get it within one of  
6 those group of accounts to get the right allocation  
7 factor.

8                   But I don't have the breakdown,  
9 unfortunately, by specific FERC account.

10                  Q.    Okay.

11                   There -- those are not -- are they labor --  
12 they're not labor accounts, per se, are they?

13                   Or do they -- do they include -- do they  
14 include labor, if you know, in those accounts?

15                  A.    Yeah.  If you give me a moment, I can check  
16 another page.

17                   Those accounts would include labor and  
18 non-labor costs.

19                  Q.    Would it -- would they include contract --  
20 contract labor, or expenses of contractors brought in  
21 to --

22                  A.    They likely would.

23                  Q.    Uh-huh.

24                   And they would -- they would include the  
25 costs of the equipment that -- I suppose, replacement



1 equipment?

2 A. I guess if you're renting equipment, or any  
3 costs you would incur as part of the overhaul process  
4 would be recorded in those accounts.

5 Q. Well, I guess I'm thinking more of like if  
6 you had to replace tubes in a boiler, something like  
7 that, it wouldn't include those tubes?

8 A. If it -- if it doesn't meet a level where it  
9 would be capitalized, then it would just include just,  
10 you know, general maintenance type replacement costs.

11 Q. Okay.

12 A. But it's -- if you're replacing an entire  
13 unit, then I believe those would be capitalized.

14 Q. I see.

15 A. But, you know, with the -- with the  
16 adjustment I made, the general overall, those would be  
17 just the non-capital portions of overhaul costs. The  
18 expenses incurred that were recorded as an expenses on  
19 the books.

20 Q. And essentially you reviewed this  
21 adjustment, it was the Company that attributed these --  
22 in their rate requests, as overhaul costs, so you  
23 evaluated them on that basis. Is that correct?

24 A. Yeah. What happened is, in a prior case the  
25 Company had an adjustment to normalize this area based



1 on an average expense level. And I saw that adjustment  
2 absent in this case. So we issued discovery.

3 I don't believe, as part of their initial  
4 filing they provided these expenses, but we did ask for  
5 it in discovery.

6 Q. I'm -- just looking at your sur-rebuttal  
7 testimony on this issue on page 13. I guess it's  
8 really lines 281 to end of that paragraph, where you're  
9 discussing your reasoning for -- for not recommending  
10 escalating the historical calendar years to 2008  
11 levels.

12 You say, These costs fluctuate over time,  
13 both upward and downward. On line 283.

14 A. Yes.

15 Q. I'm just wondering if -- if -- if you're  
16 mixing apples and oranges there.

17 What --

18 Isn't the escalation attributable --

19 As I understand Mr. McDougal's testimony,  
20 the escalation is attributable to inflation and the  
21 value of the dollar would may have lost over all of  
22 those years?

23 A. That's how you would normally consider  
24 escalation. But if you look at the total costs  
25 incurred by the Company in this area over time, it does



1 vary from year to year.

2 In some years it went up and went down, and  
3 I would recommend that a four-year average cost be used  
4 instead of escalating that all to 2008.

5 Q. Well, I'm just -- that's why I'm wondering  
6 if you're mixing apples and oranges, because the -- the  
7 costs may vary. They may, according to maybe how much  
8 overhaul work they decided to do, and whether it's  
9 major or minor, I suppose.

10 A. Mm-hmm.

11 Q. But the inflation itself, the -- the -- that  
12 you'd be tracking those costs with, I mean, that's  
13 going to go up from year to year; is it not?

14 A. Inflation will change year over year.

15 How the costs specific to overhaul track  
16 with inflation could vary.

17 Q. And the value of the dollar, you could track  
18 that. I guess that's tracked in the escalation factors  
19 itself. So you could really work those figures  
20 through, as you apparently have, that -- in other  
21 situations. Is that right?

22 A. Yes. And, again, Mr. McDougal had  
23 recommended that those be escalated.

24 I recommended they didn't, because they  
25 vary.





1           And, again, I do acknowledge that inflation  
2 would have occurred over the last four years; however,  
3 in evaluating this issue you have to look not only at  
4 that, but what they actually budget to incur in 2008,  
5 which, if you take the four-year average unescalated,  
6 it's still above what the Company actually projected to  
7 incur during the test year in this case.

8           Q. I understand. That seems like a separate  
9 issue as well, in terms -- I mean, whether you -- from  
10 whether you escalate or not.

11           But with respect to what you mention there,  
12 if the -- I guess what they -- what they original asked  
13 for was around \$41 million. There's still somehow seem  
14 to be getting back to that figure, only by the  
15 four-year averaging that you suggested. Is that right?

16           And the escalation.

17           A. Back to which figure?

18           Q. 40 -- was it 41 or 40?

19           A. Yeah, in their original filing, because of  
20 the time period involved, there was 40 million within  
21 the base year for that cost.

22           Again, though, when your -- when you're  
23 looking at --

24           Q. So what are they at now?

25           I mean, what were they -- what are they



1 essentially asking for now? Is it --

2 A. I have that cited.

3 If you give me just a moment, I have it  
4 right here in my notes.

5 Q. I was looking at 11.3.1. It looks like  
6 they're pretty much back to 41 million?

7 A. Yeah. It's in my sur-rebuttal testimony.

8 They're requesting \$34.9, if you add in the  
9 separate adjustment for the Lakeside plant.

10 Q. Oh.

11 Well, if -- and the Union has actually  
12 presented some testimony concerning the need for these  
13 continued generation and more overhauling, that -- that  
14 that would be a sensible thing to do.

15 If -- if these funds were actually  
16 ear-marked, even though they're over the budget that  
17 you said they originally had, but if they were actually  
18 ear-marked, wouldn't that -- for those purposes of  
19 overhaul, wouldn't that -- wouldn't that answer your  
20 concern as to -- showing that that was -- that that  
21 money would actually be spent for that? For that  
22 purpose?

23 A. Perhaps in a future case, but not this case.

24 Number one, you've got to remember that's a  
25 2008 test year we're dealing with, and they're already



1 in 2008.

2 If they're granting more, I'm not sure they  
3 could revise their plans for this year, for doing  
4 overhauls.

5 And, again, they're only projecting  
6 approximately 27 million -- or 27.7 million in 2008.

7 And as part of this case, I asked them --  
8 their initial filing was a June 2009 test year, and  
9 they projected a similar level for that same period,  
10 going through June '09.

11 If the Commission were to give them more  
12 than what they've asked for in this case on this, and  
13 ear-marked it for that, I don't know if their budgeting  
14 plans could account for that and ramp it up that  
15 quickly in that short a period of time.

16 It may be something that your group might  
17 want to recommend -- I don't know how you go about it  
18 in brief, that in the future more be ear-marked for  
19 that, and then it could be dealt with in a future case.  
20 But within the test year and the amount of timeframe in  
21 this case, I don't think they could ramp it up in that  
22 amount of time.

23 Q. Well, but if they didn't, or if they  
24 couldn't, at least the money would be spent towards  
25 that purpose, and it wouldn't necessarily go somewhere



1 else, to --

2 I guess that would be accomplished by  
3 ear-marking it, wouldn't it?

4 A. If they ear-mark it.

5 But, again, I would want to hear testimony  
6 from the Company to know if that's -- if they ear-mark  
7 it. If it's even possible to do that in the timeframe  
8 in this case, and within the test year in this case.  
9 It's something they may want to consider.

10 Q. I think it's reasonable.

11 But if the Commission feels that, in fact,  
12 this is an important area, that they have been  
13 imprudent about in the past, it might warrant maybe  
14 some special treatment.

15 It could be accomplished that -- to satisfy  
16 your concerns that they're asking more than -- the  
17 figure is more than what they originally were asking  
18 for.

19 MR. PROCTOR: Excuse me, Mr. Chairman, and  
20 apologize Ms. DeRonne, but I have to object at this  
21 point.

22 I believe that Mr. Sandack's questions go  
23 far beyond direct and sur-rebuttal testimony this  
24 witness has provided, and into different areas about  
25 ear-marking, about which she knows very little.





1           Furthermore, Mr. Sandack's questions seem to  
2 be always prefaced with some argumentative statement  
3 about the value of the Union testimony most recently.

4           And he seems to be framing his question for  
5 the purpose of really creating an answer that he wants,  
6 rather than the answer to the question he eventually  
7 gets to and asks.

8           MR. SANDACK: I'm certainly entitled to  
9 lead --

10           MR. PROCTOR: And this is the problem.  
11 Because every time anybody makes an objection, he  
12 enters into an argument, either with the Commission or  
13 the counsel that's made the objection, and that's got  
14 to stop.

15           Mr. Chairman, I would move that the -- that  
16 you -- that those objections be granted, and that  
17 Mr. Sandack be asked to move forward to a more relevant  
18 line of questioning.

19           MR. SANDACK: May I respond?

20           CHAIRMAN BOYER: Please, Mr. Sandack.

21           MR. SANDACK: Thank you.

22           I think, to a certain extent, I'm entitled  
23 to lead the witness. I've been somewhat restricted in  
24 doing that, and I -- I don't think that's proper.

25           The -- Ms. DeRonne has testified to



1 ear-marking before. In fact, it was her testimony that  
2 was put in support of ear-marking the distribution  
3 transmission allocations for the last rate case,  
4 that -- in which the stipulation was reached on, and  
5 the propriety of doing that.

6 I -- I think it is -- it's a fair -- it's a  
7 fair line of questioning, taking off from what her  
8 concerns were, about the -- the amount of the actual --  
9 of what it was they might have actually budgeted,  
10 versus what their own rationale results in these new  
11 numbers for that.

12 And if they can be properly applied. I  
13 mean, if that's a legitimate concern. I -- it's  
14 something that the -- we have an opportunity now to  
15 briefly address, and -- and --

16 Frankly, that was the last of my questioning  
17 on this subject, but.

18 I think that it -- that it warrants the  
19 Commission's consideration, and it's fair  
20 cross-examination.

21 CHAIRMAN BOYER: Well, Mr. Sandack does have  
22 the -- a different style of cross-examination. We will  
23 call him unique.

24 But I think the question has been asked and  
25 answered several times, so I think it's appropriate to



1 move on to a different topic at this time.

2 MR. SANDACK: Thank you.

3 CHAIRMAN BOYER: It is beyond the scope of  
4 her rebuttal anyway.

5 Thank you, Mr. Sandack.

6 MR. SANDACK: Well, are her answers allowed,  
7 then, for the record?

8 CHAIRMAN BOYER: Yes. We'll leave them in.

9 MR. SANDACK: All right. Thank you. That's  
10 all I have.

11 CHAIRMAN BOYER: Thank you, Mr. Sandack.

12 Mr. Lacey?

13 MR. LACEY: Just one question.

14 CROSS EXAMINATION

15 BY MR. LACEY:

16 Q. Ms. DeRonne, this gets back to the  
17 inclusion of interest expense and cash working capital.

18 Are you aware of any jurisdictions, in  
19 recent years, let's say in the last five to ten years,  
20 that have specifically disallowed or rejected the  
21 inclusion of interest expense and cash working capital?

22 A. No, I'm not. Not within the last ten years.

23 MR. LACEY: Okay. Thank you.

24 CHAIRMAN BOYER: Mr. Dodge? We're shooting  
25 for breaking here in the next five or ten minutes.



1 MR. DODGE: I have no questions.

2 CHAIRMAN BOYER: Well, that would solve that  
3 issue then.

4 Mr. Reeder? How about you? Could you  
5 complete yours in the next 5, 10 minutes? Or would you  
6 prefer that we take a break at this moment?

7 MR. REEDER: I probably have five or six  
8 minutes worth.

9 CHAIRMAN BOYER: That would be just about  
10 perfect then. Thank you, Mr. Reeder.

11 CROSS EXAMINATION

12 BY MR. REEDER:

13 Q. All right. Good morning, Ms. DeRonne.

14 A. Good morning.

15 Q. Welcome back to Utah.

16 A. Thank you.

17 Q. Let's have a brief chat about the multi-  
18 state process. The stipulation referred to on page  
19 three of your direct testimony.

20 Are you familiar with that, the multi-state  
21 process stipulation that allocates revenues among the  
22 states?

23 A. Yes. Somewhat I am.

24 Q. And, in fact, in your direct testimony you  
25 testify how you've allocated the revenue requirements





1 using that stipulation among the states.

2 With respect to property taxes for a moment,  
3 help me understand, are property taxes summed for all  
4 of the states, and then allocated back to the states  
5 using some factor? Or does each state pay only its own  
6 property taxes?

7 A. No. They would take the property tax  
8 expense from all of the states, and apply it into the  
9 account that you report property tax in, and then it's  
10 allocated to all of the states.

11 Q. So this state is particularly sensitive to  
12 the factors that are chosen for allocating costs back,  
13 are they not?

14 A. Yes. All of the states are -- are impacted,  
15 to a large degree, by the allocation factors used.

16 Q. All right.

17 Are you familiar with the allocations  
18 factors used -- the SE and the SG factors used to  
19 allocate a good part of the costs in these cases?

20 A. Yes, I am.

21 Q. If, on this record, it should appear that  
22 there's some question about whether or not the  
23 forecasted lows giving rise to those allocation factors  
24 were appropriate, can you give us some idea of the  
25 order of magnitude of revenue that impacted that they



1 might have?

2 A. They'd have a large impact.

3 Early in the case, before making adjustments  
4 to the Company's jurisdiction allocation model, I had  
5 run through just a test run of some changes in the  
6 inputs affecting the system energy and system  
7 generation factor.

8 Specifically, I'd made some, as a test run,  
9 some modifications to the monthly coincident peaks and  
10 the energy consumption between the states that flow  
11 through the jurisdiction allocation model.

12 And I can give you the result of what I ran  
13 through. But if you want to know a specific impact of  
14 a percentage, it's very time consuming to do, and you  
15 would have to run it through the full model.

16 Q. It's your understanding that the staff has  
17 the ability to run the model, is it not?

18 A. Yes, it does.

19 Again, though, when you're changing the  
20 inputs to the jurisdiction allocation factors, it can  
21 impact a lot of other areas in the case.

22 I'm not sure if they can just change this  
23 factor from this percent to this percent, because  
24 you've got to change the inputs that affect that  
25 factor.



1 Q. Can you give us your preliminary numbers on  
2 what the order of magnitude is, of impacts on changing  
3 of those numbers might be? What are you talking about?

4 A. And, again, this was only a test run I had  
5 done early in the case.

6 I -- I changed just the monthly coincident  
7 peak and energy consumption factors between states  
8 input into the model, which changed the SE and SG  
9 factor.

10 It reduced the SE factor. It was a one  
11 percent change to that, going from the Company's 41.78  
12 to about 41.77.

13 And it also affected the SG factor, because  
14 the two factors are somewhat interrelated.

15 And it reduced it from 42.37, reduced it by  
16 .7. So less than one percent.

17 And the impact of just those changes on  
18 revenue requirement was \$22 million.

19 MR. REEDER: I have nothing further.

20 CHAIRMAN BOYER: Thank you, Mr. Reeder.

21 Commissioner Allen, have you any questions?

22 COMMISSIONER ALLEN: Thank you,  
23 Mr. Chairman.

24 CROSS EXAMINATION

25 BY COMMISSIONER ALLEN:



1 Q. Ms. DeRonne, I have just a couple of quick  
2 questions.

3 I want to back out of the forest here -- out  
4 of trees and look at the forest. If there are any  
5 trees left after this case.

6 In your experience with industrial warranty  
7 situations. I'm looking -- I'm speaking specifically  
8 now about the warranty costs and what would be expected  
9 for unplanned outages.

10 Once a warranty expires, is it -- have you  
11 done any studies, or are you familiar with any  
12 information that indicates that unplanned outages,  
13 other expenses, tend to match what was once a warranty  
14 situation?

15 Do we have any data to support that, from  
16 your experience?

17 A. Not specifically from my experience. And I  
18 did question the Company on that specific issue.

19 And I know they didn't provide any data in  
20 response, either, to justify that assertion.

21 Q. Are you familiar with any studies, cost  
22 benefit studies on warranty conditions and  
23 post-warranty conditions that might --

24 A. I'm not specific -- unfortunately I'm not  
25 specifically aware of any.





1           Q.   Also, when we talk about the delay in  
2 recovery for decommissioning expenses that you have  
3 asserted should be based on, I think -- delayed on --  
4 based on more numeric clarity, what is typically the  
5 experience in -- in the industry?

6                   Do we typically companies get recovery on  
7 the first rate case that occurs after a regulatory  
8 asset has been formed, or do we see recovery based on  
9 delays for actual cash outlays? Do we see a  
10 combination? Is there some sort of general standard or  
11 experience?

12           A.   It really varies. I'm not aware of any  
13 general standards.

14                   Particularly when you're dealing with  
15 decommissioning for hydro plants.

16                   I know typically, within depreciation  
17 component for the non-hydro plants, there is typically  
18 a factor for some dismantling costs and such.

19                   But you don't see that generally with  
20 hydroplants, because it's typical to have long life  
21 extensions. So you're not sure exactly when it will  
22 actually be dismantled, typically.

23                   And it's hard to project the costs  
24 associated with that, because you, a lot of times, have  
25 environmental concerns and other issues.



1 I haven't seen a standard. I -- I -- I  
2 believe it's more typical to see decommissioning costs  
3 passed on after they're incurred for hydroplants.

4 Q. In both cases it seems that we're looking at  
5 a case-by-case basis, generally speaking?

6 A. Yeah. Generally speaking. I'm not aware of  
7 any states having a rule of thumb saying, you know,  
8 recover the costs before or after.

9 Q. Okay.

10 A. Part of what you have to look at is how  
11 supported the costs are, and how accurate you think the  
12 projections are partially.

13 COMMISSIONER ALLEN: Thank you.

14 THE WITNESS: You're welcome.

15 MR. SANDACK: Ms. DeRonne, just a couple of  
16 questions on property taxes.

17 Mr. Reeder asked some of my questions.

18 CROSS EXAMINATION

19 BY MR. SANDACK:

20 Q. And I'm not an accountant, but when I try to  
21 anticipate what my property tax on my modest holdings  
22 will be, I look at assessed valuation and what I think  
23 the effective rate will be. I multiply this together  
24 and use the product as -- an approximation of what I  
25 might be needing to pay.



1           Is it different for utilities?

2           A.    You know, it really varies from state to  
3 state even, because different states have different  
4 tax -- you know, property tax structures in place.

5           One of the components you do look at is what  
6 your likely assessment will be on the plant.

7           But for this Company specifically, there  
8 have been a lot of change in tax rates, not only in  
9 Utah but in other states as well.

10          They've had some declines in the tax rates  
11 being charged in several of their jurisdictions.

12          So unfortunately, it's not as easy a thing  
13 for them to project as it would for an individual  
14 homeowner, per say.

15          You have a lot more money, a lot more  
16 investments in place, and in several different states,  
17 which may each have different, you know, tax -- well,  
18 will each have different taxing rates applied.

19          So it's not as, say, easy to predict as it  
20 would be at the individual level.

21          And that's one of the reasons why I cite, in  
22 my testimony, a comparison of how accurate their past  
23 forecasts have been in past cases. Just to show that,  
24 you know, you may not want to put full reliance on the  
25 projection based just on the change in assessments.



1 You've got to consider other changes as well.

2 Q. I see.

3 So, for example, in Utah, where we've had  
4 capital expenditures in the last couple of years, to  
5 power plants, that cost somewhere around 650, \$700  
6 million, and using, just as a rule of thumb, one  
7 percent effective tax rate -- which is not accurate I  
8 know, but it's close enough for government work. That  
9 wouldn't be sufficient to predict, or project that  
10 taxes might go up in Utah, you know, \$700 million,  
11 because of those acquisitions, because the other  
12 effective rates may be reduced in other jurisdictions.  
13 Is that what you're saying?

14 A. That's part of it. And also, I feel that  
15 the actual tax rates charged in the state of Utah, I  
16 believe there was a 6.6 decline between '06 and '07.

17 The Company's original budget for '07, when  
18 the actual property taxes came in, the actual  
19 assessments came in, was quite a bit less than what  
20 they had predicted for that time.

21 MR. SANDACK: Okay. Thank you.

22 THE WITNESS: You're welcome.

23 CHAIRMAN BOYER: Mr. Proctor, do you have  
24 much redirect?

25 MR. PROCTOR: No, not at all.





1 MR. SANDACK: Why don't we do redirect then,  
2 and then we'll excuse this witness.

3 MR. PROCTOR: Excellent. Thank you.

4 Mr. Chairman, I do have the data request  
5 11.4, and the Committee's response to it.

6 I believe Ms. Rackner mentioned that.

7 And I would like to enter that as a redirect  
8 exhibit, unless there is some concern.

9 And I don't know quite how to mark it, other  
10 than as redirect.

11 MR. SANDACK: Yeah. Why don't we call it  
12 CCS 1 Redirect.

13 (Whereupon, Exhibit No. CCS 1 Redirect  
14 was marked for identification.)

15 Q. (BY MR. PROCTOR) Ms. DeRonne, on May 30th  
16 of this year, from the redirect exhibits that you have  
17 before you, the Committee of Consumer Services  
18 responded to Rocky Mountain Data Request 11.4 with a  
19 citation to a case in Montana.

20 Could you tell me the significance of that  
21 case in Montana?

22 A. Yes.

23 This was -- again, I had gone back and tried  
24 to do more historic research on Commission orders, in  
25 other states, dealing with interest expense as a



1 component in cash working capital.

2 And in this specific order, the Company was  
3 required to include the interest expense component that  
4 reduced the cash working capital requirement.

5 And, in fact, in this case, it even caused  
6 the cash working capital requirement to go negative.

7 But the Commission still said that it  
8 is -- it is a cash item, and should be included.

9 Q. Do you know the date of the Montana  
10 Commission's orders?

11 A. July 19th, 1991.

12 MR. PROCTOR: I move for the admission of  
13 CCS redirect exhibit, and I believe 1?

14 CHAIRMAN BOYER: Any objections to the  
15 admission of this exhibit?

16 MS. RACKNER: None.

17 CHAIRMAN BOYER: Seeing none, it is  
18 admitted.

19 (Whereupon, Exhibit No. CCS-1 Redirect  
20 was received.)

21 MR. PROCTOR: Now, just two more.

22 CHAIRMAN BOYER: Okay.

23 Q. (BY MR. PROCTOR) Ms. DeRonne, you  
24 recognized, in your testimony, pre-filed testimony,  
25 that, in fact, this Commission had entered orders in



1 the past, 15, 10 years ago, addressing the issue of  
2 long-term interest -- long-term debt interest in cash  
3 working capital, and had found that indeed it was not  
4 going to be included, according to this Commission.  
5 Correct?

6 A. Yes. That was addressed in my sur-rebuttal  
7 testimony.

8 Q. Is -- are there any fundamental principals  
9 of accounting, and policy dealing with accounting, that  
10 would compel this Commission to revisit such orders, in  
11 this case in particular?

12 A. I don't know if I'd say specific to  
13 accounting, per se, as in book accounting, but I still  
14 think what you really need to look at, when you're  
15 considering cash working capital, is that this is the  
16 cash that is needed to fund the day-to-day operations  
17 of a Company.

18 Therefore, when you focus on the cash  
19 working capital, what should and shouldn't be excluded,  
20 you've got to consider whether or not there's a cash  
21 outlay or a cash intake associated with that item.

22 And that's why I would recommend that they  
23 reconsider, particularly this issue, with interest  
24 expense.

25 The Company is collecting that as a



1 component of revenues, but yet it's not paying it until  
2 much later in the year. Out that cash. So that's cash  
3 that's available for the Company to use.

4 And that's why I recommend the Commission  
5 re-look at this. It hasn't been looked at in a number  
6 of years.

7 And I mentioned in response to discovery  
8 that's now in the record in this case in my testimony,  
9 at least five other states that -- where utilities do,  
10 in fact, include interest expense as a component of a  
11 lead/lag study.

12 MR. PROCTOR: Thank you, Mr. DeRonne. I  
13 have no further questions.

14 CHAIRMAN BOYER: Okay. Thank you,  
15 Ms. DeRonne. You may be excused.

16 THE WITNESS: Thank you.

17 CHAIRMAN BOYER: Did you have something to  
18 say, Ms. McDowell?

19 MS. McDOWELL: I did. And this just relates  
20 to our previous discussion on the briefing issues.

21 CHAIRMAN BOYER: Yes.

22 MS. McDOWELL: It occurred to me that one  
23 thing we did not discuss is whether those briefs should  
24 include some discussion of the evidence that was  
25 presented and the cost of capital proceeding the Court





1 earlier in May.

2 At that time the Commission indicated that  
3 it would be deciding cost of capital at the same time  
4 it decided the other revenue requirement components.

5 So I guess my assumption was that the brief  
6 would also include some discussion of the cost of  
7 capital issues.

8 But I didn't want to make that assumption  
9 quietly. I thought I ought to bring that up, so that  
10 when you all do direct us on the issue of briefing,  
11 that you would also address the issue of how the cost  
12 of capital phase ought to be included in the briefing  
13 schedule.

14 CHAIRMAN BOYER: Thank you. We will  
15 consider that.

16 MS. McDOWELL: Thank you.

17 CHAIRMAN BOYER: We'll be in recess for  
18 12 minutes, shall we say?

19 We'll reconvene at ten to the hour.

20 (Whereupon, a break was taken.)

21 CHAIRMAN BOYER: Okay. Let's go back on the  
22 record.

23 Here's what we've decided to do on the  
24 post-hearing briefs. And we'll see if we get any  
25 violent reaction to this.



1           We're going to permit but not require those  
2 hearing briefs.

3           We'd like them filed simultaneously, two  
4 weeks from today.

5           And I guess, we mean by that, calendar days.  
6 I mean, not seven working days times two.

7           We'd like to encourage you to use less -- 40  
8 pages or less.

9           And we understand that some of you will  
10 require more time -- because you have more issues to  
11 identify -- and others less.

12           And some famous newspaper person is quoted  
13 as saying something to the effect that anyone can write  
14 a full-page article. That it takes real talent to do  
15 two inches below the fold. So with that --

16           And I'm of the latter school of thought.

17           With respect to content. You know, a good  
18 starting point would be the contested issues. We're  
19 not going to restrict people to stick with that. If  
20 you wish to argue policy, or call our attention to some  
21 of the policy witnesses or legal issues, that will be  
22 fine.

23           Any questions about that?

24           MR. GINSBERG: And would it cover both this  
25 phase and the rate of return phase?



1 It covers every -- all aspects?

2 CHAIRMAN BOYER: Yes. Yes.

3 Don't revisit the test year though. We've  
4 had enough brief on that one already.

5 MR. GINSBERG: And is only the summary  
6 exhibit that you wanted from the parties is the update  
7 of the matrix that was provided earlier?

8 CHAIRMAN BOYER: Yes.

9 And actually, we've kind of amended that  
10 request to a new matrix, starting at the new -- at the  
11 new Company number. Seventy-four --

12 MR. GINSBERG: Okay. All right.

13 CHAIRMAN BOYER: -- five.

14 MR. GINSBERG: In other words, that's -- for  
15 a summary exhibit is sufficient.

16 CHAIRMAN BOYER: Correct.

17 MR. GINSBERG: You don't need one on so  
18 called policy issues? Is that correct?

19 CHAIRMAN BOYER: Correct.

20 Thank you. Well, with that then, let's hear  
21 from Mr. Griffith.

22 And he is a Company witness, and --

23 Ms. McDowell, you're smiling, so your --  
24 okay. You're going to examine this witness.

25 Proceed, please.



1 MS. McDOWELL: Thank you, Mr. Chairman.

2 CHAIRMAN BOYER: Wait, I don't know that  
3 Mr. Griffith has been sworn in this proceeding.

4 MS. McDOWELL: He has not.

5 CHAIRMAN BOYER: Would you please stand?  
6 Raise your right hand.

7 WILLIAM R. GRIFFITH,  
8 having first been duly sworn, was examined and testified  
9 as follows:

10 DIRECT EXAMINATION

11 BY MS. McDOWELL:

12 Q. Good morning Mr. Griffith.

13 A. Good morning.

14 Q. Can you please state your full name and  
15 spell it for the record?

16 A. My name is William R. Griffith;  
17 W-I-L-L-I-A-M, R, G-R-I-F-F-I-T-H.

18 Q. Mr. Griffith, how are you employed?

19 A. I'm director of pricing, cost of service,  
20 and regulatory operations for PacifiCorp.

21 Q. In that capacity, have you prepared  
22 testimony for this proceeding?

23 A. Yes, I have.

24 Q. Is that testimony your direct testimony and  
25 exhibits dated December 17th, 2007; your supplemental





1 direct testimony dated March 6th, 2008; and your  
2 rebuttal testimony dated May 9th, 2008?

3 A. Yes. That's correct.

4 Q. Are -- is some of that testimony  
5 specifically relevant to phase two of this proceeding?

6 A. Yes. The first two pieces of testimony that  
7 you mentioned are.

8 Q. Is your rebuttal testimony, dated May 9th,  
9 2008, specifically relevant to this phase one  
10 proceeding?

11 A. Yes, it is.

12 Q. Do you have a summary of your rebuttal  
13 testimony dated May 9th, 2008?

14 A. Yes. I will present a short summary.

15 My testimony itself is four pages long, but  
16 I will try to make this two inches below the fold for  
17 you.

18 Q. Please proceed.

19 A. The purpose of my rebuttal testimony was to  
20 address two issues raised in this docket.

21 The first issue is the proposed  
22 implementation of a revenue requirement change in phase  
23 one of this proceeding, prior to the Commission  
24 decision of cost of service rate spread and rate design  
25 in phase two.



1           The second issue is the treatment of special  
2 contract customer revenues at the time that the  
3 Commission orders the revenue requirement change in  
4 this case on August 13th, 2008, which is the expiration  
5 period for the 240-day suspension period.

6           The Company proposes that the revenue  
7 requirement change ordered in phase one of this docket  
8 should be applied through a uniform percentage tariff  
9 rider rate, applied to all tariff customers billed  
10 prior to the Commission's determination of costs of  
11 service rate spread and rate design in phase two of the  
12 docket.

13           The Company proposes that the tariff rider  
14 rate, ordered in phase one, be treated no differently  
15 than any other of the Company's rates in effect at that  
16 time, and that would -- it would be applied,  
17 prospectively, beginning on about August 13th, 2008,  
18 until rates are ordered in phase two.

19           On these -- the second issue dealt with  
20 special contract rates. These have been raised by the  
21 parties in the case.

22           And, simply put, the Company believes  
23 that -- proposes that the -- since special contract  
24 prices would not change until January 1, 2009, per  
25 three of the four special contracts, that the Company,



1 at that time, would calculate the revenue effect from  
2 those special contracts -- and subtract that from the  
3 overall revenue requirement being paid by tariff  
4 customers. And that would serve to reduce the tariff  
5 customers' rate impact as a result of the change in the  
6 special contracts on January 1, 2009.

7 And that concludes my summary.

8 MS. McDOWELL: Thank you, Mr. Griffith.

9 This witness is available for  
10 cross-examination.

11 CHAIRMAN BOYER: Thank you. Let's begin  
12 with Mr. Proctor.

13 MR. PROCTOR: No questions.

14 CHAIRMAN BOYER: Any follow-up with  
15 Mr. Ginsberg?

16 MR. GINSBERG: I do have a few.

17 CROSS EXAMINATION

18 BY MR. GINSBERG:

19 Q. Mr. Griffith, what I'd like to talk with you  
20 about is your proposal to use a uniform percent  
21 increase to implement phase one of this rate case.

22 A. Okay.

23 Q. Now, you did propose, if the --

24 Let's try it this way.

25 First, absent the split in the -- between



1 the revenue requirement and rate spread and rate design  
2 phase of the case, customers' rates would be  
3 implemented with the cost of service and your -- a fine  
4 award in August. Is that correct?

5 A. Could you state that?

6 Q. Absent the splits of phase two, a customers'  
7 rates, rate design, and cost of service phase of this  
8 case, whatever the fine decision would be on that,  
9 would have occurred in August. Is that right?

10 A. Yes. That's correct.

11 Q. So, as a result of the delay of this case,  
12 customers' rates, as you have suggested, would be  
13 delayed for some period of time. Is that right?

14 A. Well, I'm not saying customers' rates would  
15 be delayed.

16 Q. Customers --

17 A. What I'm saying is that the rate spread and  
18 rate design determination would be delayed until later,  
19 after the 240-day suspension period.

20 Q. Now, you did, in your testimony, provide an  
21 alternative, if the Commission wishes to have the  
22 opportunity, at the end of phase two of this case, to  
23 address the delay that has occurred in implementing  
24 phase two. Is that right?

25 A. I provided an alternative, but it was not





1 our preferred approach. Our preferred approach is to  
2 implement --

3 Q. Right.

4 A. -- a tariff rider rate on August -- in  
5 August.

6 And that applies, and continues until rate  
7 spread and rate design is determined, and then the  
8 tariff rider expires and the other rates continue going  
9 forward.

10 Q. So your alternative would be that if the  
11 Commission chose to do that, that a second tariff rider  
12 be applied that would address the period of time  
13 between August and whenever a new decision comes out.

14 A. Yes. I mentioned that that could be  
15 applied, if that determination were made.

16 Q. And that would be applied on a class basis.  
17 Is that right?

18 A. Yes.

19 Q. So would it in --

20 A. An entire rate schedule. By rate schedule.

21 Q. Can we look at -- just -- at your rate  
22 schedule that's in your direct testimony?

23 Your proposed -- your proposal in this case  
24 was that certain classes --

25 First, the uniform percent increase, would



1 it apply to all classes on this schedule?

2 A. The uniform percentage change I propose for  
3 the end of the phase one proceeding would be a  
4 percentage surcharge applied to all tariff customer  
5 rates.

6 For example, my understanding, the Company's  
7 position currently is the overall rate increase is  
8 approximately 74 and a half million dollars.

9 And using that as a basis, it would be a  
10 5.6 percent rate increase to tariff customers.

11 And that would be applied through a line  
12 item tariff rider. On the bill that would be a  
13 5.6 percent charge -- additional charge on the bill.

14 Q. And your schedule was filed -- filed in your  
15 supplemental testimony was based on the \$94 million?  
16 Is that right?

17 A. My supplemental testimony, which I'm really  
18 not discussing today.

19 But, yes, that was filed I believe around --  
20 I thought it was '99. But I -- again, I don't even  
21 have -- I don't have any of that with me now.

22 Q. You don't have your schedule that shows what  
23 schedules you were originally proposing rate increases,  
24 or decreases, and what percentage?

25 A. I didn't bring that with me. I was prepared



1 really to discuss this phase one issue.

2 Q. Well, don't -- in order to discuss the phase  
3 one issue, don't we need to look at your basis for  
4 determining why a uniform percent increase is  
5 reasonable in light of your original proposal?

6 MS. McDOWELL: Chairman, if I could approach  
7 the witness and hand him his testimony from the  
8 earlier -- the --

9 CHAIRMAN BOYER: Yes. Thank you.

10 MS. McDOWELL: It's basically the phase two  
11 testimony.

12 CHAIRMAN BOYER: That might be helpful.

13 THE WITNESS: In answer to your question,  
14 though, I don't believe, since this information has not  
15 yet been reviewed, or litigated by the parties, I  
16 didn't believe that it was appropriate to be discussing  
17 it here at this time.

18 That's the purpose of the phase two  
19 proceeding.

20 Q. (BY MR. GINSBERG) But you're recommending  
21 that all classes receive a uniform percent increase.  
22 Isn't that right?

23 A. I'm recommending that, based on the  
24 information that the Commission has available today, or  
25 through this phase one proceeding, this is the best



1 information that it has available at this time to  
2 determine a rate for customers to implement the revenue  
3 requirement and following the phase one proceeding,  
4 yes.

5 Q. Well, you were recommending certain rate  
6 classes not receive any rate increase. Is that right?

7 Certain lighting schedules?

8 A. Well, those were the lighting contracts that  
9 got no rate change.

10 Q. And you were recommending that certain  
11 commercial classes receive less than the average?

12 A. Yes. I recommended some classes receive  
13 less than the average, and some receive more. That's  
14 true. In -- in the -- in the rate spread and rate  
15 design proposal for phase two of the proceeding, yes.

16 Q. So isn't it reasonable, and fair, that at  
17 the end of phase two, that those classes who had the  
18 ability to get their decisions in August, have the  
19 ability to have that period of time addressed by  
20 prospective surcharge? For each class? Or refund?

21 A. I don't believe it's reasonable or fair.

22 I think what the Commission does in phase  
23 one is it makes a determination of rates based on the  
24 information it has at that time.

25 Commissions change order rate changes from





1 time to time.

2           When new rates go into effect, prior rates  
3 aren't -- the Commission doesn't go back and update  
4 those, or revise any of those charges. Customers are  
5 paying -- are using energy and paying bills based on  
6 the rates in effect at the time.

7           This would -- this type of change wouldn't  
8 just give some customers credits, it would give other  
9 customers additional charges.

10           So we assume a rate increase occurs, and a  
11 class gets an above-average increase, it would also get  
12 an additional charge to pay the amount it didn't pay in  
13 the prior period. And so it's sort of a double whammy  
14 for them.

15           Q. When you try and put some classes above and  
16 below the average, are you trying to achieve a goal of  
17 reaching some type of relationship to your  
18 cost-of-service study?

19           A. Absolutely.

20           And again, the cost-of-service study is also  
21 being reviewed in phase two of this docket.

22           Q. Now, if you apply the uniform percent  
23 increase to all customer groups, wouldn't they be  
24 farther away from achieving your goal of -- I think  
25 yours was four percent from the cost of service? Is



1 that right?

2 A. I can't answer that, because we have a file  
3 cost-of-service study. Other parties are free to  
4 contest that, so.

5 Again, with the information available today,  
6 we don't know.

7 Q. But --

8 A. We know the Company position, but other  
9 parties have a position also.

10 Q. Just taking the Company's proposal, applying  
11 a uniform percent increase to all customer classes  
12 without -- would put them farther away from achieving  
13 your goals?

14 A. Well, I think, again, our goals are that our  
15 studies be reviewed by the parties, and that we come up  
16 with a reasonable cost of service result, that the  
17 Commission endorses, and -- and orders that rates be  
18 based on.

19 Q. Can you describe your goal of the four  
20 percent from cost of service? What that meant?

21 A. Pardon me?

22 Q. When you set these objectives, the six  
23 percent, the various levels for each class, you were  
24 trying to achieve a four percent away from cost of  
25 service. Is that right?



1           A.    That was in my supplemental testimony that's  
2 being entered in phase two of the docket, yes.

3           Q.    And I asked you if you could describe how  
4 you achieved that four percent.

5           A.    That we set -- that we set rates that --  
6 customer classes that are within four percent of costs  
7 of service, we're getting a uniform -- are getting, or,  
8 in the proposal, again, in phase two, was that these  
9 customers would get a -- a uniform percentage change.  
10 All of the customers within four percent of costs of  
11 service.

12                   Those beyond four percent would get more or  
13 less than that.

14           Q.    And my question was that applying a uniform  
15 percent to all customer classes would make it harder  
16 for you to achieve that goal.

17           A.    I -- I don't really believe so.

18                   I mean, this tariff rate rider would be in  
19 effect for probably -- I don't know, four months?  
20 Five months?

21                   I don't think that's a long period of time.  
22 I don't think it sends --

23                   It's also in effect following -- pretty much  
24 following the summer.

25                   Mid-August is -- we're getting towards the



1 end of the summer. So, for instance, irrigation  
2 customers. We recommended a much larger than average  
3 increase. Most of their summer irrigation --  
4 irrigating is complete.

5 So I don't think, for this short period of  
6 time, it really does much harm in terms of  
7 costs-of-service relationships, even though at this  
8 point those haven't been determined in this case.

9 MR. GINSBERG: That's all I have.

10 CHAIRMAN BOYER: Thank you.

11 Mr. Sandack, any questions?

12 MR. SANDACK: No questions.

13 CHAIRMAN BOYER: Mr. Lacey.

14 MR. LACEY: No questions.

15 CHAIRMAN BOYER: Mr. Dodge?

16 MR. DODGE: Just very quickly.

17 CROSS EXAMINATION

18 BY MR. DODGE:

19 Q. Mr. Griffith, in applying your proposal for  
20 an equal percentage, is it your view that that is  
21 essentially using the only currently approved rate  
22 spread from this Commission?

23 A. I think it's -- you could say it's currently  
24 the only approved rate spread. I think it's really  
25 based on the information that the Commission has today





1 in this docket to determine rates.

2 Q. Which is basically based on the last rate  
3 spread settlement or order that they entered?

4 A. Well, it's close, but the last rate spread  
5 was not an equal percent.

6 Q. But my point is by just adding this now to  
7 the rate spread, in effect you're perpetuating the last  
8 order. Right?

9 A. I guess you could say it that way, yes.

10 MR. DODGE: Thank you. No further  
11 questions.

12 CHAIRMAN BOYER: Mr. Reeder?

13 MR. REEDER: I have no questions.

14 CHAIRMAN BOYER: Mr. Allen?

15 Mr. Campbell?

16 I don't either.

17 Okay. Ms. McDowell? Any redirect?

18 MS. MCDOWELL: No, Mr. Chairman.

19 CHAIRMAN BOYER: All right. We'll be in  
20 recess until --

21 MR. SANDACK: Your Honor?

22 CHAIRMAN BOYER: Mr. Sandack?

23 MR. SANDACK: Your Honor, I apologize. I  
24 have one matter I have to briefly present.

25 I represented to the Commission, on Tuesday,



1 with regard to the issue of the liability in standards  
2 that Utah Power would be -- excuse me, Rocky Mountain  
3 would be filing a letter, essentially, with the  
4 Commission, in regard to that. That issue --

5 That letter was filed yesterday, and I'm  
6 just -- I've been given a copy of it, reviewing it.

7 It's dated June 4, 2008. And basically it  
8 reviews the background of the Service Standards  
9 Program.

10 And essentially what they're proposing.  
11 It's signed by Mr. Larsen, Jefferson Larsen.

12 Essentially what new standards, performance  
13 standards they are proposing.

14 And -- including the -- the safety, and the  
15 saving standards that I specifically spoke to.

16 They're talking about it, in terms of  
17 controllable type outages, and interruptions of  
18 service, and uncontrollable --

19 It may be implicit in here, but it's not  
20 quite explicit in terms of what I understood from my  
21 discussions with Mr. Taylor and Mr. Bennion, when we  
22 were discussing waiving his cross-examination. That  
23 the -- the proposals would be, in fact, referred to the  
24 Service Quality Task force, by the -- for its review,  
25 and for the review of interested parties.



1           The Union's participated in those before,  
2           and I -- that was -- and the -- in fact, the Union  
3           would be invited, as Mr. Bennion had stated.

4           And what I'm asking -- and I think this can  
5           be cleared up with a stipulation, that by the -- by the  
6           Company, to the effect that, in fact, it is going to do  
7           that, and refer it to the task force.

8           And I'd like to get that stipulation, if  
9           possible, now.

10           If you want to check with Mr. Taylor and  
11           Mr. Bennion, fine.

12           But that was part of, you know, waiving his  
13           cross-testimony. And I did want to get that cleared  
14           up, since it was made so clear to me in our  
15           discussions.

16           MS. McDOWELL: May I confer for a moment?

17           CHAIRMAN BOYER: Please.

18                                 (Whereupon, a discussion was  
19                                 held off the record.)

20           CHAIRMAN BOYER: Ms. McDowell, is there  
21           something we can accomplish on the record? Or do  
22           you --

23           MS. McDOWELL: I believe so.

24           CHAIRMAN BOYER: Okay. Go ahead.

25           MS. McDOWELL: So I'm informed that we agree



1 to refer these matters to the Service Quality Task  
2 Force, and we would be pleased to have Mr. Sandack  
3 participate in that task force.

4 MR. SANDACK: On behalf of my client, IBEW  
5 Local 57, I appreciate that. Thank you.

6 MS. McDOWELL: You're welcome.

7 MR. GINSBERG: I think the -- one thing that  
8 needs to be cleared -- and I guess I attempted to try  
9 and find out, is whether the Service Quality Task Force  
10 is still an active body that needs -- that is meeting  
11 regularly.

12 I understand there's a possibility it hasn't  
13 met for quite a while, and it might even require the  
14 reformation of that task force.

15 I don't know if that would require something  
16 more than the Division just recalling it back together  
17 as -- whoever was participating before. Some action by  
18 the Commission.

19 MS. McDOWELL: So --

20 I understand, from my clients, that the work  
21 of the Service Quality Task Force is complete, but it  
22 meets from time to time to review updates or reports.

23 MR. GINSBERG: I think it meets -- that it  
24 has not been meeting in more -- in a more structured  
25 fashion. That the original Service Quality Task Force





1 does, and that that -- that that certainly can happen.

2 CHAIRMAN BOYER: Right. Why don't we follow  
3 up on that off-line, and then our colleagues on the  
4 Commission staff, and the Company folks can make sure  
5 that that happens in the future. Or maybe Mr. Powell,  
6 or Dr. Powell.

7 MR. SANDACK: These are obviously major  
8 proposals that would be appropriate for that purpose.

9 CHAIRMAN BOYER: Okay.

10 So no resolution, but we'll follow-up on  
11 that off-line, Mr. Sandack, and you will definitely be  
12 in the loop. And we'll make sure that this doesn't  
13 fall through the cracks.

14 Okay. Thank you for your professionalism,  
15 and for your participation. And we'll be in recess  
16 until 4:30 today.

17 MS. McDOWELL: Thank you.

18 (Whereupon, a break was taken.)

19 COMMISSIONER BOYER: Well, let's go on the  
20 record.

21 This is the time and place duly noticed for  
22 the public witness portion of the revenue requirement  
23 portion of the Rocky Mountain Power rate case.

24 And let's ask the Committee of Consumer  
25 Services if there are any members of the public here.



1 MR. PROCTOR: Well, not to my knowledge.

2 And Ms. Murray is indicating no.

3 That -- that answers your question.

4 Do you believe that there was an  
5 understanding that we would, in fact, wait for some  
6 period of time in the event somebody came after 5:00?

7 I -- or --

8 CHAIRMAN BOYER: Our -- what we intend to do  
9 is probably take a recess until or unless the earlier  
10 of somebody coming or 5:30.

11 The -- the issue is that there may be people  
12 who are still at work, and will get off at five o'clock  
13 and can come down at that point in time.

14 And so -- and if no one does come, I'm sorry  
15 to keep you all here and available, but that's our  
16 intention at this point in time.

17 MR. PROCTOR: Okay.

18 CHAIRMAN BOYER: So with that --

19 Well, I see Mr. Overbeck is in the back  
20 there. You're a member of the public. But you're  
21 observing, huh?

22 THE WITNESS: I have no opinion.

23 CHAIRMAN BOYER: You have no opinion. He's  
24 neutral. That's the way we like our reporters.

25 With that, then we'll recess until the



1 earlier of somebody coming or just before 5:30, and  
2 then we'll ring the final bell, I guess.

3 Thanks so much for coming, and we may see  
4 you here in a few minutes.

5 (Whereupon, a break was taken.)

6 CHAIRMAN BOYER: Okay. Let's go back on the  
7 record.

8 The record should reflect that we  
9 conducted -- or the record should reflect that we --  
10 that we did conduct the public witness hearing,  
11 pursuant to notice, from the hours of 4:30 to 5:30.  
12 That no members of the public appeared to give  
13 testimony.

14 And that concludes, or that will conclude  
15 the revenue requirement portion of the Rocky Mountain  
16 rate case.

17 And we are adjourned.

18 (Whereupon, the deposition  
19 was concluded at 5:31 p.m.)

20 \* \* \*  
21  
22  
23  
24  
25



1 STATE OF UTAH )  
2 COUNTY OF SALT LAKE ) ss

3

4 THIS IS TO CERTIFY that the foregoing  
5 proceeding in the foregoing cause named, was taken  
6 before me, DEBRA A. DIBBLE, a Certified Shorthand  
7 Reporter and Notary Public in and for the State of  
8 Utah, residing at Woodland, Utah.

6

7

8 That the testimony of said proceeding was  
9 reported by me in Stenotype, and thereafter caused by  
10 me to be transcribed into typewriting, and that a full,  
11 true and correct transcription of said testimony so  
12 taken and transcribed is set forth in the foregoing  
13 annexed transcript.

10

11

12 I further certify that I am not of kin or  
13 otherwise associated with any of the parties to said  
14 cause of action, and that I am not interested in the  
15 event thereof.

13

14

15 IN WITNESS WHEREOF, I have hereunto set  
16 my hand this \_\_\_\_ day of  
17 \_\_\_\_\_, 2008.

16

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Debra A. Dibble, C.S.R., R.P.R.

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