

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**In the Matter of the Application of Rocky Mountain Power For Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations**

**Docket No. 08-035-38**

**DPU Exhibit No. 5.0DS**

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**Supplemental Direct Testimony of**

**Mark E. Garrett**

**REVENUE REQUIREMENT**

**For the Division of Public Utilities**

**Department of Commerce**

**State of Utah**

**March 9, 2009**

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## **Supplemental Direct Testimony of Mark E. Garrett**

### **I. INTRODUCTION**

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

2 A. My name is Mark E. Garrett. I am an independent consultant specializing in public  
3 utility regulatory issues.

4 **Q. Have you submitted Direct Testimony in this cause?**

5 A. Yes. I submitted Direct Testimony on February 12, 2009 on behalf of the Utah Division  
6 of Public Utilities.

### **II. PURPOSE AND RECOMMENDATION**

8 **Q. What is the purpose of your Supplemental Direct Testimony?**

9 A. I am filing Supplemental Direct Testimony to correct an error in one of the adjustments  
10 proposed in my Direct Testimony and shown in Exhibit 5.7.

11 **Q. Would you please identify the adjustment affected by this correction?**

12 A. Yes. The adjustment impacted by this correction is the payroll annualization adjustment.  
13 Specifically, this correction reduces the amount of the incentive compensation expense in  
14 the payroll annualization adjustment, referenced at Lines 594 through 597 of my Direct  
15 Testimony, to the target level identified in Rocky Mountain Power witness Mr.  
16 McDougal's exhibits at Page 4.23.3.

17 **Q. What is the correct amount of incentive compensation expense to include in the**  
18 **payroll annualization adjustment?**

19 A. The correct adjustment for incentive compensation expense is \$9,091,246 on a total  
20 company basis and \$3,679,735 in the Utah jurisdiction, net of capitalized payroll costs  
21 and including the impact of payroll taxes.

22 **Q. Have you included a corrected DPU Exhibit 5.7 with your testimony?**

23 A. Yes. DPU Exhibit 5.7 Corrected is attached to my testimony.

24 **Q. How does the corrected adjustment compare with the amount that was originally**  
25 **included in your Direct Testimony?**

26 A. The original adjustment was a decrease to the Utah jurisdictional expense of \$2,912,304.  
27 The following table compares the corrected adjustment to amounts originally included in  
28 my testimony.

	<b>Correct Adjustment</b>	<b>Original Adjustment</b>	<b>Difference</b>
<b>Total Company Amount</b>	(\$9,091,246)	(\$7,195,210)	(\$1,896,036)
<b>Allocation</b>	40.475588%	40.475588%	40.475588%
<b>Utah Amount</b>	(\$3,679,735)	(\$2,912,304)	(\$767,431)

29

30 **Q. Does this correction affect the testimony and exhibits of other witnesses for**  
31 **the Division of Public Utilities?**

32 A. No, this correction does not affect the testimony of other witnesses. The correct  
33 amount of incentive compensation expense was reflected in the testimony and  
34 exhibits of the other Division witnesses.

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

36 A. Yes it does.