

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 09-035-23

**REBUTTAL TESTIMONY
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KROGER CO.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

November 2009

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**In the Matter of the Application of Rocky Mountain)
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Utility Service Rates in Utah and for Approval of its) Docket No. 09-035-23
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DIRECT TESTIMONY OF STEPHEN J. BARON

1

I. INTRODUCTION

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Q. Please state your name and business address.

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A. My name is Stephen J. Baron. My business address is J. Kennedy and Associates, Inc.

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("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

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Q. Have you previously presented testimony in this proceeding?

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A. Yes. I presented Direct Testimony.

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Q. What is the purpose of your Rebuttal Testimony?

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1 A. I am responding to the Direct Testimony of Division of Public Utilities (“DPU”) witness
2 Thomas Brill on the issue of class revenue apportionment (“rate spread”), the Direct
3 Testimony of Utah Office of Consumer Services witness Daniel Gimble on rate spread and
4 the Direct Testimony of Utah Office of Consumer Services witness Paul Chernick on class
5 cost of service issues.

6

7 Response to DPU Witness Thomas Brill

8

9 **Q. Have you reviewed the Direct Testimony of Dr. Brill on the allocation of the approved**
10 **revenue increase to rate schedules (“rate spread”)?**

11

12 A. Yes. Dr. Brill is recommending that 100% of the DPU proposed revenue increase of \$8.5
13 million be allocated to Rate Schedules 9 and 10 (on a proportionate basis). The DPU is
14 recommending 0% increases for all other rate schedules. While the DPU bases its
15 recommendation on the results of the DPU’s class cost of service study, the DPU finds that
16 neither its study or the Company’s study is reliable in this case. If the Commission finds
17 that the load forecast data is faulty and that no cost of service study based on this data is
18 reliable, as the DPU has concluded, then the appropriate rate spread in this case would be a
19 uniform percentage increase for all rate schedules.¹ Based on the DPU revenue increase of
20 \$8.5 million, this would produce a uniform percentage increase of 0.60% (6/10ths of 1%).

¹ On page 15, at lines 293 to 294, Dr. Brill states as follows: Thus, Mr. Mancinelli’s results have a margin of error that he is unable to address.

1 In the alternative, the Company’s proposed rate spread should be adopted. The DPU’s
2 proposed rate spread recommendation to place 100% of the revenue on Rate Schedules 9
3 and 10 is particularly problematic if the Commission authorizes a revenue increase greater
4 than the DPU’s recommended \$8.5 million increase.

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6 Response to Office of Consumer Services Witness Paul Chernick

7 Q. Have you reviewed the Direct Testimony of Paul Chernick in this case?

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9 A. Yes. Among other issues that he discussed in his testimony, Mr. Chernick identified a
10 number changes to the RMP class cost of service methodology that he recommends be
11 adopted by the Commission in this case. Specifically, he recommends that the Commission
12 require the Company to modify its allocation of distribution “services,” increase the energy
13 classification of generation plant, change its classification of non-seasonal purchases and
14 modify the allocation of demand related distribution costs. While I will not comment of the
15 reasonableness of any of these proposals, I believe that it is inappropriate, based on the
16 evidence submitted by Mr. Chernick, to require that the Company incorporate these
17 recommendations into its class cost of service study in the next case. The Office of
18 Consumer Services and Mr. Chernick are certainly free to file such a class cost of service
19 study in the next RMP rate case and support its adoption based on evidence in that case.
20 There is no need, in this case, to order the Company to file such a study in the next rate
21 case.

1

2 **Q.** **Does that complete your testimony?**

3

4 **A.** Yes.

