

1 **Q. Please state your name, business address, and present position with Rocky**
2 **Mountain Power Company (the Company), a division of PacifiCorp.**

3 A. My name is Steven R. McDougal and my business address is 201 South Main,
4 Suite 2300, Salt Lake City, Utah, 84111. I am currently employed as the director
5 of revenue requirements for the Company.

6 **Q. Are you the same Steven R. McDougal who submitted pre-filed direct and**
7 **rebuttal testimony in this proceeding?**

8 A. Yes.

9 **Q. What is the purpose of your supplemental rebuttal testimony?**

10 A. My testimony will respond to the late-filed supplemental direct testimony filed by
11 the Division of Public Utilities (the “DPU” or “Division”) on October 29, 2009,
12 regarding the Company’s revenue requirement, with the exception of coal cost
13 updates which are being addressed by Mr. Gregory N. Duvall.

14 **Q. Can you describe the events leading up to the DPU’s late-filed supplemental**
15 **direct testimony?**

16 A. Yes. In addition to making a complete filing of its rate case with the Commission,
17 which includes extensive responses to two sets of Master Data Requests, the
18 Company responded to over 60 sets of data requests from the DPU alone,
19 encompassing several hundred individual data requests. In addition, the Company
20 arranged on-site visits where DPU staff and consultants Mr. George Evans and
21 Mr. Michael McGarry reviewed documents and met with knowledgeable
22 Company representatives. With very few exceptions, the Company provided
23 timely responses to the discovery questions asked by the Division and the other

24 parties. This requires a significant allocation of resources by the Company due to
25 the tremendous amount of varied information that must be collected and analyzed.
26 The Company continues to work hard to comply with the turnaround times for
27 discovery responses ordered in the Scheduling Order in this docket, which was
28 issued on August 4, 2009.

29 When the DPU filed its initial data requests regarding the topics addressed
30 in its late-filed Supplemental Direct Testimony, the Company provided timely
31 responses to the DPU. However, the DPU failed to serve its follow-up data
32 requests early enough to allow the Company's responses to be received in time
33 for the DPU to use those responses in its direct testimony, which was scheduled to
34 be filed October 8, 2009, in accordance with the Scheduling Order.

35 **Q. In your opinion, is the Company disadvantaged by the Division's actions?**

36 A. Yes. The Commission sets a procedural schedule to give the parties certainty
37 regarding when testimony will be received and when updates to revenue
38 requirement and other adjustments to the case will be finalized. The Company has
39 complied with this schedule.

40 The Company does not have unlimited resources to analyze updates and
41 adjustments proposed by other parties, and the Company relies on the deadlines in
42 the procedural schedule for its internal deadlines and allocation of resources.
43 Allowing out of time updates by other parties puts the Company at a disadvantage
44 as it prepares its rebuttal testimony and analyses. Both in this case and the prior
45 rate case the Division has filed testimony late, and it appears that while the
46 Company is now required to make a complete filing, the Division is not required

47 to manage its audit and review of the case in such a fashion that it files a
48 “complete response” to the Company’s filing. If this trend in the Division’s
49 inability to manage its review of the Company’s filing continues, then the
50 Company requests that the Commission initiate a rulemaking to address the
51 requirements placed on intervenors to cases to adequately file their direct
52 testimony on a timely basis, or in the alternative, establish discovery cut-off dates
53 in future scheduling conferences that would require all parties to submit discovery
54 requests by a date certain in advance of testimony filing dates so that the
55 discovery information can be used in the preparation of testimony. Additionally,
56 if the Commission is going to allow out of time updates from the Division or
57 other parties, the Company should be afforded the same opportunity to update its
58 case as additional information becomes available, either from the Company’s
59 internal analyses or as discovery responses are received from other parties.

60 **Specific Adjustments**

61 **Q. What specific adjustments does your testimony address?**

62 A. The supplemental testimony from the DPU proposed three new adjustments.
63 These adjustments were held as “placeholders” in the Direct Testimony of the
64 DPU, without numerical backup and without sufficient details for the adjustment
65 to be addressed prior to receiving the supplemental testimony. The three proposed
66 adjustments are related to removing hydro facilities, construction work in
67 progress (“CWIP”) write-offs, and coal prices. I provide the Company’s response
68 to adjustments on hydro facilities and CWIP in the following paragraphs while
69 Mr. Duvall provides a response on coal issues in his supplemental rebuttal

70 testimony.

71 **Hydro Facilities**

72 **Q. What is the Company's position on the supplemental direct testimony**
73 **adjustment to hydroelectric facilities as proposed in DPU witness Mr. Matt**
74 **Croft's supplemental testimony?**

75 A. As described in my rebuttal testimony on lines 1220 through 1295 these facilities
76 are appropriately reflected in the test year results as filed in Exhibit
77 RMP___(SRM-2). Removal of any of these facilities would exempt Utah
78 ratepayers from the cost of non-power generating investments required by a
79 FERC license such as cultural resource management, water management,
80 recreational facilities or other prudent investments that are necessary for the
81 operation of the Company's hydroelectric system. Mr. Croft's proposed
82 adjustment is inappropriate and should be rejected.

83 **CWIP Write-offs**

84 **Q. What is the Company's position on the supplemental direct testimony**
85 **regarding CWIP write-offs?**

86 A. As described in my rebuttal testimony on lines 1183 through 1219, the Company
87 disagrees with the adjustment proposed by Mr. McGarry to remove certain
88 accounting entries for CWIP write-offs. First, the largest single item in Mr.
89 McGarry's adjustment, the 'Kern River REG Project,' was already removed from
90 revenue requirement through the Preliminary Plant Expense adjustment on page
91 4.19 of Exhibit RMP___(SRM-2) in the Company's original filing.

92 Second, Mr. McGarry also proposes to remove an expense associated with

93 an item written-off at the St. Anthony hydro facility, but that same write-off
94 expense is incorporated in DPU witness Croft's proposed Hydro Facilities
95 Removal adjustment.

96 Third, Mr. McGarry's adjustment includes projects which were written-off
97 due to circumstances outside the direct control of the Company contrary to his
98 supplemental direct testimony, lines 338-340, that states "[p]rojects in which
99 some or all of the reason for cancellation is outside the direct control of the
100 Company should be charged to the customer through expense".

101 The vast majority of Mr. McGarry's adjustment either duplicates
102 adjustments already made by the Company or proposed by other Division
103 witnesses, or removes costs incurred for circumstances beyond the Company's
104 control. The remaining elements of his adjustment are related to small projects
105 that could not be completed for unforeseen reasons. Beyond the Kern River
106 adjustment already made by the Company, I recommend that no additional
107 adjustment be made for CWIP write-offs.

108 **Q. Does this conclude your supplemental testimony?**

109 A. Yes.