

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

<hr/>)	
In the Matter of the Application of)	
Rocky Mountain Power for Authority)	
to Increase its Retail Electric Utility)	
Service Rates in Utah and for)	Docket No. 10-035-124
Approval of its Proposed Electric)	
Service Schedules and Electric)	
Service Regulations)	
<hr/>)	

Prefiled Rebuttal Testimony of

Dennis E. Peseau

on Revenue Requirement

On behalf of

Utah Industrial Energy Consumers

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Dennis E. Peseau. My business address is Suite 250, 1500 Liberty Street,
3 S.E., Salem, Oregon 97302.

4 **Q. ARE YOU THE SAME DENNIS E. PESEAU WHO FILED DIRECT TESTIMONY**
5 **ON BEHALF OF THE UTAH INDUSTRIAL ENERGY CONSUMERS IN THESE**
6 **PROCEEDINGS?**

7 A. Yes.

8 **Q. WHAT IS THE SUBJECT OF YOUR REBUTTAL TESTIMONY?**

9 A. My rebuttal testimony addresses the recent filing PacifiCorp made at the Federal Energy
10 Regulatory Commission (“FERC”). Since the filing of my direct testimony on May 26,
11 2011, Rocky Mountain Power (“RMP”)/PacifiCorp filed a new Open Access
12 Transmission Tariff rate case with FERC, Docket No. ER11-3643-000. In this docket
13 PacifiCorp proposes revisions designed to substantially increase rates for its Network
14 Integration, Point-to-Point and other transmission service customers. The proposed rate
15 increases for Network Service average 62.6%, or \$85 million, and are largely weighted to
16 increased charges for ancillary services. The proposed rate increase for the Point to Point
17 service is 15.15%, or \$20 million. RMP should be required to update its general rate case
18 filing detailing the revenue requirement impact in Utah from its proposed OATT revisions
19 and UIEC requests that the Commission order RMP to do so. I note that the test year date
20 of the OATT filing is the same as that of the Utah general rate case filing.

21 **Q. WHY IS AN UPDATE FILING NECESSARY?**

22 A. The request is made so that Parties can better determine whether the level of FERC-related
23 revenues is fairly and adequately allocated to Utah in this case.

1 **Q. DIDN'T YOU ADDRESS THE ISSUE OF TRANSMISSION REVENUE CREDITS**
2 **IN YOUR DIRECT TESTIMONY?**

3 A. Yes, pages 15-18 of my direct testimony state my concerns regarding the potential non-
4 compensatory nature of these revenues due to the ability of nonretail customers to avoid
5 paying for the fixed costs of Energy Gateway from nonuse. In light of these concerns, I
6 proposed that the Commission allocate 50% of the revenue requirement associated with
7 the Populus to Terminal segment of Energy Gateway to retail customers.

8 **Q. IF THAT IS YOUR PRIMARY POSITION ON THE ALLOCATION ISSUE OF**
9 **THE ENERGY GATEWAY REVENUE REQUIREMENT ISSUE, WHY IS THE**
10 **UPDATE FROM THE FERC NECESSARY?**

11 A. Even if the Commission chooses not to adopt my cost causation/beneficiary allocation
12 proposal, which I still believe is appropriate and necessary, it is critical to have all the
13 transmission revenues to be received by the Company up-to-date and distributed to its
14 Utah retail customers. The Utah case was filed in January 2011 and therefore does not
15 reflect the new level of revenue increases anticipated from the May 26, 2011, RMP FERC
16 filing, despite the overlap in test years in these two proceedings. The Commission ought
17 to require the Company to update its Utah case in order to establish an accurate Utah test
18 year level of FERC-related revenues to be reflected in its proposed Utah revenue
19 requirement request. I understand that, to some extent, the difference in the Utah test year
20 forecast of these transmission revenues and the actual transmission revenues received, or
21 the "delta," will be accounted for in subsequent Energy Balancing Account cases.
22 However, it is important for the Commission to be in a position to set an accurate level of

1 test year transmission revenues in order to reach a final overall revenue requirement in this
2 case.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 A. Yes.

4826-1411-5593.1

Rebuttal Testimony
Dennis E. Peseau
Docket No. 10-035-124