



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT.
Governor

GREG BELL
Lieutenant Governor

June 20, 2011

F Robert Reeder
William J Evans
Vicki M Baldwin
Parson Behle & Latimer
Attorneys for UIEC, an Intervention Group
One Utah Center STE 1800
201 South Main Street
Salt lake City UT 84145-0898

RE: UT Docket No. 10-035-124
UIEC 2ND Set Data Requests (1-11)

Please find enclosed the Division of Public Utilities Responses to UIEC, an Intervention Groups 2ND Set of Data Requests (1-11), numbered 2.1 through 2.11.

If you have any questions please contact Dennis Miller at the Division of Public Utilities.

Sincerely,

Dennis Miller
Staff Paralegal
(801) 530-6657
dennismiller@utah.gov

Enclosure

cc: Service List

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.1

UIEC Data Request to the Division of Public Utilities 2.1

Please refer to the testimony of Dr. William Powell regarding revenue requirements at lines 33-37. Please provide an explanation and copies of all documents supporting Dr. Powell's expression of concern contained in these lines of testimony. In other words, please provide an explanation and copies of all support upon which Dr. Powell depends to opine that the cumulative effect of reasonable adjustments "could leave the Company with insufficient resource to meet its mandate or providing safe, adequate, and reliable service."

Response of the Division of Public Utilities to UIEC Data Request 2.1

See Attachment 2-1a. This is the last completed monthly analysis of PacifiCorp's earnings position. Also see the direct testimony of Mr. Peterson on behalf of the Division on the matter of cost of capital.



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Witness: J. Robert Malko
Rocky Mountain Power
Exhibit UIEC-____ (JRM-R1)
Docket No. 10-035-124

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director *CP*
Energy Section
Artie Powell, Manager *AP*
Matt Croft, Utility Analyst II *MC*

Date: January 11, 2011

Subject: PacifiCorp Regulatory Financial & Operating Report – October 2010

DIVISION OF PUBLIC UTILITIES

MEMORANDUM

On August 12, 2010 the Company provided the Division with a reconciliation of the 2009 FERC Form 1 to the 2009 Semiannual Results of Operations. The numbers in the monthly reports provided to the Commission are based on the FERC Form 1. The Division believes that the reconciliation will provide a base for converting the monthly FERC Form 1 numbers to a Utah regulated results of operations. The Division is in the process of learning how to apply that conversion and for the time being will issue the monthly reports based on the previous format as outlined below.

The following report is a tracking of Return on Equity (ROE) and Return on Rate Base (RORB) for PacifiCorp using simple methodology and computations. The amounts for the computations come from the monthly Regulatory Financial and Operating Reports of PacifiCorp (Depending on the timing of when it is issued this report may or may not be confidential).

The amounts in RORB and ROE columns are Company wide. They are not State specific and have not been adjusted as would normally be done to determine regulatory revenue and rate base nor have the amounts been adjusted to determine financial statement amounts by state jurisdiction. Thus it should be noted that the percentages shown in these columns are simple estimates and indicators for tracking purposes. It can not be relied upon to give a completely accurate ROE or RORB for the Utah Jurisdiction but can be used to track unadjusted Company wide ROE and RORB using Regulatory financial information.

However, it should be able to assist the reader to determine if ROE and RORB as computed is nearing or exceeding authorized or stipulated amounts set by the Commission for PacifiCorp for Utah ROE and RORB. Such indication would then enable the Division to request more sophisticated data from the Company to determine if the Company was in fact over earning or near to over earning.

On a semi-annual basis, PacifiCorp does file regulatory Utah results of Operations in which it does all of the adjustments and allocations required to arrive at ROE and RORB per their normal Company accepted rate setting methodologies. The results from recent Semi-annual Reports, for oversight purposes, have been shown and should be compared with the monthly reporting to arrive at a sense of how the company is doing in estimated adjusted and unadjusted ROE and RORB to Public Service Commission authorized or stipulated ROE and RORB.

CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER

Results for October 2010 - December 2010 are confidential until March 31, 2011 after the Company's 10Q for the period ending December 31, 2010 is released. Results previous to October 2010 are no longer confidential.

TO: Utah Public Service Commission
 Utah Division of Public Utilities

DATE: January 11, 2011

FROM: Utah Division of Public Utilities - Matt Croft / Utility Analyst II
 RE: PacifiCorp Annual RORB and ROE and Monthly Earnings Report

When compared to the 12 months ended October-09 PacifiCorp's Utility Operating Income for the 12 months ended October-10 increased 71,474,728. See attachment 1, following this report, for an analysis of the increase. From March 2004 to February 2005, the stipulated authorized return on rate base (RORB) was 8.427% and the authorized return on equity was 10.7%. From March 2005 to December 11, 2006, the stipulated authorized RORB was 8.365% and the ROE was 10.5%. From December 11, 2006 to August 11, 2008 the stipulated ROE was 10.25%. Other capital costs and the capital structure from December 11, 2006 to August 11 2008 were not addressed by revenue stipulation. From August 11th, 2008 to March 22, 2009, the Commission ordered an ROE of 10.25% and the return on rate base is 8.29%. From March 22, 2009 to March 18, 2010, the stipulated ROE is 10.608% and the return on rate base is 8.358%. For March 18, 2010 on, the Commission ordered an ROE of 10.6% and a return on rate base of 8.34%.

| Date | Total Return on Rate Base | Semi-Annual Total Company Rolled In Unadjusted RORB | Semi-Annual UTAH Rolled In Unadjusted RORB | Semi-Annual UTAH Rolled In Adjusted RORB | Total Company Return on Investment Before Tax | Semi-Annual Total Company Rolled In Unadjusted ROE | Semi-Annual UTAH ROE | Current Month Utility Operating Income |
|----------------|---------------------------|---|--|--|---|--|----------------------|--|
| January 2003 | N/A | | | | 8.755% | | | \$ 60,858,057.17 |
| February 2003 | N/A | | | | 8.242% | | | \$ 14,400,880.59 |
| March 2003 | N/A | 5.381% | | 5.807% | 5.854% | 4.110% | 4.811% | \$ 14,532,491.35 |
| April 2003 | N/A | | | | 5.877% | | | \$ 60,985,711.83 |
| May 2003 | N/A | | | | 5.805% | | | \$ 59,213,404.98 |
| June 2003 | N/A | | | | 5.904% | | | \$ 4,058,760.00 |
| July 2003 | N/A | | | | 6.200% | | | \$ 74,025,070.18 |
| August 2003 | N/A | | | | 6.560% | | | \$ 41,319,228.38 |
| September 2003 | N/A | 5.899% | | 7.817% | 6.201% | 5.323% | 9.396% | \$ 7,875,087.41 |
| October 2003 | N/A | | | | 6.438% | | | \$ 41,502,742.04 |
| November 2003 | N/A | | | | 6.870% | | | \$ 60,935,899.35 |
| December 2003 | N/A | | | | 6.541% | | | \$ 18,843,912.12 |
| January 2004 | 5.388% | | | | 6.174% | | | \$ 42,398,356.84 |
| February 2004 | 5.731% | | | | 5.984% | | | \$ 42,948,278.58 |
| March 2004 | 5.982% | 6.780% | | 7.292% | 6.918% | 7.041% | 8.112% | \$ 37,233,451.70 |
| April 2004 | 5.481% | | | | 6.377% | | | \$ 18,912,583.23 |
| May 2004 | 5.193% | | | | 6.988% | | | \$ 37,787,537.91 |
| June 2004 | 5.763% | | | | 6.745% | | | \$ 53,983,055.81 |
| July 2004 | 5.438% | | | | 6.550% | | | \$ 48,451,774.38 |
| August 2004 | 5.368% | | | | 6.091% | | | \$ 6,803% |
| September 2004 | 5.391% | 6.105% | | 6.380% | 6.117% | 6.881% | 6.475% | \$ 8,520,446.59 |
| October 2004 | 5.890% | | | | 6.554% | | | \$ 70,523,468.98 |
| November 2004 | 6.877% | | | | 6.528% | | | \$ 61,985,132.07 |
| December 2004 | 5.433% | | | | 6.323% | | | \$ 251,499.74 |
| January 2005 | 5.857% | | | | 6.800% | | | \$ 62,045,434.00 |
| February 2005 | 5.721% | | | | 6.885% | | | \$ 50,443,819.00 |
| March 2005 | 6.374% | 6.385% | | 7.070% | 6.383% | 6.441% | 7.943% | \$ 15,332,180.00 |
| April 2005 | 5.421% | | | | 6.637% | | | \$ 25,511,034.00 |
| May 2005 | 5.846% | | | | 6.914% | | | \$ 60,278,204.00 |
| June 2005 | 5.231% | | | | 6.004% | | | \$ 18,853,484.00 |
| July 2005 | 5.822% | | | | 6.494% | | | \$ 81,168,432.00 |
| August 2005 | 5.944% | | | | 6.912% | | | \$ 69,781,280.00 |
| September 2005 | 5.883% | 8.868% | | 7.525% | 6.574% | 7.448% | 8.770% | \$ (11,841,823.00) |
| October 2005 | 4.689% | | | | 5.487% | | | \$ (16,437,343.00) |
| November 2005 | 4.422% | | | | 5.145% | | | \$ 36,337,037.00 |
| December 2005 | 5.773% | | | | 6.818% | | | \$ 123,983,887.00 |
| January 2006 | 5.380% | | | | 6.255% | | | \$ 29,791,837.00 |
| February 2006 | 5.893% | | | | 5.599% | | | \$ 77,862,481.00 |
| March 2006 | 6.128% | 7.878% | | 6.142% | 7.040% | 9.040% | 5.978% | \$ 83,727,185.00 |
| April 2006 | 6.177% | | | | 7.112% | | | \$ 33,206,404.93 |
| May 2006 | 5.931% | | | | 6.896% | | | \$ 40,428,152.41 |
| June 2006 | 6.277% | | | | 7.224% | | | \$ 63,261,483.35 |
| July 2006 | 5.905% | | | | 6.888% | | | \$ 55,438,301.80 |
| August 2006 | 6.857% | | | | 6.585% | | | \$ 68,055,518.77 |
| September 2006 | 6.289% | | | | 7.009% | | | \$ 37,780,289.78 |
| October 2006 | 6.837% | | | | 7.849% | | | \$ 34,751,813.94 |
| November 2006 | 5.895% | 7.308% | | 7.108% | 7.889% | | | \$ 32,340,175.51 |
| December 2006 | 6.222% | | | | 6.827% | 8.188% | 7.840% | \$ 54,168,785.26 |
| January 2007 | 6.222% | | | | 7.232% | | | \$ 67,093,452.30 |
| February 2007 | 5.791% | | | | 6.772% | | | \$ 40,096,284.28 |
| March 2007 | 5.644% | | | | 6.199% | | | \$ 54,430,370.10 |
| April 2007 | 6.488% | | | | 6.273% | | | \$ 41,010,205.95 |
| May 2007 | 5.801% | | | | 6.451% | | | \$ 58,271,578.82 |
| June 2007 | 5.876% | 7.158% | | 6.774% | 6.539% | 8.020% | 7.268% | \$ 66,933,681.00 |
| July 2007 | 5.976% | | | | 6.846% | | | \$ 66,398,003.91 |
| August 2007 | 5.877% | | | | 6.505% | | | \$ 80,931,976.13 |
| September 2007 | 6.050% | | | | 6.752% | | | \$ 82,748,885.15 |
| October 2007 | 6.188% | | | | 6.490% | | | \$ 50,183,570.39 |
| November 2007 | 6.230% | | | | 6.031% | | | \$ 47,974,633.86 |
| December 2007 | 6.382% | 7.487% | | 8.884% | 6.813% | 8.822% | 7.488% | \$ 75,717,927.39 |
| January 2008 | 6.322% | | | | 6.748% | | | \$ 62,821,277.68 |
| February 2008 | 6.332% | | | | 6.760% | | | \$ 40,268,844.91 |
| March 2008 | 6.401% | | | | 6.914% | | | \$ 70,217,558.72 |
| April 2008 | 6.297% | | | | 6.850% | | | \$ 35,010,981.89 |
| May 2008 | 6.187% | | | | 6.899% | | | \$ 58,530,357.79 |
| June 2008 | 6.212% | 7.525% | | 5.851% | 6.898% | 8.700% | 5.510% | \$ 89,920,024.08 |
| July 2008 | 6.269% | | | | 6.388% | | | \$ 80,588,153.47 |
| August 2008 | 6.220% | | | | 6.367% | | | \$ 81,739,591.29 |
| September 2008 | 5.994% | | | | 6.590% | | | \$ 63,074,548.87 |
| October 2008 | 5.981% | | | | 6.688% | | | \$ 63,808,538.19 |
| November 2008 | 5.930% | | | | 6.633% | | | \$ 57,633,948.89 |
| December 2008 | 6.858% | 7.419% | | 6.917% | 6.314% | 8.704% | 7.712% | \$ 62,815.00 |
| January 2009 | 5.707% | | | | 5.877% | | | \$ 73,641,058.00 |
| February 2009 | 5.707% | | | | 5.918% | | | \$ 53,044,040.63 |
| March 2009 | 5.705% | | | | 5.940% | | | \$ 76,489,803.22 |
| April 2009 | 5.740% | | | | 6.033% | | | \$ 48,013,527.42 |
| May 2009 | 5.714% | | | | 6.063% | | | \$ 62,842,077.48 |

Witness: J. Robert Malko
 Rocky Mountain Power
 Exhibit UIEC-____ (JRM-R1)
 Docket No. 10-035-124

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 Utah Division of Public Utilities

DATE: January 11, 2011

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| Date | Total Return on Rate Base | Semi-Annual Total Company Rolled in Unadjusted RORB | Semi-Annual UTAH Rolled in Unadjusted RORB | Semi-Annual UTAH Rolled in Adjusted RORB | Total Company Before Tax Return on Investment | Semi-Annual Total Company Rolled in Unadjusted ROE | Semi-Annual UTAH ROE | ROE | Current Month Utility Operating Income |
|----------------|---------------------------|---|--|--|---|--|----------------------|--------|--|
| June 2009 | 5.898% | 7.321% | 7.433% | 7.564% | 8.063% | 8.613% | 9.088% | 8.281% | \$ 72,108,004.30 |
| July 2009 | 5.841% | | | | 8.138% | | | 8.830% | \$ 88,578,847.40 |
| August 2009 | 5.833% | | | | 8.180% | | | 8.607% | \$ 80,065,579.24 |
| September 2009 | 5.884% | | | | 8.278% | | | 8.586% | \$ 79,265,927.87 |
| October 2009 | 5.832% | | | | 8.285% | | | 8.426% | \$ 63,780,324.78 |
| November 2009 | 5.985% | | | | 8.382% | | | 8.522% | \$ 73,282,720.38 |
| December 2009 | 5.787% | 7.337% | 7.510% | 7.465% | 8.444% | 8.787% | 9.084% | 8.577% | \$ 70,985,988.20 |
| January 2010 | 5.783% | | | | 8.440% | | | 8.827% | \$ 78,710,984.60 |
| February 2010 | 5.772% | | | | 8.438% | | | 8.846% | \$ 55,285,251.88 |
| March 2010 | 5.709% | | | | 8.380% | | | 8.608% | \$ 71,917,129.04 |
| April 2010 | 5.747% | | | | 8.442% | | | 8.658% | \$ 58,607,911.41 |
| May 2010 | 5.787% | | | | 8.498% | | | 8.694% | \$ 73,031,764.31 |
| June 2010 | 5.847% | 7.101% | 7.503% | 8.870% | 8.584% | 8.107% | 7.848% | 8.963% | \$ 91,778,697.04 |
| July 2010 | 5.850% | | | | 8.585% | | | 8.885% | \$ 91,518,430.88 |
| August 2010 | 5.803% | | | | 8.532% | | | 8.778% | \$ 87,701,343.80 |
| September 2010 | 5.873% | | | | 8.413% | | | 8.880% | \$ 85,568,032.08 |
| October 2010 | 5.660% | | | | 8.419% | | | 8.738% | \$ 88,467,790.23 |

PACIFICORP
 Twelve Months Change in Net Income
 Analysis

CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER

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| 12 MONTH PERIOD ENDING: | October-10 | Amount | % Change |
|--|------------|----------------|----------|
| Utility Operating Income: | October-10 | \$ 871,823,042 | |
| Utility Operating Income: | October-09 | 800,348,314 | |
| Increase (decrease) over last year | | \$ 71,474,728 | 9% |
| Electric Operating Revenues - Increase (Decrease) | | | |
| Residential | | \$ 36,990,294 | 3% |
| Commercial | | 54,781,059 | 5% |
| Industrial | | 68,193,788 | 7% |
| Public Street and Highway Lighting | | 493,906 | 2% |
| Other Sales to Public Authorities | | 247,084 | 1% |
| Sales For Resale's | | (143,960,718) | -21% |
| Interdepartmental | | - | 0% |
| Total Sales of Electricity | | 16,745,412 | 0% |
| Forfeited Discounts and Interest | | 39,529 | 1% |
| Miscellaneous Service Revenues | | (1,220,575) | -17% |
| Sales of Water and Water Power | | (7,246) | -69% |
| Rent From Electric Property | | (248,364) | -1% |
| Other Electric Revenues | | 134,431,499 | 85% |
| Total Other Electric Revenues | | 132,994,843 | 69% |
| Total Electric Operating Revenues | | 149,740,256 | 3% |
| Utility Operating Expenses and Other Income - Increase (Decrease) | | | |
| Operation and Maintenance expense | | (19,552) | 0% |
| Depreciation | | 30,022,711 | 6% |
| Depreciation Expense for Asset Retirement Costs | | - | |
| Amortization | | (3,503,322) | -8% |
| Taxes Other Than Income taxes | | 15,468,369 | 13% |
| Current income taxes | | (238,400,821) | -82% |
| Deferred Income Taxes | | 270,161,624 | 58% |
| Investment Tax Credit Adjustments - net | | (48,636) | -3% |
| Gains From Disposition of Utility Plant | | - | 0% |
| Losses From Disposition of Utility Plant | | - | 0% |
| Accretion Expense | | 64,314 | 100% |
| Gains From Disposition of Allowances | | 4,520,840 | 62% |
| Other Utility Operating Income | | - | |
| Total Operating Expenses | | 78,265,528 | 2% |
| Total of Changes over Last Year | | \$ 71,474,728 | 9% |

For this period as compared to last, utility operating income increased 9%. Operation and Maintenance expenses were only slightly less (\$19,952) than the previous period. Purchased and Interchanged Power costs decreased by approximately \$66 million while Sales for Resale decreased by \$144 million. Purchased and Interchanged Power costs as well as Sales for Resales have been in a significant decline over approximately the past two years. A data request has been sent to the Company asking for an explanation for these decreases. Excluding Purchased and Interchanged Power, operation and maintenance expense increased by about 3.1% from the twelve months ended October 2009. Since about June of 2008, there has been a significant increase in deferred income tax expense and a significant reduction in current deferred income taxes. As can be seen in this month, current income taxes decreased by approximately 82% compared to the year ended October 2009 while deferred income taxes increased 58%. These tax increases and decreases largely offset each other and are principally the result of the Company's investment cycle combined with the effects of bonus depreciation. The Division has not ascertained as to whether or not these results include the extension of 50% bonus depreciation through 2010 or the 100% bonus depreciation that started in September 2010. It should be noted that whether included or not, the extension or increase in bonus depreciation does not effect the overall income statement. Both current and deferred income taxes are affected but the net result of adding both of them together is zero. Other electric revenues have increased significantly (85%) over the past year. This is believed to be due to the significant increase in REC revenues over the same time period. A data request has been sent to the Company concerning this issue.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.2

UIEC Data Request to the Division of Public Utilities 2.2

Please refer to the testimony of Dr. Powell regarding revenue requirements at lines 38-40, wherein Dr. Powell states that the Commission should consider the cumulative effect of all the proposed adjustments on the "Company's overall financial health as it establishes the Company's revenue requirement in this case." Please provide a description and detailed explanation of all supporting (a) statutory; (b) philosophical; (c) policy; (d) regulatory; and (e) economic authority and principles for such an approach to monopoly utility regulation. Provide copies of all documents supporting such authority.

Response of the Division of Public Utilities to UIEC Data Request 2.2

See Title 54 of the Utah code. See Attachment 2-2a. See also Bonbright in particular chapters 5, 10, and 15. For a more detailed explanation of the underlying economic principles consult any microeconomics text on the theory of production and costs. A copy of Title 54 of the Utah Code is not provided because the Division knows that the requestor has access to a copy thereof. A copy of the Bonbright book can be accessed through this link:

[http://media.terry.uga.edu/documents/exec_ed/bonbright/principles_of_public_utility_rates.pdf].

Copies of the referenced microeconomics texts are not provided as they are as easily accessible.

Witness: J. Robert Malko
Rocky Mountain Power
Exhibit UIEC-_____ (JRM-R1)
Docket No. 10-035-124

FUNDAMENTALS OF ENERGY REGULATION

2-2a

Jonathan A. Lesser, Ph.D.
Leonardo R. Giacchino, Ph.D.

2007
Public Utilities Reports, Inc.
Vienna, Virginia

Witness: J. Robert Malko
Rocky Mountain Power
Exhibit UIEC-_____ (JRM-R1)
Docket No. 10-035-124

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The Prudent Investment Standard

One issue common to all three definitions of value is that regulators may have to decide whether the firm spent too much on its investment. For example, if regulators thought the firm could have built the \$100 million pipeline for just \$75 million, then the \$25 million difference between what the firm spent and what regulators think should have been spent can be deemed imprudent and excluded (called a *disallowance*) from the firm's revenue requirement. Having to decide what is and is not prudent, however, leads to use of the original cost concept, which forms the basis for the *prudent investment* standard.

Prudent costs are original costs less any costs deemed fraudulent, unnecessary, or unwise. At the heart of the prudent investment standard, therefore, is an important role for economic analysis: choosing the "best" from among different, and competing, investment alternatives.

The development of a prudent investment standard culminated in 1944 when the U.S. Supreme Court issued its decision in *Hope Natural Gas*.³⁶ In *Hope*, the Court reaffirmed an "end results" focus and explicitly recognized the riskiness of investments made in public utilities, such that "return to the equity owner should be commensurate with return on investments having corresponding risks."³⁷ What this means in practice is that investors can expect to earn the cost of capital, which is defined as the expected rate of return in capital markets on investments having similar business and financial risks. *Hope* also changed the regulatory focus from determining the fair value of the rate base to determining a fair rate of return.³⁸

Although the *Hope* decision typically is invoked in regulatory decisions concerning fair rates of return, the decision also established a foundation for regulatory "adjustments." The U.S. Supreme Court determined that when a requested rate was claimed to be outside a just and reasonable boundary, the end results were again what mattered. Thus, under *Hope*, allowing a regulated firm to incorporate all of its prudently incurred costs into the rates it charged could result in rates that were not "just and reasonable." This "end results" re-

³⁶ *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

³⁷ *Id.*, at 605.

³⁸ The problem with fair value is its "circularity." The traditional way to measure the value of any enterprise is to calculate the present-discounted value of the net earnings stream that flows from it. For any regulated firm, one can always perform such a valuation—as long as that valuation does not form the basis for setting the rates from which the regulated firm ultimately derives its earnings. The reason is that when future prices depend on a ratemaking formula that references the value of the firm's capital stock, one has created a circular process. One cannot determine value based on prices that are, *voilà*, determined based on value in the first place. The 1944 U.S. Supreme Court decision in *Hope Natural Gas* broke this circularity by affirming that *cost*, not *value* would provide the basis for the utility rate base and tariffs,

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.3

UIEC Data Request to the Division of Public Utilities 2.3

With respect to Dr. Powell's admonishment to the Commission to consider the cumulative effect of all the proposed adjustments on the "Company's overall financial health as it establishes the Company's revenue requirement in this case," please explain what the Division's policy or guidance was for making that admonishment and who set forth that policy or guidance.

Response of the Division of Public Utilities to UIEC Data Request 2.3

The guidance was developed by the Division's management, Artie Powell and Chris Parker.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.4

UIEC Data Request to the Division of Public Utilities 2.4

Please refer to the testimony of Dr. Powell regarding revenue requirements at lines 40-43, wherein Dr. Powell states that a “myopic focus on each item in a general rate case may lead to many reasonable adjustments . . . the combined effect of which ultimately leaves the Company insufficient resources to make needed investments.” Please provide a description and detailed explanation of all supporting (a) statutory; (b) philosophical; (c) policy; (d) regulatory; and (e) economic authority and principles for such an approach to monopoly utility regulation. Provide copies of all documents supporting such authority.

Response of the Division of Public Utilities to UIEC Data Request 2.4

See response to 2-1, 2, and 3.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.5

UIEC Data Request to the Division of Public Utilities 2.5

With respect to Dr. Powell's position that a "myopic focus on each item in a general rate case may lead to many reasonable adjustments . . . the combined effect of which ultimately leaves the Company insufficient resources to make needed investments," please explain what the Division's policy or guidance was for taking that position and who set forth that policy or guidance.

Response of the Division of Public Utilities to UIEC Data Request 2.5

See response to 2-1, 2, and 3.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.6

UIEC Data Request to the Division of Public Utilities 2.6

Please refer to the testimony of Dr. Powell regarding revenue requirements at lines 43-46, wherein Dr. Powell states that failing to consider the “cumulative weight of otherwise reasonable adjustments . . . is unwise and could lead to the Company’s future inability to meet its service obligations and would not be in the public interest.” Please provide an explanation and copies of all documents supporting Dr. Powell’s expression of concern contained in these lines of testimony. In other words, please provide an explanation and copies of all support upon which Dr. Powell depends to opine that the cumulative weight of reasonable adjustments “could lead to the Company’s future inability to meet its service obligations.”

Response of the Division of Public Utilities to UIEC Data Request 2.6

See response to 2-1, 2, and 3.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.7

UIEC Data Request to the Division of Public Utilities 2.7

Please refer to the testimony of Dr. Powell regarding revenue requirements at lines 43-46, wherein Dr. Powell states that failing to consider the “cumulative weight of otherwise reasonable adjustments . . . is unwise and could lead to the Company’s future inability to meet its service obligations and would not be in the public interest.” Please provide a description and detailed explanation of all supporting (a) statutory; (b) philosophical; (c) policy; (d) regulatory; and (e) economic authority and principles for such an approach to monopoly utility regulation. Provide copies of all documents supporting such authority.

Response of the Division of Public Utilities to UIEC Data Request 2.7

See response to 2-1, 2, and 3.

10-035-124 / Rocky Mountain Power - GRC
June 20, 2011
UIEC Data Request to DPU 2.8

UIEC Data Request to the Division of Public Utilities 2.8

With respect to Dr. Powell's admonishment of the Commission that failing to consider the "cumulative weight of otherwise reasonable adjustments . . . is unwise and could lead to the Company's future inability to meet its service obligations and would not be in the public interest," please explain what the Division's policy or guidance was for making that admonishment and who set forth that policy or guidance.

Response of the Division of Public Utilities to UIEC Data Request 2.8

See response to 2-1, 2, and 3.