

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

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IN THE MATTER OF THE APPLICATION OF )	
ROCKY MOUNTAIN POWER FOR AUTHORITY )	
TO INCREASE ITS RETAIL ELECTRIC UTILITY )	DPU EXHIBIT 3.0 SR
SERVICE RATES IN UTAH AND FOR )	DOCKET NO. 10-035-124
APPROVAL OF ITS PROPOSED ELECTRIC )	TEST PERIOD
SERVICE SCHEDULES AND ELECTRIC )	
SERVICE REGULATIONS )	

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Pre-filed Surrebuttal Testimony

Of

Douglas D. Wheelwright

On Behalf of

Utah Division of Public Utilities

March 21, 2011

1 **Q: Please state your name, business address and title.**

2 **A:** My name is Douglas D. Wheelwright. I am a Utility Analyst in the Division of Public  
3 Utilities (Division). My business address is 160 East 300 South, Salt Lake City, Utah  
4 84114.

5 **Q: On whose behalf are you testifying?**

6 **A:** I am testifying on the Division's behalf.

7

8 **Q: Are you the same Douglas D. Wheelwright that filed Direct Testimony on net power**  
9 **cost in this proceeding?**

10 **A:** Yes, I am.

11 **Q: What is the purpose of your surrebuttal testimony?**

12 **A:** I will respond to the rebuttal testimony submitted by UIEC witness Maurice Brubaker  
13 and UAE witness Kevin Higgins.

14 **Response to UIEC**

15 **Q: Do you agree with Mr. Brubaker that the trend line analysis in your direct**  
16 **testimony is "suspect" and "not particularly revealing"?**

17 **A:** Not at all. The historical information along with the trend lines provides a way to look at  
18 the various components of net power cost compared to the forecast values. While there  
19 are many individual items included in net power cost, this type of analysis provides a first  
20 look at the major sections. If the forecast information appears to deviate from the  
21 historical trend, it would prompt a more detailed review of the individual line items  
22 included in that category. For example, in Chart 3 of my direct testimony, Special Sales  
23 for Resale have been going down every year since 2007 and have remained fairly flat for  
24 the last three years. The forecast for 2011 indicates an increase of over seven thousand

25 MWh for 2011 followed by a decrease of over five thousand MWh in 2012. This has not  
26 been explained by the Company and will require a more detailed review of the individual  
27 items included in this category. This type of trend analysis is helpful when looking at the  
28 projected total system requirements and can also be used for other categories included in  
29 net power cost.

30 **Q: How do you respond to Mr. Brubaker's concern about making adjustments to the**  
31 **forecast provided by the Company?**

32 A: On page 6 line 7 of Mr. Brubaker's rebuttal testimony he states;

33 "A major problem with RMP's NPC claims is that many components are based on  
34 assumed replacement of contracts and changes in circumstances that are not now  
35 known and *likely will not be known by the time that hearings in this case take*  
36 *place.*"

37 No matter which test period is used, we are dealing with forecast amounts and Mr.  
38 Brubaker acknowledges that we will not have any additional information by the time  
39 hearings take place. While there are changing conditions in the forecast period, we need  
40 to look at the historical information for possible trends in order to provide a basis for  
41 comparison and possible adjustment.

42 **Q: Do you have any comments about Mr. Brubaker's concern with swaps and the**  
43 **current EBA Order?**

44 A: The issue at hand is to determine the test year that will be used in the current general rate  
45 case. The costs associated with swaps and what may or may not be included in base rates  
46 will be addressed in a different phase of this case. The current EBA Order will begin at  
47 the end of the current rate case after swaps and other issues have been more fully  
48 explored by all parties. The next phase of the case is the appropriate time to address what  
49 will or will not be included in base rates. It should be noted that the Division has  
50 previously provided testimony in other dockets dealing with swaps and the Company's  
51 current hedging program. In this proceeding, the impact of the swap contracts in net

52 power cost was clearly identified in DPU exhibit 3.3 and will likely be addressed in  
53 future proceedings.

54 **Response to UAE**

55 **Q. Do you have any comments concerning Kevin Higgins rebuttal testimony?**

56 A: Mr. Higgins has referred to the load forecast provided by the Company and included in  
57 DPU Exhibit 3.2. Mr. Higgins does not provide evidence that the forecast is incorrect but  
58 simply identifies the projected growth rate. I think it is important to look at the actual  
59 results compared to the forecast in previous dockets to see if the Company has  
60 significantly over estimated the forecast load. The Company provides a semi-annual  
61 variance report to look at the actual results compared to the forecast values. Below is a  
62 comparison of the actual retail load compared to the load forecast approved in previous  
63 Dockets.

Date	Docket	Retail Load Forecast	Retail Load Actual	Variance
Dec 2008	07-035-93	58,581,918	59,215,663	1.08%
Jun 2009	07-035-93	59,536,705	57,689,436	-3.10%
Dec 2009	08-035-38	59,856,832	57,236,660	-4.38%
Jun 2010	09-035-23	58,236,451	57,379,450	-1.47%

70 The variance in 2009 can be explained by the reduced demand related to the slowdown in  
71 the national and local economy. Information for December 2010 will be available when  
72 the Company files the results of operations in April 2011.

73 **Q: Do you have any other observations about the rebuttal testimony submitted by**  
74 **various parties?**

75 A: Yes. Individuals have indicated that a forecast test period that is closer in time will be  
76 more accurate than a forecast further into the future. I would agree that with accurate  
77 historical information and fewer variables, a forecast should be more accurate. The  
78 challenge is to determine how far into the future can the forecast be projected and still  
79 maintain the desired accuracy. Since each rate case is different, it is difficult to compare

80 one case against another and determine the accuracy of the forecasts. One unique  
81 situation is available to compare the projected NPC provided in the 2008 case to the  
82 projections in the 2009 case. These two cases included a 6 month overlap in the forecast  
83 periods from July 2009 through December 2009. Below is a comparison of the forecast  
84 NPC for the 6 months included in both Dockets compared to the actual results.

85	08-035-38	09-035-23		
86	Month	Forecast NPC	Forecast NPC	Actual NPC
87	Jul 09	118,345,101	110,702,169	116,650,843
88	Aug 09	129,273,267	115,755,272	109,797,119
89	Sep 09	92,477,717	94,858,102	87,997,850
90	Oct 09	84,009,777	73,564,059	80,431,066
91	Nov 09	74,577,722	71,699,995	68,972,782
92	Dec 09	83,497,508	76,082,566	119,993,150
93	Total	582,181,091	542,662,162	583,812,810

94 While the assumption has been made that a forecast closer in time will be more accurate,  
95 when compared to the actual, the 2008 forecast was more accurate than the 2009 forecast  
96 in this situation. A more detailed review of these two forecasts has identified a  
97 significant difference in amount forecast for short term purchases and short term sales.  
98 These are the same accounts have been identified as areas of concern in the current  
99 forecast and have been identified in DPU exhibits 3.1, 3.2 and 3.3. Once the Commission  
100 has determined the test period that best reflects the rate effective period, individual items  
101 included in net power will need to be further examined and possible adjustments made.

102 **Q. Does that conclude your testimony?**

103 A. Yes.