

BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
Rocky Mountain Power for Alternative)
Cost Recovery for Major Plant)
Additions of the Ben Lomond to) Docket No. 10-035-13
Terminal Transmission Line and the)
Dave Johnston Generation Unit 3)
Emissions Control Measure)

Direct Testimony of

Maurice Brubaker

On behalf of

Utah Industrial Energy Consumers

Project 9307
April 26, 2010



BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

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_____)

Direct Testimony of Maurice Brubaker

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

2 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION?**

5 A I am a consultant in the field of public utility regulation and President of Brubaker &
6 Associates, Inc., energy, economic and regulatory consultants.

7 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

8 A I am appearing on behalf of the Utah Industrial Energy Consumers (“UIEC”).
9 Members of UIEC purchase substantial quantities of electricity from Rocky Mountain
10 Power Company (“RMP” or “PacifiCorp”) in Utah, and are vitally interested in the
11 outcome of this proceeding.

12 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

13 A This information is included in Appendix A to my testimony.

1 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A The purpose of my testimony is to respond to RMP's proposed jurisdictional allocation
3 to its Utah retail customers of the costs of the Ben Lomond to Terminal Transmission
4 Line ("BL-T Transmission Line") that RMP proposes to defer for recovery until
5 approximately January 1, 2011. The fact that I do not address an issue should not be
6 interpreted as approval of any position taken by RMP.

7 I would also note that UIEC has pending information requests that RMP has
8 yet not answered. The responses to those requests, when received, may provide
9 new information that raises new issues I have not raised in this direct testimony.

10 **Q WHAT DO YOU RECOMMEND TO THE COMMISSION IN REGARD TO THIS**
11 **ISSUE?**

12 A Consistent with the Commission's November 9, 2009 Order in Docket No. 09-035-23
13 and the need to resolve the inter-jurisdictional allocation issues associated with that
14 Order in the context of a general rate case, I recommend that the Commission not
15 determine the actual amount of BL-T Transmission Line costs that RMP may recover
16 in rates from its Utah-jurisdictional retail customers until inter-jurisdictional allocation
17 issues first raised in Docket No. 09-035-23 are addressed. Since RMP at this time is
18 only requesting cost deferral, the Commission can accomplish this by granting RMP's
19 requested deferral with the caveat that the actual amount of cost RMP will be allowed
20 to recover in rates from its Utah-jurisdictional retail customers will not be determined
21 until RMP files its next general rate case.

1 **Q WHAT HAS RMP PROPOSED IN REGARD TO JURISDICTIONALLY**
2 **ALLOCATING THE DEFERRED COST OF THE BL-T TRANSMISSION LINE TO**
3 **UTAH?**

4 A RMP has jurisdictionally allocated the deferred cost of the BL-T Transmission Line
5 based on the terms and conditions contained in a stipulation on inter-jurisdictional
6 cost allocation that was approved by the Commission in Docket No. 02-035-04 (“2004
7 Stipulation”) (Direct Testimony of RMP witness McDougal at 3-4).

8 **Q ARE THERE ANY ISSUES ASSOCIATED WITH RMP DOING SO?**

9 A Yes. The reasonableness of continuing to use the terms and conditions of the 2004
10 Stipulation is an issue that has not yet been resolved by the Commission. In the
11 Commission’s November 9, 2009 Order in RMP’s recent rate case in Docket
12 No. 09-035-23 (“November Order”), the Commission granted a stay in regard to a
13 October 19, 2009 request it had made of the parties in that proceeding to address this
14 issue in rebuttal testimony. However, the Commission also indicated in the
15 November Order:

16 “Although constrained by the time remaining in this docket [Docket No.
17 09-035-23], we intend to have inter-jurisdictional allocation issues
18 addressed and the reasonableness of any allocation established prior
19 to our approval of any future change in RMP’s rates.” (November
20 Order at 2, emphasis added).

21 In this current proceeding, RMP is requesting a deferral of costs that will result
22 in a future change in rates. Yet, despite the November Order, RMP has gone ahead
23 and used the 2004 Stipulation terms and conditions to determine the jurisdictional
24 allocation of the deferred BL-T Transmission Line costs to Utah. Consistent with the
25 November Order, the reasonableness of continuing to use the 2004 Stipulation terms
26 and conditions for inter-jurisdictional allocation should be resolved prior to the

1 Commission approving any actual recovery of deferred BL-T Transmission Line costs
2 from Utah-jurisdictional customers. Furthermore, due to the complex and
3 comprehensive nature of the inter-jurisdictional issue, that resolution needs to be
4 made in the context of RMP's next general rate case.

5 **Q DOES THE COMMISSION HAVE TO DETERMINE IN THIS PROCEEDING**
6 **WHETHER THE CONTINUED USE OF THE 2004 STIPULATION TERMS AND**
7 **CONDITIONS FOR INTER-JURISDICTIONAL ALLOCATION ARE REASONABLE?**

8 A No. RMP is simply asking for permission to defer cost recovery for the BL-T
9 Transmission Line. The deferred costs would not be recovered until RMP's next
10 general rate case. Therefore, there is no reason for the Commission to make a final
11 determination at this time in regard to the inter-jurisdictional allocation for the BL-T
12 Transmission Line costs proposed for deferral in this proceeding. The Commission
13 can grant the requested cost deferral with the caveat that the actual amount of cost
14 RMP will be allowed to recover from its Utah-jurisdictional customers will be
15 determined when RMP files its next general rate case. I recommend that the
16 Commission adopt this approach in granting RMP's proposed cost deferral in this
17 proceeding.

18 **Q COULD THE COMMISSION REASONABLY RESOLVE THE**
19 **INTER-JURISDICTIONAL ALLOCATION OF THE BL-T TRANSMISSION LINE**
20 **COSTS IN THIS PROCEEDING?**

21 A No. The problem is that the BL-T Transmission Line costs would only be a small
22 portion of RMP's total transmission costs. To reasonably resolve the allocation issue
23 for the BL-T Transmission Line requires a full review of the inter-jurisdictional

1 allocation for RMP's transmission costs. The latter can only be reasonably conducted
2 in the context of a general rate case where the implications of resolving the inter-
3 jurisdictional allocation issues for transmission can be fully considered.

4 **Q CAN YOU OFFER AN EXAMPLE OF WHY YOU BELIEVE THE CURRENT**
5 **JURISDICTIONAL ALLOCATION OF RMP'S TRANSMISSION COSTS MAY NO**
6 **LONGER BE REASONABLE?**

7 A Yes. As I indicated in my direct testimony in Docket No. 09-035-23, there is a large
8 difference in the Utah jurisdictional transmission revenue requirement when
9 comparing the amounts in Docket No. 09-035-23 with those in PacifiCorp's OATT
10 filing. While the FERC revenue requirement does not include RMP's "Transmission
11 by Others" costs, it does not appear that would be sufficient to make the allocation
12 used for Utah retail rates reasonable. I indicated in my surrebuttal testimony in
13 Docket No. 09-035-23, when looking at the entries in Account No. 565 (Transmission
14 by Others) that RMP's witness Paice referenced on page 20 of his rebuttal testimony
15 in that proceeding, it can be seen that roughly 60% of those costs are incurred for
16 services rendered by Bonneville Power Administration. As I indicated in that
17 proceeding, in light of Utah's diminished share of hydro resources, consideration
18 needs to be given to whether the current jurisdictional allocation method reflects the
19 purpose and use of PacifiCorp's purchased transmission services.

20 These issues need to be resolved prior to RMP's next retail rate adjustment in
21 Utah and the resolution needs to be performed in the context of a general rate case
22 due to the breadth of the issues.

1 **Conclusions and Recommendations**

2 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS?**

3 A Consistent with the Commission's November 9, 2009 Order in Docket No. 09-035-23
4 and the need to resolve the inter-jurisdictional allocation issues associated with that
5 Order in the context of a general rate case, I recommend that the Commission, in
6 granting RMP's requested cost deferral, not determine the actual amount of BL-T
7 Transmission Line costs that RMP may recover in its rates from its Utah-jurisdictional
8 retail customers until inter-jurisdictional allocation issues first raised in Docket No.
9 09-035-23 are addressed. Since RMP at this time is only requesting cost deferral,
10 the Commission can accomplish this by granting RMP's requested deferral with the
11 caveat that the actual amount of cost RMP will be allowed to recover from its
12 Utah-jurisdictional retail customers will not be determined until RMP files its next
13 general rate case.

14 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15 A Yes, it does.

Qualifications of Maurice Brubaker

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

2 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 A I am a consultant in the field of public utility regulation and President of the firm of
6 Brubaker & Associates, Inc. (BAI), energy, economic and regulatory consultants.

7 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
8 **EXPERIENCE.**

9 A I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in
10 Electrical Engineering. Subsequent to graduation I was employed by the Utilities
11 Section of the Engineering and Technology Division of Esso Research and
12 Engineering Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of
13 New Jersey.

14 In the Fall of 1965, I enrolled in the Graduate School of Business at
15 Washington University in St. Louis, Missouri. I was graduated in June of 1967 with
16 the Degree of Master of Business Administration. My major field was finance.

17 From March of 1966 until March of 1970, I was employed by Emerson Electric
18 Company in St. Louis. During this time I pursued the Degree of Master of Science in
19 Engineering at Washington University, which I received in June, 1970.

20 In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,
21 Missouri. Since that time I have been engaged in the preparation of numerous
22 studies relating to electric, gas, and water utilities. These studies have included

1 analyses of the cost to serve various types of customers, the design of rates for utility
2 services, cost forecasts, cogeneration rates and determinations of rate base and
3 operating income. I have also addressed utility resource planning principles and
4 plans, reviewed capacity additions to determine whether or not they were used and
5 useful, addressed demand-side management issues independently and as part of
6 least cost planning, and have reviewed utility determinations of the need for capacity
7 additions and/or purchased power to determine the consistency of such plans with
8 least cost planning principles. I have also testified about the prudence of the actions
9 undertaken by utilities to meet the needs of their customers in the wholesale power
10 markets and have recommended disallowances of costs where such actions were
11 deemed imprudent.

12 I have testified before the Federal Energy Regulatory Commission (FERC),
13 various courts and legislatures, and the state regulatory commissions of Alabama,
14 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,
15 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri,
16 Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania,
17 Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia,
18 Wisconsin and Wyoming.

19 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and
20 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,
21 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It
22 includes most of the former DBA principals and staff. Our staff includes consultants
23 with backgrounds in accounting, engineering, economics, mathematics, computer
24 science and business.

1 Brubaker & Associates, Inc. and its predecessor firm has participated in over
2 700 major utility rate and other cases and statewide generic investigations before
3 utility regulatory commissions in 40 states, involving electric, gas, water, and steam
4 rates and other issues. Cases in which the firm has been involved have included
5 more than 80 of the 100 largest electric utilities and over 30 gas distribution
6 companies and pipelines.

7 An increasing portion of the firm's activities is concentrated in the areas of
8 competitive procurement. While the firm has always assisted its clients in negotiating
9 contracts for utility services in the regulated environment, increasingly there are
10 opportunities for certain customers to acquire power on a competitive basis from a
11 supplier other than its traditional electric utility. The firm assists clients in identifying
12 and evaluating purchased power options, conducts RFPs and negotiates with
13 suppliers for the acquisition and delivery of supplies. We have prepared option
14 studies and/or conducted RFPs for competitive acquisition of power supply for
15 industrial and other end-use customers throughout the United States and in Canada,
16 involving total needs in excess of 3,000 megawatts. The firm is also an associate
17 member of the Electric Reliability Council of Texas and a licensed electricity
18 aggregator in the State of Texas.

19 In addition to our main office in St. Louis, the firm has branch offices in
20 Phoenix, Arizona and Corpus Christi, Texas.