

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the of the Rocky Mountain
Power Application for Alternative Cost
Recovery for Major Plant Additions of the
Populus to Ben Lomond Transmission Line
and Dunlap I Wind Project

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DOCKET NO. 10-035-89
DPU Exhibit No. 4.0

Direct Testimony and Exhibits

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

**Direct Testimony of
Abdinasir Abdulle, PhD**

October 26, 2010

1 **I. INTRODUCTION**

2 **Q. Please state your name and occupation?**

3 A. My name is Dr. Abdinasir Abdulle. I am employed by the Utah Division of Public
4 Utilities (“Division”) as a Technical Consultant.

5 **Q. What is your business address?**

6 A. Heber M. Wells Office Building, 160 East 300 South, Salt Lake City, Utah, 84114.

7 **Q. On whose behalf are you testifying?**

8 A. The Division.

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

10 A. I will present the Division’s rate spread and rate design proposal for the residential and
11 non-residential classes in this case. Specifically, I will address the Company’s proposed
12 Tariff Schedules 40 and 97.

13 **Q. What is your understanding of the Company’s proposal?**

14 A. I understand that the Company is asking to collect, under its proposed Schedule 40,
15 revenue requirement for the major plant additions from Docket Nos. 10-035-13 and 10-
16 035-89. The total amount the Company wants to recover under this Schedule is \$69.8
17 million annually. The Company is requesting Schedule 40 to be in effect until the next
18 general rate case when the Commission approved amount will presumably be folded into
19 base rates. In addition, the Company is asking to recover, under its proposed Schedule
20 97, the amount of money deferred as a result of the Stipulation in Docket No. 10-035-13.

21 The amount of money in the deferred account is expected to be about \$15.7 million at the
22 end of December 2010. The Company is proposing that this deferral amount (including
23 an ongoing carrying charge) be recovered over the eight month period.

24 **Q. Does your rate spread reflect the Commission Order issued on October 13, 2010?**

25 A. Yes. The rate spread I am proposing does reflect the Commission Order in this Docket
26 issued on October 13, 2010. On page 10 of that Order, the Commission states

27 The MPA alternative ratemaking process is effective in its reliance
28 on the revenue requirement spread inherent in the Company's most
29 recent general rate case final order.

30 The Division interprets this as saying the spread decision from the 09-035-23 rate case
31 should be used for this major plant addition case. Consequently, the Division spreads the
32 incremental revenue requirement resulting from the major plant addition according to the
33 09-035-23 spread decision. That is, the incremental revenue from the major plant
34 additions and deferral amount are multiplied by each class' relative contribution to the
35 total incremental revenue ordered by the Commission for the 09-035-23 rate case. DPU
36 Exhibit 4.1 shows the Division's spread proposal. The following Table summarizes the
37 spread information contained in DPU Exhibit 4.1.

Rate Schedule Class	Percentage Change	
	Schedule 40	Schedule 97

Residential	4.46%	1.02%
General Service		
Schedule 23	4.46%	1.02%
Schedule 6	4.46%	1.02%
Schedule 8	4.46%	1.02%
Schedule 9	6.42%	1.47%
Irrigation	7.04%	1.61%

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39 **Q. Could you comment on the Company’s proposed rate design?**

40 A. Yes. The Company proposed to collect Schedules 40 and 97 rates as demand and energy
41 charges on equal cent basis. The Company also proposes on-peak and off-peak energy
42 charges for Schedules 40 and 97 to maintain the summer and winter on-peak and off-peak
43 differential for time of use Schedules 8 and 9.

44 The Division agrees with the Company’s proposal to collect the incremental revenue
45 requirement as demand and energy charge and maintaining the on-peak and off-peak
46 differential for the time of use Schedules 8 and 9. This proposal promotes both energy
47 conservation and efficiency.

48 However, the Division is concerned about the proposed equal cent demand and energy
49 incremental charges. The Division believes that the Company’s proposed spread would
50 result in the high usage customers within the non-residential classes paying more than
51 their fair share. For the residential class, the Company’s proposal would dampen the

52 impact of the blocking structure. To avoid intra-class subsidization and to keep the
53 blocking structure for the residential rate class effective, the Division believes that the
54 incremental demand and energy charges should be based on an equal percentage.

55 **Q. What specific rate design does the Division propose?**

56 A. The Division's proposed specific rate designs for the different rate classes are contained
57 in DPU Exhibits 4.2 through 4.7. In summary, these exhibits demonstrate that:

58 For Schedule 1, the Division proposes that the charges for the three energy blocks be
59 raised by 4.86% for Schedule 40 and 1.67% for Schedule 97. For Schedule 6, the
60 demand and energy charges should be increased by 4.54% for Schedule 40 and 1.56% for
61 Schedule 97. For Schedules 8, the demand and the on-peak and off-peak energy charges
62 should be raised by 5.13% for Schedule 40 and 0.70% for Schedule 97. For Schedule 9,
63 the demand and the on-peak and off-peak energy charges should be raised by 6.92% for
64 Schedule 40 and 2.38% for Schedule 97. For Schedule 10, the energy and demand
65 charges should be increased by 7.23% for Schedule 40 and 1.48% for Schedule 97. This
66 equal percent increase will avoid intra-class subsidies and will keep the blocking
67 structure for the residential class effective to promote energy efficiency.

68 **Q. Does this conclude your direct testimony?**

69 A. Yes, it does.