

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations	)	Docket No. 11-035-200
	)	Direct Revenue
	)	Requirement Testimony
	)	of Michele Beck
	)	For the Office of
	)	Consumer Services

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**CONFIDENTIAL INFORMATION REDACTED**

June 11, 2012

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

2 A. I introduce the witnesses who provide revenue requirement testimony on  
3 behalf of the Office of Consumer Services in this case and provide the  
4 Office's overall revenue requirement recommendation based on our  
5 analysis. I will also present the Office's policy recommendation regarding  
6 Net Power Cost updates in future rate cases and testimony related to the  
7 inclusion of costs associated with the Klamath Hydroelectric Settlement  
8 Agreement (KHSA.)

9 **Q. PLEASE IDENTIFY THE WITNESSES FOR THE OFFICE AND THEIR**  
10 **GENERAL AREA OF TESTIMONY.**

11 A. In the revenue requirement phase of this docket the Office has three  
12 witnesses, in addition to myself, who offer direct testimony. The first  
13 witness is Daniel J. Lawton of the Lawton Law Firm. His direct testimony,  
14 filed on May 31, 2012, presented the Office's recommended cost of capital  
15 and return on equity for Rocky Mountain Power. Next is Donna Ramas, a  
16 certified public accountant with the firm, Larkin & Associates, LLC. Ms.  
17 Ramas recommends a number of rate base and net operating income  
18 (revenue requirement) adjustments. Ms. Ramas also recommends  
19 modifications to the Company's lead/lag study and also raises concerns  
20 with regards PacifiCorp's accounting for legal costs. Finally, Randall J.  
21 Falkenberg, RFI Consulting, will identify and describe recommended  
22 adjustments in the area of Rocky Mountain Power's net power costs,  
23 including some recommendations regarding the NPC modeling. Each of

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24 these witnesses will provide a description of their adjustments, the  
25 reasons for the adjustments and the dollar impact. Ms. Ramas provides  
26 the results of running all of the Office's recommended adjustments  
27 through Rocky Mountain Power's jurisdictional allocation model.

28 **Q. BASED ON THE OFFICE'S ANALYSIS OF ROCKY MOUNTAIN**  
29 **POWER'S FILING, WHAT IS THE OFFICE'S RECOMMENDED**  
30 **CHANGE TO THE CURRENT LEVEL OF UTAH REVENUE**  
31 **REQUIREMENT?**

32 A. Rocky Mountain Power has requested an increase in revenue requirement  
33 of \$172,267,339. Based on our analysis the Office recommends an  
34 increase in the current level of Utah revenue requirement of \$73,405,760.

35

36 ***NPC Updates***

37 **Q. YOU INDICATED THAT YOU WILL ALSO OFFER A POLICY**  
38 **RECOMMENDATIONS RELATED TO NPC UPDATES IN FUTURE**  
39 **RATE CASES. WHAT IS THE OFFICE'S RECOMMENDATION?**

40 A. In this docket the Company was allowed to update its net power costs on  
41 a date certain and with a limited number of issues. The Office does not  
42 view this as an approval to allow NPC updates in future rate cases. As a  
43 matter of policy the Office recommends that if net power cost updates are  
44 permitted they should be subject to the following process and limitations:

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- 45           • Limited to a one-time update during the case approximately mid-way  
46           between the Company's initial filing and intervenors filing of direct  
47           testimony.
- 48           • Parties should be allowed to address updates in direct and rebuttal  
49           testimony, as was the case in this docket.
- 50           • The scope of updates should be limited to items that are readily  
51           verifiable.

52

53           The Office has previously expressed its general concern related to  
54           updates, which relates to the symmetry of adjustments. The Company  
55           controls the information related to the case. If they are allowed to update  
56           without limitation there is a significant potential for asymmetrical  
57           information being provided. Adjustments or updates that favor the  
58           Company may have countervailing adjustments but unless the Company  
59           provides that information as well there may not be time for parties to  
60           determine appropriate offsets. Therefore, the Office recommends limits to  
61           the scope and timing of any updates the Commission may allow in future  
62           cases, as outlined above. Mr. Falkenberg further discusses NPC updates  
63           in his testimony.

64

65           In general, the Office recommends that allowed updates should be limited  
66           to items such as: changes in third-party contracts for fuel, power and  
67           transmission services. The Company should also be required to correct

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68 filing errors it has identified and those identified by other parties. Types of  
69 updates that should not be allowed include: index-related changes for third  
70 party coal contracts; time frames, methodologies or assumptions relied  
71 upon in developing NPC inputs, escalation rates or inflation rates (that are  
72 not specified by contract). Without limiting the type of updates allowed the  
73 extent of the information parties would have to investigate could be  
74 overwhelming and significantly compromise parties' ability to effectively  
75 present their case.

76 **Q. DOES THE OFFICE HAVE A POSITION REGARDING UPDATING THE**  
77 **COMPANY'S OFFICIAL FORWARD PRICE CURVE (OFPC)?**

78 A. Yes. The Office generally opposes allowing updates of the forward price  
79 curve.

80 **Q. ARE THERE SPECIFIC PROBLEMS RELATED TO AN UPDATE OF**  
81 **THE OFPC?**

82 A. Yes. Although Mr. Falkenberg identifies a number of issues related to  
83 updating the OFPC I will discuss only one issue, which is how parties  
84 obtain information related to the Company's OFPC. The Company  
85 designates the workpapers and spreadsheets related to its forward price  
86 curves as Highly Confidential and requires that parties review them "on  
87 site" (rather than the Company providing the documents under the  
88 Commission's confidentiality rule.) Clearly, trying to establish the validity  
89 of an updated OFPC in the middle of the case with limited analytical time  
90 remaining would create a disadvantage for parties.

91

92 The Office notes that in recent rate cases the Company has simply  
93 designated the OFPC (and other) documents as Highly Confidential,  
94 rather than requesting specific treatment from the Commission. The  
95 Office recommends that if, in future cases, the Commission allows an  
96 update to the OFPC it require the Company to provide all underlying  
97 workpapers and documents with the update filing under the existing  
98 confidentiality rule rather than requiring an additional in-person site visit  
99 from each intervenor.

100

101 ***KHSA-Related Costs and Issues***

102 **Q. HAVE YOU PREVIOUSLY TESTIFIED ON THE ISSUES ASSOCIATED**  
103 **WITH THE KLAMATH HYDRO-ELECTRIC FACILITIES AND THE**  
104 **KHSA?**

105 A. Yes. I provided direct, rebuttal, and sur-rebuttal testimony on the issues in  
106 the Company's previous general rate case, Docket No. 10-135-124.

107 **Q. WHAT WAS THE OUTCOME WITH RESPECT TO KLAMATH-**  
108 **RELATED ISSUES IN THAT CASE?**

109 A. Ultimately the parties to Docket 10-035-124 entered into a Stipulation to  
110 resolve all of the revenue requirement issues. As detailed in paragraph 46  
111 of the Settlement Stipulation, the parties agreed to remove any rate impact  
112 associated with the Klamath facilities. It also indicated that parties were  
113 free to take any position on the issues in subsequent cases.

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114 **Q. WHAT IS THE OFFICE'S GENERAL RESPONSE TO THE REQUEST**  
115 **THAT COSTS ASSOCIATED WITH THE KHSA BE INCLUDED IN UTAH**  
116 **RATES?**

117 A. The Office's position is the same as was presented in Docket No. 10-035-  
118 124, that Utah ratepayers should not bear these costs and in any event,  
119 they should not be considered in this general rate case for the following  
120 reasons:

- 121 • The costs relate to resolving Klamath basin regional interests and not the  
122 continued operation of a generating resource;
- 123 • The total costs are uncertain due to the many conditions in the agreement  
124 that have not been met; and
- 125 • Neither the KHSA nor its costs have received a full regulatory scrutiny by  
126 this Commission that is required to approve the agreement and its  
127 associated costs.

128 **Q. WHAT WILL THIS PORTION OF YOUR TESTIMONY ADDRESS?**

129 A. First, I will summarize the KHSA related costs and why they are  
130 inappropriate to include in Utah rates. I will also address certain specific  
131 issues raised in Company Witness Andrea Kelly's testimony regarding the  
132 cost benefit analysis of the KHSA. Finally, I will address Ms. Kelly's  
133 assertion that there have been recent advancements toward the  
134 implementation of the KHSA.

135 **Q. PLEASE DESCRIBE THE COSTS RELATED TO THE KLAMATH**  
136 **HYDROELECTRIC SETTLEMENT AGREEMENT FOR WHICH ROCKY**  
137 **MOUNTAIN POWER IS SEEKING RECOVERY IN THIS DOCKET?**

138 A. There are three types of costs explicitly at issue within this docket (see  
139 Kelly Direct lines 56 – 65 and McDougal Direct lines 828 – 833):

- 140 • Relicensing and settlement process costs, requested to be added  
141 to rate base and begun amortization, as described in Ms. Kelly's  
142 testimony in lines 456 to 498,
- 143 • Accelerated depreciation of the Klamath dams and related facilities,  
144 and
- 145 • Allocation of the KHSA dam removal surcharge.

146 Additional costs associated with implementing the agreement, not  
147 explicitly discussed by the Company in its description of the KHSA costs,  
148 are also included in this case in the form of higher operation and  
149 maintenance costs as well as additions to plant in service (described in  
150 Office Witness Donna Ramas' Direct Testimony lines 618 – 682.) It is  
151 important to distinguish between ongoing operation and maintenance  
152 costs for the Klamath hydroelectric resources and the extraordinary KHSA  
153 related costs for a 13- year project, the last five to seven of which have  
154 been devoted to satisfying the interests of Klamath River Basin regional  
155 entities whose goal was the removal of the dams rather than the  
156 relicensing of a generating facility.

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157 **Q. WHAT IS THE KLAMATH HYDROELECTRIC SETTLEMENT**  
158 **AGREEMENT?**

159 A. The KHSA establishes the terms by which the Klamath facilities are  
160 transferred to a Dam Removal Entity no sooner than 2020. It includes  
161 several conditions that must be met prior to such transfer as well as  
162 specific provisions for operating the facilities in the interim. Ms. Kelly  
163 indicated that the Company submitted its application for relicense in  
164 February 2004 and began settlement discussions with stakeholders in  
165 October 2004. (Kelly Direct lines 287-288 and 366-367.) Relicensing and  
166 settlement costs were expended at first to re-license Klamath River  
167 hydroelectric dams in Oregon and California. However, a review of the  
168 issues clearly indicates that the focus shifted toward dam removal. For  
169 example in Order 10-364, September 16, 2010, the Oregon Utility  
170 Commission noted on page 3:

171 Pacific Power initiated settlement discussions in October 2004 with  
172 stakeholders and held settlement meetings in 2005 and 2006. **During**  
173 **settlement discussions, representatives of the federal government**  
174 **and the states of Oregon and California expressed strong**  
175 **preferences for removing the dams.** As a result of these settlement  
176 meetings, on November 13, 2008, Pacific Power, the states of Oregon and  
177 California and the United States Department of Interior (DOI) entered into  
178 the Klamath Agreement in Principle (AIP). The AIP provided a framework  
179 to decommission and remove the four mainstem hydroelectric dams in the  
180 Project: J.C. Boyle, Copco No. 1, Copco No. 2 and Iron Gate (the Klamath  
181 dams).<sup>1</sup> (Emphasis added.)  
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<sup>1</sup> Footnote references to PacifiCorp testimony are omitted.

183           **Q.     FROM WHAT SOURCE DO YOU DRAW YOUR CONCLUSION**  
184           **THAT THE KHSA AND THE KHSA COSTS THAT WOULD BE**  
185           **INCLUDED IN UTAH RATES ARE INTENDED TO SERVE REGIONAL**  
186           **INTERESTS?**

187           A.     I rely on the KHSA itself in Section 1.1 Recitals. This source  
188           indicates that the discussions and negotiations, the technical studies and  
189           analysis, and the expenditures and financial commitments by PacifiCorp,  
190           Oregon and California are intended to resolve long-standing and  
191           contentious disputes over resources in the Klamath River Basin, to the  
192           benefit of the interests of Indian tribes, environmental organizations,  
193           fishermen, water users and local communities. A review of the signatories  
194           to the KHSA clearly indicates whose interests were represented. I have  
195           attached a list of signatories taken directly out of the KHSA as Exhibit  
196           OCS 2.1D.

197           **Q.     MS. KELLY INDICATES THAT THE INCORPORATED CORE**  
198           **PRINCIPLES RESULTED IN A FAIR AND BALANCED OUTCOME TO**  
199           **CUSTOMERS AND OTHER STAKEHOLDERS (SEE KELLY DIRECT**  
200           **LINES 587-588.) WHAT IS YOUR RESPONSE?**

201                     In the Office's opinion placing all costs on ratepayers and any costs  
202           on Utah ratepayers who were not a participant to the negotiations is not a  
203           "fair and balanced" outcome.

204 **Q. THE COMPANY ASSERTS THAT THE KHSA IS COST EFFECTIVE**  
205 **COMPARED TO A RELICENSING SCENARIO. WHAT IS YOUR**  
206 **RESPONSE?**

207 A. Ms. Kelly provides a Present Value Revenue Requirement (PVRR)  
208 analysis of the costs associated with the KHSA and replacement power  
209 compared to costs that would be incurred if the project were relicensed.  
210 This analysis shows the KHSA alternative to be [REDACTED]  
211 [REDACTED] I have several concerns about this analysis. First, the  
212 cost differences are de minimus. Third, the Company's analysis relies on a  
213 large number of assumptions, some of which may not prove out over time.  
214 Third, the Company has a responsibility to plan toward a least cost  
215 standard considering risk. This does not mean that any option slightly less  
216 costly than the alternative against which it is measured is automatically  
217 acceptable. The actual resource choices and all associated costs must be  
218 reviewed and scrutinized. The analysis cannot end when it is determined  
219 to be less costly than one alternative. Finally, each cost incorporated in  
220 any resource analysis must be reviewed for prudence and  
221 appropriateness before included in rates. Inappropriate costs cannot be  
222 charged to ratepayers simply because the total remains less than an  
223 alternative.

224 **Q. IN GENERAL, HOW IS PACIFICORP FUNDING ITS OBLIGATION**  
225 **UNDER THE KHSA?**

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226 A. As described in PacifiCorp's March 31, 2012 SEC Form 10 Q, PacifiCorp's  
227 contribution to dam removal is capped at \$200 million, "of which up to  
228 \$184 million would be collected from PacifiCorp's Oregon customers with  
229 the remainder to be collected from PacifiCorp's California customers."  
230 The State of California must also contribute an additional \$250 million for  
231 dam removal costs expected to be raised through a California bond  
232 measure or other appropriate State of California financing mechanism.  
233 However, the Company is again seeking to recover a share of these costs  
234 from Utah ratepayers.

235 **Q. MS. KELLY INDICATES THAT IT WOULD BE A DEPARTURE FROM**  
236 **STANDARD RATE DESIGN TO CONSIDER WHETHER INDIVIDUAL**  
237 **RATE ELEMENTS HAVE BEEN OVER OR UNDER-RECOVERED.**  
238 **(KELLY DIRECT 138-144) WHAT IS YOUR RESPONSE?**

239 A. This argument misses the essence of the Klamath issue. California and  
240 Oregon (at the direction of its legislature) have considered the KHSA in  
241 separate, dedicated regulatory proceedings and determined it to be just  
242 and reasonable for them to pay, in full, the costs associated with this  
243 agreement. We do not dispute that such an outcome may be appropriate  
244 and reasonable for California and Oregon since the agreement in many  
245 respects reflects a political compromise incorporating many complex  
246 issues and positions relevant to regional interests. It would not be  
247 appropriate or reasonable for Utah to pay any share of these costs. I  
248 would also note that whether or not it is standard ratemaking treatment, it

249 is appropriate for the Utah Commission to consider whether the Company  
250 is already receiving full recovery of its costs associated with KHSA before  
251 determining whether Utah ratepayers should have any assigned to them.

252

253 **Q. ARE THERE OTHER CONCERNS WITH INCLUDING KHSA RELATED**  
254 **COSTS IN THIS DOCKET?**

255 A. Yes. It is not clear whether any KHSA related costs should be  
256 properly included in any general rate case docket. The dam removal  
257 surcharge in Oregon required authorization by the Oregon Legislature<sup>2</sup>  
258 and required a separate Commission proceeding for authorization in  
259 California. PacifiCorp has not requested from the Utah Commission, or  
260 any Utah governmental entity, authority to enter into the KHSA or any  
261 preceding agreement or expenditure that anticipated it, even though the  
262 KHSA calls for transfer of ratepayer funds and title to generation  
263 resources to a third party.<sup>3</sup> In fact, PacifiCorp proposes that Utah parties  
264 and the Commission, in 240 days, fully analyze the rate impact of an  
265 agreement that took the United States, Oregon, California, multiple tribal  
266 nations, local governments and non-governmental organizations up to a  
267 decade to study and design, and which is subject to certain pre-conditions.  
268 PacifiCorp's development of plans to remove the dams and its agreement  
269 to the implementation of the KHSA should be examined with the same

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<sup>2</sup> <http://apps.puc.state.or.us/orders/2010ords/10-364.pdf>.

<sup>3</sup> The KHSA refers to this entity as the Dam Removal Entity (DRE), which has yet to be defined or created.

270 depth and rigor as one would examine a solicitation and acquisition under  
271 the Energy Resource Procurement Act.

272

273 **Q. MS. KELLY STATES THAT REGULATORY AND LEGISLATIVE**  
274 **PROGRESS IS IMPLEMENTING AND ADVANCING THE KHSA.**  
275 **(KELLY PAGE 35-37). WHAT IS THE CURRENT STATUS OF THE**  
276 **AGREEMENT?**

277 A. As of the date of this testimony, there has been little if any progress  
278 toward satisfying the conditions to implementing the KHSA in three  
279 significant areas that are conditions for the KHSA to proceed:

- 280 • Action by the U.S. Department of the Interior to make a Secretarial  
281 Determination;
- 282 • Action by California to fund its obligation under the agreement; and
- 283 • Congressional legislation both approving and funding dam removal  
284 under the KHSA and restoration under the Klamath Basic  
285 Restoration Agreement.

286 .

287 **Q. WHAT IS THE STATUS OF THE SECRETARIAL DETERMINATION?**

288 A. In a February 27, 2012, press release<sup>4</sup> (See Exhibit OCS 2.2D), Secretary  
289 of the Interior Salazar gave notice that “Because Congress has not  
290 enacted legislation necessary to authorize a Secretarial Determination

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<sup>4</sup> <http://www.doi.gov/news/pressreleases/Salazar-Praises-Work-of-Klamath-Agreements-Parties.cfm>

291 under the terms of the KHSA, there will not be a decision by March 31,  
292 2012 on potential removal of the dams.” The press release goes on to  
293 indicate that:

294

295 The KHSA stipulates that three key conditions must first be  
296 met before a Secretarial Determination can be made:

- 297 • The Interior Department must conduct additional studies  
298 in order to provide a clear and accurate description of the  
299 costs, benefits, and liabilities associated with dam  
300 removal (expected to be released in final form this  
301 spring);
- 302 • Oregon and California must identify a source for  
303 financing their share of the dam removal costs (Oregon  
304 has done so, and it is expected that California will confirm  
305 details of its share very soon); and
- 306 • Congress must authorize a Secretarial Determination  
307 (legislation was introduced last November, but there has  
308 been no further action).

309

310 **Q. WHAT IS THE PURPOSE OF THE SECRETARIAL DETERMINATION?**

311 A. As described by KHSA Section 3.3, the Secretary is to determine  
312 “whether, in his judgment, Facilities Removal (i) will advance restoration of  
313 the salmonid fisheries of the Klamath Basin, and (ii) is in the public  
314 interest, which includes but is not limited to consideration of potential  
315 impacts on affected local communities and Tribes.” In addition, “[a]s a  
316 part of developing the basis for the Secretarial Determination, the  
317 Secretary shall develop a Detailed Plan to implement Facilities Removal.”

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318 **Q. WHAT ARE THE CONSEQUENCES TO THE KHSA OF THE**  
319 **SECRETARY'S FEBRUARY 27, 2012 NOTIFICATION?**

320 A. The best explanation of the consequences is from the KHSA<sup>5</sup> Section  
321 3.3.4 and Section 3.3.5 (See Exhibit OCS 2.3D.) In summary, it appears  
322 that in the absence of approved funding and a Secretarial Determination,  
323 there is such uncertainty surrounding the KHSA that PacifiCorp's request  
324 for recovery of KHSA costs is unsupported and unsupportable.

325 **Q. WHAT ACTION HAS CALIFORNIA TAKEN TO FUND ITS OBLIGATION**  
326 **UNDER THE KHSA?**

327 A. California intended to fund the state's portion of the dam removal costs as  
328 part of a water bond measure that was to include many of the State's  
329 needed water resource projects. Originally scheduled as a ballot measure  
330 in November 2010, the request for voter approval was delayed until  
331 November 2012. However, California legislative leadership considers the  
332 bond as unlikely to pass and will likely delay the measure until November  
333 2014. "Water bond is circling the drain", Los Angeles Times, April 30,  
334 2012<sup>6</sup>. (See Exhibit OCS 2.4D). California Governor Jerry Brown  
335 indicated support for a delay in January. "Jerry Brown says he'd support  
336 delaying water bond", San Francisco Chronicle, January 20, 2012<sup>7</sup>. See  
337 Exhibit OCS 2.5D)

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<sup>5</sup> The entire KHSA can be found at:

<http://klamathrestoration.gov/sites/klamathrestoration.gov/files/Klamath-Agreements/Klamath-Hydroelectric-Settlement-Agreement-2-18-10signed.pdf>

<sup>6</sup> <http://articles.latimes.com/print/2012/apr/30/local/la-me-cap-water-20120430>

<sup>7</sup> <http://www.sfgate.com/cgi-in/article.cgi?f=/c/a/2012/01/19/BAAA1MRMM7.DTL>



338 **Q. WHAT IS THE STATUS OF THE CONGRESSIONAL LEGISLATION TO**  
339 **WHICH MS. KELLY REFERS?**

340 A. She is correct that Senate 1851 and H.R. 3398 were introduced  
341 November 10, 2011. But, beyond the referral of S. 1851 to a committee,  
342 no action has occurred and none is expected, and Ms. Kelly's anticipation  
343 of early 2012 consideration is not correct. According to a Klamath Falls  
344 Herald and News report<sup>8</sup> (see Exhibit OCS 2.6D) on March 6, 2012,  
345 Oregon Senator Wyden stated that he is hopeful that he can schedule a  
346 hearing for the bill in 2013, but that a more than \$500 million single project  
347 authorization will be challenging. .

348 **Q. WHAT IMPACT DOES CONGRESSIONAL LEGISLATION HAVE ON**  
349 **THE KHSA?**

350 A. Without Congressional approval and funding of both the KHSA and the  
351 Klamath Basin Restoration Agreement, both agreements terminate.

352 **Q. ARE THERE OTHER EVENTS THAT CREATE UNCERTAINTY FOR**  
353 **THE KHSA?**

354 A. Yes. A May 25, 2012 petition asks FERC to resume jurisdiction over the  
355 Klamath dams relicensing and either relicense the project under current  
356 applicable law or decommission the project. The request is the Petition of

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<sup>8</sup> [http://www.klamathbucketbrigade.org/H&N's\\_SenatorKBRAahardsell030712.htm](http://www.klamathbucketbrigade.org/H&N's_SenatorKBRAahardsell030712.htm)

357 Hoopa Valley Tribe for Declaratory Order in FERC Project No. P-2082.<sup>9</sup>  
358 With some of the same concerns that the Office raises, the Petition notes  
359 that FERC has not approved the KHSA and that potential  
360 decommissioning is expressly subject to the achievement of contingent  
361 events that include, but are not limited to, the federal legislation, California  
362 water bond and Secretarial Determination I referenced earlier in my  
363 testimony. Because this filing came to the Office's attention only late last  
364 week, we have not analyzed its potential impact upon the KHSA and its  
365 funding mechanism. However, the petition certainly questions the viability  
366 of the KHSA.

367 **Q. WHAT DO THESE CIRCUMSTANCES MEAN TO PACIFICORP'S RATE**  
368 **INCREASE REQUEST IN THIS CASE?**

369 A. By its terms, the KHSA is an environmental, economic, political and social  
370 development agreement addressing regional interests and concerns.  
371 Indeed, PacifiCorp's actions to implement interim measures in connection  
372 with the KHSA and for which it is asking Utah ratepayers to pay, are solely  
373 intended "to protect and enhance environmental resources in the Klamath  
374 basin." (Kelly Page 35, line 786-787) Even if there was some reliable  
375 evidence that the KHSA was a prudent agreement for PacifiCorp, and  
376 Oregon and California ratepayers, there is no evidence that Utah has  
377 interests in and receives benefits from PacifiCorp's voluntarily assumed

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<sup>9</sup> See [http://elibrary.ferc.gov/idmws/doc\\_info.asp?document\\_id=14026151](http://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14026151) for document information and [http://elibrary.ferc.gov/idmws/File\\_List.asp](http://elibrary.ferc.gov/idmws/File_List.asp) to download a copy of the petition.

378 obligations. When one considers the now apparent uncertainty of the  
379 KHSA, allocating to Utah ratepayers any of the costs that PacifiCorp has  
380 and will incur is wholly improper. Recovery of any costs should be denied  
381 in this and any other general rate case. Even if the Commission found the  
382 claims that the benefits of removing the dams exceed the cost of re-  
383 licensing the dams to be credible, the Commission must not grant the  
384 Company's request without full scrutiny within an appropriate and  
385 separate regulatory proceeding.

386 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

387 A. Yes.

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