



BEFORE THE  
PUBLIC SERVICE COMMISSION OF UTAH

---

In the Matter of the Rocky Mountain Power )  
Proposed Schedule 94, Energy Balancing )  
Account (EBA) Pilot Program Tariff ) Docket No. 11-035-T10  

---

Table of Contents for the  
Surrebuttal Testimony of Maurice Brubaker

EBA Accruals..... 2

Carrying Charges..... 5

BEFORE THE  
PUBLIC SERVICE COMMISSION OF UTAH

\_\_\_\_\_)  
In the Matter of the Rocky Mountain Power )  
Proposed Schedule 94, Energy Balancing )  
Account (EBA) Pilot Program Tariff ) Docket No. 11-035-T10  
\_\_\_\_\_)

Surrebuttal 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 ARE YOU THE SAME MAURICE BRUBAKER WHO PROVIDED DIRECT  
5 TESTIMONY ON FEBRUARY 23, 2012 AND REBUTTAL TESTIMONY ON  
6 MARCH 15, 2012?

7 A Yes, I am.

8 Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

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

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

14 A In my surrebuttal testimony, I will address certain comments made by RMP and by  
15 the Division of Public Utilities (“Division”) with respect to the positions taken in my  
16 direct testimony.

17 In particular, I will address the energy balancing account (“EBA”) accruals and  
18 the carrying charge issue.

19 **EBA Accruals**

20 **Q BOTH RMP AND THE DIVISION HAVE BEEN DISMISSIVE OF SOME OF YOUR**  
21 **TESTIMONY CONCERNING THE TIMING AND CALCULATION METHOD FOR**  
22 **EBA ACCRUALS, IN PARTICULAR QUESTIONING THE FACT THAT YOU**  
23 **CONTINUE TO DISCUSS A MONTHLY ANALYSIS WHEN THE COMMISSION**  
24 **SEEMINGLY HAS RULED AGAINST THAT APPROACH. HOW DO YOU**  
25 **RESPOND?**

26 A First, I want to make it clear that I am not suggesting that for purposes of the initial  
27 EBA reconciliation cycle the Commission depart from its prior orders. Second, I  
28 would note that the EBA has been described as a “pilot” because the concept of EBA  
29 is new to the Utah parties. As such, it seems reasonable that during each cycle the  
30 parties explore enhancements and alternatives to the methodologies being employed.  
31 Whether or not changes are actually implemented is a matter to be decided later, but  
32 without an awareness of the issues and an evaluation of the data, it will be difficult to  
33 reach an informed decision.

34 The monthly distinctions are particularly important at the customer class level  
35 in Utah because there are substantial variations from month to month in the level of

36 peak demands, the amount of energy consumed and the average cost of energy, as  
37 well as the relative responsibility of the various customer classes for peaks and  
38 energy in each month. I am not suggesting the implementation of monthly accruals at  
39 this time, but the data should be collected and the analysis done during the first year  
40 of the “pilot” EBA.

41 **Q AT PAGE 7 OF HIS REBUTTAL TESTIMONY, RMP WITNESS TAYLOR**  
42 **COMMENTS ON YOUR PROPOSAL TO, ON AN EXPERIMENTAL BASIS, BILL**  
43 **TRANSMISSION LEVEL CUSTOMERS AS SOON AFTER THE CLOSE OF A**  
44 **MONTH AS RMP HAS A REASONABLE ESTIMATE OF EBA COSTS. HE**  
45 **STATES THAT THIS SEEMS TO BE A RE-LITIGATION OF PRIOR ISSUES THAT**  
46 **HAVE ALREADY BEEN DECIDED. PLEASE RESPOND.**

47 **A** I respond as I did previously, noting that the implementation of the EBA is a “pilot”  
48 and I believe one of the objectives is to try to improve the calculation of the deferrals  
49 and the application of those deferrals to customers. It is in that context that I make  
50 this proposal.

51 **Q MR. TAYLOR ALSO STATES THAT YOUR RECOMMENDATION APPEARS TO**  
52 **CONFLICT WITH YOUR ARGUMENT THAT 45 DAYS IS INADEQUATE FOR**  
53 **REVIEW OF THE ANNUAL EBA. IS HE CORRECT?**

54 **A** No. I was clear (or so I thought) in my direct testimony (see page 20) that any such  
55 interim applications of EBA factors would be subject to further review and true-up,  
56 including adjustments for prudence, and other factors that may cause a change in the  
57 initial values.

58 Q AT PAGE 6 OF HIS REBUTTAL TESTIMONY, DIVISION WITNESS PETERSON  
59 SEEMS TO COMMENT FAVORABLY ABOUT YOUR TESTIMONY CONCERNING  
60 SCALARS AND MONTHLY CALCULATIONS, STATING, “GENERALLY, THE DPU  
61 WOULD AGREE WITH A DYNAMIC SCALAR.” HE GOES ON TO STATE,  
62 HOWEVER, THAT HE BELIEVES MONTHLY TRUE-UPS WOULD ADD  
63 “COMPLEXITY” TO THE PROCESS. HOW DO YOU RESPOND TO MR.  
64 PETERSON?

65 A In the first instance, I would note that the whole process of calculating power costs  
66 and tracking values relative to base numbers, as well as the underlying auditing of all  
67 the data, is complex, but that does not mean it should not be done. Accuracy and  
68 prudence should be paramount. It is no different with respect to monthly values with  
69 respect to the calculations. Complexity should not be a reason to shy away from  
70 improvements in the process and development of more accurate data that provides  
71 more precise and meaningful price signals to customers.

72 Q AT PAGE 7 OF HIS REBUTTAL TESTIMONY, IN COMMENTING ON YOUR  
73 PROPOSAL WITH RESPECT TO MONTHLY BILLING OF TRANSMISSION  
74 CUSTOMERS ON AN EXPERIMENTAL BASIS, MR. PETERSON SUGGESTS  
75 THAT YOU HAVE ARGUED THAT IT IS IMPORTANT TO BILL MONTHLY, OR  
76 “...EVEN TWICE A MONTH...” HAS MR. PETERSON CORRECTLY  
77 INTERPRETED YOUR RECOMMENDATION?

78 A No. The expression that I used was “bi-monthly.” I believe this characterization  
79 generally refers to “every other” month, rather than twice a month, although after  
80 consulting a dictionary, I do recognize that Mr. Peterson’s interpretation is sometimes

81 applied. In any event, to be clear, my intent was to suggest monthly or every other  
82 month, and not twice a month.

83 **Carrying Charges**

84 **Q AT PAGE 3 OF HIS REBUTTAL TESTIMONY, MR. MACDOUGAL COMMENTS ON**  
85 **YOUR PROPOSAL TO BEGIN APPLYING CARRYING CHARGES 20 DAYS**  
86 **AFTER THE END OF A CALENDAR MONTH. HE ASSERTS THAT THIS**  
87 **“...CONVENIENTLY IGNORES...” THE LAG BETWEEN WHEN CUSTOMERS**  
88 **ARE BILLED AND WHEN CASH IS RECEIVED. DO YOU AGREE?**

89 **A** No. Mr. MacDougal's comment is an incomplete analysis. He does not seem to be  
90 disagreeing with my statement that the 20-day delay (past the end of the month) for  
91 purposes of initiating the application of carrying charges is appropriate. Rather, he  
92 seems to be focusing on the end point when EBA reconciliation amounts are either  
93 collected from, or refunded to, customers. We actually may not have a disagreement  
94 here because it has been my assumption that the application of carrying charges will  
95 reflect the amount on RMP's books at all times, including the timing of the ultimate  
96 collection or refund of such balances.

97 **Q BOTH RMP AND DIVISION WITNESSES COMMENT ON YOUR TESTIMONY**  
98 **WHICH POINTS OUT THAT THE 6% CARRYING CHARGE RATE APPEARS**  
99 **HIGH. WHY DO YOU CONTINUE TO DISCUSS THIS?**

100 **A** Because in today's economy 6% is a very high rate, and given the potential for  
101 customers to pay carrying charges on deferred balances for up to two years, the  
102 amount of interest that could accrue on these temporary balances is substantial.

103           Given the fact that RMP's short-term borrowing rate is much less,<sup>1</sup> I think it is  
104           important as we go through the "pilot" EBA that the Commission and the parties be  
105           mindful of the level of this charge as compared to market costs.

106   **Q       DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

107   **A       Yes, it does.**

\\Doc\Shares\ProlawDocs\TSK\9535\Testimony-BAI\214873.doc

---

<sup>1</sup>According to PacifiCorp's 2011 10-K Report to the SEC at page 37, the short-term debt rate at December 31, 2011 was 0.50% per year, and on January 12, 2012 PacifiCorp was issued 10-year First Mortgage Bonds at 2.95% per year.