

1 **Q. Please state your name, business address and present position with**
2 **PacifiCorp, dba Rocky Mountain Power (the “Company”).**

3 A. My name is Brian S. Dickman. My business address is 825 NE Multnomah St.,
4 Suite 600, Portland, Oregon 97232. My title is Manager, Net Power Costs.

5 **Q. Are you the same Brian S. Dickman who filed direct testimony in the**
6 **Company’s initial filing in this proceeding?**

7 A. Yes.

8 **PURPOSE AND SUMMARY OF TESTIMONY**

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

10 A. My testimony responds to the direct testimony of the Utah Division of Public
11 Utilities (the “Division”) witnesses Matthew Croft and Richard S. Hahn filed on
12 November 13, 2012. In particular, my testimony responds to “Utah Division of
13 Public Utilities Audit Report of Rocky Mountain Power, Energy Balancing
14 Account (EBA)” (the “Audit Report”) provided as an exhibit to the direct
15 testimony of Mr. Croft. The Audit Report summarizes the Division’s evaluation
16 of the actual costs included in the Company’s calculation of the Energy Balancing
17 Account (“EBA”) deferral amount for the 3-month period from October 1, 2011,
18 through December 31, 2011 (“Deferral Period”). I also respond to Mr. Hahn’s
19 recommendation that the Company provide additional information supporting its
20 filing.

21 **Q. Have there been any corrections or updates to the EBA deferral amount**
22 **since the initial filing on March 15, 2012?**

23 A. Yes. Table 1 below summarizes the corrections and updates made to the deferral

24 amount after the initial filing on March 15, 2012. The \$20 million EBA settlement
25 amortization that was included in rates on June 1, 2012, is removed from the EBA
26 calculation for simplicity. Four additional changes to the original filing are
27 reflected in Table 1.

- 28 • First, on April 24, 2012, the Company identified a correction required to
29 remove costs related to the buy through of economic curtailment of certain
30 large industrial customers.
- 31 • Second, a change to the allocation of wheeling revenue was required as a
32 result of the Commission order on May 1, 2012, in Docket No. 11-035-T10.
- 33 • Third, in its Audit Report the Division identified various out of period
34 accounting entries that had not been removed from the EBA costs in the
35 Company's original filing. This is the only specific adjustment recommended
36 by the Division in its Audit Report, and the Company accepts the adjustment.
- 37 • Fourth, the Company's original filing only accounted for carrying charges to
38 June 1, 2012. However, consistent with Schedule No. 94 and the recent
39 general rate case settlement in Docket No. 11-035-200, carrying charges
40 continue to accrue until collection of the EBA deferral begins. Table 1
41 includes the impact of extending carrying charges through March 1, 2013, the
42 estimated date of new rates in this case based on the current procedural
43 schedule, along with the other adjustments described above.

Table 1
Updates and Corrections to EBA Request

Original EBA Request	\$ 29,286,005
Less: Settlement Amortization in Rates	(20,000,000)
Modified Original EBA Request	9,286,005
Proposed Adjustments/Corrections	
Buy-through Adjustment	(257,175)
Static Wheeling Revenue Allocator	(136,723)
Out of Period Adjustments	317,595
Add: Interest Accrued through March 1, 2013	422,823
Revised EBA Request	\$ 9,632,526

44 **Q. Have you prepared an updated version of Exhibit RMP___(BSD-1) for this**
45 **filing?**

46 **A.** Yes. Table 2 below provides a summary of the updated Exhibit RMP___(BSD-1).
47 The updated exhibit is included with my testimony and identified as Exhibit
48 RMP___(BSD-1SD).

**Table 2
Updated EBA Request**

<u>Incremental EBA Deferral</u>	
Actual EBA Rate (\$/MWh)	23.48
Base EBA Rate (\$/MWh)	21.39
\$/MWh Differential	\$ 2.09
Utah Load (MWh)	6,103,728
Total Deferrable	\$ 12,753,248
EBA Deferral at 70% Sharing	<u>\$ 8,927,273</u>
<u>EBA Deferral Account Balance</u>	
Beginning EBA Deferral Balance: Oct 1, 2011	-
Incremental EBA Deferral	8,927,273
Interest	55,601
EBA Revenues	-
Ending EBA Deferral Balance: Dec. 31, 2011	<u>\$ 8,982,874</u>
Accrued Interest through March 1, 2013	649,652
Requested EBA Recovery	<u>\$ 9,632,526</u>

49 **Q. Did the Audit Report provide a recommendation of the amount of prudently**
50 **incurred actual costs that should be included in the EBA deferral amount?**

51 A. No. The Audit Report did not arrive at a final recommendation.

52 **Q. Did the Audit Report identify any costs that should be excluded from the EBA**
53 **deferral amount on the basis of imprudence?**

54 A. No. Table 1 above reflects all adjustments proposed to date, including the
55 recommended adjustment from the Audit Report. There were no adjustments
56 proposed based on Company imprudence; therefore, my testimony responds
57 generally to the Audit Report and demonstrates that the Company provided a
58 complete filing with sufficient supporting evidence, responded to issues raised
59 through discovery and other requests for information, and worked collaboratively

60 with the Division and others to assist in their review of the Company's operations
61 and net power costs.

62 **Q. Did Mr. Hahn's testimony introduce any evidence that he claims raises**
63 **questions about Company prudence in the EBA period?**

64 A. No.

65 **EBA DISCOVERY PROCESS**

66 **Q. Based on your interpretation of the Audit Report, why did the Division not**
67 **reach a final recommendation?**

68 A. It appears that the Division did not issue a recommendation based on the direct
69 testimony of its expert witness, Mr. Hahn of La Capra Associates. However, the
70 body of the Audit Report contains a thorough analysis of the EBA accounting and
71 confirms its accuracy, with a few exceptions. As described below, the Company
72 provided additional information that reconciles the accounting issues raised by the
73 Division.

74 **Q. Why did the direct testimony of Mr. Hahn not make a final recommendation?**

75 A. Although Mr. Hahn's testimony did not identify specific events or occurrences in
76 which he believed the Company acted imprudently, he outlined areas he believed
77 required further investigation. The Division proposed that the Company provide
78 additional information in order for it to reach a final recommendation regarding the
79 outcome of the EBA filing.

80 **Q. Does the Division's request for additional information signify that the**
81 **Company's EBA filing was incomplete or not sufficiently supported?**

82 A. No. The Company's initial filing was accompanied by a set of five filing

83 requirements with multiple subparts that provided detailed information supporting
84 the EBA costs, including transaction-level detail of financial and physical
85 electricity and natural gas transactions, plant outages and performance data,
86 generation logs, and journal entries from the Company's accounting system. The
87 information provided in the filing requirements was in compliance with the list of
88 requirements in the Division's EBA Pilot Program Evaluation Plan which was
89 approved by the Commission¹ and is consistent with the filing requirements
90 currently used in Wyoming for the Company's Energy Cost Adjustment
91 Mechanism filings. The Division's Initial EBA Comments and Recommendations
92 filed April 27, 2012, stated, "The Division staff has reviewed the information filed
93 with the Company's application and finds that information to generally conform to
94 the expectations set by the Division in its Draft EBA Pilot Program Evaluation
95 Plan."

96 **Q. Did the Company provide the additional information that the Division**
97 **requested?**

98 A. Yes. On November 30, 2012, the Company provided analyses and information in
99 response to issues raised in the Audit Report ("Audit Requests"). The information
100 in the Audit Requests supports the Company's original filing and resolves all of
101 the accounting issues the Division raised in the Audit Report. In addition to the
102 filing requirements, the Company made every effort to provide timely responses to
103 data requests and worked collaboratively with Division auditors to facilitate a final
104 recommendation. As of the writing of this testimony, the Company has responded

¹ The EBA filing requirements and the Division's evaluation plan were approved by the Commission June 15, 2012, in Docket No. 09-035-15.

105 to 277 discovery requests in this proceeding. The Division issued 161 of those
106 requests. The Company has also held conference calls with the Division and its
107 outside auditors to discuss operational and accounting details. The topics on these
108 calls ranged from general discussions about how the Company operates its plants
109 and balances its system to technical discussions about accounting for power
110 transactions. In addition to the formal conference calls, the Company conducted
111 informal discussions with the Division to assist in the interpretation of information
112 provided in response to discovery requests.

113 **Q. In your opinion, why was the additional information required?**

114 A. Since this is the first EBA filing in Utah, I believe it has taken time for the
115 Division and its outside auditors to become familiar with details of the Company's
116 accounting and operations that they may not have dealt with previously. On page 7
117 of the Audit Report, the Division explained: "In addition to the restrictive time
118 schedule, this is the Division's first audit of the EBA Pilot Program. As such, a
119 *considerable amount of time and effort was dedicated just to gain a basic*
120 *understanding of the Company's operations, systems (accounting and trading) and*
121 *policies."* (Emphasis added) Going forward I believe the Division will build on the
122 knowledge gained in this proceeding to facilitate a more streamlined review of
123 future EBA filings.

124 **Q. Did the Division recommend a specific procedure or schedule for resolution of**
125 **the issues identified in its Audit Report in this case?**

126 A. No. The Division's recommendation was that the Company should be given time
127 to provide additional supporting information. It is not clear to the Company what

128 impact the Division's request will have on the remaining rounds of testimony
129 outlined in the schedule approved by the Commission in this phase of the EBA
130 proceeding. As already discussed, the Company worked proactively with the
131 Division and its outside auditors in an attempt to satisfy their request for additional
132 information. However, until the Division issues more specific supplemental
133 testimony or an updated Audit Report it is unclear to the Company how to resolve
134 the Division's Audit Report as it stands now. I am particularly concerned that, if
135 new recommendations or issues are not raised until the rebuttal round of testimony
136 due January 8, 2013, the Company and other parties will not be given sufficient
137 opportunity to perform discovery and respond at such a late point in the
138 proceeding.

139 **Q. If the Division supplements its Audit Report recommendations in testimony**
140 **due December 13, 2012, will the Company be able to respond?**

141 A. Yes. While this still does not align with the process the Company anticipated based
142 on the schedule established by the Commission, it will give the Company and
143 other parties approximately 26 days to respond.

144 **Q. What do you recommend if the Division does not file an updated Audit**
145 **Report on December 13, 2012?**

146 A. The Company believes that the existing schedule in this proceeding will need to
147 be revisited to allow parties sufficient time and due process to address any issues
148 that the Division may raise when it reaches a final recommendation.

149 **Q. Does this conclude your testimony?**

150 A. Yes.