

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>In the Matter of the Application of Rocky</b>	)	<b>DOCKET NO. 12-035-67</b>
<b>Mountain Power To Increase Rates by</b>	)	<b>Exhibit DPU 2.0 Reb</b>
<b>\$29.3 million or 1.7 percent through the</b>	)	<b>Rebuttal Testimony</b>
<b>Energy Balancing Account.</b>	)	<b>Richard S. Hahn</b>
	)	
	)	

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

**Rebuttal Testimony of  
Richard S. Hahn**

**January 8, 2013**

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1 **I. Introduction**

2 **Q: Please state your name, business address and title.**

3 A: My name is Richard S. Hahn. I am employed by La Capra Associates, Inc. (“La Capra  
4 Associates”) as a Principal Consultant. My business address is One Washington Mall,  
5 Boston, Massachusetts, 02108.

6 **Q: On whose behalf are you testifying?**

7 A: The Division of Public Utilities of the State of Utah (the “Division”).

8 **Q: Have you previously submitted testimony in this proceeding?**

9 A: On November 13, 2012, my direct testimony was filed on behalf of the Division. On  
10 December 13, 2012, my supplemental direct testimony was filed.

11 **Q: What is the purpose of your rebuttal testimony?**

12 A: I wish to briefly respond to the direct testimony of Mr. J. Robert Malko that was filed on  
13 December 13, 2012 on behalf of the Utah Industrial Energy Consumers.  
14

15 **II. Response to the Malko Testimony**

16 **Q: What issues are raised in the direct testimony of Mr. Malko that you wish to  
17 respond to?**

18 A: On page 7, lines 120-.124, Mr. Malko states the following”

19 *“The purpose of the EBA is to reconcile the amount of prudently incurred costs in base*  
20 *rates with the amount of actual prudently incurred costs. Mr. Hahn is mistaken to*  
21 *presume that costs are prudently incurred simply because they are in base rates. The*  
22 *entire amount of swap losses must be disallowed if the Company cannot demonstrate*  
23 *prudence.”*  
24

25 **Q: How do you respond?**

26 A: Mr. Malko mischaracterizes my testimony. I do not presume, state, or imply that costs  
27 are prudent solely because they are included in base rates. In my review of the EBA  
28 costs, I do not evaluate certain swap transactions because the July 28, 2011 Settlement  
29 Stipulation in Docket 10-035-124 states that transactions which meet certain conditions  
30 will not be challenged for prudence. This is the basis upon which I chose not to  
31 challenge certain transactions, not because their associated costs are in base rates.

32

33 **III. Conclusion**

34 **Q: Does this conclude your rebuttal testimony?**

35 A: Yes, it does.