

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky		Docket No. 13-035-184
Mountain Power for Authority to Increase		DPU Exhibit 8.0 RR-DIR
Its Retail Electric Utility Service Rates in		
Utah and for Approval of Its Proposed		
Electric Service Schedules and Electric		
Service Regulations		

DIRECT TESTIMONY

OF

ERIC ORTON

STATE OF UTAH

DIVISION OF PUBLIC UTILITIES

MAY 1, 2014

1 **Q. PLEASE STATE YOUR NAME, BY WHOM YOU ARE EMPLOYED AND IN WHAT**
2 **CAPACITY FOR THE RECORD.**

3 A. Eric Orton. I work for the Division of Public Utilities (Division) as a Utility Analyst.
4 I work at the Heber M. Wells Building, 4th Floor, 160 East 300 South, Salt Lake
5 City, Utah 84114-6751.

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

7 A. To propose adjustments to the Rocky Mountain Power (the "Company") revenue
8 requirement.

9 **Q. IN WHAT AREAS ARE YOUR ADJUSTMENTS?**

10 A. My proposed adjustments are in Miscellaneous General Expenses (FERC Account
11 930) and in Office Supplies and Expenses (FERC Account 921).

12 **Q. PLEASE EXPLAIN YOUR PROPOSED ADJUSTMENTS.**

13 A. There are four, and they are very similar in nature. First, I removed the expenses
14 the Company paid to two different organizations, which used some of those
15 funds for lobbying activities; second, I removed expenses for Chamber of
16 Commerce and similar organizations which promote the goodwill of the
17 Company; third, I removed the money the Company spent on Challenge Grants;
18 and fourth I removed the costs for DSM, Project Silver and Blue Sky.

19 These goodwill/lobbying/politicking expenditures are not recoverable from rate
20 payers. Neither are the other costs recoverable in rate cases when they are
21 already recovered in separate surcharges or are below the line.

22 **Q. PLEASE DESCRIBE YOUR FIRST ADJUSTMENT REGARDING LOBBYING EXPENSES.**

23 A. The Company paid membership dues to both Edison Electric Institute and
24 Utilities Telecom Council. The invoices from these associations specify how

25 much of those dues are used in lobbying efforts to persuade lawmakers.
26 Expenses for lobbying by these organizations should not be paid by ratepayers.
27 Therefore, the Commission should disallow the recovery of lobbying
28 expenditures from the revenue requirement.

29 This results in a decrease of \$89,337 to the Utah revenue requirement. See DPU
30 Exhibit 8.1

31 **Q. PLEASE DESCRIBE YOUR SECOND ADJUSTMENT REGARDING CHAMBER OF**
32 **COMMERCE TYPE EXPENSES.**

33 A. The Company chooses to pay membership fees to many different community
34 organizations. The Company's participation in these organizations: 1) does not
35 provide a direct quantifiable benefit to the ratepayer; 2) is not necessary for the
36 provision of safe and adequate electric service; and 3) is a benefit to the
37 shareholders. Therefore, the Commission should disallow the recovery of
38 Chamber of Commerce dues and other similar community/Company goodwill
39 payments.

40 This results in a decrease of \$204,013 to the Utah revenue requirement. See
41 DPU Exhibit 8.2.

42 **Q. PLEASE DESCRIBE YOUR THIRD ADJUSTMENT REGARDING CHALLENGE GRANTS**

43 A. The Division removed 100 percent of the Challenge Grant expense, since these
44 expenses are related to civic activities, which regulated utilities are not allowed
45 to recover from ratepayers. Civic activities are discretionary and are not
46 required to provide safe and adequate service to customers. The Commission
47 has not allowed regulated utilities to recover contributions for charities and

48 community affairs through rates charged for regulated services. Therefore, the
49 Commission should disallow the recovery of Challenge Grant payments.

50 This results in a decrease of \$158,750 to the Utah revenue requirement. See
51 DPU Exhibit 8.3.

52 **Q. PLEASE EXPLAIN YOUR FOURTH ADJUSTMENT TO FERC ACCOUNT 921 OFFICE**
53 **SUPPLIES & EXPENSE.**

54 A. This adjustment removed expenses related to Demand Side Management (DSM),
55 Blue Sky and Project Silver from FERC Account 921 Office Supplies & Expense.
56 The expenses for DSM and Blue Sky are removed from the rate case because
57 these costs are recovered through separate surcharges. DSM costs are recovered
58 through Schedule 193 whereas the Blue Sky Program expense is recovered
59 through the voluntary commitment to purchase renewable energy blocks
60 through Schedule 72, the Renewable Energy Rider. The expenses associated with
61 Project Silver stem from MidAmerican Energy Holdings Company's purchase of
62 Nevada Power. These expenses are below the line and should have been
63 charged to non-regulated expense. Therefore, the Commission should disallow
64 the recovery of these Blue Sky, Project Silver and DSM expenses.

65 This results in a decrease of \$10,812 to the Utah revenue requirement. See DPU
66 Exhibit 8.4.

67 **Q. PLEASE SUMMARIZE YOUR ADJUSTMENTS.**

68 A. As per Utah Code R746-406-1 "Except as provided in Subsection C, no electric or
69 gas utility may recover from a person, other than shareholders or other owners
70 of the utility, a direct or indirect expenditure by the utility for political,
71 promotional or institutional advertising." With regard to associated amounts, the

72 Division's recommendations in this docket is consistent with its recommendations
73 in the past several rate cases. We recommend that the Commission accept these
74 adjustments to prevent these costs from being included in rates and remove
75 them (including escalation) from the Company's test year. These adjustments in
76 total result in a \$462,912 decrease to the Utah revenue requirement.

77 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

78 **A:** Yes.