

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application  
of Rocky Mountain Power to Increase  
the Deferred EBA Rate Through the  
Energy Balancing Account Mechanism

Docket No. 13-035-32

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission  
Hearing Room 451  
160 East 300 South  
Salt Lake City, Utah

DATE: Wednesday, October 2, 2013

TIME: 9:01 a.m.

REPORTED BY: Teena Green, RPR, CSR, CRR, CBC

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APPEARANCES

THE HEARING OFFICER: DAVID R. CLARK

CHAIRMAN: RON ALLEN

COMMISSIONER: THAD LEVAR

FOR DIVISION OF PUBLIC UTILITIES:

PATRICIA E. SCHMID, ESQ.,

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FOR ROCKY MOUNTAIN POWER:

YVONNE R. HOGLE, ESQ.,

ROCKY MOUNTAIN POWER

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FOR UIEC:  
WILLIAM J. EVANS, ESQ.,  
PARSONS, BEHLE & LATIMER  
201 South Main Street, Suite 1800  
Salt Lake City, Utah 84111

FOR UAE:  
GARY A. DODGE, ESQ.,  
HATCH, JAMES & DODGE  
10 West Broadway, Suite 400  
Salt Lake City, Utah 84101

PRESENT TELEPHONICALLY:  
STEVE McDOUGAL  
DANA RALSTON  
STEFAN BIRD  
JOELLE STEWARD  
BRIAN DICKMAN

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## INDEX

Witnesses	Page
DAVID L. TAYLOR	
Direct Examination by Ms. Hogle	11
Cross Examination by Commissioner Allen	20
Cross Examination by Commissioner LaVar	22
STEFAN BIRD	
Testimony of Stefan Bird	23
MATTHEW CROFT	
Direct Examination by Ms. Schmid	25
DANIEL E. GIMBLE	
Direct Examination by Mr. Coleman	28

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Hearing Proceedings

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October 2, 2013

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## PROCEEDINGS

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THE HEARING OFFICER: Good morning, ladies and gentlemen, we're on the record. My name is David Clark. I'm Public Service Commissioner, and next to me to my left is chairman Ron Allen, chair of the Public Service Commission. Next to him is Commissioner Thad LeVar.

9

This is the time and place duly noticed for a hearing in docket No. 13-035-32 in the matter of the application of Rocky Mountain Power to increase the deferred EBA rate through the energy balancing account mechanism.

13

14

Chairman Allen has asked me to serve as the hearing officer for our hearing today.

15

16

Let's begin by having counsel enter their appearances and begin with the applicant.

17

18

MS. HOGLE: Good morning, commissioners and parties, Yvonne Hogle on behalf of Rocky Mountain Power.

19

20

21

MS. SCHMID: Good morning. Patricia E. Schmid with the Attorney General's office on behalf of the Division of Public Utilities.

22

23

MR. COLEMAN: Brent Coleman on behalf of the Office of Consumer Services.

24

THE HEARING OFFICER: Thank you.

25

MR. DODGE: Gary Dodge on behalf of UAE.

1 MR. EVANS: And I'm William Evans on behalf of  
2 the UIEC intervention group.

3 THE HEARING OFFICER: Thank you. Anyone  
4 else?

5 We're here today, I believe, to consider a  
6 stipulation that has been presented and filed. And as the  
7 Commission understands it, at least at this stage, there isn't any  
8 opposition to the stipulation. Is that correct? Do the parties  
9 intend to offer the testimony that's been prefiled in support of  
10 the settlement stipulation and have they agreed to do that by  
11 stipulation?

12 Ms. Hogle, could you address that for the parties?

13 MS. HOGLE: Certainly.

14 I believe there is a provision, if I recall correctly,  
15 that all the parties would offer all the prefiled testimony,  
16 including exhibits, into the record and in support of the  
17 stipulation.

18 THE HEARING OFFICER: And is there any  
19 objection to that process? It is a term of the stipulation, I  
20 believe.

21 Then the testimony that's been previously filed in  
22 the docket will be received in evidence.

23 MR. EVANS: Commissioner Clark, we don't have  
24 any objection to the admission of that evidence, but the UIEC  
25 didn't file testimony but we did file on that same date, on the

1 20th of September, comments on the proposed allocation of  
2 EBA class and we ask that that also be recognized and received  
3 into the record.

4 THE HEARING OFFICER: Any objections?

5 (No audible response.)

6 THE HEARING OFFICER: Then it will be received  
7 as well.

8 And do any parties intend to reply to those  
9 comments?

10 (No audible response.)

11 THE HEARING OFFICER: Thank you.

12 Ms. Hogle, do you intend to present a witness in  
13 support of the settlement stipulation?

14 MS. HOGLE: I do. I would ask the Commission,  
15 however, if we can ensure that some of our witnesses are not on  
16 the phone wanting to listen in. I don't see the green light on the  
17 phone, so--

18 THE HEARING OFFICER: Right. As we began the  
19 hearing, I was informed no one had joined the hearing by  
20 telephone. Is that still the case?

21 MS. VINTZ: Right.

22 THE HEARING OFFICER: I'm informed it is still the  
23 case.

24 MR. TAYLOR: Our understanding was they set up  
25 a bridge number to call into and all of our people say they're

1 planning to call in, so...

2 THE HEARING OFFICER: Let's be off the record.

3 (Discussion held off the record.)

4 THE HEARING OFFICER: I would ask that those  
5 on the phone identify themselves. Let me catch you up to date.

6 We are on the record. We have had counsel enter  
7 appearances. We've determined that there is no opposition to  
8 the--or at least no one present today who is in opposition to the  
9 settlement stipulation. And so if you would, please, identify  
10 yourselves, those who are listening.

11 MR. McDOUGAL: This is Steve McDougal.

12 MR. RALSTON: This is Dana Ralston.

13 MR. BIRD: Stefan Bird.

14 MS. STEWARD: Joelle Steward.

15 MR. DICKMAN: Brian Dickman.

16 THE HEARING OFFICER: Do we have the people  
17 the company's interested in--

18 MS. HOGLE: Yes.

19 THE HEARING OFFICER: Does any other party  
20 have an expectation of participation by telephone of any witness  
21 or--

22 (No audible response.)

23 THE HEARING OFFICER: Okay. Thank you.

24 MR. DODGE: Commissioner Clark?

25 THE HEARING OFFICER: Yes.



1 MR. DODGE: Can I just raise quickly a procedural  
2 question?

3 Kevin Higgins pointed out to me that, in fact, we  
4 didn't include in the stipulation that we would admit all of the  
5 evidence. Usually that's in and, for some reason, it didn't get  
6 in. And I think it was on that basis you ruled that the evidence  
7 is all admissible.

8 Just to make sure the record is complete, I guess I  
9 would move that all of the prefiled testimony and the UIEC  
10 comments be admitted and ask the Commission to rule on that  
11 basis.

12 THE HEARING OFFICER: It's admitted.

13 MR. DODGE: Thank you.

14 THE HEARING OFFICER: Let there be no doubt  
15 about the receipt in evidence of the prefiled testimony. Thank  
16 you, Mr. Dodge.

17 Before we proceed to further witness testimony in  
18 support of the settlement stipulation, it has been filed as a  
19 confidential document. There's a great deal of additional  
20 material, exhibits and testimony that has been designated  
21 confidential by the applicant and perhaps others. Is there going  
22 to be a need to refer directly to the confidential material in the  
23 testimony or examination of witnesses today that anyone at  
24 least can anticipate in advance?

25 MS. HOGLE: The only possibility that I see, Your

1 Honor, is if there are questions from the Commission that would  
2 require witnesses to reference any confidential information.

3 THE HEARING OFFICER: Thank you. Any other  
4 comments on that subject?

5 (No audible response.)

6 THE HEARING OFFICER: Okay.

7 Ms. Hogle, then?

8 MS. HOGLE: Thank you. Good morning. The  
9 company calls Mr. Dave Taylor as its witness.

10 THE HEARING OFFICER: Please raise your right  
11 hand. Do you solemnly swear that the testimony you're about to  
12 give shall be the truth, the whole truth and nothing but the  
13 truth?

14 THE WITNESS: Yes, I do.

15 DIRECT EXAMINATION

16 BY-MS.HOGLE:

17 Q. Can you please state your name and position with  
18 Rocky Mountain Power?

19 A. My name is David L. Taylor. I'm employed by  
20 Rocky Mountain Power as the manager of regulatory affairs for  
21 the State of Utah. My business address is 201 South Main,  
22 Suite 2300, Salt Lake City, Utah, 84111.

23 Q. And what is the purpose of your testimony today?

24 A. I'll briefly review the events and the key elements  
25 of the stipulation that's been entered into by the four signing

1 parties. Those parties include Rocky Mountain Power, Utah  
2 Division of Public Utilities, the Utah Office of Consumer  
3 Services, and Utah Association of Energy Users.

4 I'm also here to testify in support of the stipulation  
5 and to recommend its approval as being in the public interest.

6 Q. Please proceed with the history that led to the  
7 stipulation.

8 A. On March 15th of this year, Rocky Mountain Power  
9 filed to recover 17.4 million in referred EBA costs over a  
10 two-year period of approximately \$8.7 million per year. This  
11 amount is in addition to the currently effective EBA rate being  
12 recovered currently through the EBA.

13 On July 12th of this year, the Division of Public  
14 Utilities filed its EBA audit report and their direct testimony in  
15 the case.

16 On August 20th, the Office of Consumer Services  
17 and UAE filed direct testimony and Rocky Mountain Power filed  
18 supplemental direct testimony in response to the DPU audit  
19 report.

20 Over the course of this case, Rocky Mountain  
21 Power filed testimony of six witnesses, including approximately  
22 150 pages of testimony, plus exhibits and supportive work  
23 papers in support of its request.

24 In addition to the DPU audit report, intervening  
25 parties filed the testimony of four witnesses.

1 In addition to the finding requirement responses  
2 that were included with our application, the company responded  
3 to over 200 data requests that the intervening parties prepared  
4 in response to the company's case. I mention that just to point  
5 out that prior to entering into settlement discussions, a  
6 substantial amount of evidence and discovery in this case has  
7 been filed, reviewed and analyzed.

8 Over the past few weeks, the parties have engaged  
9 in settlement discussions and, based upon those discussions,  
10 the parties agree to the terms and conditions set forth in the  
11 stipulation that was filed with the Commission on September  
12 25th of this year.

13 While not all of the intervening parties in the case  
14 have signed the stipulation, we're not aware of any party that  
15 opposes the stipulation.

16 Q. Can you please describe the terms of the  
17 stipulation?

18 A. I will. And I assume that the Commission's read  
19 the stipulation, so I'll describe it in brief terms. In doing so, I  
20 would not intend to modify the terms of the stipulation in any  
21 way. And if by chance I misspeak, the language of the  
22 stipulation are not my words of the binding agreement.

23 Finally, I trust the Commission will let me know if  
24 you want more detail or less detail as I proceed.

25 So moving on to the stipulation itself, the parties

1 have agreed to the following:

2 Pursuant to paragraph 3, the parties agree that  
3 Rocky Mountain Power may recover EBA costs in this matter in  
4 the amount of \$15 million of the approximately 17.4 million that  
5 the company initially requested.

6 Of the \$2.4 million in adjustment, approximately  
7 one-half million dollars is associated with outages at three of  
8 the company's power plants for which the company received  
9 liquidated damages payments. The remaining 1.9 million  
10 reduction is related to other unspecified adjustments.

11 The liquidated damages are called out because  
12 those adjustments require specific accounting and treatment  
13 which is addressed in paragraph 4 of the stipulation.

14 Moving on to paragraph 4, specifically it states that  
15 the company received liquidated damage payments for outages  
16 at three plants. Those plants are the Jim Bridger Unit 4, the  
17 Naughton Unit 1 and the Naughton Unit 2. The total of those  
18 liquidated damages is approximately \$1.6 million.

19 Per Generally Accepted Accounting Principles these  
20 payments were booked as a credit to plant in service and  
21 thereby reducing the rate base by that amount. Utah's allocated  
22 share of those liquidated damage payments is approximately  
23 \$700,000.

24 Pursuant to paragraph 4, the parties have agreed to  
25 provide customers with the benefit of those liquidated damage

1 payments through the EBA rather than as a credit to plant in  
2 service.

3 To accomplish this, the company will reverse Utah's  
4 \$700,000 portion of liquidated damages originally booked as a  
5 credit of plant in service and apply it as a reduction in net power  
6 cost.

7 After the application of the 70 percent sharing  
8 band, the EBA deferral balance is therefore reduced by  
9 approximately \$490,000.

10 Now, because these plants are system allocated  
11 resource, and because this adjustment is specific to the State of  
12 Utah, the reversal of Utah's share of the damage payments  
13 cannot simply be added back to the plant balance. So,  
14 therefore, the reversal will be achieved through the creation of a  
15 regulatory asset in the amount of \$700,000 which would be  
16 included in Utah's rate base.

17 The regulatory asset will be amortized over twenty  
18 years beginning January 1st, 2014. Twenty years is the  
19 approximate average of remaining life of those three plants.

20 Moving on to paragraph 5, in paragraph 5 the  
21 company makes representations regarding the hedging  
22 transactions supporting its natural gas requirements for 2013  
23 and 2014.

24 These representations include the number of  
25 hedging transactions that exceed a certain hedging horizon, the

1 volume of those transactions, the gains or losses associated  
2 with those transactions, and the maximum effective transaction  
3 period over ETP associated with the transactions in either of  
4 those two years.

5 Confidential Exhibit A, which is referenced in this  
6 paragraph, lists the individual transactions referenced in  
7 paragraph 5. And the company further represents that these  
8 transactions were entered into consistent with the company's  
9 risk management policies in effect at the time they were  
10 executed.

11 In paragraph 6 the parties have agreed that they  
12 will not challenge any of the transactions identified in paragraph  
13 5 on the grounds that they violate the company's policy or  
14 require a policy exception due their effective transaction  
15 periods, or because they were considered seasonal products, or  
16 that they violated the company's policies for governance by  
17 splitting the transactions to avoid such governance.

18 Moving on to paragraph 7, here the parties have  
19 agreed to hold a technical conference on or before March 15th,  
20 2014. That's the date of which the next EBA filing will be made.  
21 They'll hold a technical conference to evaluate dynamic  
22 allocations and dynamic scalers and their effect upon EBA costs  
23 allocated to Utah customers.

24 Paragraph 8 states that under -- consistent with the  
25 settlements in Dockets No. 11-035-200, 12-035-79, and

1 12-035-80, dated October 7th, 2012, that the parties have  
2 agreed that the approved rate case in this docket will be  
3 collected over a two-year period. It will accrue carrying charges  
4 through December 31st of 2012, and there will be no carrying  
5 charges thereafter or during the two-year collection period.

6 In paragraph 9 the parties have agreed to the  
7 spread and rate design as set forth in Exhibit B that's attached  
8 to the stipulation.

9 Exhibit B also shows the total EBA collection rates,  
10 including the ongoing collection from previous EBA dockets.

11 The parties agree that the EBA spread is consistent  
12 with the NPC allocator method that was ordered by the  
13 Commission in Docket 11-035-T10.

14 And under paragraph 10, the parties request that  
15 the Commission issue its order in this docket in time for the  
16 approved rates to become effective on November 1st, 2013.

17 The remaining paragraphs in the stipulation contain  
18 general terms and conditions which are associated with most  
19 stipulations presented before the Commission. They represent  
20 the obligations of the party to the stipulation and to each other.

21 And as with most stipulations, this agreement was  
22 reached through negotiation and compromise. Each party  
23 became comfortable with the agreement in a different way, and I  
24 suspect that those parties will address what was a primary  
25 concern to them.



1                   The parties have agreed to this stipulation as a  
2 total package, and the individual parties may not agree that  
3 each aspect of the stipulation is supportable in isolation.

4                   Q.     Do you have any final comments?

5                   A.     I do.

6                   First of all, I want to thank the parties for working  
7 together to reach an agreement that I believe works for all  
8 parties. As with most settlements that we bring before this  
9 Commission, getting here took a lot of work from everyone  
10 involved.

11                   I restate the company's support of the stipulation.  
12 It was negotiated in good faith by the signing parties and I  
13 believe this stipulation is in the public interest. I recommend  
14 that the Commission approve the stipulation as it's filed.

15                   And those are my comments. Thank you.

16                   MS. HOGLE: The company rests.

17                   THE HEARING OFFICER: Other questions for Mr.  
18 Taylor?

19                   From the commissioners?

20                   (Discussion held off the record.)

21                   COMMISSIONER ALLEN: Okay. Thank you,  
22 Commissioner. I have a couple of questions and then it might  
23 also cue up responses from the other parties but I think the  
24 company can probably answer them, but anybody who wants to  
25 weigh in certainly can.

1 CROSS EXAMINATION

2 BY-COMMISSIONER ALLEN:

3 Q. I'm a little bit curious. I've got Exhibit B here, but I  
4 don't see work papers that give us the four allocation methods  
5 that we want to have analyzed during the pilot program. Is it  
6 your intent to update the work papers, the detail?

7 A. Those work papers were provided, I believe, with  
8 the testimony of Mr. Dickman and Mr. McDougal. They do  
9 reflect the original requested amount. We would not have any  
10 problem updating those work papers to reflect the final  
11 settlement amount and provide those to the Commission. That  
12 will not be a problem.

13 Q. So if they can be submitted still in the stipulation  
14 that we have before us right now, would it be helpful for the  
15 Division's review of the pilot process program? They can  
16 answer I suppose when--that's what I was worried about,  
17 whether or not they'll have the information they need to analyze  
18 the four methods with the stipulation.

19 So I guess what I'm hearing from you, then, is you  
20 will be submitting updated work papers?

21 A. Yes, we could do that.

22 THE HEARING OFFICER: File them as a late filed  
23 exhibit, that will be helpful.

24 COMMISSIONER ALLEN: Okay, great. Thank you.

25 BY COMMISSIONER ALLEN:

1 Q. At the top of page 3, when you're talking about  
2 Item 5, you assert that you had some required hedging  
3 transactions. I'm not quite sure what you mean by "required."  
4 By whom or where?

5 A. Mr. Bird is on the phone and he would probably be  
6 the best person to address that question.

7 COMMISSIONER ALLEN: Mr. Bird, can you hear  
8 me? This is Chairman Allen.

9 MR. BIRD: Yes, Chairman, happy to answer that  
10 question.

11 So at the time, we had position limits that required  
12 hedging in our policy to prevent a certain amount of open  
13 exposure related to gas price volatility, and that's why those  
14 transactions were required, if you will, per policy back at that  
15 time.

16 COMMISSIONER ALLEN: So that's an internal risk  
17 management policy, is that what I'm hearing?

18 MR. BIRD: That is correct.

19 COMMISSIONER ALLEN: Okay. Okay. Great.  
20 Thank you.

21 THE HEARING OFFICER: Commissioner LeVar.

22 COMMISSIONER LEVAR: Thank you.

23 CROSS EXAMINATION

24 BY-COMMISSIONER LEVAR:

25 Q. Paragraph 7 refers to a technical conference prior

1 to March 15th of next year.

2 If I'm reading this correctly, that would be prior to  
3 an opportunity for intervention in the 2014 EBA docket. So is  
4 your anticipation that technical conference would be confidential  
5 or open?

6 A. I believe that would be an open meeting, that  
7 anyone who wanted to attend would be able to attend that.

8 Q. Okay. Thank you.

9 THE HEARING OFFICER: Any other questions?

10 Thank you, Mr. Taylor. You're excused.

11 Ms. Schmid?

12 MS. SCHMID: Before the Division starts, I can't  
13 recall if Mr. Bird was sworn or not.

14 THE HEARING OFFICER: I don't think he was.

15 Mr. Bird?

16 MR. BIRD: Yes.

17 THE HEARING OFFICER: You offered statements  
18 to the Commission. Do you offer those under oath and could I  
19 administer an oath to you now and then just have you affirm that  
20 what you said is what you would say again under oath?

21 MR. BIRD: Yes.

22 THE HEARING OFFICER: Would you raise your  
23 right hand, please. Do you solemnly swear that the testimony  
24 you're about to give shall be the truth, the whole truth and  
25 nothing but the truth?

1 MR. BIRD: Yes.

2 THE HEARING OFFICER: So if I were to ask you  
3 the same questions that Chairman Allen asked you, and to  
4 which you provided answers earlier in the record, would your  
5 answers be the same now under oath?

6 MR. BIRD: Yes, they would, but if I could, I'd like  
7 to add just one comment to the question.

8 I'm looking at the language in the stipulation and I  
9 think I could clarify that just slightly.

10 THE HEARING OFFICER: Please do.

11 MR. BIRD: Reading the language in the stipulation,  
12 it's talking about our natural gas requirement in 2013 and 2014.  
13 What those are referring to is our forecast of economic  
14 generation of our electric and natural gas generators that burn  
15 natural gas. And so that is a forecast of our need to serve  
16 customers with that natural gas generation.

17 THE HEARING OFFICER: Thank you.

18 Any questions for Mr. Bird based on that additional  
19 response?

20 (No audible response.)

21 THE HEARING OFFICER: Seeing none, thank you,  
22 Ms. Schmid, for that assistance, I appreciate it. Now, please, do  
23 you have a witness to present?

24 MS. SCHMID: The Division does. The Division  
25 would like to call Mr. Matthew Croft as its witness and request

1 that Mr. Croft be sworn.

2 THE HEARING OFFICER: Thank you.

3 Please raise your right hand. Do you solemnly  
4 swear that the testimony you're about to give shall be the truth,  
5 the whole truth and nothing but the truth?

6 THE WITNESS: I do.

7 THE HEARING OFFICER: Thank you. Please be  
8 seated.

9 Ms. Schmid.

10 DIRECT EXAMINATION

11 BY-MS.SCHMID:

12 Q. Could you please state your name, employer,  
13 position and business address for the record?

14 A. Yes. My name is Matthew Croft. I am employed as  
15 a utility technical consultant for the Division of Public Utilities.  
16 My business address is 160 East 300 South, Salt Lake City,  
17 Utah, 84111.

18 Q. In connection with your employment at the Division,  
19 have you participated on behalf of the Division in this docket?

20 A. Yes, I have participated in this docket. I've worked  
21 with other Division staff members and La Capra Associates in  
22 providing audit reports and direct end testimony in this docket.

23 Q. And what is the purpose of your testimony here  
24 today?

25 A. The purpose of my testimony is just to briefly

1 summarize some of the aspects of the stipulation and the  
2 Division's point of view on the stipulation.

3 Q. Please proceed.

4 A. Okay.

5 Good morning, Commissioners, and thank you for  
6 the opportunity to express the Division's full support of the  
7 stipulation signed by the parties in this docket.

8 The Division believes that the stipulation, including  
9 the agreed-upon recovery of \$15 million, is just and reasonable  
10 and in the public interest. Mr. Taylor has already adequately  
11 gone over the details of the stipulation. I'd just like to make a  
12 few comments about the agreed-upon number and our audit  
13 experience.

14 The Division's testimony in this case raised several  
15 issues with regards to certain client outages. I note that the  
16 dollar impact of those outages called out in the stipulation are  
17 slightly higher than the total dollar impact initially proposed by  
18 the Division.

19 The Division also raised several issues with regards  
20 to the Company's hedging transactions. Although adjustments  
21 related to hedging are not specifically called out in the  
22 stipulation, the Division notes the other adjustments in  
23 paragraph 3 of the stipulation totaling \$1.9 million.

24 The Division staff and La Capra Associates  
25 continue to gain valuable experience and understanding of the

1 company's net power cost systems and the related policies and  
2 procedures. After having several conversations with the  
3 company, the Division expects and believes that the company  
4 will provide information in a timely and meaningful manner in  
5 future audits.

6 In conclusion, the Division finds this stipulation to  
7 be just and reasonable and in the public interest. The Division  
8 is in full support of the company recovering the stipulated \$15  
9 million EBA deferral balance. The Division supports the rate  
10 spread indicated in the stipulation and recommends that these  
11 rates be established November 1st, 2013. And that concludes  
12 my summary.

13 MS. SCHMID: Mr. Croft is available for questions.

14 THE HEARING OFFICER: Other questions for Mr.  
15 Croft?

16 (No audible response.)

17 THE HEARING OFFICER: Thank you. You're  
18 excused.

19 Mr. Coleman?

20 MR. COLEMAN: Thank you.

21 The office will call Mr. Dan Gimble.

22 THE HEARING OFFICER: Please raise your right  
23 hand. Do you solemnly swear that the testimony you're about to  
24 give shall be the truth, the whole truth and nothing but the  
25 truth?



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THE WITNESS: Yes.

THE HEARING OFFICER: Thank you.

DIRECT EXAMINATION

BY-MR.COLEMAN:

Q. Mr. Gimble, will you please state your name, title and business address for the record.

A. Yes. My name is Daniel E. Gimble. My title is utility manager with the Office of Consumer Services. My address is 160 East 300 South here in the Heber Wells Building.

Q. In connection with this docket you have been involved to the extent of--including providing direct testimony, as well as analysis in this docket, on behalf of the office; is that correct?

A. Correct.

Q. Do you have a summary statement regarding the office's position on the stipulation settlement?

A. Yes, I do.

Q. Please go ahead.

A. In this proceeding the office filed responsive direct testimony on a number of issues that are addressed and resolved by the stipulation. I have a few brief comments regarding the stipulation.

As has been indicated by the Division and company witnesses, the EBA rates are going to be increased by \$15 million per the settlement.

1                   The spread of that EBA increase is consistent with  
2                   the MPC allocator method ordered by the Commission in Docket  
3                   11-035-T10. The office brought that allocation method for  
4                   consideration of the Commission in that docket and the  
5                   Commission approved it in that docket.

6                   Third, the stipulation at paragraph 4 includes an  
7                   adjustment for liquidated damage payments from contractors  
8                   related to outages at three generation stations. In direct  
9                   testimony, the office supported this adjustment that was initially  
10                  proposed by Division Witness Hahn.

11                  Lastly, the stipulation at paragraph 7 states that a  
12                  technical conference will be held by March 15th to evaluate--  
13                  March 15th, 2014, to evaluate the use of a dynamic scale or a  
14                  dynamic allocation in calculating the EBA deferral amount. This  
15                  requirement responds to office direct testimony on this issue.

16                  Finally, the stipulation results in a just and  
17                  reasonable increase in EBA rates and the office recommends  
18                  that the Commission approve the stipulation.

19                  That concludes my statement.

20                  MR. COLEMAN: Mr. Gimble is available for any  
21                  further questions.

22                  THE HEARING OFFICER: Any questions for Mr.  
23                  Gimble?

24                  (No audible response.)

25                  THE HEARING OFFICER: Thank you, Mr. Gimble,

1 you're excused.

2 THE WITNESS: Thank you.

3 THE HEARING OFFICER: Mr. Dodge, I noted that  
4 you have prefiled testimony, or your witness does at least. Do  
5 you intend to present any testimony today?

6 MR. DODGE: Only if there are questions. Mr.  
7 Higgins submitted prefiled testimony proposing several  
8 assessments. We participated actively in the settlement  
9 discussions and signed the stipulation and support it, and Mr.  
10 Higgins is here to answer any questions if there are any.  
11 Otherwise, we don't feel the need to offer any additional  
12 testimony.

13 THE HEARING OFFICER: Are there any questions  
14 for Mr. Higgins?

15 (No audible response.)

16 THE HEARING OFFICER: Okay.

17 MR. DODGE: Thank you.

18 THE HEARING OFFICER: Is there anything further  
19 to come before the Commission in this matter?

20 MR. EVANS: Commissioner Clark, if I might make  
21 a statement as to the UIEC's position here, we have not signed  
22 on to the stipulation, as you know. We don't--we do not join with  
23 it. We don't necessarily agree with any of the statements made  
24 in it or the basis for those statements.

25 We have no intention to be bound by it in future

1 proceedings, other than to say that we do not believe that the  
2 outcome as translated into rates to be collected through a  
3 surcharge is so unreasonable that it cannot be said to be in the  
4 public interest.

5 We are not opposing it on any basis, but we want to  
6 make it clear that the UIEC is preserving its rights to raise any  
7 issue we like in future proceedings. And on that basis, we do  
8 not oppose the stipulation at this time.

9 THE HEARING OFFICER: Thank you, Mr. Evans.  
10 Anything else to come before the Commission?

11 MS. HOGLE: I have one request, Your Honor.

12 THE HEARING OFFICER: What would that be?

13 MS. HOGLE: The company requests that the  
14 Commission consider issuing a bench order today given that  
15 there is no opposition. Thank you.

16 THE HEARING OFFICER: We will be in recess for  
17 five minutes to consider your motion.

18 (A recess was taken.)

19 THE HEARING OFFICER: On the record.

20 The motion for a bench ruling is going to be  
21 addressed as follows:

22 We express our approval of the settlement  
23 stipulation, that's our order in this case. It will be memorialized  
24 in a written order that will be filed and distributed in due course.

25 The effective date of the approved rate change is

1 November 1st, 2013, as noted in the stipulation. We note that  
2 we don't have tariff sheets yet that address the stipulated  
3 amount I believe. Can that happen quickly, Mr. Taylor, so that  
4 they can be reviewed before the 1st and--

5 MR. TAYLOR: Oh, well before the 1st we'll have  
6 tariff sheets for the Division and the Commission to review.

7 THE HEARING OFFICER: In a week or so, is that a  
8 fair interval?

9 MR. TAYLOR: I think it can reasonably be done  
10 within a week, yes.

11 THE HEARING OFFICER: Thank you.

12 Anything else to come before the Commission?

13 (No audible response.)

14 THE HEARING OFFICER: Thank you very much.  
15 We're adjourned.

16 (Concluded at 9:44 a.m.)  
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CERTIFICATE

This is to certify that the proceedings in the foregoing matter were reported by me in stenotype and thereafter transcribed into written form;

That said proceedings were taken at the time and place herein named;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the event thereof.

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Teena Green, RPR, CSR, CRR, CBC