

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of Rocky Mountain
Power's Proposed Revisions to Docket No. 14-035-T14
Electric Service Schedule No.
193, Demand Side Management
(DSM) Cost Adjustment

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
Hearing Room 403
160 East 300 South
Salt Lake City, Utah

DATE: Thursday, January 29, 2015

TIME: 9:01 a.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

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1 PROCEEDINGS

2 THE HEARING OFFICER: Let's go on the record.

3 Good morning. This is the time and place noticed
4 for Commission consideration of Rocky Mountain Power's
5 proposed revisions to Electric Service Schedule No. 193,
6 demand-side management cost adjustment, in Docket No.
7 14-035-T14. My name is Jordan White. I'm acting as
8 presiding officer for this hearing. We'll go ahead and take
9 appearances. We'll start over here with Mr. Olsen.

10 MR. OLSEN: Thank you. Rex Olsen on behalf of the
11 Office of Consumer Services. And our witness will be Gavin
12 Mangelson.

13 MS. SCHMID: Patricia E. Schmid with the Attorney
14 General's Office on behalf of the Division. And our witness
15 is Brenda Salter.

16 MR. SOLANDER: Good morning. Daniel Solander on
17 behalf of Rocky Mountain Power. I have with me at counsel
18 table Esther Giezendanner, manager of procurement and
19 compliance, will be the Company's witness today.

20 THE HEARING OFFICER: Before we proceed, are there
21 any other matters of housekeeping that we need to attend to?

22 Okay. Since this is Rocky Mountain Power's
23 proposed tariff revisions, I'll go ahead and turn it over to
24 you Mr. Solander.

25 MR. SOLANDER: Thank you. Rocky Mountain Power

1 would like to call Esther Giezendanner in support of the
2 Company's Schedule 193 rate adjustment.

3 THE HEARING OFFICER: Go ahead and raise your
4 right hand. Do you solemnly swear that the testimony you're
5 about to give will be the whole truth and nothing but the
6 truth?

7 MS. GIEZENDANNER: Yes.

8 THE HEARING OFFICER: Thank you.

9 ESTHER GIEZENDANNER,
10 being first duly sworn, was examined and testified as
11 follows:

12 DIRECT EXAMINATION

13 BY MR. SOLANDER:

14 Q Could you please state your name and business
15 address for the record?

16 A Esther Giezendanner, at 201 South Main Street,
17 20th Floor, at the One Utah Center, Salt Lake City, Utah.

18 Q And by whom are you employed and in what capacity?

19 A I'm employed by Rocky Mountain Power as the
20 demand-side management procurement and compliance--

21 THE REPORTER: Could you speak up a little bit?

22 THE HEARING OFFICER: Is your mike on? There's--a
23 little green light should come up.

24 BY MR. SOLANDER:

25 Q And as part of your duties in that position, are

1 you responsible for preparing the Company's proposed
2 Schedule 193 rate adjustment?

3 A Yes.

4 Q And did you also collaborate in filing the
5 Company's reply comments in this docket?

6 A Yes.

7 Q And do you have a summary of the Company's
8 proposed adjustment, as well as the reply comments that we
9 filed in a revised advice letter that was filed on January
10 28th?

11 A Yes.

12 Q Please proceed.

13 A Thank you.

14 Good morning, everyone--staff, Mr. White,
15 commission counsel, and other parties. On the--on December
16 31st, 2014, the Company filed Advice Letter 14-12 proposing
17 a two-step increase to Schedule 193, the demand-side
18 management surcharge collection rate.

19 The first step to the Company's proposal would
20 increase the collection rate from 3.3 percent to 3.51
21 percent of customer bills effective February 1st of 2015.
22 The second step would increase the collection rate to 3.73
23 percent of customer bills effective January of 2016.

24 At the time of the filing, the Company estimated
25 this two-step increase would align projected expenditures

1 and DSM surcharge revenues by December 2016. Since the
2 Company's initial filing, the November-December 2014 actual
3 results were updated, which showed the December 31st, 2014,
4 balance as undercollected by \$18.4 million. This
5 represented approximately \$4.3 million higher than
6 originally forecasted.

7 The Company met with the DSM steering committee to
8 review this new information, and it was agreed by all
9 members that the Company's recommendation in its initial
10 filing would no longer be adequate to align projected
11 expenditures and the surcharge revenues by December 2016.

12 All parties were supportive in proceeding with the
13 alternative option of 3.62 percent, with an effective date
14 of February 2015. At the request of the steering committee,
15 the Company recalculated the alternative option by
16 estimating a two-step increase of three-point--an estimated
17 3.94 percent to be effective January 1st of 2016. That was
18 based on current forecasts. This revised alternative
19 two-step approach would then bring the account in balance by
20 the end of December 2016.

21 On January 21st, 2015, the Division of Public
22 Utilities, Office of Consumer Services, and Utah Clean
23 Energy filed comments to support--in support of this
24 approach to the DSM surcharge. On January 28th, 2015, the
25 Company filed Revised Advice Letter 14-12, with the

1 supporting exhibits, recommending the DSM surcharge be
2 adjusted to 3.62 percent.

3 The Company's not seeking approval for a second
4 step increase at this time. The steering committee is
5 supportive of implementing the first step increase of 3.62
6 percent effective February 1st, 2015. The Company agreed to
7 provide an updated DSM balance and account information at
8 the next steering committee meeting. At that time a
9 decision may be reached whether rates should be adjusted by
10 midyear or if the second review in November would be
11 adequate.

12 At this time, the Company believes the adjustment
13 is in the public interest and is respectfully requesting
14 approval to adjust the DSM surcharge to 3.62 percent with an
15 effective date of February 1st, 2015.

16 Q And does that conclude your summary?

17 A Yes, it does.

18 MR. SOLANDER: Ms. Giezendanner is available for
19 questions from the Commission or from the other parties.

20 THE HEARING OFFICER: Do you want to deal with--

21 MR. SOLANDER: Yeah, we would move, then, the
22 admission of the Company's initial filing, including tariff
23 sheets, reply comments, and then the revised advice letter
24 as well.

25 THE HEARING OFFICER: Any objections to receipt of

1 those?

2 They're received.

3 I'll turn to the--do you have any cross for Ms.--
4 is it Giezendanner?

5 THE WITNESS: Yes, Giezendanner.

6 MS. SCHMID: No cross.

7 THE HEARING OFFICER: And Mr. Olsen?

8 MR. OLSEN: No questions.

9 THE HEARING OFFICER: Okay. I'm going to have--
10 I'll just kind of deal with questions that I have as a panel
11 after we're concluded with the presentation of witnesses.

12 Ms. Schmid.

13 MS. SCHMID: Thank you. The Division would like
14 to call Ms. Brenda Salter as its witness. May she please be
15 sworn?

16 THE HEARING OFFICER: Yes.

17 Go ahead and raise your right hand. Do you
18 solemnly swear that the testimony you're about to give will
19 be the whole truth and nothing but the truth?

20 MS. SALTER: Yes.

21 BRENDA SALTER,

22 being first duly sworn, was examined and testified as
23 follows:

24 DIRECT EXAMINATION

25 BY MS. SCHMID:

1 Q Good morning. Could you please state your name,
2 position, and employer for the record?

3 A My name is Brenda Salter--excuse me. And I am
4 technical consultant with the Division of Public Utilities.

5 Q And your business address?

6 A It's 160 East 300 South, Salt Lake City, Utah.

7 Q In conjunction with your employment by the
8 Division, have you participated on behalf of the Division in
9 this docket?

10 A I have, yes.

11 Q Have you participated in the preparation and
12 filing of the Division's action request response dated
13 January 21st, 2015?

14 A Yes, I have.

15 Q Do you have any changes or corrections that you
16 would like to make to that action response?

17 A I do not.

18 MS. SCHMID: The Division would like to move for
19 the admission of its action request response dated January
20 21st, 2015.

21 THE HEARING OFFICER: Any objection?

22 MR. SOLANDER: No objection.

23 THE HEARING OFFICER: It's received.

24 MR. OLSEN: No objection.

25 BY MS. SCHMID:

1 Q Ms. Salter, do you have a summary?

2 A I do.

3 Q Please proceed.

4 A Good morning. As of December 31st, 2014, the
5 demand-side management balancing account is undercollected
6 by approximately \$18.4 million. In order to bring the DSM
7 balance account to zero, the Company is requesting a two-
8 step increase to the Schedule 193 surcharge collection rate.
9 The DSM steering committee, which the Division is a
10 participant, agreed during a conference call on January
11 13th, 2015, that the Schedule 193 surcharge collection rate
12 for 2015 be increased from the current customer bill rate of
13 3.3 percent to 3.62 percent. This is an annual increase of
14 \$4.56 to an average residential customer using approximately
15 eight-point--8,276 kilowatt hours a year.

16 At the current program expense projections, the
17 second step would increase the Schedule 193 surcharge
18 collection rate to 3.94 percent with an effective date of
19 January 1st, 2016. On January 28th, 2015, the Company
20 updated its December 31st, 2014, filing to reflect the DSM
21 steering committee's recommended Schedule 193 surcharge rate
22 change.

23 As proposed by the Company, the DSM balancing
24 account will be reviewed in November 2015 to determine the
25 appropriate Schedule 193 surcharge collection rate

1 adjustment.

2 Also, the DSM balance account will be reviewed in
3 the quarterly DSM steering committee meetings to determine
4 if additional rate adjustments are required prior to the
5 November 2015 review of the account.

6 The Division has analyzed the Company's filing,
7 along with Company responses to various data requests, and
8 also participated in numerous discussions with the Company
9 and others. The Division recommends that the Commission
10 approve the Schedule 193 rate change of 3.62 percent for the
11 2015 year with an effective date of February 1st, 2015.

12 Also, the Division has been concerned for some
13 time now that the AFUDC rate for the DSM carrying charge is
14 no longer--

15 THE REPORTER: Could you slow down a little bit?
16 Just back up to that paragraph. Thanks.

17 THE WITNESS: That one? Okay.

18 THE REPORTER: Yeah. Thanks.

19 THE WITNESS: The Division has been concerned for
20 some time now that the AFUDC rate for the DSM carrying
21 charge is no longer the appropriate rate for an account with
22 little to no risk of recovery. The Division will discuss
23 with this it--this with the steering committee and, if
24 warranted, pursue appropriate recommendations in future
25 proceedings.

1 MS. SCHMID: Thank you.

2 Ms. Salter is now available for cross-examination
3 and questions from Mr. White.

4 THE HEARING OFFICER: Any other questions from any
5 other parties?

6 I'll just go ahead--like I mentioned,
7 Ms. Giezendanner, I may have questions for the Office, the
8 Division, and the Company.

9 THE REPORTER: Sorry. I'm having a hard time
10 hearing you.

11 THE HEARING OFFICER: Sorry about that. I'll just
12 reserve--I'll hold on for questions for now, but I may have
13 some questions for you at the end.

14 With that, Mr. Olsen?

15 MR. OLSEN: Thank you. We'd like to call--the
16 Office would like to call Gavin Mangelson, ask that he be
17 sworn.

18 THE HEARING OFFICER: Go ahead and raise your
19 right hand. Do you solemnly swear that the testimony you're
20 about to give is the whole truth and nothing but the truth?

21 MR. MANGELSON: Yes.

22 THE HEARING OFFICER: Thank you.

23 GAVIN MANGELSON,
24 being first duly sworn, was examined and testified as
25 follows:

1 DIRECT EXAMINATION

2 BY MR. OLSEN:

3 Q Mr. Mangelson, would you please give your--state
4 your name and--for the record?

5 A My name is Gavin Mangelson.

6 Q And by whom are you employed and what is your--
7 what are your job duties?

8 A I'm employed by the Office of Consumer Services as
9 a utility analyst.

10 Q And what is the address of your work?

11 A 160 East 300 South, Salt Lake City, Utah.

12 Q As part of your work as an analyst, did you
13 prepare comment for the proposed Electric Service Schedule
14 193?

15 A Yes.

16 Q We would move that that be--dated January 21st,
17 2015; is that correct?

18 A Correct.

19 MR. OLSEN: We'd move at this time that that be
20 admitted.

21 THE HEARING OFFICER: Any objection?

22 MR. SOLANDER: No objection.

23 MS. SCHMID: No objection.

24 THE HEARING OFFICER: It's received.

25 BY MR. OLSEN:

1 Q Do you--were there any changes that you wish to
2 make to that? I'm sorry. I should have said that first.

3 A No changes.

4 Q Do you have a summary for the--

5 A Yes.

6 Q --Court?

7 Thank you.

8 A As stated in my filed comments, the Office
9 supports changing the Schedule 193 surcharge to the
10 requested rate of 3.62 percent and further requests that
11 this rate be allowed to be effective February 1, 2015. We
12 believe that these changes will result in just and
13 reasonable rates and will be in the public interest.

14 MR. OLSEN: Mr. Mangelson is now available for
15 questions or cross-examination.

16 MR. SOLANDER: No.

17 THE HEARING OFFICER: Any questions?

18 MS. SCHMID: No questions.

19 THE HEARING OFFICER: I guess it's a question
20 for--first for Ms. Salter and then Mr. Mangelson. So just
21 to be clear, we're talking about that you had a--recognize
22 that the revised advice letter filing was made yesterday
23 afternoon, it had basically updated tariff sheets. Has the
24 Division--the same question for the Office--had a chance to
25 review those and believe that those are--correctly reflect

1 the proposed changes that you're approving?

2 MS. SALTER: I have reviewed them, yes, and they
3 do. The time I've had to look at them, yes.

4 MR. MANGELSON: Yes, we did have an opportunity
5 review those.

6 THE HEARING OFFICER: The second question, I
7 guess, is: Does the Division have an opinion as to whether
8 the actual prudence review of the program costs that are
9 being collected with this tariff occurs? Is this--in other
10 words, will this be in an annual report or--I guess I'm just
11 wondering if you have an opinion as to . . .

12 MS. SALTER: Yes--well, yes, they--the numbers
13 will be in the annual report.

14 THE HEARING OFFICER: And that's when the--I guess
15 the actual prudence--

16 MS. SALTER: And then--

17 THE HEARING OFFICER: --determination is made?

18 MS. SALTER: --once the report is filed next--
19 well--yeah, we will be doing an audit of the account at that
20 time, so yeah.

21 THE HEARING OFFICER: Does the Office have an
22 opinion as to kind of the prudence review or determination
23 of the actual--I mean, I understand this is the--

24 MR. MANGELSON: Yes. The Office doesn't conduct
25 the same audits, but we do review the programs on a

1 case-by-case basis and--for the annual report, and have
2 submitted and will continue to submit our opinions on action
3 Commission should take as far as approval or disapproval of
4 any programs.

5 THE HEARING OFFICER: Okay. That's all the
6 questions I have. Are there any other matters before we
7 take a quick recess?

8 I'm assuming that you're going to ask for a bench
9 ruling--

10 MR. SOLANDER: Read my mind. That was what I was
11 about to say, yes.

12 THE HEARING OFFICER: Because the requested
13 effective date is February 1st.

14 MR. SOLANDER: Correct. Thank you.

15 THE HEARING OFFICER: Okay. If you'll allow me to
16 go off the record, take a quick recess.

17 (Recess taken, 9:15-9:18 a.m.)

18 THE HEARING OFFICER: Let's go ahead and go back
19 on the record.

20 Appreciate everyone's participation today. And
21 having considered PacifiCorp's proposed revisions to
22 Schedule 193 as revised and filed on January 28, 2015, the
23 comments filed in this docket and testimony presented today,
24 and the fact that PacifiCorp's request is unopposed, the
25 Commission finds the approval of the proposed revisions to

1 Schedule 193 as filed with the Commission on January 28,
2 2015, are just, reasonable, and in the public interest;
3 concludes that such approval is consistent with relevant
4 statutes, rules, and Commission orders; and therefore, the
5 Commission approves PacifiCorp's proposed revisions of
6 Schedule 193 as filed on January 28th, 2015. This bench
7 order has been approved and confirmed by the Commission and
8 the written memorialization of this decision will be filed.

9 Just another matter of housekeeping: Based upon
10 the questions to the Division and Office regarding, you
11 know, the review of the actual tariff sheets, the tariff
12 sheets themselves are approved, so we don't need to go
13 through the practice of having those filed and having actual
14 requests. Those are approved also. The effective date of
15 these--of these revisions in the tariff sheets is February
16 1st, 2015, if I failed to mention that earlier.

17 Before I--we adjourn, is there any other matters
18 that need to be addressed before the Commission?

19 MR. SOLANDER: No, thank you.

20 MS. SCHMID: Thank you.

21 THE HEARING OFFICER: Thank you, everyone.

22 (Proceedings concluded at 9:20 a.m.)
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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

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

Scott M. Knight



Scott M. Knight, RPR
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