

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

3 A. My name is Steven R. McDougal. My business address is 1407 West North Temple
4 Street, Suite 330, Salt Lake City, Utah 84116. My present position is Director of
5 Revenue Requirement for PacifiCorp.

6 **Q. Please briefly describe your education and business experience.**

7 A. I received a Bachelor of Science degree in Accounting and a Master of
8 Accountancy degree from Brigham Young University with an emphasis in
9 Management Advisory Services. I have also attended various educational,
10 professional, and electric-industry related seminars in connection with my
11 employment.

12 I have been employed with PacifiCorp and its predecessor, Utah Power and
13 Light Company (the “Company”), since 1983. My experience includes various
14 positions with regulation, finance, resource planning and internal audit. My primary
15 responsibilities currently include overseeing the calculation and reporting of the
16 Company’s regulated earnings or revenue requirement, assuring that the
17 interjurisdictional cost allocation methodology is correctly applied, and explaining
18 these calculations to regulators in the jurisdictions in which the Company operates.

19 **Q. Have you previously testified before this Commission or other state public**
20 **utility commissions?**

21 A. Yes. I have provided testimony in many dockets before this Commission. I have
22 also provided testimony before the California, Idaho, Oregon, Washington and
23 Wyoming public utility commissions.

24 **SUMMARY OF TESTIMONY**

25 **Q. Please summarize your testimony.**

26 A. The purpose of my testimony is to support the Company’s application for approval
27 of the Renewable Energy Service Contract (the “Contract”) between the Company
28 and Facebook, Inc. (“Facebook”) in this docket, as described in the testimony of
29 Mr. Paul H. Clements. The Contract provides for Facebook to offset up to 100
30 percent of its annual MWh usage with generation from renewable resources to be
31 acquired on behalf of Facebook. In this testimony, I will show why the allocation
32 of revenues and costs of this Contract will not result in negative impacts to Utah
33 customers or customers in any other state when Facebook is taking renewable
34 supply service. My testimony will describe the regulatory treatment of the Contract,
35 including potential impacts associated with: 1) allocation factors, 2) contract sales
36 revenues, 3) transmission revenue, and 4) net power costs.

37 **Q. Please provide an overview of the Contract as it applies to the proposed**
38 **allocation methodology?**

39 A. The Company will deliver all of Facebook’s energy requirements. As described in
40 Mr. Clements testimony, there are two types of service under the Contract: 1)
41 service when Facebook’s load is served by new renewable resources acquired on
42 its behalf; and 2) service when Facebook’s acquired renewable generation is
43 insufficient to fully serve its load. Facebook has stated it expects ultimately to have
44 100 percent of its annual load served from renewable generation once it reaches
45 steady-state operations and has sufficient time to acquire renewable resources.

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[REDACTED]

91 **Q. Please describe cost allocation impacts of this new contract.**

92 A. When a new customer's load is added in Utah, the additional revenue is directly
93 assigned to Utah, and the "cost" impacts of serving the new customer are allocated
94 based on energy and system coincident peak impacts of the new load. This will also
95 be true of the Facebook contract, with minor modifications as previously discussed.

96 Facebook is a new customer that anticipates bringing with it sufficient
97 renewable generation to offset its annual energy needs. [REDACTED]

98 [REDACTED]

99 [REDACTED]

100 [REDACTED]

101

[REDACTED]

102

[REDACTED]

103

[REDACTED]

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[REDACTED]

105 **Q.**

Please explain how the Facebook load will be treated for interstate cost allocation purposes.

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107 **A.**

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

114 **Q.**

Has the company prepared an exhibit demonstrating the cost allocation impacts discussed above?

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116 **A.**

Yes. The attached Confidential Exhibit RMP ___(SRM-2) shows illustrative cost allocation impacts associated with the Contract.

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

124 Q.

As shown in Confidential Exhibit RMP___(SRM-2), please describe how the proposed regulatory treatment of this Contract will impact the allocation of costs among jurisdictions.

127 A.

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

144 Q.

Please describe in more detail the proposed transmission reallocation.

145 A. [REDACTED]
146 [REDACTED]
147 [REDACTED]
148 [REDACTED]
149 [REDACTED]
150 [REDACTED]
151 [REDACTED]
152 [REDACTED]
153 [REDACTED]
154 [REDACTED]
155 [REDACTED]
156 [REDACTED]

157 Q. **Please explain how the revenue that is directly assigned to Utah in Confidential**
158 **Exhibit RMP ___(SRM-2) was determined.**

159 A. [REDACTED]
160 [REDACTED]
161 [REDACTED]
162 [REDACTED]
163 [REDACTED]
164 [REDACTED]
165 [REDACTED]

166 Q. **How does the amount calculated on RMP ___(SRM-2) compare to the**

167 **Facebook rate for time periods when Facebook has acquired renewable**
168 **resources to offset its load?**

169 A. [REDACTED]
170 [REDACTED]
171 [REDACTED]
172 [REDACTED]
173 [REDACTED]
174 [REDACTED]

[REDACTED]

175 [REDACTED]
176 [REDACTED]
177 [REDACTED]
178 [REDACTED]

179 **Q. How does the fact that the actual cost of the renewable resource will not be**
180 **known until it is acquired factor into your analysis?**

181 A. The cost of the renewable resource is a pass-through in the Contract and in my
182 corresponding analysis. [REDACTED]
183 [REDACTED]
184 [REDACTED]
185 [REDACTED]

186

[REDACTED]

187

[REDACTED]

188

[REDACTED]

189 **Q. Will Utah ratepayers benefit with the approval of this contract?**

190 A. Yes. As illustrated above, all Utah customers will benefit from approval of the
191 Contract.

192 **Q. Does that conclude your direct testimony?**

193 A. Yes