# PacifiCorp Idaho Industrial Customers
# Statement of Witness Positions
# Case No. PAC-E-10-07



The PacifiCorp Idaho Industrial Customers ("PIIC") submits the following Statement of Positions pursuant to the Idaho Public Utility Commission's Rule of Procedure 255 in Rocky Mountain Power's ("RMP") 2010 general rate case. This Statement of Positions summarizes PIIC's positions on the issues that PIIC's expert witnesses addresses. PIIC also supports the non-duplicative revenue requirement adjustments proposed by the IPUC Staff and Monsanto, including but not limited to the Monsanto cost of capital recommendations, and the Monsanto and Staff adjustments related to administrative and general, operations and maintenance, and net power costs, and transmission and other infrastructure investments.

**Greg Meyer**

PIIC witness Greg Meyer proposes approximately $7.6 million in revenue requirement adjustments related to: 1) post-test year plant additions (including rate base changes and depreciation expense) (totaling about $4.4 million); 2) cash working capital ($364,248); 3) normalization of residential revenues ($1.2 million); 4) amortization of sulfur dioxide emission allowances ($256,767); 5) disallowance of the avian settlement expense ($26,961); 6) reductions in incentive compensation ($653,785); 7) disallowance of a portion of management fees ($111,601); 8) normalization of outside services expense ($327,080); 9) elimination of the proposed escalation of historic costs and a more accurate level of generation overhaul expense ($134,918); and 10) normalization of uncollectibles expense ($68,807). RMP has agreed to accept in whole or in part the revenue requirement impact related to Mr. Meyer's generation overhaul expense adjustment and the change in the sulfur dioxide emission allowance amortizations from 15 years to 5 years. Upon review of RMP's rebuttal testimony, Mr. Meyer is withdrawing his proposed correction to injuries and damages expense (which was a $75,456 adjustment).

**Randall Falkenberg**

PIIC witness Randall Falkenberg proposes a number of net power cost-related revenue requirement adjustments which (in total) would reduce RMP's requested rate increase by about $1.5 million. Mr. Falkenberg did not conduct a complete analysis of RMP's net power costs in this case, but instead focused on a limited number of issues which impact the Energy Cost Adjustment Mechanism true-up or are not subject to the true-up, Mr. Falkenberg proposed adjustments related to: 1) the commitment logic that results in incorrect start up and shut down decisions for gas-fired resources ($34,912); 2) RMP's failure to include the energy generated in the generation resource start up process ($99,465); 3) the incorrect modeling of the Sacramento

Municipal Utility District sales contract ($92,957); 4) the inappropriate inclusion of wind integration costs related to the integration of wind resources not owned by RMP ($377,457); 5) three separate adjustments related to RMP's overstating of transmission costs and the inclusion of transmission costs that will not occur during the test period ($400,766); and 6) five separate outage modeling adjustments related to capping extremely long outages at Lake Side and Colstrip 4 at 28 days ($205,551), removal of the high cost and low quality Bridger fuel supply ($145,954), removal of the costs of a negligent outage at the Naughton plant ($41,547), and correcting a heat rate bias in the power cost model ($108,661). In addition, Mr. Falkenberg proposes that RMP be required to file specific workpapers in future proceedings similar to what PacifiCorp has agreed to file in other states. As explained in Mr. Falkenberg's testimony, many of his adjustments have been agreed to by PacifiCorp, or required by commission orders, in other states in which PacifiCorp operates. In rebuttal testimony, RMP agreed in full or in part to Mr. Falkenberg's adjustments related to the commitment logic error and one of Mr. Falkenberg's two wind integration adjustments. Finally, Mr. Falkenberg originally proposed a non-fuel start up operations and maintenance adjustment, but Mr. Falkenberg is withdrawing that proposal in light of the Company's rebuttal testimony ($29,072).

**Donald Schoenbeck**

PIIC witness Donald Schoenbeck submitted testimony on rate spread and rate design issues. Mr. Schoenbeck reviewed RMP's cost-of-service study and recommends that the class demand allocation factor be based on the comparable jurisdictional peak hour demand. This would replace RMP's twelve month coincident peak factor for assigning generation and transmission-related demand costs with a winter/summer peak factor that uses the peak load months of July and December. In addition, Mr. Schoenbeck recommends that the RMP weighted twelve month peak factor used by RMP for distribution-related demand costs should be replaced with the class maximum peak demands. Mr. Schoenbeck's rate spread recommendations would more accurately assign generation, transmission and distribution cost responsibility. The final approved rate spread should be based on Mr. Schoenbeck's cost-based rate spread approach using the PIIC cost-of-service study. Finally, Mr. Schoenbeck supports RMP's rate design proposal for Schedules 6, 6a and 9, which appropriately applies a slightly greater increase to the demand charges as compared to the energy charges.