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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION JAN 25 AM 10:07

IDAHO PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR APPROVAL)
OF CHANGES TO ITS ELECTRIC SERVICE)
SCHEDULES AND A PRICE INCREASE OF \$27.7)
MILLION, OR APPROXIMATELY 13.7 PERCENT)
_____)

CASE NO. PAC-E-10-07

Surrebuttal Testimony of

Kathryn E. Iverson

(Economic Valuation of Monsanto Interruptible Products)

On Behalf of

Monsanto Company

January 24, 2011

Project 9210

BAI
BRUBAKER & ASSOCIATES, INC.

PACIFICORP dba ROCKY MOUNTAIN POWER

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. PAC-E-10-07

Surrebuttal Testimony of Kathryn E. Iverson
"Economic Valuation of Monsanto Interruptible Products"

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A My name is Kathryn E. Iverson; 17244 W. Cordova Court, Surprise, Arizona 85387.

3 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

4 A I am appearing on behalf of Monsanto Company ("Monsanto"), a special contract
5 customer of Rocky Mountain Power ("RMP" or "Company"). RMP is a division of
6 PacifiCorp.

7 **Q ARE YOU THE SAME KATHRYN IVERSON WHO PREVIOUSLY FILED**
8 **TESTIMONY IN THIS PROCEEDING?**

9 A Yes. I provided direct testimony on November 1, 2010, as well as subsequent direct
10 testimony on December 22, 2010 with respect to the economic valuation of Monsanto
11 interruptible products. On January 14, 2011 I provided rebuttal testimony on this
12 same issue.

13

14 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

15 A This information was included in my direct testimony filed November 1, 2010.

1 Q WHAT IS THE SUBJECT OF THIS SURREBUTTAL TESTIMONY?

2 A I am responding to the January 2011 rebuttal testimonies of Paul H. Clements and
3 Steven R. McDougal submitted on behalf of RMP.

4 **Response to the Rebuttal Testimony of Paul H. Clements**

5 Q AT PAGE 14 OF HIS REBUTTAL TESTIMONY, MR. CLEMENTS CLAIMS YOUR
6 COMPARISON TO THE OTHER TWO ROCKY MOUNTAIN POWER INDUSTRIAL
7 CUSTOMER TAKING INTERRUPTIBLE SERVICE IS ONLY RELEVANT TO A
8 COMPARISON OF THE OPERATING RESERVE PRODUCT VALUATION. IS HE
9 CORRECT?

10 A No. The evidence that the Company now serves other industrial customers taking
11 interruptible service at much lower rates than proposed by the Company for service to
12 Monsanto is entirely relevant in the Commission's determination of what constitutes a
13 fair, just and reasonable rate for service to Monsanto. Mr. Clements did not dispute
14 my detailed list of how Monsanto terms and conditions actually offer more value to
15 the Company due to hours, notice time, length of curtailment, interruptions per day
16 and size of load. All those factors point to a rate that is at least no greater than the
17 rates offered the other two industrial customers. In fact, based on Monsanto's unique
18 characteristics, there is reason for its rate to be the lowest of the three interruptible
19 customers. Mr. Clements' piecemeal comparison purposefully conceals the rates
20 paid by other industrial customers and should be rejected.

21 **Response to the Rebuttal Testimony of Steven R. McDougal**

22 Q AT PAGE 1 OF HIS REBUTTAL TESTIMONY, MR. MCDUGAL STATES THAT
23 HIS PURPOSE IN FILING REBUTTAL IS TO DISCUSS HOW YOUR TESTIMONY

1 "INAPPROPRIATELY VALUES MONSANTO'S CURTAILMENT BY ALTERING
2 JURISDICTIONAL ALLOCATION TO REFLECT AN INAPPROPRIATE LEVEL OF
3 MONSANTO DEMAND IN THE MONTHLY COINCIDENT PEAKS." DID YOU
4 ALTER THE JURISDICTIONAL ALLOCATION IN YOUR DECEMBER 22 DIRECT
5 TESTIMONY?

6 A No, I did not. My testimony instead examined the Idaho class cost of service study,
7 and provided a breakdown of firm costs as allocated to Monsanto.

8 Q STARTING AT PAGE 4 LINE 23, MR. MCDUGAL STATES THAT YOU
9 INCORRECTLY CHANGED IDAHO JURISDICTIONAL LOADS. IS HE CORRECT?

10 A No. My testimony did not provide any jurisdictional study, and therefore could not
11 have changed any jurisdictional loads.

12 Q STARTING AT PAGE 5 LINE 7, MR. MCDUGAL DISCUSSES HIS CRITICISM OF
13 YOUR TABLE 3 AND POINTS OUT WHAT HE BELIEVES ARE FLAWS. DO YOU
14 AGREE WITH HIS CRITIQUE?

15 A No. Mr. McDougal criticisms clearly indicate he has not even reviewed the Idaho
16 class cost of service study used in preparing Table 3 found on page 19 of my direct
17 testimony. His criticisms are simply a repeat of his November 2010 rebuttal, and offer
18 no rebuttal to my December 22, 2010 direct testimony.

19 Q IS YOUR TABLE 3 FOUND ON PAGE 19 OF YOUR DIRECT TESTIMONY BASED
20 ON CHANGES TO A JURISDICTIONAL STUDY?

21 A No. Table 3 is based on the Company's own class cost of service study. The only
22 change is that the "Contract 1" line has been separated into four distinct components.

1 Q WHAT ARE MR. MCDUGAL'S CRITICISMS AND HOW DO YOU RESPOND TO
2 THEM?

3 A First, he claims that I assigned "no capacity value" to Component 2 (95 MW of
4 operating reserve) and Component 3 (67 MW of economic curtailment). His
5 statement is false. Component 2 includes an average 12 CP of 83,697 kW, and
6 Component 3 includes an average 12 CP of 59,029 kW.

7 Second, he claims that I "have removed the demand from all 12 monthly
8 coincident peaks used to determine Idaho's contribution to the system peak." This is
9 false. I have not performed any jurisdictional allocation study, or removed any loads
10 of Idaho's contribution to the system peak.

11 Third, Mr. McDougal claims that I have included "only 9 MW of Monsanto
12 demand in the Idaho jurisdictional coincident peak every month." Again, his
13 statement is false. All of Monsanto's coincident peaks are presented in Table 3.

14 Fourth, he criticizes Table 3 as somehow "avoiding demand charges for every
15 month of the year." Again, I cannot see where Mr. McDougal finds this in my direct
16 testimony and Table 3 has nothing to do with avoiding demand charges.

17 Fifth, Mr. McDougal claims that pursuant to Monsanto's contract, the
18 maximum actual curtailment is 116 MW. This is incorrect. Mr. McDougal ignores the
19 fact that Monsanto's three furnaces can be interrupted for system integrity, as well as
20 provide simultaneous economic curtailment and operating reserve interruptions as
21 explained by Mr. Collins in his December 22, 2010 direct testimony.

22 Sixth, he claims that I have "removed 170.1 MW from each of the monthly
23 jurisdictional peaks." Again, his testimony is without basis. No coincident peaks were
24 removed from the class cost of service study used in my Table 3. Mr. McDougal even
25 goes on to state at line 20 on page 7 that "it would be entirely inappropriate to reduce

1 Monsanto load below zero in a given month." My analysis for Table 3 never reduced
2 Monsanto load below zero, and his implication that I have is totally unfounded.

3 **Q AT PAGE 7 LINE 22 MR. MCDUGAL ALSO CLAIMS "ANOTHER MAJOR FLAW"**
4 **IN YOUR ANALYSIS BECAUSE YOU REDUCED IDAHO'S RETAIL REVENUES**
5 **BY A NET AMOUNT, RATHER THAN A GROSS DEMAND REVENUE. HOW DO**
6 **YOU RESPOND?**

7 **A** Again it is clear that Mr. McDougal has not read my testimony. I have not removed
8 any revenues whatsoever in my analysis used in Table 3.¹

9 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

10 **A** Yes.

¹ It appears that Mr. McDougal is attempting to re-rebut my earlier testimony of November 1, 2010, but he is still misinformed of the revenue adjustment made in that prior analysis and I would be remiss in not pointing out his inaccurate portrayal of my analysis. At page 8 of his January 14 rebuttal, Mr. McDougal claims that I reduced the Idaho retail revenues by a net amount (firm rate minus the interruptible credit). He is mistaken. As explained in Monsanto's Response to RMP Data Request 3.1, I reduced the revenue by the interruptible credit. This correctly removed the amount of firm revenues imputed to Monsanto for jurisdictional allocation purposes.