

**ROCKY MOUNTAIN POWER
SUMMARY OF TESTIMONY
PAC-E-11-12**

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Rocky Mountain Power, a division of PacifiCorp, provides this summary of its testimony filed in support of its general rate case application. Copies of the Company's filing are available online at <http://www.rockymountainpower.net/about/rar/iri.html#>; click on "News and Info" and then select "Regulatory Information" and "Idaho." Copies of the filing may also be reviewed during regular business hours at the offices of the Idaho Public Utilities Commission in Boise and in these Rocky Mountain Power offices:

- 25 East Main, Rexburg
- 509 South 200 East, Preston
- 852 East 1400 North, Shelley
- 24852 U.S. Highway 89, Montpelier

A. RICHARD WALJE

President, Rocky Mountain Power

Company President Walje provides an overview of the Company's justification for its case, identifies the major capital investment the Company is making to serve its customers, as well as the cost control efforts the Company is undertaking to minimize rate impact on customers. Mr. Walje testifies that the Company requires an increase to revenues of \$32.7 million or a 15.0 percent average increase over Rocky Mountain Power's current rates to enable the Company to continue to provide safe, reliable, and low-priced electric service to over 72,400 customers in Idaho.

Steven R. McDougal

Director, Revenue Requirement

Company witness McDougal provides testimony explaining the calculation of the Company's Idaho revenue requirement and the rate relief requested by the Company based on its cost of service. Specifically, Mr. McDougal addresses: (1) calculation of the overall revenue increase requested by the Company to recover the costs incurred to serve Idaho customers; (2) the inter-jurisdictional allocation of costs, including utilization of 2010 Protocol and treatment of Idaho's Irrigation Load Control Program costs and other Class 1 demand side management costs; (3) the test period proposed in this case, including the treatment of rate base and jurisdictional loads; (4) the results of operation for the test period, demonstrating that under current rates the Company will earn an overall return on equity in Idaho of 5.3%, which is significantly below the return on equity requested in this case and the current authorized return; and (5) calculation of the Load Change Adjustment Rate ("LCAR") based on costs in this filing for use in the Energy Cost Adjustment Mechanism ("ECAM"). In addition, Mr. McDougal discusses a number of items that were addressed by the Commission in Case No. PAC-E-10-07 and explains their treatment in this case. Finally, Mr. McDougal explains two accounting changes included in the Company's filing related to the elimination of captive insurance coverage, and the accelerated depreciation of certain hydro generation facilities on the Klamath river.

Bruce N. Williams

Vice President and Treasurer

Company witness Williams provides testimony concerning the Company's cost of debt, preferred stock and capital structure. Mr. Williams testifies in support of an overall cost of capital of 8.25 percent, including a common equity level of 52.3 percent.

Dr. Samuel C. Hadaway

Principal, FINANCO, Inc.

Dr. Hadaway testifies on behalf of Rocky Mountain Power regarding the rate of return on equity. Dr. Hadaway's analysis and review of recent interest rate increases and projections for even higher interest rates during the coming year, indicates the appropriate return on equity for RMP is 10.5 percent.

Cathy S. Woollums

Senior Vice President of Environmental Services and Chief Environmental Counsel, MidAmerican Energy Holdings Company

Company witness Woollums testifies in support of the prudence of the Company's pollution control expenditures for coal-fired power generation plants and describes the Company's processes to identify environmental policy and compliance drivers that influenced the installation of the emissions controls that are subject to review in this case.

Chad A. Tepy

Vice President of Resource Development and Construction, PacifiCorp Energy

Company witness Tepy provides testimony supporting the prudence of capital investments in pollution control equipment, generation plant, and hydro projects being placed in service during the test period. In addition, Mr. Tepy supports the prudence of incremental generation operations and maintenance costs associated with certain new resources, new pollution control equipment, and other generation fleet operational changes impacting this case.

Darrell T. Gerrard

Vice President of Transmission System Planning

Company witness Gerrard provides testimony explaining and supporting the major capital investments in the Company's transmission grid. He explains the primary drivers creating the need for these projects, and describes the benefits to customers and the electrical system overall. Mr. Gerrard also provides additional information supporting rate recovery of all of the Populus to Terminal transmission line.

Gregory N. Duvall

Director, Long Range Planning and Net Power Costs,

Company witness Duvall presents the Company's proposed net power costs ("NPC") for the test period. He describes the major cost drivers in the test period NPC and addresses the specific issues related to the GRID model described in the Commission order in the Company's 2010 general rate case.

Cindy A. Crane,

Vice President, Interwest Mining Company and Fuel Resources, PacifiCorp Energy

Company witness Crane provides testimony explaining the Company's overall approach to providing the coal supply for the Company's coal plants. Specifically, Ms. Crane will discuss the coal cost increases reflected in the test period and describes the primary reasons for the increases and provide information on the third-party coal contract revisions that are driving the majority of the increase in coal costs in this case. In addition, Ms. Crane reviews the Company's affiliate mine coal costs and compares them to other supply alternatives, and reviews the Company's fuel stock levels incorporated in this test period.

Erich D. Wilson

Director, Human Resources,

Company witness Wilson provides an overview of the compensation and benefit plans provided to Company employees and supports the costs related to these areas included in the test period. Mr. Wilson's testimony also provides an overview of the Company's base pay, annual incentive, pension and healthcare benefit plans, and explains how these plans are designed to allow the Company to attract and retain the employee talent necessary to deliver safe and reliable service at a reasonable cost. Mr. Wilson also describes the cost control efforts of the Company to control wage and benefit expenses which have produced a seven percent reduction in total compensation expense since 2006.

Paul H. Clements

Originator/Power Marketer, PacifiCorp Energy,

Company witness Clements provides testimony summarizing the status of the Company's efforts to enter into a long-term contract with Monsanto for curtailment products and offers an update to the curtailment valuation based on current conditions utilizing the Commission approved methods from the 2010 general rate case.

Barbara A. Coughlin

Director of Customer and Regulatory Liaison

Company witness Coughlin provides testimony describing the progress the Company has made working with Commission staff on the miscellaneous consumer and customer service issues and present the Company's position on low income weatherization assistance, as directed by the Commission in Order No. 32224.

C. Craig Paice,

Regulatory Consultant in Pricing and Cost of Service,

Company witness Paice provides testimony explaining the Company's class cost of service study used to allocate costs in the case.

William R. Griffith

Director of Pricing and Cost of Service

Company witness Griffith provides testimony supporting the Company's rate spread and rate design proposals. Mr. Griffith recommends that the Commission increase the current Monthly Customer Service Charge for Residential - Schedule 1 service by \$1.00 from \$5.00 to \$6.00. Rocky Mountain Power proposes the following allocation of the net price increase for major customer classes:

<u>Customer Class</u>	<u>Proposed Price Change</u>
Residential – Schedule 1	7.2%
Residential – Schedule 36	15.9%
General Service	
Schedule 23/23A	11.8%
Schedule 6/6A	10.8%
Schedule 9	11.2%
Schedule 19	9.7%
Irrigation	
Schedule 10	19.9%
Special Contracts	
Schedule 400	18.7%
Schedule 401	19.9%
Public Street Lighting	
Schedules 7/7A, 11, 12	0%
Total Overall Increase	15.0%