

Docket No. 20000-\_\_-ER-11  
Witness: F. Robert Stewart

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Direct Testimony of F. Robert Stewart

December 2011

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

3 A. My name is F. Robert Stewart. My business address is 4171 West Lake Park  
4 Blvd, Salt Lake City, Utah, 84120. My present position is Regulatory Consultant,  
5 Customer & Regulatory Liaison in the Customer Services Department.

6 **Q. Briefly describe your educational and professional background.**

7 A. I graduated from Utah State University in 1985 with a Master of Science degree  
8 in Engineering, and have taken other university courses related to economics and  
9 regulations. I joined Rocky Mountain Power as a Tariff Policy Coordinator in the  
10 Customer Service Department in 1986. I began work in Regulation as a Tariff  
11 Analyst in 1995 and advanced to my current position in 2004.

12 **Q. Have you previously appeared as a witness for the Company?**

13 A. Yes. I have presented testimony in regulatory proceedings for Rocky Mountain  
14 Power and Pacific Power in the states of Utah, Idaho, Oregon, and Wyoming.

15 **Q. What is the purpose of your testimony in this case?**

16 A. The purpose of my testimony is to address proposed changes to the Company’s  
17 filed Rules in Wyoming. These changes include incorporating the Company Cost  
18 Allocation Policy into Rule 12, Line Extensions, which was formally adopted as  
19 Attachment C in the Stipulation approved by the Commission in Docket No.  
20 20000-384-ER-10 (the 2010 general rate case).

21 I will also address some other changes to Rule 12, Line Extension; Rule 4,  
22 Type and Use of Service Rule; and Rule 6, Company’s Installation.

1 **Q. Have you prepared any exhibits that summarize the proposed changes, and**  
2 **where they appear in Rules?**

3 A. Yes. Exhibit RMP\_\_\_\_(FRS-1) lists the proposed changes with a brief explanation  
4 of the change and, in parenthesis, the rule and section where the change appears.

5 **Cost Allocation Policy**

6 **Q. What is the Company proposing to incorporate from the Company's Cost**  
7 **Allocation Policy into Rule 12, Line Extensions?**

8 A. The Company is proposing to add two new definitions to the Conditions and  
9 Definitions section of Rule 12: (1) Direct Assigned Facilities; and (2) Network  
10 Upgrades. These two proposed definitions are consistent with the definitions from  
11 the Cost Allocation Policy and the associated conditions from the Cost Allocation  
12 Policy.

13 **Q. How does this change the application of Rule 12, Line Extensions?**

14 A. When a customer is responsible for the cost of a line extension, Rule 12 spells out  
15 what the Company's contribution will be (the allowance), what the customer has  
16 to pay the Company (the customer advance), what refunds will be issued when an  
17 additional customer connects, and contract minimums. Historically Rule 12 has  
18 not addressed whether or not a customer is or is not responsible for the cost of a  
19 line extension that involves a Network Upgrade. This is what the Cost Allocation  
20 Policy does.

21 Under that policy, a customer is responsible for the cost of line extensions  
22 consisting of direct assigned facilities, either for a new line or an upgrade of direct  
23 assigned facilities. Therefore, Rule 12 is used as the basis to determine the

1 allowance, customer advance, refunds and contract minimums for that portion of  
2 a line extension.

3 On the other hand a customer is not responsible for the cost of the portion  
4 of line extension that is a network upgrade, with exception of distribution voltage  
5 network upgrades occasioned by a customer request whose load is a significant  
6 portion of the capacity, which is defined as loads in excess of 2,500 kVA. With  
7 the addition of the definition Network Upgrades to Rule 12, Rule 12 now  
8 addresses when and to what extent Rule 12 applies to a network upgrade. That is,  
9 if approved, the revised Rule 12 will spell out when a customer is responsible for  
10 a portion of the cost of a network upgrade, and what portion of that cost they are  
11 responsible for.

## 12 **Other Changes to Rule 12, Line Extensions**

### 13 **Q. What other changes are proposed for Rule 12, Line Extensions?**

14 A. There are three other changes proposed to Rule 12. The first is a clarification to  
15 the section addressing upgrades to residential transformers. The proposal is to  
16 clarify that “capacity” as used in the section addressing upgrades to residential  
17 transformers, does not mean overload capacity, but rather the rated capacity.  
18 Accordingly, the Company proposes to add the term “rated capacity” to this  
19 section.

20 The next change is to restore language removed in the 2010 general rate  
21 case. In that case, the Company removed language that required customers with  
22 loads in excess of 1,000 kW pay 50 percent of their advance when the electric  
23 service contract was executed, and the balance upon completion of the Extension.

1 That language was changed in the 2010 general rate case by requiring customers  
2 to pay 100 percent of their advance when the electric service contract is executed.  
3 In hindsight, due to the time involved in constructing facilities to serve these large  
4 loads, and the time and amount of the customer advance that the Company would  
5 be holding before actually using the funds, the Company is proposing to restore  
6 the previous language requiring 50 percent of the advance at contract signing and  
7 the balance upon completion of the Extension.

8 The third proposed change is a modification to a condition added in the  
9 2010 general rate case. In that proceeding, the Company added language  
10 addressing reduction in contract capacity or demand. Rule 12 currently states the  
11 Company is not obligated to reserve capacity in excess of the maximum recorded  
12 and billed Customer demand in the most recent 36 months. This time period was  
13 based on the time that a customer remains on Schedules 46 and 48T after the  
14 customer demand drops below the rate schedule threshold demand. However, in  
15 reviewing the impact of the Cost Allocation Policy, and the fact that a large  
16 customer's share of a network upgrade is not refundable, which share is based on  
17 their requested capacity, the Company proposes the contracted-for capacity be  
18 reserved for the customer for 60 months rather than 36 months. This corresponds  
19 to the 60 months that a customer has to receive refunds on a refundable advance.

20 A customer who pays a share of a network upgrade only pays for the  
21 proportion of the costs based on the capacity they are contracting to use. Thus, the  
22 capacity that an additional customer will use is capacity paid for by the Company  
23 as part of maintaining and upgrading facilities. However, if the Company were to

1 stop reserving the contracted for capacity after 36 months due to non-use by the  
2 first customer, and within 60 months use it to serve another customer, then a  
3 portion of the capacity paid for by the first customer would be used to serve the  
4 additional customer, and normally the customer paying for the upgrade would  
5 have received a refund. By reserving the contracted for capacity for 60 months  
6 this circumstance can no longer occur.

7 **Changes to Other Rules**

8 **Q. What other changes to the Company's Rules are you proposing?**

9 A. The proposed changes are to Rule 4, Type and Use of Service, and Rule 6,  
10 Company's Installation.

11 Rule 4 states separately operated business and buildings are considered  
12 individual customers, except a customer's group of buildings may take service  
13 from a single point of delivery, as long as they are on the same premises, as  
14 defined in Rule 2. The rule does not address dispersed non-building loads such as  
15 are common in the oil field served from a single point of delivery, yet are not on  
16 the same premises. The Company proposes to add language to Rule 4 stating  
17 dispersed loads of extractive industries are not required to be on the same  
18 premises for a single point of delivery.

19 The Company is proposing to update Rule 6 to conform to current  
20 standards with regard to secondary voltages by removing three-phase 120/240  
21 volt service as a standard secondary service voltage. This conforms to the  
22 Company's engineering standards as well as the Company's rules in Utah and  
23 Idaho. The other changes appearing in Rule 6 are organizational, and maintain

1 three-phase 120/240 volt service as an alternate secondary service voltage  
2 supplied at the Company's option. This allows for maintenance of existing  
3 services at this voltage.

4 **Q. How would you characterize the above proposed changes?**

5 A. These changes were developed with input from customers, and they focus on  
6 clarifying the application of the Cost Allocation Policy within the line extension  
7 rule, fair treatment of customers, updating to current engineering standards, and  
8 consistency. In my opinion, these changes are fair, just and reasonable, and in the  
9 public interest.

10 **Q. Does this conclude your direct testimony?**

11 A. Yes.