

**BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING**

IN THE MATTER OF THE APPLICATION OF )  
ROCKY MOUNTAIN POWER FOR APPROVAL ) Docket No. 20000-352-ER-09  
OF A GENERAL RATE INCREASE OF ) Record No. 12310  
APPROXIMATELY \$70.9 MILLION PER YEAR )  
OR 13.7 PERCENT )

**FILED**  
PUBLIC SERVICE COMMISSION  
OF WYOMING

**FEB 16 2010**

PRE-FILED DIRECT TESTIMONY OF

Amy J. Zamora

On Behalf of the Office of Consumer Advocate

Testimony Filed: February 16, 2010

Hearing Begins: April 19, 2010

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**  
2 **ADDRESS.**

3 A. My name is Amy J. Zamora. I am a Senior Rate Analyst with the Wyoming  
4 Office of Consumer Advocate (OCA), 2515 Warren Avenue, Suite 304,  
5 Cheyenne, Wyoming, 82002.

6

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
8 **PROFESSIONAL EXPERIENCE.**

9 A. I graduated from the University of Wyoming in 1995 with a Bachelor of Science  
10 in Accounting. After graduating, I was employed as an accountant with a service  
11 company that conducted financial transactions with credit card companies  
12 nationwide. My duties included financial analyses for those clients to ensure  
13 proper commission payments, internal auditing of costs, application of payments  
14 from clients for bills rendered, and payroll. In September 2000, I began working  
15 as a Rate Analyst with the Wyoming Public Service Commission where I  
16 analyzed numerous regulatory applications filed by electric, natural gas,  
17 telecommunications and water utilities. Those applications included wholesale  
18 commodity cost pass-on filings, general rate cases, tariff filings, and other routine  
19 matters. I transferred to the OCA as a Rate Analyst in July 2003, where I have  
20 continued in a similar capacity. In 2008, I was promoted to the position of Senior  
21 Rate Analyst.

22

23 **Q. HAVE YOU FILED TESTIMONY OR TESTIFIED BEFORE THE**  
24 **PUBLIC SERVICE COMMISSION IN OTHER PROCEEDINGS?**

25 A. Yes, I have filed testimony and testified as an expert witness in 20 previous  
26 proceedings regarding the revenue requirement, cost of service, and rate design in  
27 general rate cases, as well as other types of applications such as pass-on filings.

28

29 **Q. WHO DO YOU REPRESENT IN THIS PROCEEDING?**

1 A. As a member of the OCA, I am obligated by statute to represent the interests of  
2 Wyoming citizens and all classes of utility customers in matters involving public  
3 utilities.

4  
5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
6 **PROCEEDING?**

7 A. The purpose of my testimony is to present the OCA's position regarding Rocky  
8 Mountain Power's (RMP, the Company) class cost of service study (COS) and  
9 rate design. In addition to my testimony, Ms. Denise Parrish will provide  
10 testimony relative to the revenue requirement. Mr. Bryce Freeman will provide  
11 testimony related to the cost of capital.

12  
13 **Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?**

14 A. No, I am not.

15  
16 **Q. PLEASE PROVIDE A GENERAL SUMMARY OF THE CLASS COST OF**  
17 **SERVICE STUDY (COS) THAT WAS FILED WITH THE APPLICATION.**

18 A. The cost of service study was prepared in the same manner as prior cases. First,  
19 revenue, expenses and plant have been assigned to Wyoming either through direct  
20 allocation to the state or through the Revised Protocol for interjurisdictional  
21 allocations which assigns common costs to each of the states that RMP provides  
22 service in. Next, those amounts have been categorized into functions (production,  
23 transmission, distribution, retail and miscellaneous). After the costs have been  
24 functionalized, they are classified into a demand-, energy- or customer-related  
25 component for the rate spread. And finally, those amounts are allocated to the  
26 individual classes by either direct assignment or class allocation factors.

27  
28 **Q. DOES THE OCA AGREE WITH THE COMPANY'S PROPOSED CLASS**  
29 **COST OF SERVICE STUDY?**

30 A. The OCA agrees with the methodologies that were used to perform the class cost  
31 of service including three proposed revisions. The three revisions include a

1 change in the derivation of class peak load data, allocating distribution substation  
2 costs by a hybrid allocation factor (using non-coincident peak and distribution  
3 peak) and the inclusion of net power costs (NPC). However, the OCA has made a  
4 few adjustments to RMP's adjusted test year, which will change the amounts that  
5 flow through the COS model and will ultimately change the revenue recovered  
6 from each class. The adjustments are more fully explained in Ms. Parrish's and  
7 Mr. Freeman's testimony. The OCA is not able to run the numbers through the  
8 model since we cannot work the macros in the spreadsheets on our computers.  
9

10 **Q. ARE THE THREE REVISIONS REASONABLE CHANGES TO THE**  
11 **COST OF SERVICE MODEL?**

12 A. Yes, they are. There is a level of judgment that must be used when completing a  
13 cost of service study. It is not an exact science. Analysts must decide how to best  
14 allocate costs using several choices of methods. Many of the allocation methods  
15 are discussed in the Electric Utility Cost Allocation Manual issued by NARUC,  
16 whereas some factors have been developed by companies that better suit their  
17 allocation needs.  
18

19 The OCA believes that the change in the calculation for peak load data is  
20 reasonable because it takes the same historic hourly data, as in prior cases, but  
21 couples the data with the historic monthly peaks to apply to the forecasted  
22 monthly energy usage. In the prior cases, the historic hourly data was applied to  
23 the corresponding forecasted time period to come up with usage, which did not  
24 always provide a good forecast. The new calculation may better reflect actual  
25 usage for the forecasted period.  
26

27 The use of the hybrid allocation factor is also reasonable in that it takes into  
28 account system build requirements and customer diversity as explained in Mr. C.  
29 Craig Paice's testimony. The same factor is also used for other distribution plant  
30 accounts.  
31

1 The inclusion of net power costs is not actually new. The costs have been  
2 included in previous rate cases. But in Docket No. 20000-277-ER-07, parties  
3 agreed to tariff changes that would allow the Company to change the base NPC  
4 between rate cases. Base NPC were updated in a subsequent Power Cost  
5 Adjustment Mechanism (PCAM) filing. Base NPC are being updated and  
6 included in the cost of service in this case.

7  
8 **Q. IS THE OCA CONCERNED THAT THE REVISIONS TO THE COST OF**  
9 **SERVICE RESULT IN WHAT APPEARS TO BE LARGER INCREASES**  
10 **FOR THE RESIDENTIAL CLASS?**

11 A. The OCA is concerned for customers, that the revisions appear to require a larger  
12 increase for the residential class than if the changes were not made. However, we  
13 cannot, by statute, advocate on behalf of only one class. The changes not only  
14 provide for a larger increase for residential customers but a smaller increase for  
15 the Rate 40 irrigation customers. If the changes are reasonable and provide for  
16 the fair allocation of costs, then the OCA must accept these changes even though  
17 they change the amounts that would otherwise be allocated to each class.

18  
19 **Q. DO THE COST OF SERVICE METHODOLOGIES FOLLOW**  
20 **DIRECTION FROM PREVIOUS CASES?**

21 A. Yes. The results of the COS are based in part on the Stipulation and Agreement  
22 from a previous rate case (Docket No. 20000-230-ER-05) with regards to  
23 unbundling the net power costs (NPC). In the prior rate case, changes to the base  
24 net power costs were not included, as discussed above. However, in Docket No.  
25 20000-341-EP-09, parties agreed that net power costs would be included in this  
26 case.

27  
28 **Q. DID THE COMPANY THEN BASE ITS RATE DESIGN ON THE CLASS**  
29 **COST OF SERVICE STUDY RESULTS?**

30 A. Yes, it did. The proposed rates continue to provide for classes to cover their costs  
31 of service within 99% to 101% of that shown on the COS. The total amount of

1 revenues will be collected through a basic charge (monthly charge), demand  
2 charges and revenue charges. The basic charge (monthly charge) recovers  
3 customer-related charges such as meters, distribution service costs, retail costs  
4 (i.e. customer accounting) and miscellaneous costs (i.e. regulatory fees). The  
5 demand or demand-related charges will recover costs associated with generation-  
6 demand, transmission-demand, poles, conductors, transformers, and substations.  
7 The energy charges recover costs for generation-energy and transmission-energy.  
8

9 **Q. DOES THE RATE DESIGN ALSO FOLLOW DIRECTION FROM**  
10 **PREVIOUS CASES?**

11 A. Yes. The proposed final rates are also based on Stipulations from previous rate  
12 cases (Docket Nos. 20000-ER-02-184 and 20000-230-ER-05). Rate parity  
13 continues to be achieved in this case for all classes except irrigators on Schedule  
14 40. The alternative rate design for this class follows the Commission's order from  
15 Docket No. 20000-ET-04-217.  
16

17 **Q. DOES THE OCA AGREE WITH THE COMPANY'S PROPOSED RATE**  
18 **DESIGN?**

19 A. The OCA agrees with RMP's rate design models in that they provide the basis for  
20 calculating reasonable rates. Of course, the OCA's adjusted revenue requirement  
21 would result in different rates. The OCA also agrees with RMP's continued use  
22 of a flat rate design for the General Service classes and the inclining block rate  
23 design for the Residential Class.  
24

25 The OCA also agrees with the proposed Schedule 73, Optional Interruptible  
26 Service rider. Parties to the Load Growth and Pricing Collaborative, which  
27 included the OCA, decided that an optional interruptible tariff should be offered  
28 by RMP to help manage load.  
29

30 **Q. SHOULD RMP DEVELOP AN INVERTED BLOCK RATE STRUCTURE**  
31 **FOR ITS OTHER CLASSES?**

1 A. No. The larger customers, such as industrial and other large power customers, run  
2 their operations more or less around the clock so that their load factor is very high  
3 compared to residential customers. Those customers can't alter their operations to  
4 move away from the peak. They also have the means to take advantage of more  
5 opportunities to lower their electric bills without additional rate incentives,  
6 whereas smaller customers may not.

7  
8 The General Service classes, Rates 25 and 28, have a large variety of commercial  
9 customers within the classes that use various levels of power. The variety of  
10 businesses makes it difficult to establish a base level of usage in the initial block  
11 of the rate that represents 'normal or typical' usage. Larger customers may end  
12 up paying more in usage charges solely due to their size, not due to any  
13 inefficiency in operations.

14  
15 **Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING THE CLASS**  
16 **OF SERVICE AND RATE DESIGN?**

17 A. The OCA recommends that the Commission adopt the class cost of service and  
18 rate design that is based on the revenue requirement that has been calculated by  
19 Ms. Denise Parrish of the OCA. However, RMP would need to run its model to  
20 calculate a COS and rate design on the OCA numbers.

21  
22 **Q. DOES THIS COMPLETE YOUR PRE-FILED TESTIMONY?**

23 A. Yes, it does.

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**AFFIDAVIT, OATH AND VERIFICATION**

Amy J. Zamora (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

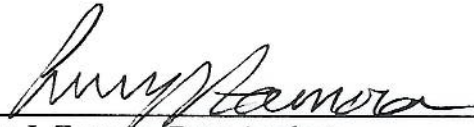
Affiant is a Rate Analyst with the Wyoming Office of Consumer Advocate which is party intervenor in this matter pursuant to its Notice of Intervention filed on October 5, 2009.

Affiant prepared and caused to be filed the foregoing testimony. Affiant has, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification

Affiant hereby verifies that, based upon Affiant's knowledge, all statements and information contained within the testimony and all of its attached schedules are true and complete and constitute the recommendations of the Affiant in her official capacity as a Rate Analyst with the Wyoming Office of Consumer Advocate.

Further Affiant Sayeth Not.

DATED this 16th day of February, 2010.

  
\_\_\_\_\_  
Amy J. Zamora, Rate Analyst  
Wyoming Office of Consumer Advocate  
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Cheyenne, WY 82002  
(307) 777-5744

STATE OF WYOMING     )  
  )SS:  
COUNTY OF LARAMIE    )

The foregoing was acknowledged before me by Amy J. Zamora on this 16th day of February, 2010. Witness my hand and official seal.

Donna T. Crock  
Notary Public

My Commission Expires:

August 25, 2010

