

Exhibit No. ___ T (TES-1T)
Docket UE-111190
Witness: Thomas E. Schooley

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFICORP dba
Pacific Power & Light Company**

Respondent.

DOCKET UE-111190

TESTIMONY OF

THOMAS E. SCHOOLEY

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Introduction and General Policy

January 6, 2012

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1 I. INTRODUCTION

2
3 Q. Please state your name and business address.

4 A. My name is Thomas E. Schooley. My business address is The Richard Hemstad
5 Building, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA
6 98504. My email address is tschoole@utc.wa.gov.

7
8 Q. By whom are you employed and in what capacity?

9 A. I am employed by the Washington Utilities and Transportation Commission
10 (“Commission”) as the Interim Assistant Director in the Energy Section of the
11 Regulatory Services Division. My responsibilities include direct supervision of the
12 Commission’s Regulatory Analysts who review tariff filings and other applications
13 of regulated electricity and natural gas companies, and make recommendations for
14 Commission decision on those filings and applications.

15
16 Q. How long have you been employed by the Commission?

17 A. I have been employed with the Commission since September 1991.

18
19 Q. Please state your educational and professional background.

20 A. I received a Bachelor of Science degree from Central Washington University in
21 1986. I met the requirements for a double major in Accounting and Business
22 Administration-Finance. I also have a Bachelor of Science degree in geology from
23 the University of Michigan. I passed the Certified Public Accountant exam in May

1 1989. Since joining the Commission, I have attended several regulatory accounting
2 courses, including the summer session of the Institute of Public Utilities.

3 Before obtaining my current position, I held several other positions including
4 Accounting Manager of the Energy Section and Regulatory Analyst. I testified in
5 Docket UE-960195 involving the merger between Washington Natural Gas
6 Company and Puget Sound Power & Light Company ("Puget"). I was the lead Staff
7 analyst in several applications for accounting treatment, including Puget Sound
8 Energy, Inc. Dockets UE-971619 and UE-991918. I testified in the Avista general
9 rate case, Docket UE-991606, and Avista's energy recovery mechanism, Dockets
10 UE-000972, UE-010395, UE-011595, and UE-030751. I also assisted in the
11 development of Staff testimony in Puget's "PRAM 2" case, Docket UE-920630, and
12 I presented the Staff recommendation on environmental remediation in Puget Docket
13 UE-911476.

14 I analyzed PacifiCorp's proposed accounting treatment of Clean Air Act
15 allowances in Docket UE-940947, and participated in meetings of PacifiCorp's inter-
16 jurisdictional task force on allocations. I testified in PSE's power cost only rate case,
17 Docket UE-031725; PSE's general rate cases, Dockets UE-072300/UG-072301, UE-
18 090704/UG-090705 and UE-111048/UG-111049; and PacifiCorp's general rate
19 cases, Dockets UE-032065, UE-050684, UE-061546, *et al.*, and UE-100749.

20 I have prepared detailed statistical studies for use by commissioners and other
21 Commission employees, and have interpreted utility company reports to determine
22 their compliance with Commission regulations. I have also presented Staff
23 recommendations to the Commission in numerous open public meetings.

1 **Q. What are the primary reasons for the difference between the proposals?**

2 A. The primary reasons for the difference between Staff and PacifiCorp revenue
3 requirement increase proposals are: 1) power costs; 2) insurance; 3) rate case
4 expense; 4) wages and benefits.

5
6 **Q. Please describe the crux of PacifiCorp's presentation**

7 A. The Company's case for its electric operations is driven primarily by power costs
8 due to higher coal costs, expiring low-cost long term purchased power contracts, and
9 the removal of the Condit hydropower facility. During the course of this proceeding
10 gas prices have declined. Staff captures some of this decline in its power cost
11 determination and the Company will update this expense as needed.

12
13 **Q. Does the Company attribute its claim of under-earning to factors other than
14 increased power costs?**

15 A. Yes. PacifiCorp is investing more in its Washington transmission and distribution
16 network, but has no new major resource additions.

17
18 **Q. PacifiCorp testifies that its rate filing minimizes controversy by not re-litigating
19 issues decided by the Commission in early 2010. What is Staff's opinion?**

20 A. Staff appreciates the restraint shown in the Company's filed case. Our adjustments
21 relate to removing costs from booked expenses, normalizing costs with a variable
22 history, and updating expenses and revenues related to power costs. However,
23 PacifiCorp could have provided more clarity and support for certain adjustments.

1 For example, PacifiCorp's proposed power cost adjustment includes revisions to the
2 capacity of hydro-electric generators. This was not disclosed in the company's filed
3 testimony. Mr. Buckley also addresses concerns about power cost updates and the
4 timeliness and degree of support for certain complex components in those updates.
5 PacifiCorp's rate filings have improved over the past few years, but staff still sees
6 room for progress.

7
8 **Q. Please introduce Staff's other witnesses and the subjects each addresses.**

9 **A.** The following witnesses present testimony and exhibits for Staff:

- 10 • Michael Foisy presents the electric revenue requirement based on his own
11 analysis of several ratemaking adjustments plus he introduces staff witness
12 Kathryn Breda and her adjustments.
- 13 • Deborah Reynolds presents the electric rate spread and rate design
14 recommendation of Staff. She also presents a five-year plan for PacifiCorp's
15 Low Income Bill Assistance (LIBA) program.
- 16 • Alan Buckley presents Staff's adjustments for pro forma power costs during the
17 rate year and for other revenues related to power sales. His adjustments, taken
18 together, increase the Company's rate year power costs about \$13.5 million.
19 This is \$7.4 million less than PacifiCorp's proposed increase of \$20.9 million.
20 He expects a further reduction as rate year forward gas prices continue to fall and
21 recommends that the Commission order that update as part of the Company's
22 compliance filing.

1 **Q. Does this conclude your testimony?**

2 A. Yes.

3

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