

Exhibit No. ___CT (MDF-1CT)
Docket UE-100749
Witness: Michael D. Foisy
REDACTED VERSION

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP D/B/A PACIFIC POWER
& LIGHT COMPANY,

Respondent.

DOCKET UE-100749

TESTIMONY OF

Michael D. Foisy

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Revenue Requirements

October 5, 2010
Revised October 8, 2010

CONFIDENTIAL PER PROTECTIVE ORDER
REDACTED VERSION

1 Resources and Energy Efficiency Programs presented by New Mexico State
2 University.

3 I previously testified before the Commission in the 2009 Puget Sound
4 Energy, Inc. General Rate Case, Dockets UE-090704 and UG-090705.

5
6 **II. SCOPE AND SUMMARY OF TESTIMONY**

7
8 **Q. What is the scope of your testimony?**

9 A. My testimony presents the results of Staff's analysis of PacifiCorp's Washington
10 Results of Operations, restated for known and measurable changes, including Staff's
11 calculation of the revenue change for PacifiCorp based on that Results of Operations.

12 I identify the Company adjustments Staff reviewed and does not contest. I
13 summarize the several PacifiCorp adjustments Staff contests, and I am responsible
14 for two of those contested adjustments. I also address two additional adjustments
15 proposed by Staff that the Company did not include in its direct case.

16
17 **A. Revenue Requirement Summary**

18
19 **Q. Please summarize staff's revenue requirement analysis for PacifiCorp's**
20 **operations.**

21 A. Staff's revenue requirement analysis shows PacifiCorp has a revenue requirement
22 deficiency from its Washington operations of ~~\$32,960,116~~ \$29,954,968. A ~~12.08~~
23 10.97 percent increase in revenues would eliminate this deficiency.

1 **Q. What overall rate or return did you use in determining the Company's revenue**
2 **requirements for its electric operations?**

3 A. I used an overall rate of return of 7.48 percent, as recommended by Staff witness Mr.
4 Ken Elgin. I summarize Staff's recommended capital structure, cost rates and
5 overall rate of return on page 4 of my Exhibit No. ___ (MDF-2).

6
7 **Q. Have you prepared an exhibit that calculates the revenue requirement?**

8 A. Yes. My Exhibit No. ___ (MDF-2) applies Staff's revenue requirement model in
9 this case. This is the same model the Company used in Mr. Dalley's Exhibit No. ___
10 (RBD-3).

11
12 **Q. Please describe your Exhibit No. ___ (MDF-2).**

13 A. On page 1, Revenue Requirements Summary, I show the Company's Results of
14 Operations. Column 4 shows Staff numbers reflecting an ~~12.08~~ 10.97% rate increase.

15 On page 2 is the Staff's Revenue Requirements calculation, reflecting a
16 revenue requirements shortfall of ~~\$32,960,116~~ \$29,954,968. Page 4 contains the
17 Cost of Capital calculation based on the capital structure and cost rates
18 recommended by Staff witness Mr. Elgin. Page 5 compares Staff's Revenue
19 Requirement Impact to PacifiCorp's filed Revenue Requirements Impact.

20 Pages 6 through 9 are worksheets I used to compile the various adjustments
21 into total adjustments representing Staff's position.

22 Page 10, "Adj 3.1 Temp Norm" through page 56 "Adj 9.1.1 Prod Factor"
23 correspond to the same numbered adjustments submitted by Company witness R.