



Oregon

Theodore R. Kulongoski, Governor

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September 10, 2008

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 2148
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RE: UE 200

Filing Center:

Enclosed for errata filing in UE 200 are:

- one page (two-sided) replacing staff testimony Staff/400, Storm/1, Line 4 (shaded). Changes were made due to change of job title and responsibilities and
- one page replacing Staff/401, Storm/1. Changes were made to "Title" and "Experience."

The replacement pages will be sent to the all parties on the UE 200 Service List.

/s/ Kay Barnes

Kay Barnes

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

(503) 378-5763

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

3 A. My name is Steve Storm. I am employed by the Public Utility Commission of
4 Oregon as **Program Manager of the Economic and Policy Analysis Section.** My
5 business address is 550 Capitol Street NE Suite 215, Salem, Oregon 97301-
6 2551.

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

9 A. My Witness Qualification Statement is found in Exhibit Staff/401.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. My testimony addresses two main issues associated with rate spread and rate
12 design in regards to PacifiCorp's Supply Service Adjustment Schedule 202,
13 Renewable Adjustment Clause¹ (RAC) filing applicable to 2009 rates. First I
14 review the methodology approved by the Commission in UM 1330 (See
15 Commission Order No. 07-572), which adopted a joint party stipulation. I then
16 discuss the methodology used by PacifiCorp in developing the RAC Schedule
17 rates for 2009.

18 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**

19 A. No.

¹ Hereafter in this testimony referred to as the RAC Schedule.

1 **Q. WHAT IS THE METHODOLOGY APPROVED BY THE COMMISSION IN**
2 **ORDER NO. 07-572?**

3 A. Order No. 07-572 adopted a joint party stipulation regarding rate spread and
4 rate design:

5 "Costs recovered through the RAC Schedule will be allocated across
6 customer classes using the applicable RAC Schedule forecasted energy
7 on the basis of an equal percent of generation revenue applied on a
8 cents per kWh basis to each applicable rate schedule as determined in
9 the then-most recent general rate case."²

10 **Q. PLEASE DESCRIBE HOW STAFF INTERPRETS THE STIPULATION FOR**
11 **PURPOSES OF THE CURRENT DOCKET.**

12 A. The steps for establishing specific RAC Schedule rates are as follows:

13 1 Costs to be recovered through RAC Schedule rates are allocated to the
14 various applicable rate schedules using the spread of equal percent of
15 generation revenues across schedules as established in the utility's most
16 recently concluded general rate case. In practice, calculating the 2009
17 RAC Schedule rate spread is to:

18 a. Multiply the 2008 Schedule 200³ rates for the applicable RAC
19 Schedule rate schedules by the respective 2009 energy volume
20 forecasts.

² *Ibid.*, UM 1330 Stipulation, page 6.

³ This assumes that 2008 Schedule 200 rates are those reflecting PacifiCorp's unbundled generation revenues as determined in UE 179 (PacifiCorp's most recently concluded general rate case) on a forecast basis for the year 2008.

WITNESS QUALIFICATION STATEMENT

NAME: Steve Storm

EMPLOYER: Public Utility Commission of Oregon

TITLE: Program Manager of the Economic and Policy Analysis section of the Economic Research and Financial Analysis Division

ADDRESS: 550 Capitol Street NE Suite 215
Salem, Oregon 97301-2148

EDUCATION: Master of Business Administration
University of Oregon
Eugene, Oregon

A.B. (Economics)
Harvard University
Cambridge, Massachusetts

EXPERIENCE: I have been employed at the Public Utility Commission of Oregon since October 2007. My current responsibilities include leading a team involved in research on a wide range of cost, revenue, financial, and policy issues for electric, gas, and telephone utilities.

Prior regulatory experience includes four years of developing responses to data requests regarding new products and services at US WEST Communications.

OTHER EXPERIENCE: I was a self-employed financial planner for eight years following an eighteen year career in management positions in pricing and cost analysis; financial analysis, planning and management; and strategic planning in the publishing and telecommunications industries. This included five years of managing the pricing (rate spread and rate design) and cost accounting functions in the Directory department of Pacific Northwest Bell and its successor company, US WEST Direct. I was responsible for departmental budgeting and management reporting functions for three years at US West Direct and responsible for corporate financial planning, analysis, and management reporting for one year at Electric Lightwave.

I have seven years experience in capital budgeting, financial analysis, and strategic planning functions at US West Communications.

CERTIFICATE OF SERVICE

UE 200

Replacement pages of
Staff/400 Storm/1-2 and
Staff/401 Storm/1

I certify that I have this day served the foregoing documents upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 10th day of September, 2008.

Kay Barnes

Kay Barnes
Public Utility Commission
Regulatory Operations
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UE 200
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