Q. Please state your name, business address, and present position with Rocky Mountain Power (the Company), a division of PacifiCorp.

A. My name is Kenneth M. Shortt. My business address is 70 North 200 East, American Fork, Utah 84003. I am the Director of Capital Investment for Rocky Mountain Power.

Qualifications

Q. Please briefly describe your education and business experience.

A. I received a Bachelor of Science Degree in Electrical Engineering from the University of Utah, and a Masters in Business Administration from Brigham Young University. In addition to formal education, I have attended various educational, professional and electric industry seminars. I joined the Company in 1979, and during the 30 years since then I have held various engineering positions of increasing responsibility providing extensive experience working across the Company's service territory prior to assuming my current position.

Q. Please describe your present duties.

A. I am responsible for Rocky Mountain Power's transmission and distribution (T&D) network investment planning which assists the Company in providing safe, economic, and reliable energy delivery to our customers. This includes prioritizing investments to manage risk and planning future T&D investments to meet customer energy needs while maintaining industry reliability and operation standards.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain and support the T&D capital

expenditures included in the Company's application for a general rate increase. Specifically, my testimony includes an explanation of the following issues:

- The Company's T&D capital investment plan and plant additions;
- Cost drivers that have caused T&D costs to increase;
- Company actions to minimize the impact of rising costs during a robust construction period.

Q. Please describe Rocky Mountain Power's T&D assets in Utah.

A. The Company owns and operates over 372 substations in Utah plus over 6,658 miles of transmission lines and 20,905 miles of distribution lines. About 55 percent of the T&D lines are overhead conductors. The overhead transmission lines in Utah are supported by approximately 89,000 transmission poles or structures, and the distribution lines are supported by over 363,000 distribution poles. Over 1000 distribution feeder lines originate from Utah substations that serve approximately 780,000 Utah customers with about 108,800 overhead distribution transformers and 75,200 pad-mount distribution transformers

Q. Please describe the major T&D investments that the Company is adding to rate base in this filing.

A. As reflected by Mr. Steven R. McDougal's Exhibit RMP___(SRM-2), between January 1, 2009 and June 30, 2010 the Company will place into service $378 million of transmission investment and $178 million of Utah distribution projects. More than half of the projects funded by Rocky Mountain Power fall under the $5 million limit. A few of the more significant projects (over $5 million) include:

- $49 million for the Three Peaks 345 to 138 kilovolt 450 megavolt ampere substation project. This project will provide a 345 kilovolt source to Iron County. When the load in Iron County reaches 167 megavolt amperes the

voltage sags to a level where customer load and equipment is put at risk. The project also prevents the need to shed load during several outage scenarios. This transmission project will be placed in-service June 2010.

- $6.5 million for the Tamarisk 138 to 12.5 kilovolt, 22.4 megavolt ampere substation project. This project will replace the existing Green River 46 to 12.5 kilovolt 5 megavolt ampere substation. Both the 46 kilovolt system in the Green River area and the transformers in the Green River substation are reaching their capacity. This project will be in-service in May 2010.

- $7.6 million for the second Saratoga 138 to 12.5 kilovolt, 30 mega-volt-ampere transformer in Saratoga Springs, Utah. The project will provide additional capacity to Saratoga Springs and rebuild a portion of the existing Saratoga to Pelican Point 46 kilovolt line to 138 kilovolt construction. This line will be energized at 138 kilovolts at a later date. The project is scheduled for completion in May 2010.

Q. What benefits will Utah customers derive from the $556 million of T&D capital projects, including the four new capital investment projects described above?

A. The Company's capital investments in T&D have the common customer benefit of improving service quality, reliability, and the delivery of power to meet customer load requirements. As defined by FERC, transmission facilities 46 kilovolt and greater are considered part of the integrated network, and therefore provide benefits to the Company's six-state retail service territory, including Utah. In the past, transmission interruptions in certain locations, times and other circumstances have disrupted power delivery several states away. It is, therefore, important that the Company complete the transmission projects included in this filing in order to provide adequate and reliable service to all of our customers. Additionally, distribution capital investments result in a direct benefit to our Utah customers, whether it is to connect new customers, reinforce, repair or upgrade the existing system, or meet mandated compliance requirements.

T&D Access

Q. Please provide additional details on the capital investment plan in the areas of T&D access.

A. Rocky Mountain Power must invest in transmission assets to move Company-owned generation to substations and load centers. The Company must also build facilities that interconnect with other transmission and generation providers as it enters into contracts with customers, generators, and shippers that require transmission access. Transmission interconnections with other utilities and generators are essential to enhance efficiencies and to take advantage of other resource opportunities as daily and seasonal loads fluctuate.

System Reinforcement and Replacement

Q. Please describe the system reinforcement and replacement portion of the capital investment plan.

A. System reinforcement invests in assets to serve load growth. Upgrading or replacing transformers and distribution feeders is required when thermal loading is projected to exceed 100 percent or when voltages are projected to fall outside of American National Standards Institute (ANSI) planning criteria. There are several locations where commercial and industrial requests in the state of Utah are occurring. These projects are expected to add 350 megawatts of load to the transmission system through 2011 and, when connected, will either cause circuit or transformer loading to exceed 100 percent of thermal rating or voltage limits to be outside ANSI guidelines.

Utah is seeing a moderation of the high growth rates at levels lower than it

has experienced the past several years. The five year average annual system peak growth rate (from 2004 to 2008) decreased to 4.4 percent from 5.1 percent (2003 – 2007). Weather patterns also influence the system peak. For example: different combinations of the high temperature, the night time low temperature, day of week, and number of consecutive days with high temperatures will influence the summer peak differently. The 2008 summer season experienced an unusual weather pattern for the Wasatch Front where all of the high temperature days in July occurred on either weekends or holidays. This weather activity combined with the moderation of new customer growth contributed to a lower than expected summer peak. Irrespective of the lower than expected summer peak, system reinforcement is still required.

Another necessary area of capital investment is replacing aging assets prior to failure and upgrading the system in specific areas in order to sustain or improve existing reliability levels. Due to normal aging processes, some assets are nearing the point of replacement, which may be preceded by increased failures and higher maintenance costs. Examples of assets targeted for replacement include obsolete substation class equipment, sub-transmission lines, distribution lines, poles and cross-arms, switchgear, and underground cable. As Rocky Mountain Power's system ages and demand increases, additional stress is placed on the Company's assets.

System Compliance

Q. Please describe the system compliance portion of the capital investment plan.

A. T&D compliance investments are those required by city, state or federal laws.

Customers may also request and fund projects in the compliance portion of the capital investment plan. Examples include:

- Environmental programs to mitigate bird and raptor mortality;
- Overhead relocations or overhead to underground conversions for road construction, public works projects, or customer requests;
- Federal Communications Commission wideband mobile radio conversion to narrow band operation by 2012; and
- Federal Energy Regulatory Commission substation security initiatives.

New Connects

Q. Please describe the new connection portion of the capital investment plan.

A. New customer connections include residential, commercial, industrial, irrigation, other utilities, and street lighting. Residential and commercial customers typically account for the majority of the new connection costs. The residential market (new housing starts) has dropped off from historic highs. The commercial and industrial sectors have also dropped off from historic highs. Even though new connects have slowed, a single commercial or industrial customer load can put pressure on the transmission investments of the Company. The challenge for the Company in making large commercial and industrial new connections is the sheer magnitude of the projects. For example, depending on the size of the new load and its proximity to existing transmission system facilities, adding just one substantial new commercial or industrial customer may exceed the operating limitations of the Company's local area transmission system or substation capacity. Significant planning, engineering and construction of transmission lines, substations, switching stations and other facilities will still be necessary.

During 2008, Rocky Mountain Power connected about 16,800 new customers, 12,600 of which were in Utah. This is down 36 percent from the record set in 2006 and is expected to decline further this year before the numbers begin increasing again. Though new connects have slowed investment is still required to provide service to the new customers

Q. Please explain how load growth on the T&D system has been modified by the large reduction of new connects.

A. Each year the Company completes an analysis of its system performance to understand the impacts load growth has had on the transmission and distribution system. To illustrate, an important feature of the Wasatch Front is the impact that temperature has on the peak demand. Area planning forecast studies suggest extreme temperatures for extended days can cause a 200 megawatt increase in peak demand along the Wasatch Front in Utah.

Most recently, between the summer of 2005 and 2008, the Wasatch Front peak load increased 395 megawatts over a three year period. As a comparison the peak load on the Wasatch Front between 2004 and 2007 increased 710 megawatts. The reduced number of new connects combined with the fortuitous weather pattern explained earlier generated a lower Wasatch Front peak in 2008 (4,296 megawatts) than in 2007 (4,407 megawatts) and also impacted the three year average growth rate. If the weather pattern had been different, such as several hot days combined with warm evenings covering a weekend to weekday transition, the 2008 Wasatch Front system peak would have exceeded the 2007 Wasatch Front system peak. Thus, the reduced number of new connects means utilization of assets continues to

increase, although at a slower rate. Substation transformer and distribution feeder loading continues to approach thermal rating. Although the number of new connects has declined continued investment in system reinforcement is still necessary to accommodate load growth.

Reliability

Q. Please describe the reliability portion of the capital investment plan.

A. The Company reliability investment program is designed to reduce the number and impact of power interruptions to its customers. Investments in this area support the Company's merger commitments including Performance Standards one through four.

In recent years the Company has taken advantage of industry best practices, better outage data and improved reliability tools. Since 2002 the Company has been able to collect better customer outage data with our Outage Management System. As a result, Rocky Mountain Power has changed the processes to allow the Company to better target budget dollars towards the portions of the distribution system with lower reliability performance. The past three years have shown that the Company should continue to:

(i) Focus on reducing the impact of reliability issues that can be controlled with preventative programs, such as deteriorating equipment and tree trimming

(ii) Promptly and safely address reliability events that are difficult to predict or avoid with preventative programs (such as vehicles hitting power poles and contractor dig-ins).

This approach allows the Company to be more efficient as it continuously seeks to improve electric service reliability.

Q. Please explain how Rocky Mountain Power determines the amount and timing of T&D capital investments.

A. The Company begins with customer service requests and load growth projections to prepare budgets for T&D investments. Reliability initiatives and asset replacement programs are prioritized in the capital investment plan. Initial project estimates are created using block estimates to approximate project costs. Once the project budget is approved, the Company initiates a process to complete detail planning, detail design engineering, and detail project scheduling, resulting in a better cost estimate and a more refined in-service date. When a project moves to the delivery (i.e. construction) phase, the Company uses internal business controls to measure and monitor the progress to ensure projects are delivered within scope and budget. The Company uses these activities to provide quality at the lowest long-term cost required to meet industry service standards and the needs of our customers.

Q. Please summarize your testimony.

A. The T&D capital expenditures included in this case are essential to meeting customers' needs and maintaining system reliability standards. In particular, they are required in order to: (a) serve new customers (i.e. industrial, commercial, and residential) that require an extension of the Company's existing infrastructure; (b) serve existing customers through system reinforcement (expansion or increase in capacity) of existing infrastructure; (c) serve general load growth to maintain

acceptable reliability and service; and (d) comply with orders issued by regulatory, state or local governmental entities. The transmission and generation projects are part of an integrated, system-wide, high voltage system that provides the foundation to move resources through-out the western United States thus providing service and reliability benefits to Utah customers. Additionally, these investments also contribute to meeting the performance standards program to which the Company is committed through 2011.

Q. Does this complete your testimony?

A. Yes.