BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Pending Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity Authorizing Construction of the Mona – Oquirrh 500/345 kV Transmission Line	Docket No. 09-035-54 **DIRECT TESTIMONY OF DARRELL T. GERRARD**

November 2009

BACKGROUND OF WITNESS

Q. Please state your name, business address, and present position.

A. My name is Darrell T. Gerrard. My business address is 925 NE Multnomah Blvd Portland Oregon 97242. I am currently employed as Vice President – Transmission System Planning for the Company. I have held my present position since May 2007. The primary duties of my present position include management and oversight of all Main Grid Transmission System Planning requirements for both the Rocky Mountain Power and the Pacific Power, which are operating units of PacifiCorp (collectively referred to as "the Company").

Q. Please describe your education and business experience.

A. I have a Bachelor of Science degree in Electrical Engineering from the University of Utah. My experience spans more than 30 years in the electric utility business and electric industry in general. I have experience and have been responsible for a number of functional organizations at the Company including: Area Engineering, Area Planning, Region Engineering, T&D Facilities Management, Transmission, Substation and Distribution Engineering, System Protection and Control, T&D Project Management and Delivery, Asset Management, Electronic Communications, Hydro System Engineering, Transmission Grid Operations, and most recently Transmission System Planning. Currently my responsibility is to ensure that proper planning activities are performed as necessary for the Company's large transmission system. I am also responsible for the conceptual design and ongoing electrical transmission system planning required to support the Company's Energy Gateway Program.

PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the purpose and need for the Mona-to-Oquirrh 500/345 kV Transmission Line (the "Transmission Project" or "Project") in support of the Company's request for a Certificate of Public Convenience and Necessity ("CPCN").

Q. Please summarize your testimony.

A. In summary, the Transmission Project is needed to support both short and long term energy demands and will strengthen the overall reliability of the existing transmission system. Currently the existing transmission system of which the Project will be a part has limited capability to deliver energy into the largest load center in Utah, which is the Wasatch Front Area and adjoining areas (which includes Salt Lake, Utah, Tooele, Davis, Weber, Cache, and Box Elder Counties). PacifiCorp's Network Customers utilize energy purchases in southern Utah to serve loads in northern Utah and the existing capacity north of the Mona substation in fully subscribed and constrained. Additional capacity is required to meet PacifiCorp's load service obligations to its Network Customers. By constructing this Project, overall reliability of the transmission system will be enhanced by adding incremental new transmission capacity northbound and southbound between the Company's power plants in Utah and other sources of energy in the Four Corners Region and the Desert Southwest. Because the Project increases the existing transmission capability from the Mona area to the Wasatch Front and adjoining areas, the system will have improved capability to integrate

new resources in the southern Utah area and will provide improved connection to markets in the Desert Southwest and Four Corners Region, and markets available through interconnections at Mona. Utah is currently one of the fastest growing states and projections indicate that it will continue to grow rapidly for decades. Staying ahead of future demand is therefore critical. In addition to meeting our customers' future energy requirements, this Project is key to maintaining the Company's compliance with mandated North American Electric Reliability Corportation ("NERC") and Western Electricity Coordinating Council ("WECC") reliability and performance standards as necessary during normal system operations and during certain transmission system and generation plant outage conditions.

GENERAL DESCRIPTION OF PROJECT

Q. Please describe the Transmission Project.

A. The Project is a component of the Company's long range transmission master plan, specifically for Utah, and consists of an approximately three-mile long single-circuit 500/345 kV transmission line from the existing Mona Substation to a proposed future 500/345/138 kV Mona Annex Substation near the community of Mona in Juab County, Utah. From that point, the Project would continue northwards about 62 miles to a proposed future 500/345/138kV Limber Substation to be located in Tooele County, Utah. Two double-circuit 345kV lines are proposed from the Limber Substation: one line would extend approximately 35 miles to the existing Oquirrh Substation, located at 5799 West Old Bingham Highway, West Jordan and the second line would extend approximately the same

distance to the existing Terminal Substation located at 500 South 5600 West in Salt Lake City. To accommodate the new transmission line, upgrades and modifications of the existing Mona and Oquirrh substations will also be necessary. The Company plans to construct the Mona Annex Substation approximately three miles south of the existing Mona Substation. It will interconnect with the Project at a later date. The Limber Substation will also be constructed at a later date when the transmission line between the Limber Substation and the Mona Substation is energized from 345 kV to 500 kV. At approximately the same time the Limber Substation is constructed, a new 345 kV transmission line will be built from the Limber Substation to the Terminal Substation in Salt Lake City.

BACKGROUND

Q. What is your general understanding of the standard for the Commission's decision in this case?

A. I am not an attorney but have relied on legal counsel for this response. In the most recent docket of this type in Utah (the Populus-Terminal docket—Docket No. 08-035-42), Dr. Zenger of the Division provided a general legal history of the statute under which this case is filed (Utah Code Ann. § 54-4-25) and a reference to a case from the 1940's that adopted the proper standard that should be followed in applying the statute. (See Direct Testimony of Dr. Joni Zenger, Docket No. 08-035-42, at pages 6-8). The case that Dr. Zenger noted, *Mulcahy v. Public Service Commission,* 117 P.2d 298 (Utah 1941), stated:

> The "convenience" and "necessity" required to support an application for a certificate **are those of the public**, not those of individuals. . . .

> "Necessity" and "convenience" are not to be construed as synonymous. Convenience is much broader and more inclusive than necessity, but effect must be given to both. **Necessity means reasonably necessary** and not absolutely imperative. . . . It does not mean "necessary" in the ordinary sense of the term. The convenience of the public must not be circumscribed by holding the term "necessity" to mean an essential requisite.
> . . .
>
> [I]n determining whether or not the convenience and necessity of the public will be best subserved by the proposed service, the needs and welfare of the people **of the territory or community affected should be considered as a whole**. (117 P.2d at 300, 301; emphasis added)

Q. Did the Commission provide any further guidance in the Populus-Terminal Docket?

A. Yes. In the Scheduling Order issued in May 2008 that granted a certificate of public convenience and necessity for the Populus – Terminal transmission line project, the Commission was clear that siting of a transmission line is not an issue in this type of docket:

> The Commission desires to clarify the purpose of this proceeding. This proceeding is not about the location or siting of the Transmission Line if it is built. The Commission does not have jurisdiction over the siting of transmission lines. **This proceeding is to determine if present or future public convenience and necessity does or will require construction of a transmission line.** (Scheduling Order at page 1; emphasis added).

In its final order in that docket, the Commission reaffirmed that "the Commission does not have jurisdiction over the siting of transmission lines generally nor of this particular facility. . . . Our proceedings are to determine if present or future public convenience and necessity does, or will, require construction of a transmission line." (Report and Order Granting Certificate and Certificate of Public Need and Necessity, Docket No. 08-035-42, September 4, 2008, at page 2).

It is also my understanding that granting of a certificate does not constitute determination of prudency by the Commission.

Q. Recognizing that siting is not an issue here, it may nonetheless be helpful as general background for the Commission to be aware of the proposed route for the Transmission Project. What is the current proposed route for the transmission portion of the Project?

A. A map showing the Company's proposed route of the Transmission Project is attached as Exhibit **RMP (DTG 1.1**), which, of course, is subject to adjustment based on the outcome of the Final EIS and the Record of Decision, which is being led by the Bureau of Land Management ("BLM") for those portions of the Project on federally-administered land. Some siting and route adjustments may occur as part of the Company's ongoing permitting efforts with local governments in response to public or agency concerns. Further, as with any project of this nature, it is also subject to minor route adjustments that may occur during final engineering and design and working directly with landowners. The existing Mona and Oquirrh Substations will be upgraded to accommodate the new transmission lines and termination points.

Q. What is the projected cost of the project?

A. The projected cost is approximately $450 million.

STATUS OF ENVIRONMENTAL APPROVAL

Q. What is the current status of the Environmental Impact Statement and approval?

A. The Draft Environmental Impact Statement for the Mona to Oquirrh Transmission Corridor Project and Draft Pony Express Resource Management Plan Amendment was published on May 15, 2009. The BLM, in cooperation with the third party contractor and the Company (as appropriate), have responded to comments submitted during the public comment period, which ended on August 12, 2009. The BLM is now preparing a Final Environmental Impact Statement, which has a target publication date of early January 2010. The Company anticipates that the BLM will issue its Record of Decision by April 2010. We will, of course, inform the Commission and parties when environmental approval has been granted and of any changes to the Company's proposals that may result from that approval process.

THE PROJECT DECISION—IRP AND LOAD FORECAST STUDY

Q. What analysis or process was the basis for the Company's determination that additional transmission capacity was needed?

A. The Company utilizes an Integrated Resource Plan ("IRP"). This is a resource portfolio and risk analysis framework used to specify prudent future actions required to ensure the Company continues to provide reliable and least-cost electric service to its customers, while striking a balance between cost and risk over the planning horizon and taking into consideration environmental issues and the energy policies of our states. As stated in Chapter 2 of the 2008 IRP filed with the Commission on May 28, 2009, its purpose is to fulfill "the Company's commitment to develop a long-term resource plan that considers cost, risk, uncertainty, and the long-run public interest. It was developed through a

collaborative public process with involvement from regulatory staff, advocacy groups, and other interested parties." (2008 IRP, **Exhibit RMP (DTG-2**), at page 17)[1] Resource portfolio modeling conducted for the Company's recent IRPs has shown that additional transmission capacity is required to support future resource needs.

Q. Is the Mona-Oquirrh Project included in the Company's latest IRP?

A. Yes. The 2008 IRP includes the Project as part of the modeled transmission topology for the purpose of selecting the Company's preferred portfolio of future supply-side and demand-side resources. The 2008 IRP describes what the Company calls the "Energy Gateway Transmission Expansion." (2008 IRP, at pages 60-66. Exhibit DTG-2). The Energy Gateway is designed to use "a 'hub and spoke' concept to most efficiently integrate transmission lines and collection points with resources and loads centers aimed at serving the Company's customers while keeping in sight Regional and Sub Regional needs." (2008 IRP, at page 61, Exhibit DTG-2). As the 2008 IRP notes, the Mona-Oquirrh link has been an integral part of the Energy Gateway plan for several years: "The Energy Gateway project takes into account the existing 2006 transaction commitments which include transmission facilities from southern Idaho to northern Utah (Path C) [Populus-Terminal], **Mona to Oquirrh** and Walla Walla to McNary." (2008 IRP, at pages 64-65, Exhibit DTG-2; emphasis added). The IRP also notes the extreme importance of a strengthened transmission grid to meet the reliability requirements of the Federal Energy Regulatory Commission ("FERC") and NERC, all of which are designed to "withstand sudden disturbances or

[1] The 2008 IRP is available at http://www.pacificorp.com/Navigation/Navigtion/23807.html.

unanticipated loss of system elements. Increasing transmission capacity often requires redundant facilities to meet NERC reliability criteria." (2008 IRP, at page 62, Exhibit DTG-2). The Project is critical to these overall goals.

A critical part of each year's IRP is the Action Plan. The "2008 IRP Action Plan" consists of 15 action items, one of which is to "Permit and construct a 500 kV line between Mona and Oquirrh." (2008 IRP, Table 9.2, at pages 255-59; the Mona-Oquirrh project is identified on page 258, Exhibit DTG-2).

Q. Has the Mona-Oquirrh Project been included in previous IRP resource analysis?

A. Yes. This project, along with increased transmission transfer capacity to the Desert Southwest, was evaluated for cost-effectiveness from a system benefits perspective as part of the 2007 IRP filed with the Commission in May 2007. This analysis helped support the decision to include the Mona-Oquirrh Project as part of the Company's preferred portfolio.

Q. What other long-range planning tools were used to justify the Project?

A. In addition to the IRP, for several years the Company's long range planning has identified the need to add facility improvements in specific locations. The "Wasatch Front Spatial Load Forecast" conducted in 2004 (attached hereto as Exhibit **RMP (DTG-3**), is a relevant example of the Company's long range planning studies that analyze load growth throughout northern Utah. Spatial load forecasting uses GIS to merge Company distribution system data with land use and development data some of which has been provided from communities and

agencies. The model uses data such as current land use, transportation infrastructure, mountain slopes, and urban centers to forecast the extent, location, and the timeline of community development. Every land use is related to a predefined profile of load on the distribution system. Key to the land use model is reproducing the current land use in the area and evaluating where future development may occur (drawn in part from information regarding projects such as the Mountain View Corridor and development projects on the West Bench, including those undertaken by Kennecott Land and other land developers). The model then translates the land use into a system load forecast, identifying where new load additions are to be expected. This analysis of the community's projected growth helps target where infrastructure investments should be directed. Many communities and agencies cooperated directly with the Company in providing the planning data and information required to complete such a comprehensive long range plan. A list of data sources and contacts used in study development is listed in Appendix A of the study.

The study concluded that "the highest-growth areas include Southwest Salt Lake City, the western side of the cities of West Jordan and South Jordan, and continued development along the Interstate 15 corridor along the west side of the cities of Midvale, Sandy, and Draper." (Section 3.1, at pages 20 and 21, Exhibit DTG-3) Consequently, it was predicted that "nearly 46 new (lower voltage) substations" would be required longer term (10 years) to manage the new demands on the distribution system. The target areas for expected locations of

these substations through year 2023 are shown in Appendix H of the study. Furthermore, the report concluded that beyond 15 years, Kennecott Land's planned developments combined with the likely siting of a major transportation corridor will lead to the largest and most rapid development in the Salt Lake Valley near the vicinity of the Oquirrh substation. As a result of this analysis, the Company identified the immediate need to plan for and to provide additional transmission system capacity to the area interconnected to the Oquirrh Substation to meet the projected electrical demand.

Q. How does this Project meet the requirements of the IRP and the 2004 Study in light of the current recession?

A. It is no secret that the Company, like everyone else in the United States (and the world), is being affected by the current recession. The 2008 IRP has recognized that, at least in the near term, load growth will not be as vibrant as had been forecast in the 2007 IRP, an issue I discuss further below.

For many years, Utah has been a high-growth state. The Company is unaware of any data or other projections that suggest that this will change in any substantial way (particularly given Utah's natural population growth, which I discuss in detail below). When the recession ends, Utah will continue to be attractive to business and industrial growth and electricity will be essential to meet Utah's above-average population growth.

Utah has not been as hard hit by the recession as other states and the country as a

whole. The seasonally adjusted national unemployment rate for September 2009, according the Bureau of Labor Statistics ("BLS"), was 10.2 percent.[2] The BLS reported that Utah's unemployment rate for the same period was 6.2 percent,[3] the fourth lowest unemployment rate of the fifty states.[4]

Of course, the long-range planning represented by the IRP requires the Company to look far beyond the current recession to assure that the electricity needs of Utah are met on a much longer time line. Thus, while demand has been affected by the recession and the 2008 IRP has slightly scaled-back its estimate of future load demand, the Company's network load obligation in Utah is still expected to grow during the next ten years at an average annual growth rate at about 2.6 percent. (2008 IRP, at page 73, Exhibit DTG-2) The Company must assure that, not only are there adequate supplies of electricity to meet ongoing customer demands for energy, but also that the transmission system has the capacity and reliability to deliver this increased demand for electricity to customers. At the same time, adequate transmission capability is essential for the Company to maintain its obligations to provide reliable and safe electricity to its customers. Network Customers depend upon market purchases in southern Utah for import to load centers north of the Mona substation. Without increased capacity as proposed by the project, PacifiCorp will not be able to meet customer needs.

UTAH POPULATION GROWTH

[2] http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000.

[3] http://www.bls.gov/eag/eag.ut.htm.

[4] http://www.bls.gov/web/laumstrk.htm.

Q. Are the growth estimates in the 2008 IRP consistent with other data sources?

A. Yes. I reviewed Dr. Zenger's testimony in the Populus-to-Terminal docket. As Dr. Zenger indicated in her testimony there are less than 3 million Utah residents right now; however, estimates from the Governor's Office of Planning and Budget showed significant ongoing growth in Utah: to well over 4 million residents by 2030. (Dr. Zenger's Direct Testimony, Docket No. 08-035-42, at page 24).

The data used by Dr. Zenger has been updated by data from a new state study of Utah's economy, the 2009 Economic Report to the Governor ("2009 Report").[5] While some numbers have changed from earlier reports, they are slight and the same fundamental conclusions reached by Dr. Zenger still hold for Utah population growth. I have attached a portion of the "Demographics" section of the Report as **Exhibit RMP (DTG-4).**

Population growth is a combination of two factors: (1) natural growth (births minus deaths) and (2) net migration (the number of people moving into the state minus people moving out of the state). In both factors, growth in Utah is vibrant. Utah has one of the highest fertility rates in the country (the fertility rate in the United States is 2.06, while the rate in Utah is 2.47). (See page 45, Figure 30, and Table 16 of Exhibit DTG-4). At the same time,

> "Utah's life expectancy has been consistently higher than the national average. Life expectancy in Utah rose from 77.7 years in 1990 to 78.6 years in 2000. Nationally, life expectancy rose from 75.4 years in 1990 to

[5] The 2009 Report is available online at http://www.governor.utah.gov/dea/ERG/2009ERG.pdf.

77.0 years in 2000." (Exhibit DTG-4, at page 45).

In combination, a high birth rate and a higher than average life expectancy produces a strong rate of natural growth. In terms of net migration, Utah has consistently experienced positive net in-migration for nearly two decades (and with the economic problems experienced by California and Nevada one can reasonably expect this to continue). The year 2008 "marked the 18th consecutive year with net in-migration" to Utah. (Exhibit DTG-4, at page 45, and Table 14). The combination of these factors, and a stronger that average economy, produces strong and continued population growth. In the last decade of the twentieth century, Utah added about 510,000 new residents. (Figure 31, Exhibit 1.4). Through 2008, Utah has added 534,000 more residents since 2000, and the population is projected to be 2.9 million in 2010.

In summary, the 2009 Report projects strong population growth for Utah: "The State's population is projected to be 2.9 million in 2010, 3.6 million in 2020, 4.4 million in 2030, 5.2 million in 2040, 6.0 million in 2050, and 6.8 million in 2060." (Excerpts of the 2009 Report, **Exhibit RMP Exhibit (DTG-5).**

This increase in population will result in additional residential, municipal, and industrial electrical demands to accommodate the increased population's needs. Despite conservation efforts by the Company and the public, it is clear that additional transmission capacity is necessary for the Company to meet the load growth over the foreseeable future. These are predictions and are, of course,

subject to some error. But even if these predictions are not precisely correct (and there is no reason to believe they are off by much), Utah will continue to experience high population growth and thus high demand for electricity.

CURRENT TRANSMISSION SITUATION IN UTAH

Q. Please describe the current transmission situation for bringing power onto the Wasatch Front and adjoining areas from the south and how the Mona-Oquirrh Project fits into that situation.

A. Currently, a majority of the electricity serving the northern Utah area is generated at Company facilities in Carbon, Juab, and Emery counties and is delivered on existing transmission lines that enter the Wasatch Front and adjoining areas from the south. These southern Utah generating facilities include the Carbon, Hunter, Huntington, and Currant Creek power plants. The Company's transmission system that provides electrical service to this area from southern Utah presently consists of two 345kV lines from the Huntington and Castle Dale (Emery Substation) areas to the Spanish Fork and Camp Williams substations, four 345kV lines from the Mona area to the Camp Williams Substation, and two smaller 138kV lines from the Helper area (Carbon Substation) to the Spanish Fork Substation. These transmission lines along with other interconnected lines are also used to import power into Utah from Nevada, the Four Corners Region, and from other energy providers connected to the Mona Substation. It is necessary to then move this energy north to the large growing load centers in the Wasatch Front and surrounding areas.

Similarly, PacifiCorp's municipal and other network customers rely on generation located south or connected to Mona to serve their loads and expect to rely on increased capacity of existing facilities to serve their load growth needs north of Mona.

As northern Utah's electrical usage continues to grow, existing transmission lines do not have sufficient capacity to serve this projected energy demand and ensure an adequate and reliable electric supply to northern Utah. These conditions further validate the conclusions of the 'Wasatch Front Spatial Load Forecast' conducted in 2004 and described above. In addition to the 2004 Spatial Load Forecast transmission studies and analysis show the capacity of the transmission system from Mona north to the Salt Lake City area is fully subscribed by users requiring firm transmission service and the system is operating at or near its full capability. The studies show future electrical demand on the system will exceed the capability of existing lines in the area during peak periods. The Company must prudently plan in advance of this event.

Q. Are there other further justifications driving the need to execute and complete this project in addition to those mentioned above?

A. Yes. The Company must meet all NERC and WECC transmission system reliability standards and performance criteria. These criteria require the Company to have a forward looking plan to reliably serve current and anticipated future loads under normal conditions and during system contingencies where portions of

the transmission system are out of service, planned or otherwise.

This Project provides new incremental transmission capacity (planned up to 1,500 MW) that is required long-term to serve growing electrical system demands. The Project also provides needed system reliability allowing the Company to meet its current and future load service requirements and to help meet reliability criteria. Transmission system reliability benefits are fully gained by locating this Project away from existing lines and utilizing a separate corridor thereby reducing the risk of multiple line outages.

ALTERNATIVES AND RATIONALE FOR THE PROJECT

Q. Were alternatives to the Project considered?

A. Long term alternatives to constructing a new transmission line are limited; however, they have been given serious consideration by the Company during the IRP process, but none was found that met the purpose and need and long term requirements of the Project, which are primarily driven by future energy resource locations, including: (1) electric load and demand-side management and energy conservation, (2) new generation facilities within the Salt Lake City area, (3) adding additional capacity to existing transmission lines and alternative transmission technologies. As a result of the resource portfolio modeling conducted for the 2007 IRP, the Company concluded that additional transmission transfer capability in Utah was cost-effective relative to supply-side and demand-side resource alternatives.

Q. Please describe further why the Project was selected?

A. The Project was selected based on several factors:

- Approximately 75 to 80 percent of all of the electricity use in Utah, referred to as the Wasatch Front load, is within a 10-county area of northern Utah. The Project will add significant long term incremental transmission capacity by acquiring a planned rating of up to 1,500 MWs to the system.
- The Project will allow increased import of new generation resources or market purchases of energy from Mona and the Desert Southwest, the Four Corners Region, and markets available through interconnections at Mona to be delivered to northern Utah.
- Mona has been and will continue to be a hub through which electricity is imported from the Company's southern intertie lines including serving as an important interconnection point with Deseret Generation and Transmission's Bonanza Plant and the Intermountain Power Agency's Intermountain Power Plant.
- Strengthening the electrical path between Mona and the Wasatch Front allows utilities greater opportunity to take advantage of economical power transfers, sales, and purchases into and through Utah.
- Currently transmission line and station maintenance windows are limited because the system is fully utilized. When completed, this Project will improve our ability to perform required maintenance without significant operational impacts to the system, and it will reduce outage risks when portions of existing transmission facilities are removed from service for

maintenance.

- The Project provides an opportunity for developing southwest municipalities to incorporate both short- and long-term infrastructure needs into their planning process.
- The Project is necessary for the Company to maintain its contract obligations to continue to provide reliable firm transmission service.
- As stated previously, reliability benefits are provided by utilizing a different corridor than the existing Mona – Camp Williams corridor in the event of unscheduled or planned outages. The Project satisfies not only the long term load growth requirement but improves the reliability of the system for the Company's customers generally.

Q. How will the Transmission Project benefit the Company's customers?

A. The Transmission Project will provide an efficient and reliable supply of electricity to meet existing and future electrical loads by 2013. Without the new capacity, the Company would have to rely on the existing transmission interconnections to the Desert Southwest, Central Utah, Four Corners, and Eastern Wyoming. These transmission paths are currently fully utilized and do not provide any meaningful transmission capacity required for future projected load. Without the increased transmission capacity provided by the Project, the Company would be faced with an increased and unacceptable risk of not being able to meet its load service obligations during all periods. The Project will enhance the Company's ability to provide reliable and efficient service to all customers. Further, in order to provide low-cost energy, the Company must have

the ability to acquire power from numerous generation sources in order to negotiate the most competitive pricing. By adding transmission capacity we expand our ability and options to obtain additional generation sources at competitive pricing. The Project will result in a stronger interconnection with other parts of the system providing better transmission system access to the other sources of generation. The Project, especially when complemented with other planned projects, will greatly strengthen the Company's transmission capacity and flexibility. Generally, the addition of the Project will be an important piece in strengthening the Western grid's transmission infrastructure, which I believe is necessary, based upon our customers near-term and long-term load growth projections, and the contingencies and restrictions we are beginning to see on the network during outage conditions. The Project is widely regarded as a necessary interconnection point to support the long-term transmission expansion described in the Rocky Mountain Area Transmission Study (RMATS) report dated September 2004. Given the voluminous nature of the RMATS study, its Executive Summary is attached as **Exhibit RMP (DTG-6).**

OTHER BENEFITS

Q. Will the Transmission Project provide increased reliability for the Company's wholesale transmission customers?

A. Yes. Utah Associated Municipal Power Systems ("UAMPS"), Utah Municipal Power Association ("UMPA"), and Desert Generation & Transmission ("DG&T") rely on Utah-based generation to support loads throughout the state. Increased capacity in the northbound direction provides required reliability for

long-term load service in northern Utah. Without increased northbound transmission capacity, the Company, UAMPS, and other entities such as UMPA and DG&T, would be required to find alternative resource energy supply to serve load growth, potentially increasing their power costs. Increasing capacity across this path will significantly improve a point of constraint on the system that currently affects several transmission customers.

Q. Will the Transmission Project provide other benefits to the Company's transmission system?

A. Yes. As has been seen in the West as well as other parts of the country, the transmission grid can be affected in its entirety by what happens on an individual transmission line. For example, the transmission path between southern and northern Utah is comprised of several individual transmission lines or line segments. A single outage on any of the individual lines due to storm, fire, or other external human interference can and does cause significant reductions in transmission capacity and can negatively impact our ability to serve customers. The Project will allow the Company to continue to meet native load service obligations and continue to meet contractual obligations to third parties. Strengthening this path with the new transmission line will benefit all customers due to these factors.

Q. Are there other benefits you see from this Project?

A. Yes. While this Project provides the next necessary increment of transmission capacity it also supports and complements other future transmission investments that are currently proposed by the Company and other utilities in the region. This

Project positions the Company to be strongly interconnected to other regional projects currently being planned and provides options for access to additional resources.

Q. Please explain why a CPCN is necessary now for a project that is not scheduled for completion until 2013.

Because of the economics of building transmission lines, additional transmission facilities typically come in large blocks rather than small increments. The Company is an essential service provider and as such develops its long-range plans to meet customer service requirements. As part of this process, the Company plans segments of transmission projects, such as the Mona to Oquirrh Project, in 1,500 MW increments because large infrastructure additions like the Project require long lead times in order to meet anticipated energy demands. These large additions are complex and require long range project planning to incorporate siting, permitting, the NEPA process, design, material ordering, and logistics, and because of the physical length of the Project, also require multiple years for construction. Scheduling and planning infrastructure projects in this manner helps reduce overall project costs and thus costs to our customers. There are construction restrictions that will affect the Project, including environmental constraints, high elevations, and difficult terrain that will require as much time as possible to construct the Project so that it is completed in 2013.

STATUS OF PERMITS FROM LOCAL GOVERNMENT ENTITIES

Q. What is the current status with regard to obtaining the necessary permits from local government entities?

A. The Company has filed conditional use permit applications with the cities of South Jordan and West Jordan, and from Utah County. In Tooele County, it is first necessary to seek an amendment to the county ordinances and then a conditional use permit. The Company has made a formal request that Tooele County amend its ordinances. Once that process is completed, the Company will then seek a conditional use permit. Based on the current routing plan, these are the only local approvals the Company must obtain. Should a routing change as the result of the environmental approval process require any additional local permits, the Company will immediately seek such approval. As to the permits described above, the Company will keep the Commission informed of their status.

RATE TREATMENT AND PRUDENCE REVIEW

Q. Is the Company seeking a prudence finding or a determination of rate treatment for the cost of the Transmission Project at this time?

A. No, not at this time. A request for cost recovery will be made in a future general rate case or major plant addition filing. The appropriate prudence review will be made in that proceeding.

CONCLUSION AND RECOMMENDATION

Q. What do you recommend?

A. I recommend that the Commission find and conclude that the Project is needed in order for the Company to provide efficient and reliable service to its customers in northern Utah and that the Project is in the public interest. Based on those findings and conclusions, I recommend that the Commission grant the Company a CPCN for the project.

Q. Does this conclude your direct testimony?

A. Yes.

EXHIBITS TO DIRECT TESTIMONY OF DARRELL T. GERRARD

EXHIBIT DTG-1: Transmission Line Corridor Route Map

EXHIBIT DTG-2: Excerpts from the 2008 IRP (Volume 1)

EXHIBIT DTG-3: Wasatch Front Spacial Load Forecast (May 6, 2004)

EXHIBIT DTG-4: 2009 Economic Report to the Governor (Excerpts from "Demographics" Section)

EXHIBIT DTG-5: 2009 Economic Report to the Governor (Excerpts Summary)

EXHIBIT DTG-6: Rocky Mountain Area Transmission Study (RMATS) (Executive Summary)