Introduction

Q. Are you the same Douglas N. Bennion who submitted direct testimony in this proceeding on behalf of Rocky Mountain Power (the "Company")?

A. Yes.

Purpose of Rebuttal Testimony

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

A. The purpose of this rebuttal testimony is to respond to proposed Transmission and Distribution ("T&D") plant addition adjustments that were made by Mr. Richard S. Hahn, of La Capra Associates, in his direct testimony filed on behalf of the Utah Division of Public Utilities ("DPU").

More specifically, my rebuttal testimony responds to eight of the proposed adjustments to T&D plant additions that were included in Exhibit DPU 3.0 Dir-Rev Req and further detailed in Mr. Hahn's direct testimony. These line items include the following six T&D plant type "generic" projects:

1) *R2--Replace - Substation Meters and Relays*, transmission plant additions in the state of Utah;
2) *RI--Replace - Storm and Casualty*, transmission plant additions in the state of Idaho;
3) *RE--Replace - Overhead Transmission Lines - Poles*, transmission plant additions in the state of California;
4) *MR--Mandated - Regional or National Regulatory*, transmission plant additions in the state of Washington;

5) *MR--Mandated - Regional or National Regulatory*, transmission plant additions in the state of California;

6) *U4--Functional Upgrade - Spare Equipment Addition*, distribution plant additions in the state of Utah;

and the following two "specific" projects:

1) *City Creek City Creek Center - New 40 MW Development*, distribution plant additions in the state of Utah; and

2) *Skypark 138-12.5kV Substation*, distribution plant additions in the state of Utah.

Specifically, I will demonstrate that the DPU's proposed plant addition adjustments for these projects should be rejected and that Rocky Mountain Power should be granted the plant addition amounts submitted, with a minor adjustment to the Skypark 138-12.5kV Substation project which is outlined below.

Q. Do you have any general observations regarding the testimony filed by Mr. Hahn?

A. Yes. Although Mr. Hahn has filed testimony and exhibits outlining analyses that he concludes is reasonable justification for the proposed adjustments to T&D plant additions, the analyses and conclusions supporting these adjustments do not accurately reflect the circumstances and cost requirements for these plant additions.

Transmission and Distribution "Generic" Projects

Q. What plant adjustments are proposed by Mr. Hahn for the "generic" T&D projects?

A. With respect to the T&D "generic" projects that were reviewed and analyzed by Mr. Hahn in his workpapers filed in this case, *Hahn – Workpapers for Generic Projects.xlsx* ("Workpapers"), he proposes a $5.65 million reduction to Rocky Mountain Power's requested transmission plant addition amounts for the T&D projects, reducing the requested amount from $8.7 million to $3.049 million, and a $3.845 million reduction to Rocky Mountain Power's requested distribution plant addition amounts for the T&D projects, reducing the requested amount from $3.963 million to $0.118 million. The T&D project adjustments proposed include the following six distribution and transmission plant type "generic" projects:

1) *R2--Replace - Substation Meters and Relays*, transmission plant additions in the state of Utah; proposed plant addition reduction from $1.410 million to $0.331 million;
2) *RI--Replace - Storm and Casualty*, transmission plant additions in the state of Idaho; proposed plant addition reduction from $1.055 million to $0.398 million;
3) *RE--Replace - Overhead Transmission Lines - Poles*, transmission plant additions in the state of California; proposed plant addition reduction from $2.656 million to $1.787 million;
4) *MR--Mandated - Regional or National Regulatory*, transmission plant additions in the state of Washington; proposed plant addition reduction from $2.082 million to $0.409 million;

5) *MR--Mandated - Regional or National Regulatory*, transmission plant additions in the state of California; proposed plant addition reduction from $1.497 million to $0.124 million;

6) *U4--Functional Upgrade - Spare Equipment Addition*, distribution plant additions in the state of Utah; proposed plant addition reduction from $3.963 million to $0.118 million.

Q. What is the basis cited by Mr. Hahn for these T&D "generic" project reductions?

A. Mr. Hahn's recommended adjustments appear to be based on a linear trend analysis of historical expenditures and budgets he proposes in his Workpapers, with reductions to plant additions based on the calculated difference between estimated trend forecasts of historical expenditures and the plant additions proposed in this case ("Trend Analysis"). Mr. Hahn concludes that the expenditure trends of five of the 27 T&D "generic" transmission projects and one of the 18 T&D "generic" distribution projects that he analyzed were below trend-forecasted amounts. His Trend Analysis did not include a complete list of all T&D "generic" investment reasons and projected spend. It included only rate case items that were greater than $1 million and that were shared across the Rocky Mountain Power system.

Q. Do you agree with Mr. Hahn's proposed plant addition reductions for these T&D "generic" projects?

A. No. Rocky Mountain Power does not believe these adjustments are correct. Rocky Mountain Power supports its T&D transmission and distribution "generic" plant additions as proposed.

Q. Before discussing details surrounding specific T&D line items Mr. Hahn has recommended for adjustment, do you have any additional observations regarding the analysis used for the "generic" projects?

A. Yes. Mr. Hahn's Trend Analysis, if applied collectively to all analyzed T&D "generic" transmission projects, results in an overall increased forecasted spend compared to the requested plant addition rate case amounts. For example, for the total T&D "generic" transmission projects analyzed by Mr. Hahn (excluding line items 9, 23 and 24, which include only 2011 expenditures and no 2012 or 2013 expenditures in the rate case filing):

- Total 2012-2013 projected actual/trend = $64.189 million.
- Total 2012-2013 submitted/projected filing = $64.109 million.

Mr. Hahn's 2012-2013 projected actual/trend for all analyzed T&D "generic" transmission projects, collectively, is $0.08 million greater than the submitted/projected filing amount.

Mr. Hahn's Trend Analysis, if applied collectively to all analyzed T&D "generic" distribution projects, also results in an overall increased forecasted spend compared to the requested plant addition rate case amounts. For example, the total T&D "generic" distribution projects analyzed by Mr. Hahn (excluding line items 11 through 15 and 17, which include primarily 2011 expenditures and only small 2012 or 2013 expenditures in the rate case filing):

- Total 2012-2013 projected actual/trend = $129.292 million.
- Total 2012-2013 submitted/projected filing = $90.283 million.

Mr. Hahn's 2012-2013 projected actual/trend for all analyzed T&D "generic" distribution projects collectively is $39.009 million greater than the submitted/projected filing amount.

Mr. Hahn's application of the Trend Analysis has been misapplied by selecting only specific line items that support a reduced spend forecast amount. If this Trend Analysis is sound and reasonable, the analysis should be applied across all "generic" transmission and distribution projects, thus increasing the overall filing for the analyzed "generic" projects by approximately $40 million. This method does not accurately reflect forecast spend for the "generic" projects. Therefore, Rocky Mountain Power's overall proposed T&D "generic" plant additions as filed in this rate case are reasonable.

Reasonableness of Specific Project Requests

Q. Why is Rocky Mountain Power's proposed $1.410 million for the "generic" transmission project *R2--Replace - Substation Meters and Relays* in the state of Utah reasonable?

A. This project is for the replacement of deteriorated and/or failed transmission level substation meters and relays. Year-to-date 2012 actual spend in the amount of $2.857 million is already above Mr. Hahn's 12-month 2012 trend projected amount of $0.264 million, with the balance of 2012 and 2013 spend not yet complete.

The 2012 year-to-date expenditures also exceed Rocky Mountain Power's proposed $1.114 million transmission plant addition amount filed in this case. The 2012 year-to-date expenditure includes three large microwave and powerline carrier replacement projects that were not known at the time of the rate case filing.

Copies of the appropriation requests ("APR") for these projects are attached as Exhibit RMP___(DNB-1R).

Q. Why is Rocky Mountain Power's proposed $1.055 million for the "generic" transmission project *RI--Replace - Storm and Casualty* in the state of Idaho reasonable?

A. This project is for replacement of transmission facilities damaged by storms, animals, or third party incidents. Storm and casualty funding projections are developed based on historical spending amounts, but actual spend often varies between states and FERC categories due to shifts in the location and types of actual events. As of June 26, 2012, approximately 54 percent of the $1.055 million included in the filing, or $0.57 million, has been identified and approved for transmission storm and casualty replacement projects in Idaho that have been placed in service or will be placed in service by December 31, 2012, with the remaining balance to be allocated for projects placed into service over the course of the test period. It is anticipated that the proposed plant additions will be used and delivered within this period.

Q. Why is Rocky Mountain Power's proposed $2.656 million for "generic" transmission project *RE--Replace - Overhead Transmission Lines - Poles* in the state of California reasonable?

A. This "generic" project is for the replacement of deteriorated transmission poles. Transmission pole replacement funding is developed based on the actual quantity of reject poles known during budget preparation, anticipated rejects to be found on an annual basis and, in the case of California, the required correction date per

California General Order requirements. The quantity of poles replaced may vary significantly from year-to-year depending on the age of the lines inspected, status of the backlog of poles, work force scheduling and access issues. The plant in service data for this item is based on the known and estimated pole replacements to be performed and is an accurate estimate of the plant additions for this item. As of June 25, 2012, there are approximately $2.2 million in approved projects in this category to be placed in service by December 31, 2012. Copies of the APRs for these projects are attached as Exhibit RMP___(DNB-2R).

Q. Why are Rocky Mountain Power's proposed $2.082 million for "generic" transmission projects *MR--Mandated - Regional or National Regulatory* in the state of Washington, and $1.497 million for "generic" transmission projects *MR--Mandated - Regional or National Regulatory* in the state of California reasonable?

A. These "generic" projects are for funding capital additions required to maintain compliance with the NERC Reliability Standards for transmission facilities located in California ($1.497 million) and Washington ($2.082 million). The NERC Reliability standards were originally issued in 2007 and continue to be revised and clarified. As the standards are revised and engineering studies are performed, as required by the standards, work necessary to maintain compliance with the standards is identified and included in the capital plan. There is no underlying "run rate" for this type of work and the use of historical trending to propose adjustments to plant in service is not valid. In addition, the MR investment reason was utilized to capture the costs for work primarily driven by the standards commencing in 2009

and as such, there is no long term history available even if it were considered applicable. Specific work tasks required to maintain compliance with the NERC reliability standards have been identified in California and Washington and it is anticipated that the proposed plant additions will be delivered.

Q. Why is Rocky Mountain Power's proposed $3.963 million for "generic" distribution project *U4--Functional Upgrade - Spare Equipment Addition* in the state of Utah reasonable?

A. This "generic" project is for the addition of distribution spare equipment. Although forecasted spending in this particular category has been reduced since the filing of the case, the portion of the funding that is no longer needed for these types of projects has been reallocated to fund other, higher priority, projects across the Rocky Mountain Power territory, including Utah. One example of this is in the Storm and Casualty investment reason. Recent fires across Utah have significantly increased the amount of spending over what was filed in this case. As of June 26, 2012, approximately 83 percent of the $9.663 million included in the filing, or $8.065 million, has been identified and approved for distribution storm and casualty replacement projects in Utah, and we have also identified additional $0.697 million beyond the $3.116 million included in the filing for transmission storm and casualty replacement projects in Utah that have been or will be placed in service by December 31, 2012, with additional projects under review to be placed into service through the end of the test period.

Skypark 138-12.5kV Substation

Q. What is the plant adjustment proposed by Mr. Hahn for the Skypark 138-12.5kV Substation?

A. Mr. Hahn proposes a $1.955 million reduction to Rocky Mountain Power's proposed plant addition amount, from $8.064 million to $6.109 million based on his erroneous determination that $0.773 million of it was inadvertently double-counted, and that $1.182 million included with Rocky Mountain Power's requested plant addition amount is for project costs associated with excess land that is not used as part of this project and has been recorded as non-utility.

Q. Do you agree with the proposed reduction for this project?

A. No.

Q. What plant addition amount should be included in this case and why?

A. The plant addition amount that should be included in the case is $7.9 million of the $8.064 million plant addition originally requested by Rocky Mountain Power.

In his testimony, Mr. Hahn notes a $0.773 million error in the rate case filing which Rocky Mountain Power accepts. However, actual plant placed in service during the test period is $7.9 million and, therefore, should not be disallowed. The land that was classified as non-utility was purchased in 2009 and was not included in the plant addition forecast provided in the rate case; therefore, the $1.182 million is reasonable and should not be disallowed. I recommend the actual plant placed in service amount should be allowed in the rate case for this project.

City Creek City Creek Center - New 40 MW Development

Q. What is the plant adjustment proposed by Mr. Hahn for City Creek City Creek Center - New 40 MW Development?

A. Mr. Hahn proposes a $14.1 million reduction to Rocky Mountain Power's proposed plant addition amount, from $17.775 million to $3.675 million, based on his erroneous view that the City Creek developer, PRI, should have been required to pay a contribution in aid of construction ("CIAC") payment of $21.1 million, which exceeds the $7.0 million estimated CIAC requirement by $14.1 million.

Q. Do you agree with the proposed reduction for this project and why?

A. No. The full $17.775 million plant addition requested by Rocky Mountain Power in the rate case for this project should be included. Figure 1 below indicates that approximately $10.96 million of the $43.7 million total project was identified as the responsibility of the developer ("PRI"), not the $32.1 million as stated in Mr. Hahn's testimony.

Figure 1

	PRI Non-Allowable [1]	PRI Allowable [2]	RMP [3]	Total
Phase 1 & 2	$3.00	$2.81	$3.69	$9.50
Phase 3	$4.00	$1.15	$29.05	$34.20
Total	$7.00	$3.96	$32.74	$43.70

PRI Commercial Revenue	$7.82
Commercial Allowance	$10.43
#Residential units	550
Residential Allowance	$0.61

	Residential	Commercial	Total
PRI Allowable Project Costs[4]	$0.49	$3.47	$3.96
PRI Extension Allowance (min of allowance vs cost)	$0.49	$3.47	$3.96
CIAC Requirement	**$0.00**	**$0.00**	**$0.00**

1 PRI Non-Allowable costs include the work and equipment associated with the installation of vaults and conduits performed by PRI. RMP is given ownership of these assests upon completion.
2 PRI Allowable costs include the work and equipment associated with installation of the facilities directly assignable to PRI excluding the trenching and vault costs contributed by PRI via the Non-Allowable costs.
3 RMP costs include the work and equipment for the infrastructure considered as overall system improvements/upgrades.
4 PRI allowable project costs were allocated between residential and commercial based on their respective loading portion of the total load.

These costs are associated with the facilities needed to directly serve the requested 27.5 MW of the City Creek development. Seven million dollars ($7.0 million) of

this was the estimate for non-allowable trenching/vault costs. The remaining $3.96 million of costs was directly assigned to the developer, PRI, with the ability to be funded by revenue allowance in accordance with the the Rocky Mountain Power Line Extension Policy, Regulation 12. Since the revenue allowance for the City Creek development was large enough to cover the $3.96 million, there was no requirement to collect CIAC from PRI.

The remaining $32.74 million of project costs were to fund substation, transmission, or other distribution facilities in the downtown Salt Lake City area that will be utilized as part of the integrated electrical system. These costs were treated as overall system improvements since these facilities provide service and capacity to other customers in the area due to the network design of the electrical infrastructure. Therefore, $32.74 million of the project costs were allocated to Rocky Mountain Power.

Additionally, Mr. Hahn states that the project was initially approved with $7.0 million paid by PRI as CIAC. This $7.0 million estimate was the best estimate at the time for the cost of trenching and vaults that PRI was responsible to fund. Per tariff, these costs are considered a ‘non-allowable’ contribution and, therefore, are not eligible for revenue allowance. PRI chose to perform this work and transfer the ownership of these facilities to Rocky Mountain Power upon completion. This portion of the project was completed by PRI for approximately $1.45 million. The difference between this and the estimated $7.0 million shows up ultimately as a reduction to the overall project cost.

Summary and Conclusion

Q. Please summarize your rebuttal testimony.

A. The DPU, through Mr. Hahn, has proposed multiple adjustments to Rocky Mountain Power's requested plant additions. Rocky Mountain Power believes the filed amounts are just and reasonable. Although trend analysis has many useful applications, Mr. Hahn's application of trend analysis to the "generic" projects included in this rate case does not account for the flexibility needed to reallocate and reprioritize funding levels across investment categories. This flexibility is needed in order to address variances in planned spending driven by items such as unanticipated equipment failures due to severe storms or wildfires, significant swings in customer connections due to economic factors, city or state project changes, etc.

Additionally, because the $1.182 million reduction proposed by Mr. Hahn for non-utility class land purchased in 2009 for Skypark 138-12.5kV Substation was not included in the plant addition forecast provided in this rate case, no adjustment is necessary and the actual plant placed in service amount should be allowed for this project.

Finally, Mr. Hahn's proposed reduction to capital investment for the City Creek Center should be rejected. The full $17.775 million plant addition amount included for City Creek Center Development in this rate case should be included. The CIAC identified as the responsibility of the developer, PRI, for this project was calculated and applied correctly, in accordance with the requirements of the line extension policy.

Q. Does this conclude your rebuttal testimony?

282 A. Yes.