REDACTED VERSION

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky)
Mountain Power for Authority to Increase)
its Retail Electric Utility Service Rates in	DOCKET NO. 08-035-38
Utah and for Approval of its Proposed	DPU EXHIBIT 6.0_SD
Electric Service Schedules and Electric)
Service Regulations	•

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

JAMES B. DALTON

ON BEHALF OF THE

UTAH DIVISION OF PUBLIC UTILITIES

February 26, 2008

1	PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY			
2	JAMES	JAMES B. DALTON		
3	Divis	DIVISION OF PUBLIC UTILITIES		
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5	Q.	Please state your name, business address, employer, and current position or		
6		title for the record.		
7	A.	My name is James B. Dalton, and my business address is 160 E 300 S, Salt Lake		
8		City, 84114. My employer is the Division of Public Utilities (Division) in the		
9		Utah Department of Commerce. My current position is Utility Analyst.		
10	Q.	Are you the same James B. Dalton that previously filed Direct Testimony in		
11		this docket?		
12	A.	I am. The additional information contained herein is provided as an addendum to		
13		my previously filed Direct Testimony, dated February 11, 2009.		
14	Q.	What information will you be updating in this filing?		
15	A.	I have two adjustments that need to be included in the Division's Net Power Cost		
16		(NPC) analysis. First, I will update the Division's NPC analysis regarding Rocky		
17		Mountain Power's (the Company) projected coal costs. Secondly, I will correct		
18		erroneous planned outage dates that were included in Exhibit DPU 6.1		
19		(Confidential), as filed in my Direct Testimony.		
20	Q.	Can you explain what updates should be made regarding the Company's		
21		projected coal costs?		
22	A.	Yes. As was noted in my Direct Testimony, the Division was in the process of		
23		analyzing decreases in diesel fuel and petroleum product costs and their related		

impacts on delivered coal expenses and captive mine operations, which affect NPC and was waiting for additional information from the Company on this issue. On February 23, 2009 the Division received the Company's response to a data request that was submitted on February 3, 2009, nine days prior to the February 12, 2009 filing deadline for Direct Testimony. This data request response provides updated confidential information about the impacts on delivered coal expenses from declining diesel fuel and natural gas costs. It also provides information about fuel expenditures at the Company's Deer Creek mining operations.

Q. Where can this information be found?

34 A. The Company's confidential response to DPU Data Request (DR) set 78 contains this information.

Q. Can you describe the Company's response?

37 A. Yes. The Company's confidential response to DPU DR 78.1 provides a cost
38 breakdown of diesel fuel costs, propane/natural gas costs, lubricant costs, and
39 other related material and supplies costs for the Company's Deer Creek mining
40 operations. In the confidential response to DPU DR 78.2, the Company updated
41 petroleum-related prices for transportation and coal contract costs to reflect

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¹ See DPU Exhibit 6.0 p. 20.

42		current market projections as of February 2009. The Division requested the
43		following information in this data request:
44 45 46 47 48 49		Since [November 2008], forecasted market crude oil prices have declined more than 30 percent. Please estimate the percent change in \$/ton coal prices [for each of the Company's captive mine operations and coal contracts] as a result of the expected calendar year 2009 decrease in prices [for] diesel fuel and petroleum products
50		In addition to the estimated decreases in the \$/ton coal price for various coal
51		supplies, the Company's response shows how these decreases have impacted the
52		calendar year 2009 estimated average fuel prices for each of the Company's
53		eleven coal-fired units. Table 1 compares the estimated \$/mmBtu fuel price, as
54		filed in the Company's GRID model, to the revised price, as shown in the
55		Company's confidential response to DPU DR 78.2.
56	Q.	Do you agree with the updated prices?
57	A.	Yes. The updated changes in \$/mmBtu prices appear to be in line with the
58		adjustments I made to the Company's Bridger Coal Mine operations, as provided
59		in my Direct Testimony.
60	Q.	What is the impact of these updates?
61	A.	
62		When the revised fuel prices, as shown
63		in Table 1 are entered into GRID, Company-wide NPC declines by about \$6.67

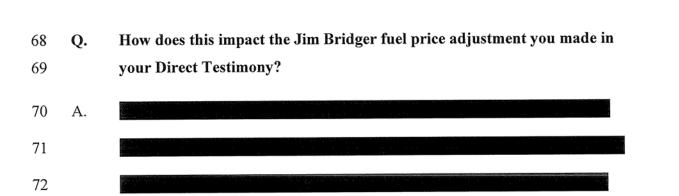
64 million on a Company-wide basis, or about \$2.8 million on a Utah-allocated basis.

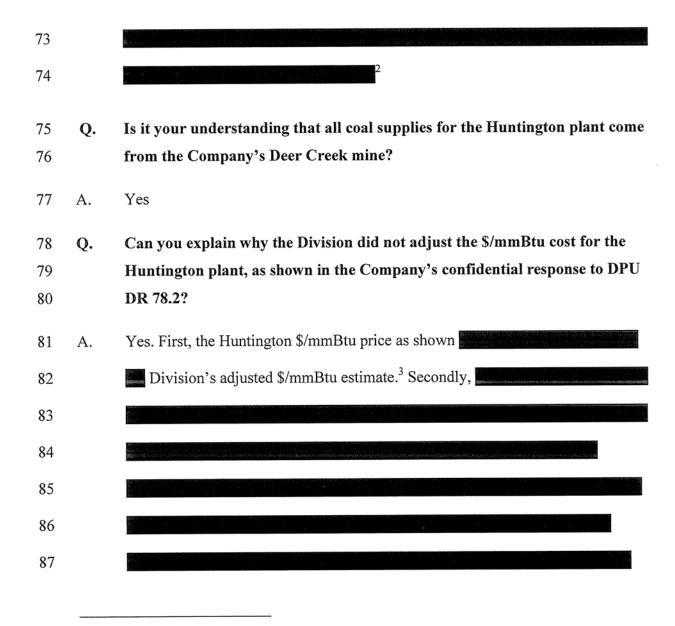
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Table 1: Fuel Price Comparison, Coal-Fired Plants CONFIDENTIAL

Plant	Fuel Price (\$/mmBtu), as input in GRID, 12/08/08 Company Filing	Revised Fuel Price (\$/mmBtu), per Company Response to DPU DR 78.2	Percent Change
Carbon	Magnetic Control	Appartus of the constitution	Maria con e e card
Cholla			
Colstrip	F1-	Salari Sa	
Craig	Editor and the second	Many 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Electronic de consul de Co
Dave Johnston	10.5 2 1 2 1		RV.
Hayden	6. 		7 · · · · · · · · · · · · · · · · · · ·
Hunter	### 1	BACE OF THE CONTRACTOR	Billion 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1
Huntington		\$10 pt - 12 pt	
Jim Bridger	8.		
Naughton			
Wyodak			





² See DPU Exhibit 6.0, p.19 at line 349.



A.

Q. Can you explain how this updated estimate affects your earlier NPCadjustments?

Yes. When the Division's proposed reductions to Jim Bridger mine fuel costs are also included in the GRID run which now incorporates the Company's updated reductions from the Company's confidential response to DPU DR 78.2, Company-wide NPC are reduced by about \$7.86 million, or about \$3.4 million on a Utah-allocated basis. In my Direct Testimony, I recommended a Company-wide NPC decrease of about \$1.24 million (about \$542,000 on a Utah-allocated basis) as a result of lower petroleum-related expenditures at the Bridger Mine which translated into lower unit fuel costs at the Jim Bridger plant. Because of the updated information, I now withdraw that adjustment and instead propose a \$7.86 million decrease to Company-wide NPC (\$3.4 million on a Utah-allocated basis). This adjustment combines the effects of declines in delivered coal expenditures based on the Company's confidential response to DPU DR 78.2, with the Division's proposed unit fuel price reductions to the Bridger mine, as described above.

Q. Can you explain the corrections you made to the planned outage schedule?

107 A. Yes. One of the dates that I proposed as an adjustment for planned outages at the
108 Carbon 2 plant is incorrect. Confidential Exhibit DPU 6.1 shows a recommended

109		planned outage date of the Carbon 2 Plant. This actually
110		should be stated and the should be s
111		than May. As confidential Exhibit DPU 6.1 shows, most planned outages have
112		historically occurred in for this plant. This change is shown in Confidential
113		Exhibit DPU 6.1 SD.
114 115	Q.	Do you have any other corrections you would like to make with regard to planned outage scheduling?
116	A.	Yes. The Division's recommended adjustments to the planned outage date at
117		Colstrip unit 3 would overlap the actual scheduled planned outage date at Colstrip
118		unit 4. In practice, there should be no overlapping planned outage dates among
119		units at a given plant. To remedy this, the Division moved the Colstrip unit 3
120		planned outage date to the period . This
121		change is also shown in Confidential Exhibit DPU 6.1 SD.
122	Q.	What is the impact on NPC?
123	A.	When these corrections are entered into the planned outage module in GRID and
124		run through the model, the Division's adjustment for planned outages is reduced
125		from about \$2.40 million, Company-wide or about \$1.03 million on a Utah-
126		allocated basis to about \$1.94 million on a Company-wide basis or about
127		\$839,000 on a Utah-allocated basis.
128	Q.	Can you summarize the revised estimates to the Division's NPC adjustments
129		resulting from the revisions to fuel prices and planned outage input errors?

130	A.	Yes. The Division's proposed NPC adjustments on a Utah-allocated basis are	
131		revised as follows: ⁵	
132		Adjustment	Reduction
133		1. Adjust the imputed price of the SMUD contract	\$ 656,903
134		2. Adjust planned outage dates in GRID	1,033,546
135		2. Revised planned outage dates in GRID	839,124
136		3. Revised forward price curve adjustments	2,545,018
137		4. Reduction of fuel costs at Bridger mine	541,843
138		4. Reduced coal production and contract fuel costs	3,407,290
139		5. Rolling Hills Wind capacity factor adjustment	208,978
140		6. Company NPC input errors, MDR 1.8	417,205
141		Total Recommended Reductions in NPC:	\$8,074,518
142	Q.	Does this complete your Supplemental Testimony?	
143	A.	Yes it does.	

⁵ Note that those adjustments that were not changed in this Supplemental Filing may be slightly different than the Utah-allocated NPC adjustments as shown in DPU Exhibit 3.2E. This is due to the sequencing of the NPC adjustments made in this filing as they are entered into the JAM model.