

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 Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.)	DOCKET NO. 09-035-23
)	DPU EXHIBIT 6.0SD

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

GEORGE W. EVANS

ON BEHALF OF THE

UTAH DIVISION OF PUBLIC UTILITIES

October 29, 2009

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4

5 **INTRODUCTION**

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7 **Q. Please state your name, business address, employer, and current position or**
8 **title for the record.**

9 A. My name is George W. Evans, and my business address is 358 Cross Creek Trail,
10 Robbinsville, North Carolina 28771. I am a Vice President with Slater
11 Consulting.

12 **Q. For whom are you providing testimony in this case?**

13 A. I am providing testimony on behalf of the Utah Division of Public Utilities (DPU
14 or Division).

15 **Q. Are you the same George W. Evans that presented direct testimony in this**
16 **docket?**

17 A. Yes, I am.

18 **PURPOSE OF TESTIMONY**

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

20 A. The purpose of my supplemental testimony is to provide a recommended
21 adjustment to the Company's filed Net Power Costs (NPC) that I mentioned in
22 my direct testimony (at lines 77-81 on page 5, lines 299-315 on page 19 and lines

23 316-317 on page 20) but was unable to quantify at that time. The adjustment
24 concerns the cost of coal at the Company's coal-fired generating plants.

25 **Q. What adjustment did you envision to the Company's coal costs?**

26 A. As described on page 19 of my direct testimony, the assumption for general
27 inflation used in the development of coal costs (as shown in the Company's
28 response to OCS Data Request 6.7) was significantly higher than the inflation
29 assumption used in the development of "Other Costs" in the GRID model (as
30 shown in the Company's response to OCS Data Request 6.1). My adjustment
31 would make the inflation assumption used in the development of coal costs
32 consistent with other assumptions made by the Company, and also update the
33 Company's assumptions regarding the forecasted cost of commodities that impact
34 coal costs, such as diesel fuel and natural gas.

35 **Q. Why were you unable to quantify this adjustment for your direct testimony?**

36 A. At that time, I did not have the Company's series of complex spreadsheets which
37 estimate future costs of coal at each coal plant, based on coal supply contracts and
38 coal delivery contracts. OCS Data Request 6.7 requested the Company provide
39 these "electronic spreadsheets".

40 **Q. Did the Company provide the "electronic spreadsheets"?**

41 A. No – the Company provided only a printed copy of the spreadsheets, making it
42 virtually impossible for other parties to make any corrections or adjustments to
43 the spreadsheets.

44 **Q. Did you ask the Company to re-compute the coal costs as you recommend?**

45 A. Yes. DPU Data Request 50.1, which was filed on September 28th, 2009 requests
46 that the Company re-compute coal costs with the modifications that I describe
47 above.

48 **Q. When did the Company respond to DPU Data Request 50.1?**

49 A. The Company provided its response to DPU Data Request 50.1 on October 16th,
50 2009. The Company's response provided the re-computed coal costs and also the
51 electronic versions of the spreadsheets used to re-compute the coal costs.

52 **Q. Have you developed an adjustment to NPC based on the Company's**
53 **response to DPU Data request 50.1?**

54 A. Yes, I have. Using the updated coal prices for each coal plant provided in the
55 Company's response to DPU Data Request 50.1, I performed a GRID analysis to
56 see the total impact of the changes on NPC. My recommended adjustment to NPC
57 for this issue, based on this GRID analysis, is -\$2,624,572 (-\$1,077,152 for Utah).
58 This would increase my proposed total NPC adjustment to approximately -\$42.6
59 million, system-wide, and -\$17.5 million, Utah allocated.

60 **Q. Does this complete your testimony?**

61 A. Yes it does.