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1 **I. Introduction**

2

3 **Q: Please state your name, business address and title.**

4 A: My name is Richard S. Hahn. I am employed by La Capra Associates, Inc. (“La Capra
5 Associates”) as a Principal Consultant. My business address is One Washington Mall,
6 Boston, Massachusetts, 02108.

7

8 **Q: On whose behalf are you testifying?**

9 A: The Division of Public Utilities of the State of Utah (the “Division”).

10

11 **Q: Have you previously filed testimony in this proceeding?**

12 A: Yes. On March 3, 2011, my direct testimony and exhibits were filed in this proceeding.

13

14 **II. Purpose**

15

16 **Q: What is the purpose of your supplemental testimony?**

17 A: On pages 62 and 63 of my direct testimony, I discuss the economic benefits from the
18 Apex plant. Particularly, I describe the Company’s response to DPU data request 4.23,
19 which requested that the Company perform an additional economic analysis. On lines
20 1203 to 1205, I noted that “the Company did not provide the PVRP for this scenario, and

21 I will request that information in additional data requests. The complete elimination of
22 the Currant Creek II unit could increase the value of the Apex plant.”

23

24 DPU 9.1 requested that the Company "provide the PVRR results for the Company's
25 response to DPU 4.23 in the same format as Table 5 Update from the response to DPU
26 2.7." On Wednesday March 16th, I received the Company's response to DPU data
27 request 9.1. The purpose of this supplemental testimony is to discuss the information
28 provided by the Company in response to DPU data request 9.1.

29

30 **III. Additional Economic Analysis**

31

32 **Q: Please describe the requested economic analysis.**

33 A: In DPU Data Request 4.23, the Company was requested to conduct a Step 3a analysis
34 with the latest information for the Apex and Currant Creek II resources, and with post-
35 2016 resources available but not fixed. A copy of the request and the Company's initial
36 response (received February 28) was included in Exhibit DPU 2.12 with my pre-filed
37 testimony. The results showed that the optimal Portfolio 2 (CH2M and Apex) defers the
38 Currant Creek II resource beyond the study period horizon of 2030. The Company's
39 initial response omitted PVRR benefits compared to Portfolio 1 (CH2M only). In DPU
40 Data Request 9.1, PVRR results were specifically requested in the format of Table 5 from
41 the Final Short List Development Report.

42

43 **Q: What were the results of the PVRR analysis requested in DPU Data Request 9.1?**

44 A: The table below provides the PVRR results for the analysis requested in DPU data
 45 request 4.23 and provided in the response to DPU data request 9.1. These results are for
 46 the base case scenario with a \$19/ton CO₂ allowance price.

47

CO ₂ Cost Scenario	Risk-Adjusted PVRR (Millions \$)					PVRR (Millions \$)
	Portfolio 1 (CH2M)	Portfolio 2 (CH2M & Apex)	Percent Variance	Difference, w/ Unmet Energy Cost	Difference, w/o Unmet Energy Cost	w/o Risk adjustment and Unmet Energy Cost
\$19/ton						

48

49 The above table includes information that shows the savings without unmet energy costs
 50 and without the risk adjustment. As I stated in my direct testimony, it is inappropriate to
 51 exclude these items from the savings estimates. The appropriate level of savings should
 52 include unmet energy costs and the risk adjustment.

53

54 **Q: How does this information affect the conclusion in your direct testimony that Apex
 55 is part of the least cost portfolio?**

56 A: These results reinforce the conclusion reached in my direct testimony that there are
 57 economic benefits to including the Apex plant in the Company's resource portfolio in
 58 addition to the CH2M project. According to the requested analysis, there is a \$█

59 [REDACTED] net risk-adjusted PVRR benefit to including both Apex and CH2M compared to
60 just CH2M. Since this analytical statistic was portrayed by the Company throughout the
61 RFP process as the “main stochastic performance measure used to assess each resource
62 portfolio”¹, this should be the main criteria for determining the comparative economic
63 value of purchasing Apex. Therefore, it is my strongly held belief that there are
64 economic benefits associated with the Apex plant, and that the best estimate of those
65 benefits is the \$ [REDACTED] figure provided in response to DPU 9.1.

66

67 **IV. Conclusion**

68

69 **Q: Does this conclude your supplemental testimony?**

70 **A:** At this time, yes, it does. Should additional or new information become available, I will
71 supplement my testimony as appropriate.

¹ All-Source Request For Proposals Final Short List Development Report, October 7, 2010.