

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Alternative Cost Recovery for Major Plant Additions of the Ben Lomond to Terminal Transmission Line and the Dave Johnston Generation Unit 3 Emissions Control Measure) DOCKET NO. 10-035-13
Exhibit No. DPU 3.0
Direct Testimony of Kenneth J. Slater

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

Direct Testimony of

Kenneth J. Slater

April 26, 2010

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2

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

4 A. My name is Kenneth J. Slater; my business address is P.O. Box 550189, Atlanta, Georgia
5 30355. I am the president of Slater Consulting.

6

7 **Q. On whose behalf are you testifying?**

8 A. The Utah Division of Public Utilities (Division).

9

10 **Q. Please summarize your educational and professional experience.**

11 A. Please refer to my current resume that is attached as DPU Exhibit 3.1.

12

13 **Q. What is the purpose of your testimony in this matter?**

14 A. My firm was retained by the Division of Public Utilities to study three areas related to the
15 application by Rocky Mountain Power (Company) for recovery of the major plant additions
16 of the Ben Lomond to Terminal transmission line segment and the Dave Johnston Generation
17 Unit 3 emissions control facilities. The purpose of my testimony is to introduce and
18 summarize the attached Report to the Division that was prepared by me. The Report is
19 attached to my testimony as DPU Exhibit 3.2.

20

21 The report outlines my investigation and conclusions regarding the first two areas my firm
22 was retained to examine which are construction costs of the Terminal to Ben Lomond
23 transmission segment and the new Dave Johnston Unit 3 environmental facilities

24 ("scrubber"). A third area we were retained to examine was the net power cost increase
25 claimed by the Company in this Docket. The incremental net power costs were studied by my
26 colleague, George Evans, who has supplied a separate report to the Division.

27

28 **Q. Please outline the conclusions you have reached regarding the construction costs for the**
29 **Dave Johnston Unit 3 scrubber.**

30 A. I conclude that the Unit 3 scrubber costs, including the costs of the common facilities with
31 Unit 4, are reasonable. I do continue to have concerns regarding the length of time that Unit 4
32 will remain in a near-finished state and the costs associated with the cessation of significant
33 construction. However, the Unit 4 costs will best be dealt with at the time Rocky Mountain
34 Power applies for recovery of those costs. Please refer to my Report, DPU Exhibit 3.2 for
35 further details.

36

37 **Q. Please outline the conclusions you have reached regarding the construction costs for the**
38 **Terminal to Ben Lomond transmission line.**

39 A. The construction costs that were originally contracted for of the Terminal to Ben Lomond
40 transmission line are generally reasonable; therefore it is reasonable to allow those costs into
41 the Company's rate base. However, I have concerns about the change order costs that were
42 not well explained. In addition, "Microwave Materials" and Microwave Construction" costs
43 first appeared in the response to DPU DR 11.2 dated April 20, 2010.

44 Please refer to my Report, DPU Exhibit 3.2 for further details.

45

46 **Q. What are the items and their amounts that you are recommending be disallowed by the**
47 **Commission?**

48 A. Of the current change order total amount of \$16,816,549, the item labeled as “230 kV outage
49 resequence” accounts for \$14,778,072. The company has not explained and justified these
50 expenditures at this time. The large amount associated with these items appears to me to be
51 unreasonable. I recommend disallowing these costs. I also recommend disallowance of the
52 approximately \$3.2 million in microwave expenses cited above.

53

54 **Q. What conclusions have you reached?**

55 A. I conclude that except for the costs related to the items mentioned above, the microwave
56 expenses and the outage resequence, the costs appear to be reasonable.

57

58 **Q. What do you recommend?**

59 A. I recommend disallowing the \$3.2 million associated with the microwave expenses and the
60 \$14.8 million associated with the “230 kV outage resequence.”

61

62 **Q. Does this conclude your testimony?**

63 A. Yes, it does.