

1    Q.    **Reference: Exhibit RDG-1, Page 89, Line 4**

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3        The corresponding page in the 1992 Forecast cost of service study, reviewed  
4        in the Cost of Service Methodology Hearing, showed \$26,123,736 of gas  
5        turbine investment. Please explain why the gross amount has decreased to  
6        \$22,489,284 in the 2004 cost of service.

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9    A.    The 1992 Forecast Cost of Service Study had an amount of \$26,123,736 for  
10       the Happy Valley Gas Turbine. This amount was a budget estimate. The  
11       current balance of \$22,489,284 is the actual cost of the original plant plus  
12       some miscellaneous additions since the original installation.

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14       The actual cost of the plant was lower than the estimate for two major  
15       reasons:

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17       1.     The price of the turbine received from Pratt and Whitney was lower  
18       than budget.

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20       2.     The original estimate had fuel storage capacity for two weeks and this  
21       was later reduced to a 1-day fuel storage because of local availability.