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SOAH DOCKET NO. 473-13-0218
PUC DOCKET NO. 40606

APPLICATION OF WIND ENERGY §
TRANSMISSION TEXAS, LLC §
FOR AUTHORITY TO ESTABLISH §
INITIAL RATES AND TARIFFS §

BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

SUPPLEMENTAL TESTIMONY OF

WAYNE MORTON

ON BEHALF OF

WIND ENERGY TRANSMISSION TEXAS, LLC

2012 NOV 13 PM 2:30
PUBLIC UTILITY COMMISSION
FILING CLERK

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OF WAYNE MORTON, WITNESS FOR
WIND ENERGY TRANSMISSION TEXAS, LLC**

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1 **SUPPLEMENTAL TESTIMONY OF WAYNE MORTON**

2 **I. INTRODUCTION AND PURPOSE**

3 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

4 A. My name is Wayne Morton. I am employed by Wind Energy Transmission
5 Texas, LLC ("WETT") as the General Manager. My business address is 210 Barton
6 Springs Road, Suite 150, Austin, TX 78704.

7 **Q. ARE YOU THE SAME WAYNE MORTON THAT FILED DIRECT TESTIMONY**
8 **IN THIS PROCEEDING?**

9 A. Yes, I am.

10 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

11 A. The purpose of my supplemental testimony is to provide an overview of this
12 supplemental filing and of WETT's capital investment between July 1, 2012, and October
13 31, 2012. Consistent with my direct testimony filed in this proceeding, the term "Phase I
14 Projects" refers to the facilities approved in Docket Nos. 38295 and 38484 (also referred
15 to as "CCN1" and "CCN2," respectively) and comprise the Cottonwood to Scurry
16 County South transmission line, the Scurry County South to Long Draw transmission
17 line, the Long Draw to Grelton transmission line, the Grelton to Odessa transmission line,
18 the Cottonwood Substation, the Long Draw Substation, and the Grelton Substation. Also
19 consistent with my direct testimony filed in this proceeding, the term "Phase II Projects"
20 refers to the Docket No. 38825 (or "CCN3") facilities and comprises the Long Draw to
21 Sand Bluff transmission line, the Sand Bluff to Divide transmission line, the Sand Bluff
22 to Bearkat transmission line, the Sand Bluff Substation, and the Bearkat Substation. The
23 Phase II projects also include the Faraday Substation. I will also continue to refer the
24 Phase I and Phase II Projects, collectively, as the "Projects."

1 This supplemental testimony was prepared by me or under my direction,
2 supervision, or control and is true and correct.

3 **II. OVERVIEW OF CAPITAL UPDATE**

4 **Q. WHY IS WETT FILING A SUPPLEMENT TO ITS APPLICATION?**

5 A. The October 10, 2012, Procedural Processing Agreement signed by the parties
6 and approved by the Commission in this case provides for WETT to file a capital update
7 no later than 9 weeks before the hearing. Under the Agreement, the capital update
8 includes Phase I capital expenditures through the end of the month before the update is
9 filed, along with an update of other amounts affected by the updated capital expenditures,
10 such as depreciation, certain taxes, and return on investment. Consistent with the
11 Processing Agreement, WETT is filing this update to include Phase I capital expenditures
12 and related amounts through October 31, 2012.

13 **Q. PLEASE DESCRIBE THE SUPPLEMENT TO WETT'S APPLICATION.**

14 A. Consistent with statements made in its Application and the Procedural Processing
15 Agreement, WETT is filing this supplement to the Application to include the capital
16 expenditures incurred between July 1, 2012, and October 31, 2012, that are associated
17 with its Phase I Projects. WETT's rate base was \$183,153,520 based upon capital costs
18 associated with Phase I Projects through June 30, 2012. WETT incurred \$106,976,194 in
19 additional capital costs associated with Phase I Projects between July 1, 2012 and
20 October 31, 2012.

21 **Q. DOES THE SUPPLEMENTAL FILING CHANGE THE REVENUE**
22 **REQUIREMENT IN THIS DOCKET?**

23 A. Yes. Taking into account all of the attendant effects of the Phase I Projects
24 capital update as described in the supplemental testimony of Dr. Fairchild, the overall

1 revenue requirement increases by \$15,383,540, resulting in a new requested revenue
2 requirement of \$46,578,396 for Phase I rates and \$49,706,023 for Phase II rates.

3 **Q. PLEASE DESCRIBE THE COMPONENTS OF THE SUPPLEMENTAL FILING.**

4 A. WETT's supplemental filing is very concise and is intended to notify the parties
5 of the additional capital that has been invested in the Phase I Projects. Accordingly, the
6 supplement consists of my supplemental direct testimony and the supplemental direct
7 testimony of the following witnesses on the topics described below:

- 8 • Mr. Bradley A. Ballard provides an update on the construction of the Projects,
9 including associated costs;
- 10 • Dr. Bruce H. Fairchild describes the attendant effects that updating the capital
11 investment for the Phase I Projects has on the cost of service and specific
12 components of the cost of service; and
- 13 • Thomas Flaherty and A. Daryl Pullin address the reasonableness of the updated
14 capital expenditure amounts and why those amounts comply with PURA's
15 affiliate cost recovery standards.

16 With this testimony, WETT is submitting new cost of service schedules for any schedules
17 affected by the change in rate base.

18 **Q. ARE WETT'S CAPITAL EXPENDITURES MADE ON PHASE I PROJECTS**
19 **BETWEEN JULY 1, 2012 AND OCTOBER 31, 2012, REASONABLE AND**
20 **NECESSARY?**

21 A. Yes. The same robust cost controls and procedures described in WETT's direct
22 testimony also apply to the capital expenditures booked between July 1, 2012, and
23 October 31, 2012.

III. CONCLUSION

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2 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

3 **A. Yes. However, I reserve the right to make changes or corrections as necessary.**

AFFIDAVIT


STATE OF TEXAS

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§
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COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Wayne Morton, who, having been placed under oath by me, did depose as follows:

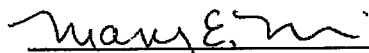
My name is Wayne Morton. I am of legal age and a resident of the State of Texas. The foregoing supplemental direct testimony offered by me are true and correct, and the opinions stated therein are accurate, true and correct.


Wayne Morton

SUBSCRIBED AND SWORN TO BEFORE ME by the said Wayne Morton this
13 day of November, 2012.



Commission # 12880762-0


Notary Public, State of Texas