

SUPPLEMENTAL TESTIMONY OF TOBEY L. WINTERS ON  
STAFF UPDATE OF SKAGIT COSTS TO REFLECT SCHEDULE CHANGES

The staff has updated previous estimates of Skagit nuclear costs in Table 1 due to the revision in applicant's schedule and costs. Previous estimates of cost comparisons (which are also shown in Table 1) showed close agreement between the applicant's and staff's costs both in the original submission in 1977 (reflected in Table 2-2, Supplemental Testimony of Tobey L. Winters, Cost-Benefit Analysis) and the update in 1978 (reflected in applicant's answer to Interrogatory No. 7, January 6, 1978). The staff has updated these costs again to reflect the applicant's testimony on Financial Qualifications dated 1 June 1979. The format for this latter submission is different than previous submissions by the applicant. For consistency, the staff has adjusted the applicant's financial data to reflect (1) scope changes; (2) escalation on new scope; (3) change from 1978 to 1979 dollars; and (4) increased escalation due to an 18-month rather 12-month schedule change. These changes were added to previous estimates of escalation and Allowance for Funds Used During Construction (AFDC).

The old staff estimates were then updated to reflect the same inflation and escalation factors of 6% and 7% based on previous staff estimates of escalation and capital. The staff estimates of AFDC were retained, but applicant scope changes were added to the staff's previous estimates. With these adjustments, the staff finds that the applicant's estimates of costs are again in close agreement with staff's independent estimates and are, therefore, reasonable.

Consequently, based on the staff's update of fuel (14.5 mills/kWh) and the applicant's update of capital (40 mills/kWh), the staff now estimates the cost of Skagit at 54.5 mills/kWh. This compares with the staff's estimate in 1977 of between 43 to 46 mills/kWh and our estimate in 1978 of between 44 to 47 mills/kWh.

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TABLE 1  
Comparison of Estimates of Capital Cost: Units 1 and 2  
(in 10<sup>6</sup> dollars)

<u>Cost Item</u>		<u>Date of Operation for Units</u>		
		<u>6/84 &amp; 6/86</u>	<u>3/85 &amp; 3/87</u>	<u>9/87 &amp; 9/88</u>
Total Direct and Indirect Costs (at 0.35g), including Escalation and AFDC at time of operation	Applicant	\$2738	\$2934	\$3325.5 <sup>c</sup>
	Staff	\$2724 <sup>a</sup>	\$2827 <sup>b</sup>	\$3191.1 <sup>d</sup>
Estimate of Total Levelized Cost to Utility (Mills/kWh)	Applicant	33.1	35.4	40
	Staff	32.9	34.1	38.4

<sup>a</sup> Based on December 1977 run of the CONCEPT Computer Code

<sup>b</sup> Based on staff estimate of updated costs as reflected in applicant's answer to Interrogatory No. 7 dated January 6, 1978

<sup>c</sup> Extracted from applicant's testimony on financial qualifications, 1 June 1979, Tables 1-1 through 1-3. Costs include new plant, percentage of new escalation attributable to new plant, inflation, and previous estimate of AFDC and escalation

<sup>d</sup> Includes applicant's adjustment factors for inflation, escalation, and plant costs with previous staff estimates