BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application	)	
of Pac ifiCorp for Approval	)	Docket No. 03-035-14
of an IRP Based Avoided Cost	)	
Methodology for QF Projects	)	
Larger than 1 Megawatt	)	
	)	

Surrebuttal Testimony of Bruce Griswold

May 12, 2004

Q. Please state your name, business address and position with PacifiCorp dba Utah Power & Light Company (the Company).

A. My name is Bruce W. Griswold. My business address is 825 N. E. Multnomah, Suite 600, Portland, Oregon 97232. I am a Manager in the Origination section of the Company's Commercial and Trading Department.

Q. Are you the same Bruce Griswold who previously filed direct and rebuttal testimony in this docket?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. I am responding to and providing clarification of specific comments in the rebuttal testimony of Mr. Swenson, Mr. Collins and Mr. Gutting.

Mr. Swenson's rebuttal testimony

Q. Please comment on the level of dispatchability available to the Company through the plants referenced in Mr. Swenson's previous testimony.

A. Mr. Swenson in both his direct and rebuttal testimony points to his NDP methodology as the best method for valuing the power supplied by QFs and he continually points to both the US Magnesium and Desert Power QFs as examples of QF projects that clearly would displace the NDP. He points to the West Valley plant in his direct and rebuttal testimony as the deferrable plant. He utilizes the West Valley plant in both the US Magnesium and Desert Power proposed QF contract as the proxy for avoided capacity and energy payments. However, he only chooses to discuss half of the equation. The other half is the ability and willingness of either the US Magnesium or Desert Power QF plant to operate for the Company as if it were the West Valley plant. In both his direct and rebuttal testimony, he acknowledges that an adjustment is justified for not providing the dispatchability available through the proxy. However, he does not discuss what US Magnesium or Desert Power's proposed dispatchability is. As provided in the rebuttal testimony of Dr. Weaver, the dispatchability of the West Valley plant is completely under the Company's control. Both the US Magnesium QF and the Desert Power QF as proposed in their contract would not be under the Company's control. They have proposed to be prescheduled by the Company on a day-ahead basis with an option to determine if they want to meet the schedule proposed by the Company. This is not dispatchable. The QF can decide if, when and how much they want to deliver. This is clearly not how the West Valley plant is dispatched by the Company. Mr. Swenson seems to believe that the word "schedule" and "dispatchable" are interchangeable and he clearly wants US Magnesium and Desert Power to be paid as if it provides the maximum dispatchability yet only perform to a schedule if they actually choose to. This is the best of both worlds for US Magnesium and Desert Power, they receive the maximum payment for a level of performance not provided.

Q. Are the Company's proposed adjustments discretionary?

A. No. Although Mr. Swenson states in his rebuttal that the adjustments described in my direct testimony are discretionary and unclear, the fact is that each individual adjustment is described in detail in my direct and rebuttal testimony, as well as how it would be calculated and applied. Further, each individual QF contract must be reviewed and approved by the Utah Commission who will decide if the adjustments are just, reasonable and achieve ratepayer neutrality.

Mr. Collins' rebuttal testimony

Q. Please comment on the additional adjustments proposed by Mr. Collins in his rebuttal testimony on pages 17-18.

A. The Company, as described in Dr. Weaver's testimony, has submitted its standard avoided costs or the full avoided costs that would be paid to a QF if they are able to meet the operating characteristics of the Company's proxy. Mr. Collins has proposed adjustments that would pay the QF more than full avoided costs. His recommended adjustments are general statements and have no standards, methodology, or even PURPA provisions to base them on. They are based more on the idea that the QF should be afforded the status of an exempt wholesale generator, able to provide wholesale power products and ancillary services but protected under PURPA regulation as a QF. Mr. Collins has also advocated that the UAE's adjustments and the Company's adjustments both be submitted to a study group for further review and recommendation. This is only appropriate if these adjustments can be applied retroactively to any QF contracts approved during the interim period this study group is working.

Mr. Gutting's rebuttal testimony

Q. Are the performance metrics included in the standard QF contract appropriate?

A. Yes. Mr. Gutting testifies that contract terms regarding performance metrics are too onerous for the QF. These terms and metrics are in fact what the Company utilizes with its wholesale counterparties for power purchase agreements and these terms are adjusted depending upon the actual power product that the counterparties has proposed to deliver. They are contract commitments. The Utah Commission has reviewed this standard QF contract template and has approved its use as the starting document for negotiating a power purchase from a QF. A QF who negotiates with the Company and signs a contract understands its obligations and agrees to meet those contract terms, just like any other counterparty we have a contract with for delivering power. The Company has planned for it. We based our price we are paying at the avoided cost of a resource and fixed that price for the term. We are relying on the power to be delivered as agreed in the contract and if not then the QF should be held responsible for no less or no more than what the contract calls for.

Q. Is Mr. Gutting's explanation of operating reserve adjustment on page 8 of his testimony correct?

A. No. The operating reserve adjustment is only appropriate in the sufficiency period of 2004 through June 2007. It is required for the QF who is unwilling to provide a firm product to the Company and is selling non-firm energy to the Company. The proxy in this sufficiency period for a firm resource is a firm market purchase which includes reserves. If the QF will only provide non-firm energy then the 7 percent adjustment is appropriate to match the avoided cost to the product delivered.

Q. Does this conclude your testimony?

A. Yes it does.