

1 **Q. Please state your name and employer.**

2 A. My name is Andrea Coon. I am employed by the Utah Division of Public
3 Utilities.

4 **Q. Please state the purpose of your rebuttal testimony in this case.**

5 A. The purpose of my rebuttal testimony is twofold: I will be responding to
6 issues raised by another party in this case, and I will be supplementing my
7 own direct testimony with clarifying or additional information or explanation.

8 **Response**

9 **Q. Which witnesses will you be responding to in this testimony?**

10 A. I will be responding to the direct testimony of Ms. Cheryl Murray of the
11 Committee of Consumer Services (CCS).

12 **Q. On Page 5-6, line 21-29 and 1-25, Ms. Murray discusses some options that**
13 **PacifiCorp identified for providing power to the Wasatch Front by**
14 **summer 2005 rather than build Current Creek. Does the Division have**
15 **questions or concerns as to the viability of these options?**

16 A. Yes. The DPU reviewed the list PacifiCorp provided in answer to CCS data
17 request 7.8. Before providing the list of options cited in the Committee
18 testimony, PacifiCorp stated that any of the list of options may or may not
19 either be currently available or become available in order to meet the summer
20 2005 resource needs.¹In determining that building Current Creek was in the
21 public interest, the Division examined the list of options in light of this clause
22 at the beginning of PacifiCorp's answer to the DR. Rather than look only at
23 the number of options, we tried to examine whether or not each of the options

¹ PacifiCorp response to CCS Data Request 7.8

1 was potentially viable given PacifiCorp's transmission constraints into
2 Northern Utah. I will attempt to outline the examination process that was
3 followed.

4 The first listed option was to increase DSM procurement from the issued
5 RFP. While the Division is in favor of procuring cost-effective DSM to serve
6 as a resource for the PacifiCorp system, we are in doubt as to whether there is
7 enough time available to not only procure a program, but to get it approved,
8 set up, under way, and producing a substantial amount of savings in just over
9 a year. The load forecasts in the IRP were produced while already accounting
10 for ambitious amounts of DSM. In fact, in its IRP comments, the Committee
11 argued that the amounts of DSM already subtracted from load forecasts were
12 overly ambitious due in part to the cost and urged PacifiCorp to give "greater
13 consideration of either adding a new unit earlier or planning more long-term
14 firm capacity purchases."² The Division does not believe that adding Current
15 Creek into PacifiCorp's resource mix will preclude them from continuing to
16 pursue cost-effective DSM programs.

17 The second listed option was to modify or expand current load curtailment
18 programs. Again, while the Division supports the use of load curtailment, we
19 are unsure that cost-efficient use of such programs could, or should, close the
20 resource gap instead of a physical resource. PacifiCorp has had some success
21 with its residential load control program, but the program is actually still in
22 the expansion phase. It is unlikely that the program will grow large enough in
23 one more year to outgrow the forecasts for DSM already in the load forecasts

² CCS memo dated March 31, 2003: Docket 03-2035-01, page 9

1 for summer 2005. This being the case, the customers that would be targeted
2 for expanded load curtailment would be the industrial and commercial
3 customers. The Division has been participating in the Interruptible Task
4 Force, which has been examining this issue for more than 18 months. A
5 workable solution is proving to be complicated. In addition, the Division
6 would like to point out that after months of collaboration and effort, the
7 interruptible tariff put into effect for summer 2003 had zero participants. The
8 Division is uneasy about depending on this experiment instead of procuring
9 resources when the experiment failed to attract participants as recently as last
10 summer.

11 Third, PacifiCorp listed negotiations with wholesale customers for the
12 termination or restatement of existing agreements. The Division believes that
13 this might be a worthwhile endeavor, but is again unwilling to gamble on a
14 favorable outcome. After watching the efforts in California to renegotiate or
15 terminate, the requesting party is definitely at a disadvantage in the long
16 process. There is no guarantee that if the contracts could be changed or
17 broken, that this would occur in time to help with the summer 2005 needs.

18 Fourth, negotiations with wholesale entities within the Wasatch Front.
19 Again, the Division does not believe that PacifiCorp is not already trying to
20 work with this option. In past summers, PacifiCorp has contracted with
21 entities within the Wasatch transmission constrained area to supply power.
22 We have no reason to believe that given the projected resource gap, even with
23 Current Creek, PacifiCorp would not continue to purchase this power if

1 available and cost-effective. The Division does, however, have concerns as to
2 whether the available resources would be sufficient to meet the quickly
3 expanding Utah loads.

4 Fifth, PacifiCorp states that power from Qualifying Facilities could be
5 used to augment resources upon completion of the QF docket currently in
6 front of the Commission. The Division believes that this option is also fraught
7 with risk for a couple of reasons. First, the docket, although active, will take
8 time to come to a conclusion. Tentative scheduling appears to put the
9 conclusion of hearings in mid-May. The facilities following this proceeding
10 may not have their facilities up and running in one year to be on-line by
11 summer 2005. Also, there is not a definitive count of the amount of power that
12 will be available due to the uncertain nature of the case. At least some of the
13 possible QF's are probably awaiting a Commission decision as the pricing
14 methodology before the QF can decide whether the price would be
15 advantageous enough to provide for the build.

16 Finally, PacifiCorp said that it could use renewable projects within the
17 Wasatch Front. Again, while the Division supports low cost renewable
18 energy, the Division has concerns about this being a viable option for a couple
19 of reasons. First, the renewable RFP is still outstanding. PacifiCorp does not
20 know whether or not any renewable resources will be offered inside Utah, let
21 alone inside the Wasatch Front. Second, any renewable resources bid inside
22 Utah will still have to be selected by PacifiCorp as viable resources in both
23 cost and plan. The Division has doubts as to whether this process can be

1 completed and the renewable facilities constructed in time to meet the summer
2 2005 need.

3 From the above, it is clear that the list of PacifiCorp options cited by Ms.
4 Murray is just that, options. It is not necessarily a list of viable or advisable
5 options to address shortages coming in just over a year.

6 **Q. In Ms. Murray’s testimony, she uses a 15% reserve margin to determine**
7 **PacifiCorp’s need. Does the Division have an opinion on the use of a 15%**
8 **reserve margin for future planning?**

9 A. No. The Division believes that a 15% reserve margin is reasonable for
10 PacifiCorp use in planning. It ensures that PacifiCorp planning covers not
11 only the WECC required operating reserves (7% for thermal and 5% for
12 hydro); it also ensures that the regulating reserve is sufficient to meet WECC
13 requirements.³ This being the case, I do not disagree with using the 15%
14 margin. There are a couple of reasons that I chose to use the 10% number
15 instead. The 15% number chosen by PacifiCorp for the 2003 IRP was
16 admittedly arbitrary. In the public input process, PacifiCorp employees
17 admitted to having neither a “scientific” method, nor a regulatory requirement,
18 for choosing the 15% margin. The lack of either of these methods caused
19 questions from many of the public participants. There were advocates for
20 raising the margin as well as advocates for lowering it. Raising the margin
21 would only increase the need, so I chose to use the lower figure to ensure that
22 even under conservative planning the need still exists. It does.

³ A regulating reserve is required to account for natural minute-by-minute changes in load across the system. For example, lights or appliances being turned on or off in a home changes the load. On a large scale, PacifiCorp must be able to follow the load as it changes with a regulating reserve.

1 **Supplemental**

2 **Q. What areas of your direct testimony will you be supplementing in this**
3 **testimony?**

4 A. I will be supplementing my testimony on the reasonableness of load resource
5 assumptions

6 **Q. In your direct testimony, you stated that PacifiCorp's expectations**
7 **regarding its load and resource balance seem to be reasonable. Would**
8 **you please further explain how you reached that conclusion?**

9 A. In order to conclude that PacifiCorp has a need for additional capacity in order
10 to meet expected future loads, I first had to become comfortable with the
11 manner in which the future loads were projected. I began by looking at both
12 present and past load forecasts used for planning purposes in the IRP process.
13 Loads in Utah have been growing at a rapid pace for some time. For at least
14 the last 10 years, loads in Utah have been growing in all months of the year.
15 As an illustration, I examined Utah's contribution to the monthly
16 jurisdictional peaks. PacifiCorp's answer to DPU 4.1-2 indicates that between
17 1992 and 2002, Utah's April peak load, which is one of the lowest load
18 months of the year for Utah, rose from 1625.9 MW to 2395.13 MW. Looking
19 at high load months makes the upward trends even more clear. When
20 comparing the contribution to jurisdictional peak from July 1992 to July 2002,
21 we see an increase in demand from 2132 MW to 3757.78 MW. If the historical
22 trend continues, summer peak loads will be doubling every 12-13 years. Even
23 during a period of economic recession in Utah, in which job growth was

1 negative, exports were down and tourism was relatively flat, Utah's
2 contribution to the jurisdictional peak increased in 8 of the 9 months in which
3 data is available for 2003.

4 Of course, there is always doubt as to whether or not this trend will
5 continue. It appears to me that continuation is likely. Utah's population
6 continues to grow at rates in the nation's top ten. The Governor's Office of
7 Planning and Budget projects that Utah's population will increase by over
8 400,000 by 2010.⁴ Commercial services will rise to meet the growing
9 population, and hopefully industry in Utah will rise to provide jobs to meet the
10 growing need. This does not point to a significant slow down in demand
11 growth, particularly in the short-term (before 2005). Therefore, the Division is
12 convinced that PacifiCorp's expectations of its load and resource balance in
13 the near future, say the next 5 years, are reasonable. This being the case,
14 PacifiCorp will need to find a way to meet the growing demand of its growing
15 customer base. Current Creek is a reasonable resource to add to the portfolio
16 that will be necessary to meet those needs.

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

18 A. Yes it does.

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⁴ 2004 Economic Report to the Governor, Excerpts