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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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IN THE MATTER OF THE PETITION OF  
PIONEER RIDGE, LLC AND MOUNTAIN  
WIND, LLC FOR APPROVAL OF A  
CONTRACT FOR THE SALE OF  
CAPACITY AND ENERGY FROM THEIR  
PROPOSED QF FACILITIES

Docket No. 05-035-09

IN THE MATTER OF THE PETITION OF  
SPRING CANYON FOR APPROVAL OF A  
CONTRACT FOR THE SALE OF  
CAPACITY AND ENERGY FROM ITS  
PROPOSED QF FACILITIES

Docket No. 05-035-08

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**PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF ROGER J. SWENSON**

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Pioneer Ridge, LLC and Mountain Wind, LLC hereby submits the prefiled supplemental Direct Testimony of Roger J. Swenson in this Docket.

DATED this 28<sup>th</sup> day of February, 2005.

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Roger J. Swenson  
Consultant for Pioneer Ridge, LLC and Mountain Wind, LLC

PREFILED DIRECT TESTIMONY

Of

ROGER J. SWENSON

On behalf of Pioneer Ridge LLC and Mountain Wind, LLC

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IN THE MATTER OF THE PETITION OF PIONEER RIDGE, LLC AND MOUNTAIN WIND,  
LLC FOR APPROVAL OF A CONTRACT FOR THE SALE OF CAPACITY AND ENERGY  
FROM ITS PROPOSED WIND GENERATION FACILITIES

Docket No. 05-035-09

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February 28, 2005

**Background**

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**Q. Please state your name and business address.**

A. Roger J. Swenson , 1592 East 3350 South, Salt Lake City, Utah 84106.

**Q. Have you filed testimony previously in this matter?**

A. Yes. I filed testimony on January 28, 2005 regarding a request for contract approval regarding the two wind powered projects, Pioneer Ridge, LLC and Mountain Wind, LLC.

**Q. What is the purpose of your supplemental testimony?**

A. My supplemental testimony is in response to the questions that have come up concerning aspects of terms pursuant to the stipulation dated June 28, 2004.

**Q. Is there any definitive evidence that the existing rates in the stipulation are not correct?**

A. No. The work that has recently been provided to the QF Task Force has provided two alternative 20 year contract pricing alternatives year by year one using a DRR method and one using what is being called the Resource Stack methodology. The results of the two methodologies along with the stipulation are shown on Exhibit 1. The stipulation pricing falls between the two results very near the DRR pricing result on a levelized basis.

**Q. Do you know whether there is any agreement with the Parties in the Task Force concerning which of the pricing methods was more appropriate?**

A. No. My understanding of where things stand at this time is the members of the task force are looking at what is driving the differences between the 2 methods. There are also questions concerning how capacity is treated in both models and

1 the extent of capacity credits in the early years in both models.

2 **Q. How much capacity was available at the time you filed a petition for contract**  
3 **approval?**

4 A. It is my understanding that approximately 100 MWs of contract capacity was  
5 available under the stipulation terms and conditions.

6 **Q. Have you asked for more capacity than this 100 MWs of contract capacity**  
7 **that remains?**

8 A. No. The request for contract capacity for these two projects was 48 MWs. After  
9 the Pioneer Ridge LLC and Mountain Wind contract request are approved that  
10 would leave approximately 52MWs of contract capacity for petitioners that come  
11 after the wind projects .

12 **Q. How does the stipulation read with regards to how any contract capacity will**  
13 **be allocated?**

14 A. This stipulation states “ The Parties agree that the Appendix A prices should be  
15 available to any QF contract approved during the Interim Period so long as power  
16 will be delivered to PacifiCorp no later than June 1, 2007, up to a cumulative cap  
17 of 275 MWs for all QF projects approved during the Interim Period. In the event  
18 that a proposed QF project will cause the cap to be exceeded, any Party may  
19 request a determination by the Commission as to whether the cap should be  
20 increased or whether different terms or prices should apply.” When the wind  
21 projects filed for a combined 48 MWs of capacity there was still contract capacity  
22 available and the Interim Rates were still in place.

23 **Q. What about the Parties that have filed after the wind projects?**

1 A. They have the right to ask for whatever capacity remains under the 275 MW cap.

2 **Q. Are you suggesting that the basis for allocating contract capacity is on a first**  
3 **to file, first to service priority?**

4 A. Yes. The first to file should be the first contract case drawn up in terms of  
5 scheduling to be heard by the Commission. When the wind projects contracts are  
6 approved then the projects that follow in the approval process can petition for the  
7 remaining capacity. If that is not the case then how will the Commission draw the  
8 line as to having reached the stipulation cap? If 500 MWs of additional contracts  
9 file with the Commission this coming week where do they sit within the queue?  
10 First to file contracts first in line to work through the approval process is a  
11 reasonable solution to metering out the remaining stipulation capacity.

12 **Q. What about using the Schedule 38 requests for pricing date determination as**  
13 **the placeholder for capacity under the stipulation?**

14 A. Providing information to PacifiCorp to receive an indicative price hardly seems  
15 like a viable means of addressing who should get access to stipulation pricing. In  
16 general projects are looking for the pricing indication to determine if a project will  
17 be economically viable. Using the Schedule 38 request log opens up the question  
18 of who has made requests in the past but has not yet acted on the information to  
19 date. Or somehow allowing projects that are uneconomic and have not filed for  
20 contract approval to be holding some place within the queue for capacity. Again  
21 this opens up many questions as to what other Parties may be in front of other  
22 Parties and how far back in time to allow this queue to begin. Having participated  
23 in the establishment of the stipulation and the Schedule 38 procedures I do not

1 believe this type of queue establishing doctrine was ever contemplated. I believe  
2 that the intent was clearly to be established by when the contracts had been  
3 approved. Pioneer Ridge LLC and Mountain Wind LLC have filed for approval  
4 of their contracts. That Petition should be heard and the contracts should be  
5 approved, subject to changes or amendments as may be appropriate, lawful and in  
6 the public interest. Then the contracts that have filed for approval after the wind  
7 projects should then be heard.

8 **Q. What have the wind projects done with respect to the Schedule 38**  
9 **procedures?**

10 A. The Schedule 38 procedures are intended to provide prospective Qualifying  
11 Facilities a set of procedures to enter into power purchase agreements with Utah  
12 Power. The intent of those procedures is to provide a process by which the  
13 Company will provide the prospective project indicative prices. Once a project  
14 has the indicative prices then the prospective project must make a determination  
15 as to whether or not this represents a reasonable economic prospect of required  
16 returns on investment to go ahead with a project. If that is the case, then a draft  
17 agreement to which terms and conditions will be brought to the Commission for  
18 approval. Since there were clearly issues associated with pricing determination  
19 for intermittent resources being discussed in the Task Force there was no reason  
20 for the Wind Projects to ask for indicative prices through the Schedule 38 steps.  
21 Once the specific differences in positions were identified and narrowed within the  
22 framework of the Task Force it was apparent that the only basis for resolving  
23 those differences was before the Commission. That is what has occurred.

1 **Q. Can you provide the Schedule 38 information to any Party that is interested?**

2 A. Yes. We would be happy to provide any appropriate information required by any  
3 Party in this matter upon request.

4 **Q. Spring Canyon has filed a motion requesting to increase the 275 MW cap. Do  
5 you support increasing the cap?**

6 A. We support mechanisms that follow the intentions of the Parties that entered into  
7 the Stipulation and the intentions of the Commission that approved the  
8 Stipulation. There was clearly a mechanism contemplated within the stipulation  
9 for a Party to request an increase to the cap. Spring Canyon has already made  
10 such a request and been denied pursuant to the Commission's October 7, 2004  
11 order in Docket No. 03-035-14.

12 **Q. Do you have questions regarding the motion filed February 24, 2005?**

13 A. I do. Spring Canyon states that there is at least 100-102 MWs of capacity  
14 remaining under the stipulation pricing. That will only be the case if the 48 MWs  
15 of wind projects contracts that were filed for approval before Spring Canyon's  
16 request are not approved by the Commission. If those contracts are approved  
17 there will only be roughly 52 MWs of contract capacity remaining under the 275  
18 MW cap. It is also not clear from the filing what amount of increase in the cap  
19 Spring Canyon is seeking. It appears that the motion states that they are asking  
20 for the Commission to approve a minimum of an additional 48 MWs to reach at  
21 least a 100 MW threshold when the Wind project contracts are approved.

22 **Q. Spring Canyon states in the motion that it has petitioned the Commission for  
23 the remaining MWs and now other potential qualifying facility projects**

1           **expressed interest in the remaining capacity. Do you agree with that**  
2           **characterization?**

3    A.    I do not. Spring Canyon's petition was denied on October 7, 2004. The wind  
4           projects that are represented in this matter have not just expressed an interest they  
5           have filed contracts for approval with this Commission on January 28<sup>th</sup> 2005. Up  
6           until February 11, 2005 when Spring Canyon filed a Petition, Spring Canyon was  
7           a potential qualifying facility expressing interest in the remaining capacity.

8

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

10   A.    Yes it does

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid, this 5<sup>th</sup> day of December, 2003, to the following

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