

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No. 10-035-126
Rocky Mountain Power for Approval)	Rebuttal Testimony
Of a Significant Energy Resource)	of Cheryl Murray
Decision Resulting from the)	For the Office of
All Source Request for Proposals)	Consumer Services

March 17, 2011

Redacted – Public Version

1 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a utility analyst for the Office of
3 Consumer Services. My business address is 160 East 300 South Salt
4 Lake City, Utah 84111.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. My rebuttal testimony is in response to the Direct Testimony of Charles
7 Peterson for the Division of Public Utilities (Division) as it relates to the
8 Apex plant.

9 **Q. IS THE DIVISION FAMILIAR WITH THE PROCESS THAT LED TO THE**
10 **COMPANY'S REQUEST FOR ACQUISITION?**

11 A. It is clear from Mr. Peterson's testimony that the Division has closely
12 followed the entire process related to this Docket, from PacifiCorp's
13 (Company) initial Request For Proposal (RFP) to the Company's request
14 for acquisition of a significant energy resource. The Division has detailed
15 its involvement in the process and I will not repeat that here.

16 **Q. HAS THE DIVISION EXPRESSED CONCERNS WITH THE COMPANY'S**
17 **ACQUISITION PROCESS?**

18 In Direct Testimony the Division articulated its concerns with the portion of
19 the process related to the Company's dealings with the Apex plant.

20 **Q. WHAT CONCERNS HAS THE DIVISION EXPRESSED RELATED TO**
21 **THE APEX PLANT?**

22 A. At page 7 of his Direct Testimony Mr. Peterson lists a number of
23 conclusions reached by the Division regarding the overall process. Here I
24 incorporate only those dealing specifically with the Apex plant.

25 [Begin Confidential]

26 1 [Redacted]
27 [Redacted]
28 [Redacted]

29
30 2 [Redacted]
31 [Redacted]

32
33 3) [Redacted]
34 [Redacted] [End Confidential]

35
36 **Q. DID THE UTAH INDEPENDENT EVALUATOR EXPRESS SIMILAR**
37 **CONCERNS WITH THE COMPANY’S MANAGEMENT OF THE**
38 **PROCESS REGARDING THE APEX PLANT?**

39 A. Yes. In his Direct Testimony Wayne Oliver, the Utah Independent
40 Evaluator (Utah IE), stated:
41 “The IE had some concerns with the Company’s evaluation of the Apex
42 combined cycle power plant, an existing facility located in Nevada,
43 particularly PacifiCorp’s decision to terminate due diligence and contract
44 negotiations with the project sponsors in mid-December 2011 (sic). The
45 IE felt that contract negotiations and due diligence were terminated

46 prematurely, particularly since the economic evaluation of Apex conducted
47 by PacifiCorp was illustrating widely changing results.”¹

48

49 These statements are consistent with those presented in the Utah IE’s
50 January 25, 2011 Final Report which were included in my Direct
51 Testimony in this Docket.

52 **Q. WHAT RECOMMENDATIONS DID THE DIVISION MAKE REGARDING**
53 **THE APEX PROJECT?**

54 A. The Division made the following recommendations regarding the Apex
55 plant:²

56 [Begin Confidential]

57 1) [Redacted]

58 [Redacted]

59 2) [Redacted]

60 [Redacted]

61 [Redacted]

62 3) [Redacted]

63 [Redacted]

64 [Redacted]

65 4) [Redacted]

66 [Redacted]

67 [Redacted]

68 [Redacted]

69 5) [Redacted]

70 [Redacted]

71 [Redacted]

72 [Redacted]

¹ Direct Testimony of Wayne Oliver at page 6.

² Direct Testimony of Charles Peterson, page 32.

73

74

75

76

[Redacted]

[End Confidential]

Q. WHAT IS THE OFFICE'S REACTION TO THE DIVISION'S RECOMMENDATIONS?

77

78

A. The Office assessed the Division's recommendations with great interest.

79

80

81

82

83

84

85

86

87

88

89

90

91

As stated earlier, the Division has closely followed and participated in the process leading to the Company's request for acquisition. They have had more access to information and those most closely involved in the process (such as Company personnel managing the RFP and the IE) than the Office has had.³ Mr. Peterson states that the Division attended many conference calls between the Company and the Utah and Oregon IEs. Additionally the "Division was copied on e-mails and received copies of most documents provided to the IEs by the Company, or documents produced by the IEs".^{4 5} Also, it is the Office's understanding that the Division was involved in discussions with the IE and Company personnel during the days before the Company's filing when its position was abruptly changed. Therefore the Division has a much more comprehensive knowledge and understanding of the events leading up to the Company's

⁴ Peterson direct testimony, page 3, lines 59 – 63.

⁵ It is the Office's understanding that the IE filed interim reports with the Commission to which the Division is the only party that has had access.

92 decision to prematurely terminate negotiations with LS Power for the Apex
93 plant.

94

95 The Office recommends that the Commission give careful consideration to
96 the recommendations articulated by the Division based on their on-going
97 involvement in the process.

98 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

99 A. Yes.

Redacted