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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts</b>	<b>Docket No. 12-035-100</b>
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**PREFILED SURREBUTTAL TESTIMONY OF CHRISTINE MIKELL**

**[STAY]**

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Wasatch Wind hereby submits the Prefiled Surrebuttal Testimony of Christine Mikell with respect to the stay requested by Rocky Mountain Power in this docket.

DATED this 11<sup>th</sup> day of December, 2012.

/s/ \_\_\_\_\_  
Gary A. Dodge,  
Attorney for Wasatch Wind

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by email this 11<sup>th</sup> day of December, 2012, on the following:

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**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF UTAH**

**Surrebuttal Testimony of Christine Mikell**

**on behalf of**

**Wasatch Wind Intermountain, LLC**

**Docket No. 12-035-100**

**[Stay]**

**December 11, 2012**

1                   **SURREBUTTAL TESTIMONY OF CHRISTINE MIKELL**

2

3   **Q.    Are you the same Christine Mikell who has filed direct and rebuttal**  
4   **testimony on behalf of Wasatch Wind in this docket?**

5    A.            Yes I am.

6   **Q.    What is the purpose of your surrebuttal testimony?**

7    A.            I am responding to prefiled rebuttal testimony filed on December 7, 2012  
8                by Paul Clements on behalf of Rocky Mountain Power (RMP) and Bela Vastag  
9                on behalf of the Utah Office of Consumer Services (Office).

10 **Q.    What is your general reaction to the rebuttal testimony of Mr. Clements and**  
11 **Mr. Vastag?**

12 A.            Apparently unconcerned that discovery and the filing of testimony,  
13 exhibits and briefs on the relative merits and demerits of the existing and other  
14 alternative wind QF pricing methodologies have hardly begun in this docket, Mr.  
15 Clements and Mr. Vastag repeat their circular arguments and unproven  
16 assumptions that ratepayers will be harmed if RMP is required to abide by  
17 existing Commission orders. In my view, everyone is harmed if RMP is allowed  
18 to unilaterally ignore Commission orders or if Utah energy developers cannot rely  
19 upon the enforceability or sustainability of those orders. Circular and unproven  
20 arguments offered by RMP and the Office do not justify the extraordinary stay  
21 they are requesting.

22 **Q. Why do you say that the arguments of Mr. Clements and Mr. Vastag are**  
23 **circular and unproven?**

24 A. They both purport to estimate “harm” to ratepayers stemming from the  
25 use of a pricing methodology that has been approved by the Commission and  
26 upheld as recently as September of this year. They have no basis for prejudging  
27 how the Commission will ultimately resolve these issues after a full and complete  
28 record is developed and the Commission can weigh all relevant cost and public  
29 policy implications. Also, they make no attempt to address the discrimination that  
30 would result from their requested stay and they misunderstand or misrepresent the  
31 serious negative impacts their proposal would have on pending developments.

32 **Q. Mr. Clements claims that the Blue Mountain order issued by the Commission**  
33 **in September was “specific to the Blue Mountain project and did not address**  
34 **Wasatch Wind’s Latigo Project.” (lines 189-190) How do you respond?**

35 A. I have read the Blue Mountain order several times and I see nothing of  
36 significance in the Commission’s reasoning or order that would not apply equally  
37 to the Latigo project. The status and history of the two projects are very similar.  
38 Mr. Clements makes no effort to address or justify the discrimination that would  
39 result if our project were not offered similar pricing. I believe that PURPA and  
40 Utah laws both forbid that type of discrimination.

41 **Q. Mr. Clements suggests that the language of Schedule 38 supports his request**  
42 **for an abrupt termination of the Commission-approved pricing methodology.**  
43 **Do you agree?**

44 A. No. As I stated in my direct testimony, we understood that specific prices  
45 were subject to change based on the terms of new QF wind contracts or updated  
46 model inputs. However, nothing in Schedule 38 or in the Commission orders  
47 establishing the current pricing methodology suggests that the methodology itself  
48 may be abruptly withdrawn or that the pricing methodology may be retracted  
49 retroactively for projects already under development in reliance on the approved  
50 pricing methodology. It is my expectation and experience that these types of  
51 issues have been addressed by the Commission in a careful and thoughtful  
52 manner, and then implemented in a fair and prospective manner. If energy  
53 developers cannot count on the continued applicability of Commission-approved  
54 pricing methodologies for the duration of a reasonable development window, they  
55 will likely choose not to work in this state. I do not believe that would be in the  
56 public interest of any Utahns.

57 **Q. Mr. Clements says that his records suggest that RMP provided indicative**  
58 **pricing for your project in 2009 and 2010 based on the Market Proxy**  
59 **method, and in 2012 based on the PDDRR Proxy method. Is that correct?**

60 A. His response is correct but incomplete. In May 2011 we asked for  
61 confirmation that the indicative pricing we had previously been given was still  
62 valid and we received email confirmation that it was. We also received a draft  
63 PPA using this same pricing in August 2011. Our first hint that the pricing might  
64 change came in June 2012.

65 **Q. Mr. Vastag continues to suggest that a six-month delay will not harm your**  
66 **project. Is he correct?**

67 A. He is not. As he acknowledges, the PTC has a major impact on wind  
68 economics and is critical to the viability of the Latigo project. The pricing we  
69 were provided is also critical. If a stay is issued, we will not be in a position to  
70 continue development of the Latigo project during phase 2 of this docket. Then,  
71 even if the Commission were to ultimately find that the Market Proxy pricing  
72 methodology or another reasonable alternative pricing methodology is in the  
73 public interest, it would be too late for us to complete the project in time to  
74 qualify for the PTC if it is extended for one year. Thus, a stay would be the same  
75 as a final adverse ruling for the Latigo project.

76 **Q. Mr. Vastag also claims that comments filed by Wasatch Wind in the**  
77 **PacifiCorp IRP context are inconsistent with your testimony in this docket.**  
78 **Do you agree?**

79 A. Not at all. Our comments in the IRP docket were designed to show that  
80 wind resources in general can be reasonably priced and attractive in an uncertain  
81 cost and regulatory environment. Wind resources moderate or eliminate pollution  
82 risks and fuel price risks and construction can be completed quickly and  
83 predictably once the preliminary development process is complete. The price for  
84 many components of wind technology is becoming more competitive and wind  
85 energy costs can compare favorably with other resources, depending in part on  
86 assumed gas prices and environmental costs. It is in everyone's interest for the

87 long-term resource planning process to factor in appropriate costs and benefits of  
88 wind projects, and our IRP comments were designed to encourage that result.

89 For any specific wind project, however, pre-construction development  
90 efforts may be difficult and lengthy, as they have been for the Latigo project, and  
91 economic viability will depend on many project-specific factors, including the  
92 wind profile and off-take contract pricing. Few wind projects have been  
93 successfully developed in Utah, given unique challenges. We have spent  
94 significant time and money trying to develop a Utah project in good-faith reliance  
95 on Commission orders and we do not believe it is in the best interests of anyone  
96 for those Orders to be ignored or abruptly changed.

97 **Q. Do you have any final comments?**

98 A. Yes. I urge the Commission to decline the request of RMP and the Office to  
99 prejudge the outcome of Phase 2. I ask the Commission to require RMP to  
100 continue to use the Commission-approved pricing methodology, particularly for  
101 the Latigo project that is under development and that has relied in good faith on  
102 the Commission-approved methodology.

103 Prior Commission orders have demonstrated an understanding of the need  
104 for relative certainty in an otherwise uncertain energy development world. I ask  
105 the Commission to deny the stay and to allow the Latigo project to continue its  
106 development efforts for a reasonable period based on the current Commission-  
107 approved pricing methodology.

108 **Q. Does this conclude your surrebuttal testimony?**



109 A. Yes, it does.