

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 12-035-100

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HEARING

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TAKEN AT:	Heber M. Wells Building 160 East 300 South, Room 451 Salt Lake City, Utah 84111
DATE:	Thursday, June 13, 2013
TIME:	12:00 p.m.
REPORTED BY:	Michelle Mallonee, RPR

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	INDEX	
1		
2	COMMENTS	PAGE
3	BENJAMIN MATES	9
4	MARK THOMAS	16
5	KELLY STOWELL	20
6	SARA MA	27
7	TYLER POULSON	32
8	GREG SHEPARD	37
9	BRIDGET STUCHLY	42
10	CHRISTOPHER THOMAS	48
11	NIA SHERAR	54
12	BILL BARRON	56
13	LTC MATT PRICE	59
14	BRYAN HARRIS	61
15	HANS EHRBAR	66
16	ALAN NAUMANN	73
17		
18		EXHIBITS
19	EXHIBIT NO.	ADMITTED INTO THE RECORD
20	PW-1	26
21	PW-2	61
22		
23		
24		
25		

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Hearing

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June 13, 2013

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## PROCEEDINGS

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THE HEARING OFFICER: We are going on the

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record. Good afternoon, Ladies and Gentlemen. This is the

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time and place duly noticed for the public witness hearing in the

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matter of Docket No. 12-035-100, which is the Application of

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Rocky Mountain Power for Approval of Changes to Renewable

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Avoided Cost Methodology for Qualifying Facilities Projects

10

Larger Than Three Megawatts.

11

My name is David Clark. I'm one of the three

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commissioners of the Public Service Commission of Utah. To my

13

left is Commission Chairman Ron Allen. To his left is

14

Commissioner Thad LaVar.

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An evidentiary hearing was held in this proceeding

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on June the 6th. Our purpose today is to hear from members of

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the public regarding the application. And as we begin, if you

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desire to participate, you should have signed a sign-up sheet

19

that Ms. Cheryl Murray of the Office of Consumer Services has

20

been kind enough to maintain for us.

21

Has anyone who desires to participate not signed

22

the list? Thank you.

23

And for those of you unfamiliar with Commission

24

proceedings, in this public witness format, there are two ways

25

for you to participate. You are welcome to offer a statement.

1 And we ask you to consider the nature of your statement and  
2 whether it's repetitious to those that have already been offered  
3 as you make your statement. Rather than--we don't want you to  
4 feel the need to fully repeat comments that have already been  
5 made. You can refer to them and indicate your support. And  
6 that will be very helpful to the Commission.

7           You may also offer sworn testimony if you desire  
8 your testimony to be considered as evidence in the proceeding.  
9 That would be factual evidence or expert testimony. In that  
10 event, you'll be subject to cross-examination by the counsel for  
11 parties who have intervened in the proceeding, as well as  
12 counsel for the applicant and counsel for the Division of Public  
13 Utilities and the Office of Consumer Services.

14           And when you step forward, if you would just  
15 indicate what your desires are. I think for those of you who are  
16 offering statements, we'll have you use the rostrum so that you  
17 can face the Commission. If you are going to offer sworn  
18 testimony, we'll have you take a seat on the witness stand. And  
19 I'll administer an oath. And that way, you'll be able to have eye  
20 contact with the counsel as they cross-examine you.

21           So that will be one way that you can indicate to us  
22 what you--how you intend to participate, either by making an  
23 unsworn statement at the rostrum or taking the witness stand.

24           One final matter, our notice indicated that--which  
25 was issued on June 4th--states that we will begin at noon and

1 that the hearing would conclude when all those present at the  
2 commencement of the hearing had participated. We have since  
3 recognized that our website and some publications gave the  
4 impression that the hearing would last until 5 p.m. So what  
5 we're going to do to accommodate that is that when we have  
6 concluded with all the participants who are present now, we will  
7 remain open for additional unsworn testimony until 5 p.m. And  
8 we'll have this room monitored. And if people come to speak,  
9 the Commissioners will be available to come and to hear their  
10 unsworn statements.

11 Are there any questions about the preliminary  
12 matters that I've just mentioned? Particularly for the counsel  
13 present, is there is any other matter that we need to address?

14 All right. I want to recognize counsel for the Office  
15 of Consumer Services, Assistant Attorney General McDonough,  
16 who has kindly offered to assist any who desire to offer sworn  
17 testimony today in presenting the preliminary information for the  
18 record that we require.

19 So if we have the sign-up list, we'll begin with the  
20 first person on the list. Thank you, Ms. Murray, for bringing that  
21 forward.

22 And the name is Ben Mates, if I'm pronouncing that  
23 correctly.

24 MR. MATES: Yes.

25 THE HEARING OFFICER: Before you are seated,

1 Mr. Mates, would you raise your right hand, please.

2 Do you solemnly swear that the testimony you are  
3 about to give shall be the truth, the whole truth, and nothing but  
4 the truth?

5 MR. MATES: I do.

6 THE HEARING OFFICER: Thank you. Please be  
7 seated.

8 BENJAMIN MATES, having been first duly sworn,  
9 testified as follows:

10 TESTIMONY

11 MR. MCDONOUGH: Mr. Mates, would you please  
12 state your full name for the record.

13 MR. MATES: Benjamin Jay Mates.

14 MR. MCDONOUGH: And are you here representing  
15 any group, association, et cetera, or are you here on behalf of  
16 yourself?

17 MR. MATES: I'll here on behalf of myself.

18 MR. MCDONOUGH: And you have a statement  
19 you'd like to give to the Commission?

20 MR. MATES: Yes, I do.

21 MR. MCDONOUGH: Please.

22 MR. MATES: Okay. This is a letter to the Public  
23 Service Commission dated April 23. And I'd like to follow up  
24 after I read the letter with a few supplemental comments.

25 "Dear Utah Public Service Commission, thank you

1 for calling for public comments on appropriate pricing for  
2 wholesale renewable energy to be purchased by Rocky Mountain  
3 Power in the coming years.

4 "I recently invested in a three-kilowatt photovoltaic  
5 system to offset the cost and environmental impact of the  
6 electricity I use to charge my electric car and to power my  
7 home. While more and more people are making choices similar  
8 to mine, an eventual and inevitable transition to renewable  
9 energy resources can be accelerated for the highest good of all  
10 concerned by effective policies that take a whole system,  
11 long-term view of our future.

12 "Thus, I urge you to take into consideration  
13 aspects, such as public and environmental health, energy  
14 security, and the trend toward increasing expense of fossil fuels  
15 and decreasing expense of renewables, aspects that have  
16 mostly been excluded from previous consideration in  
17 determining energy policy and prices.

18 "The Wasatch Front has just come through another  
19 winter of terrible air quality, much of which was caused by  
20 exhaust from internal combustion engines. That pollution could  
21 be mitigated, or even eliminated all together, through the use of  
22 electric vehicles. While such vehicles are most effectively  
23 charged at night when the sun is not shining, wind turbines  
24 could provide a substantial portion of the electricity they  
25 require. Solar generation facilities of every size could largely

1 obviate the need for peaking facilities that burn coal and natural  
2 gas and leave efficient baseload facilities running on a reduced  
3 scale.

4 "Fossil fuels are nonrenewable resources which will  
5 become more difficult, and thus more expensive to extract as  
6 the years go by, all the more so if current subsidies are  
7 eliminated and/or a price on carbon-based fuels established. By  
8 contrast, wind and solar energy rely on the sun, which is  
9 predictably constant and abundant.

10 "In a similar manner, renewables are not subject to  
11 price volatility and global supply chain vulnerabilities, as fossil  
12 fuels are. We need not make war over resources that are  
13 abundant and present everywhere. Decentralized energy  
14 facilities are also far less vulnerable to attack from foreign or  
15 domestic enemies. Our national energy security stands to  
16 benefit from a fine-grained and widely-distributed network of  
17 diverse generation facilities.

18 "Fossil fuels contain heavy metals and excessive  
19 amounts of carbon and particulate matter that fouls our air,  
20 water, and land with substances that are detrimental to our  
21 health and our quality of life.

22 "Except for the materials embodied in their  
23 equipment, renewables are clean and have minimal impact on  
24 our environment and on our health.

25 "Fossil fuels contribute to climate instability,

1 exposing Utah and the world to disasters, droughts, fires, heat  
2 waves, and floods that can be very costly in terms of economic  
3 impact, lives, and overall human well-being. A transition to  
4 renewables is likely also a transition back to climate stability.

5 "For all of these reasons, clean, renewable energy  
6 resources are worth more than just the dollars paid for the  
7 energy they generate. Taken from a whole system perspective,  
8 renewables provide a high quality of life at an affordable and  
9 consistently decreasing cost.

10 "I respectfully request that you implement policies  
11 and pricing that stimulate investment in renewable energy  
12 generating facilities. Energy pricing largely determines the time  
13 it takes to recover initial investments. The shorter that pay back  
14 time, the sooner we can enjoy the benefits of clean, renewable  
15 energy.

16 "We have reached a point in our history where it  
17 makes increasing sense to forego the time, expense, and impact  
18 of extracting and burning fossil fuels in favor of developing  
19 clean, healthy, reliable, secure renewable energy infrastructure.  
20 I urge you to institute policies to make renewable energy the  
21 preferred choice in every way, including financially. Sincerely,  
22 Ben Mates."

23 So I'd just like to underscore a couple of points in  
24 light of some recent stories in the news and events in our global  
25 arena.

1 I read today 360 homes burned in Colorado  
2 Springs. Now, this may have been avoided if we had had  
3 adequate rainfall. You know, I know there's a lot of debate on  
4 the cause of such things. But the trend seems to indicate that  
5 this is due to climate instability caused by greenhouse gases,  
6 increased greenhouse gases. So that's a cost that, you know,  
7 it's not really in the energy equation at the moment, but it--it  
8 certainly should be.

9 If you talk to any one of those homeowners, they  
10 would--you know, they would really--they're in a desperate  
11 situation, and maybe needlessly.

12 In a similar way, anyone who has experienced the  
13 loss of a loved one who served in Iraq might say that that was  
14 needless if we didn't need the oil in the Middle East.

15 Likewise, anybody who is suffering from health  
16 problems, like asthma, respiratory disease, heart disease, our  
17 air quality could really stand to be cleaned up and benefit those  
18 people, as well as all the taxpayers who have to foot the bill for  
19 those additional health costs. So all of these costs should be  
20 reflected in the energy policies that we institute.

21 One additional point is that the price of renewables  
22 is really decreasing by leaps and bounds. And the trend for  
23 fossil fuels is going in the other direction.

24 So I respectfully urge you to use your forward  
25 thinking and institute fair prices for renewable energy

1 infrastructure. Thank you.

2 THE HEARING OFFICER: Thank you, Mr. Mates.  
3 Before you leave the stand, is there any cross-examination for  
4 Mr. Mates? No questions.

5 You are excused, Mr. Mates. Thank you very much.

6 MR. MATES: Thank you.

7 THE HEARING OFFICER: Mark Thomas is the next  
8 name.

9 I might mention--and, Mr. Mates, we appreciate you  
10 bringing your letter and reading it into the record. If you have  
11 submitted a letter already in this docket, it is part of the docket.  
12 Each of us as commissioners have read the letters. So you  
13 wouldn't necessarily need to read any correspondence that  
14 you've previously provided the Commission.

15 Mr. Thomas.

16 MR. THOMAS: Yes.

17 THE HEARING OFFICER: All right. You intend to  
18 offer sworn testimony?

19 MR. THOMAS: Yes, I do.

20 THE HEARING OFFICER: Would you please raise  
21 your right hand.

22 Do you solemnly swear that the testimony you are  
23 about to give shall be the truth, the whole truth, and nothing but  
24 the truth?

25 MR. THOMAS: Yes.

1 THE HEARING OFFICER: Please be seated.

2 MARK THOMAS, having been first duly sworn,  
3 testified as follows:

4 TESTIMONY

5 MR. MCDONOUGH: Mr. Thomas, would you please  
6 state your full name for the record.

7 MR. THOMAS: Mark Donald Thomas.

8 MR. MCDONOUGH: And are you appearing here  
9 today on behalf of any group or organization?

10 MR. THOMAS: No.

11 MR. MCDONOUGH: Do you have a statement that  
12 you'd like to put in the record?

13 MR. THOMAS: Yes, I do.

14 MR. MCDONOUGH: Please.

15 MR. THOMAS: First of all, let me introduce myself  
16 to you, Gentlemen. Mark Thomas, again, is my name. My  
17 background is in public finance. I've been on the faculty of  
18 Brigham Young University and Utah State University until the  
19 past couple of years. I'm now doing private consulting. So  
20 public finance is my expertise.

21 I've been involved with financing a number of  
22 energy projects throughout the state over the past decades,  
23 including coal-based facilities and renewable: Bountiful,  
24 Springville, Ephraim. My partner Larry Denim (phonetic), who  
25 recently retired, who was the head of--when I was at Zions

1 Bank, he was the head of Public Finance. He financed the--  
2 what was it--\$300 million for the IPP Project. So it gives you an  
3 idea. Finance is what I have come to speak about today, and  
4 just finance.

5 First of all, when teaching at Brigham Young  
6 University, I spoke with an investor, a Texas investment  
7 capitalist, that came in and invested in large companies, bought,  
8 and sold them. And he stated that one of the great weaknesses  
9 in American business is risk calculation. And without going into  
10 any details, if that's the weakness of American business in  
11 general, it certainly is a weakness in energy calculations,  
12 because we haven't had to worry about that in the past.

13 So I'm here to state that on financial grounds  
14 alone, that it makes sense to increase the valuation for the  
15 avoided costs for renewable energy. I've run calculations for  
16 several public organizations throughout the state. And as an  
17 example, Schedule 6 from Rocky Mountain Power recently  
18 increased six percent last November. And their representations  
19 to me have been that they intend increasing that amount in the  
20 foreseeable future. If that holds true, that means that energy  
21 rates will double in the next decade.

22 On the other hand, you can lock in renewable rates  
23 for decades at a time. The University of Utah is an example.  
24 Martin Shane did a project at 700 kilowatts.

25 To look at simple current costs is inadequate.

1 Carbon-based energy is, if not the most volatile, one of the most  
2 volatile commodities in any market. Right now, we're at historic  
3 lows and everybody is going to natural gas. That could change  
4 dramatically as soon as we start exporting it.

5 If you do as I'm recommending today, you will  
6 follow Navigant, you will follow Kema, you will follow Boston,  
7 you will follow Palo Alto and many states who are doing this.  
8 You're not a cutting-edge group by considering this kind of risk  
9 evaluation to increase renewable energy. It's being done by--in  
10 businesses all over, all sorts of risks. Zions Banks--Henry  
11 Works (phonetic), my good friend, he does risk analysis for the  
12 bank. Insurance companies--Munich Re, the largest insuring  
13 company, is insuring renewable energy. In fact, what I'm  
14 suggesting here is this is common practice to value renewable  
15 energy higher on its avoided costs because it reduces the  
16 volatility in future pricing and the risk.

17 This is just one of many risks. There's security  
18 risks, carbon tax risks, portfolio diversification risks, which is  
19 another big one. We don't even need to address those. So  
20 we're not--you gentlemen are not being really radical by doing  
21 this, you're basically doing what is common practice in the  
22 industry.

23 And I would simply like to recommend and think  
24 that this is a grand view energy future. And I think and would  
25 support this proposal to value renewables because of its added

1 risk avoidance for future calculations. Thank you.

2 THE HEARING OFFICER: Cross-examination for  
3 Mr. Thomas?

4 MR. THOMAS: Thank you.

5 THE HEARING OFFICER: You are excused, Mr.  
6 Thomas. Thank you very much for your testimony.

7 Kelly Stowell.

8 MR. STOWELL: I'll do testimony as well.

9 THE HEARING OFFICER: Please raise your right  
10 hand.

11 Do you solemnly swear that the testimony you are  
12 about to give shall be the truth, the whole truth, and nothing but  
13 the truth?

14 MR. STOWELL: Yes, indeed.

15 THE HEARING OFFICER: Thank you. Please be  
16 seated.

17 KELLY STOWELL, having been first duly sworn,  
18 testified as follows:

19 TESTIMONY

20 MR. MCDONOUGH: Mr. Stowell, will you please  
21 state your full name and spell your last name for the record.

22 MR. STOWELL: My name is Kelly Stowell. It's  
23 S-T-O-W-E-L-L.

24 MR. MCDONOUGH: And are you appearing today  
25 on behalf of any group or organization?

1 MR. STOWELL: I'm here today representing  
2 myself, a concerned citizen from Iron County.

3 Again, my name is Kelly Stowell. My background is  
4 I do economic development in Kane County in Southern Utah.  
5 My dad was Senator Dennis Stowell of Iron County. He was  
6 instrumental in creating the Utah Renewable Energy Zone, or  
7 the UREZ, to support the development of renewables in the  
8 state. And I really appreciate this opportunity to explain the  
9 benefits that large-scale solar power projects can bring to  
10 Southern Utah and ratepayers throughout the state.

11 As of particular interest is the Scatec Solar project  
12 in my hometown of Parowan, Utah, in Iron County. This is  
13 located, in part, on property owned by my family. I have worked  
14 with Scatec Solar over the years, and I believe I have a very  
15 good understanding of the value of solar in Southern Utah.

16 Iron County presents one of the best locations to  
17 develop solar energy projects in the country. Not only does  
18 Southern Utah have great solar conditions, like elsewhere in the  
19 southwestern United States, but its high elevation provides  
20 added benefit. At 5800 feet above sea level, Parowan's high  
21 elevation will enable photovoltaic solar systems to collect more  
22 sunlight than lower-level locations that experience higher  
23 temperatures; thus, avoiding some of the performance  
24 degradation solar projects experience in hotter climates  
25 elsewhere in the southwest.

1 Many large-scale solar projects over three  
2 megawatts are already operating throughout the southwest,  
3 including Arizona, California, Colorado, Nevada, and New  
4 Mexico. The only state in the region without a single  
5 large-scale solar project in operation is Utah, even though  
6 Southern Utah presents solar conditions that are just as good as  
7 the other states in this region.

8 I offer the Commission to accept into the record a  
9 spreadsheet developed by the Solar Energy Industry's  
10 Association, updated May 9, 2013, identifying every large-scale  
11 solar project currently operating in the United States, plus  
12 others under development. The discrepancy between Utah and  
13 the rest of the southwest is striking, despite the great solar  
14 conditions Southern Utah provides. And I have copies of these,  
15 if I could provide them to you.

16 Although PacifiCorp obtains a sizable amount of  
17 wind power in Wyoming, the company has failed to tap into  
18 Utah's renewable strength of large-scale solar power.

19 As Economic Development Director for Kane  
20 County, I have looked at the direct benefits to rural Utah in the  
21 form of real jobs. Projects like this will create both construction  
22 jobs, long-term and ongoing maintenance jobs, and a large  
23 injection of tax revenue in the local economy. Plus, with the  
24 Parowan project and its close proximity to I-15, the project may  
25 become a tourist spot for people visiting the many beautiful

1 national parks and monuments in Southern Utah. There has  
2 even been discussion of including a visitor's center, which would  
3 have interactive activities for students and tourists to the site.

4           The Commission should use this proceeding as an  
5 opportunity to develop a methodology for establishing rates for  
6 large-scale solar projects, allowing Utah to obtain the same  
7 economic stimulus that Wyoming has experienced from its wind  
8 industry. It is also my understanding that the cost of  
9 photovoltaic panels is at an all time low, considerably cheaper  
10 than they were just a year ago. Combine this low cost with  
11 Southern Utah's great solar conditions, and we have a terrific  
12 opportunity to inject onto the Utah power grid a large dose of  
13 clean, zero-emissions electricity from the sun at a fixed,  
14 reasonable price. Compare that with the risks of PacifiCorp  
15 faces with uncertain future prices for fuels, such as coal, natural  
16 gas, or costly emissions regulated from the EPA.

17           Furthermore, it is my understanding from  
18 PacifiCorp's newly integrated resource plan that the company  
19 plans to increase its reliance upon power purchases in the  
20 wholesale market. This approach places yet another risk of  
21 price uncertainty on ratepayers. It's clear that large scale solar  
22 projects in Southern Utah, such as the Scatec solar project in  
23 Iron County, provide a valuable hedge against that risk. Despite  
24 these meaningful benefits provided by large-scale solar, there  
25 still are no such projects providing electricity to Utah's

1 ratepayers. That is because, although large-scale solar projects  
2 in Utah have the potential to be price competitive with projects  
3 elsewhere in the southwest, PacifiCorp's current methodology  
4 for determining its avoided costs does not adequately value  
5 these benefits. And PacifiCorp's integrated resource plan does  
6 not include large-scale solar, in part, because the company  
7 overestimates the costs of such projects.

8           This is where the Commission can help. I ask that  
9 the Commission take advantage of this proceeding to order  
10 PacifiCorp to modify its methodology such that it accurately  
11 measures the value that new, large-scale solar generating  
12 capacity can bring. I support the creation of a pilot program  
13 that requires PacifiCorp to contract a minimum amount of  
14 large-scale solar to ensure that such projects can be built.  
15 Ratepayers would see little to no increase in their long-term  
16 rates if 200 to 300 megawatts of power purchases made by  
17 PacifiCorp on the open market were replaced with large-scale  
18 solar projects located right here in Utah.

19           Time, however, is of the essence. It is my  
20 understanding that the Federal Tax Credit solar developers rely  
21 on is set to expire to December 31, 2016. Just--that's just 30  
22 months from now. It may take that long for a developer just to  
23 negotiate and execute a contract with Pacific Corp, go through  
24 the interconnection study process, obtain project financing,  
25 construct the project, and have PacifiCorp construct the

1 interconnection.

2 If the Commission does not act quickly to develop  
3 rules that will encourage large-scale solar projects to be placed  
4 in service before the end of 2016, solar prices may well  
5 increase significantly. And Utah might miss its opportunity to  
6 lock in large-scale solar projects at low prices thanks to the  
7 Federal Income Tax Credit. The time to act is now.

8 I appreciate your consideration and we'd be happy  
9 to answer any questions the Commission may have about the  
10 solar project in Iron County and the benefits that it would bring.

11 THE HEARING OFFICER: Thank you, Mr. Stowell.  
12 Questions for Mr. Stowell?

13 MS. HOGLE: I don't have a question, your Honor. I  
14 just wonder what the intent is to have this admitted into the  
15 record.

16 THE HEARING OFFICER: I've marked it as Public  
17 Witness Document 1. And it will be part of the record of the  
18 information that we've received during the public witness  
19 hearings.

20 (Public Witness Exhibit 1 was received into the record.)

21 MS. HOGLE: I would just request that the  
22 Commission give it the weight that is due, given that the  
23 Company has not had opportunity to review this before. Thank  
24 you.

25 THE HEARING OFFICER: Anything else? Thank

1 you, Mr. Stowell. You are excused.

2 Sara Ma. Before you are seated, will you raise  
3 your right hand, please.

4 Do you solemnly swear that the testimony you are  
5 about to give shall be the truth, the whole truth, and nothing but  
6 the truth?

7 MS. MA: I do.

8 THE HEARING OFFICER: Thank you. Please be  
9 seated.

10 SARA MA, having been first duly sworn, and  
11 testified as follows:

12 TESTIMONY

13 MR. MCDONOUGH: Would you please state your  
14 full name and spell your first name and your last name as well.

15 MS. MA: My name is Sara Ma. It's S-A-R-A, no H,  
16 last name is just M-A.

17 MR. MCDONOUGH: And are you appearing today  
18 on behalf of any group or organization?

19 MS. MA: Yes. I'm here representing iMatter Utah.

20 MR. MCDONOUGH: How large of an organization  
21 is that?

22 MS. MA: We are a group of roughly--there are 12  
23 people. We're not a big.

24 MR. MCDONOUGH: Okay. And you have a  
25 statement you'd like to read into the record?

1 MS. MA: Yes. I have a letter here that we  
2 submitted as a group to the Public Service Commission. I'd just  
3 like to highlight a few parts of it. I'm not going to read the  
4 entire letter because that is not necessary, it appears.

5 So I'm here representing iMatter Utah. We are a  
6 nonprofit organization here in Salt Lake City. We are a group of  
7 teens, parents, and grandparents. Our goal is to find political  
8 ways of mitigating our climate change situation. So today I  
9 would like to highlight just the economic costs of natural gas  
10 price volatility.

11 "The methodology that you adopt in this docket will  
12 affect the structure of Utah's energy portfolio for the  
13 foreseeable future because it will establish Utah's priorities for  
14 its energy portfolio over the next 30 to 50 years.

15 "The likelihood that stringent carbon emissions  
16 regulations will be adopted in the foreseeable future makes  
17 investing in fossil fuel electricity generation economically risky."

18 THE HEARING OFFICER: Ms. Ma, would you peak  
19 just a little slower, please.

20 MS. MA: Oh, sorry.

21 THE HEARING OFFICER: Thank you.

22 MS. MA: "iMatter Utah is not alone in anticipating  
23 that regulations could result in stranded fossil fuel investments.

24 "On February 8, 2010, the Securities and Exchange  
25 Council issued guidance directing publicly-traded companies to

1 disclose risk of regulations associated with climate change to  
2 investors. If the risk of regulation is material enough for  
3 investors in the stock market to consider, it is material enough  
4 for this Commission to consider as it fulfills its mandate to  
5 regulate energy generation by Rocky Mountain Power Company.

6 "The economic risk caused by climate change  
7 regulation does not only affect regulated entities. As the SEC  
8 pointed out, 'Companies that may not be directly affected by  
9 such development can nonetheless be indirectly affected by  
10 changing prices for goods or services provided by companies  
11 that are directly affected and that seek to reflect some or all of  
12 their changes in costs of goods and the prices they charge. For  
13 example, if a supplier's costs increase, that could have a  
14 significant impact on its customers, if those costs are passed  
15 through, resulting in higher prices for customers.'

16 "As consumers, we hope that the Public Service  
17 Commission will take into account the high likelihood that  
18 increased costs caused by climate regulation will be passed  
19 along, resulting in higher energy prices for consumers if our  
20 electricity is generated by fossil fuels. This risk of increased  
21 energy costs in the foreseeable future should be included in the  
22 methodology adopted by the Commission for determining  
23 wholesale prices for electricity generated by small, renewable  
24 generators.

25 "The renewable energy development will allow

1 Rocky Mountain Power to mitigate, and perhaps even avoid, the  
2 real growing costs associated with climate regulation.  
3 Anticipating these avoided costs falls squarely within the Public  
4 Service Commissions' mandate to, 'engage in long-range  
5 planning regarding public utility regulatory policy in order to  
6 facilitate the well-planned development and conservation of  
7 utility resources.'

8 "As consumers, we want to avoid the economic risk  
9 of higher energy prices caused by climate regulation. We want  
10 Utah to invest in renewable energy resources now. We are  
11 willing pay an increased price for the added value of building a  
12 stable price energy infrastructure that would be less costly in  
13 the long term. That is why we are asking the Public Service  
14 Commission to include the economic risks associated with  
15 investing in, or relying on, fossil fuel energy generation when  
16 determining wholesale prices for electricity generated by small  
17 renewable generators.

18 "If the methodology adopted by the Public Service  
19 Commission appropriately values and compensates the ability of  
20 renewable energy to avoid long-term costs and risks associated  
21 with fossil fuel generated electricity, the decision made by this  
22 Commission will facilitate the well-planned development and  
23 conservation of utility resources in Utah.

24 "Thank you for this opportunity to comment on this  
25 important docket. And we appreciate your thoughtful

1 consideration of our comments."

2 And I'd also like to add that, even though I'm here  
3 representing iMatter Utah, I'm also here representing the youth  
4 of this generation, the people who will be dealing with the  
5 long-term cause and effects of climate change. And I'd like you  
6 to just put that into consideration as well. Thank you.

7 THE HEARING OFFICER: Thank you, Ms. Ma.

8 Questions for Ms. Ma?

9 Thank you. You are excused.

10 Tyler Poulson. Please raise your right hand.

11 Do you solemnly swear that the testimony you are  
12 about to give shall be the truth, the whole truth, and nothing but  
13 the truth?

14 MR. POULSON: I do.

15 THE HEARING OFFICER: Thank you. Please be  
16 seated.

17 TYLER POULSON, having been first duly sworn,  
18 testified as follows:

19 TESTIMONY

20 MR. MCDONOUGH: Mr. Poulson, will you please  
21 state your full name and spell your last name for the record.

22 MR. POULSON: Tyler Poulson, and the last name  
23 is P-O-U-L-S-O-N.

24 MR. MCDONOUGH: And are you appearing here  
25 today on behalf of any group, organization, association?

1 MR. POULSON: I am. The city of Park City, also  
2 known as Park City Municipal Corporation. And the comments  
3 I'm going to read were prepared in partnership with our mayor,  
4 Mayor Dana Williams.

5 MR. MCDONOUGH: Please proceed.

6 MR. POULSON: I want to start by thanking the  
7 Commissioners for holding the public witness hearing today.  
8 We greatly appreciate the ability to comment on this docket.

9 "Over the past decade, Park City has taken  
10 increasingly proactive steps to address and mitigate the  
11 environmental impacts of our community, including our  
12 contribution to global climate change. Park City's climate and  
13 economy is uniquely susceptible to the devastating impacts of  
14 rising global temperatures. In addition to the negative impacts  
15 on the local ski and outdoor industry, Park City is concerned  
16 with impacts to water resources, increasing pressures from  
17 drought and wildfire, among other issues.

18 "Park City has established strategies, initiatives,  
19 and goals aimed at tackling these challenges through the  
20 creation of our Community Carbon Footprint and Roadmap to  
21 Reduction, Park City Municipal's environmental strategic plan,  
22 and our signing of the U.S. Mayors Climate Protection  
23 Agreement.

24 "Park City Municipal has made strides to reduce the  
25 greenhouse gas footprint of internal government operations, and

1 we actively engaging our community in similar affairs. Yet a  
2 stark reality for Park City is our actions alone are simply  
3 inadequate to avoid the most devastating impacts of climate  
4 change.

5 "We recognize the decisions made by the Public  
6 Service Commission and resulting actions taken by Utah's  
7 investor-owned utilities have a direct influence on Park City's  
8 efforts to address global climate change and long-term  
9 sustainability. For this, we are grateful for the opportunity to  
10 weigh in with the Commission on the current avoided cost  
11 docket.

12 "It is our understanding that the avoided cost  
13 docket could have significant impacts on the development of  
14 small, independent renewable energy projects in Utah.  
15 Renewable energy is a critical piece of Utah's energy puzzle,  
16 both in the short term as well as the long time.

17 "Renewable energy provides unique economic and  
18 environmental benefits. Accordingly, we want to ensure that the  
19 avoided cost rates and the renewable qualifying facilities pricing  
20 method appropriately take into account the avoidable costs that  
21 renewable resources might mitigate, such as costs associated  
22 with fuel price volatility, environmental regulation, and climate  
23 change impacts.

24 "Specifically we recommend the following:

25 "The pricing method should appropriately value and

1 pay for the system reliability, or 'capacity value' benefits, of  
2 renewable resources.

3 "The energy portion of avoided cost payments  
4 should be tied to market prices for energy that the Company  
5 avoids purchasing.

6 "Qualifying facilities should keep all renewable  
7 energy credits associated with the electricity production of  
8 qualifying facility projects, unless Rocky Mountain Power pays  
9 for renewable QF's for their environmental attributes.

10 "Wind integration costs should be fair and up to  
11 date.

12 "Pricing for the solar qualifying facilities should not  
13 include integration costs. As we understand it, there is not  
14 currently evidence to suggest that Rocky Mountain Power incurs  
15 any solar integration costs.

16 "Renewable qualifying facilities should receive  
17 capacity credit beginning the first year of operation because  
18 they provide capacity value to a system that is heavily reliant on  
19 market purchases in peak summer months.

20 "Given the importance of renewable energy and the  
21 associated benefits renewable energy provides to the utility and  
22 ratepayers, Park City supports a methodology that takes into  
23 account the real value of renewable energy.

24 "To that end, we support paying more in the short  
25 term for renewables that provide long-term benefits, including

1 avoided carbon costs and avoided fuel volatility costs.

2 "As Park City continues our efforts to forestall the  
3 threat of climate change, we respectfully implore the  
4 Commission and Utah's utilities to take climate change into  
5 serious consideration as they continue to examine issues in this  
6 docket. Thank you."

7 THE HEARING OFFICER: Thank you, Mr. Poulson.

8 Questions for Mr. Poulson?

9 You are excused. Thank you very much.

10 Greg Shepard. Please raise your right hand.

11 Do you solemnly swear that the testimony you are  
12 about to give shall be the truth, the whole truth, and nothing but  
13 the truth?

14 MR. SHEPARD: Yes, I do.

15 THE HEARING OFFICER: Thank you. Please be  
16 seated.

17 GREG SHEPARD, having been first duly sworn,  
18 testified as follows:

19 TESTIMONY

20 MR. MCDONOUGH: Would you please state your  
21 full name for the record and spell your last name, Mr. Shepard.

22 MR. SHEPARD: It's R. Gregory Shepard,  
23 S-H-E-P-A-R-D.

24 MR. MCDONOUGH: And are you appearing here  
25 today on behalf of anyone other than yourself?

1 MR. SHEPARD: I'm representing Ra Power 3,  
2 which is a renewable energy company, specializing in solar and  
3 biomass energy.

4 MR. MCDONOUGH: Do you have a statement you'd  
5 like the Commission to consider in this docket?

6 MR. SHEPARD: Yes, I do.

7 THE HEARING OFFICER: Just before you begin,  
8 would you state the name of the company?

9 MR. SHEPARD: Ra Power 3. RA is the Egyptian  
10 sun god. So we don't put R-A-W, it's R-A.

11 THE HEARING OFFICER: Thank you.

12 MR. SHEPARD: If I were to ask a thousand people  
13 at random here in Utah if you'd like clean, renewable energy, I  
14 would imagine all thousand people would say, "Yes, we'd like to  
15 have renewable energy." But if I ask those thousand people,  
16 "Would you be willing to pay twice as much for it," almost all  
17 hands would go down. And that's the conundrum we face.

18 Now, we're a company that produces solar and  
19 biomass energy. And this, by the way, is the first public  
20 statement that we've made.

21 There are three things that have to take place to  
22 solve this conundrum. First is you have to have a low cost of  
23 installation. And we figured out a way to have an unbelievably  
24 low cost of installation. It is far, far lower than any other  
25 renewable energy company out there. In fact, it's far lower than

1 coal.

2 The other thing that you have to have is a very low  
3 cost of operation. And so our cost of operation is far, far lower  
4 than any other renewable energy company, and far lower than  
5 Rocky Mountain Power's Intermountain Coal Project out in  
6 Delta.

7 The third thing you have to have is the ability to  
8 mass produce. You have to have the ability to mass produce all  
9 of your components; otherwise, it doesn't make much difference.  
10 For example, on a wind tower, the big turbines that you need to  
11 run those--it can be up to two megawatts. Well, their cost is a  
12 million, maybe as high as \$2 million for that turbine.

13 We have over 60 patents. One of those centers  
14 around turbines. So we have a Salt Lake company right here in  
15 our county that's making our turbines that can make two  
16 megawatts of our turbines for less than \$10,000. That's our  
17 cost. That is a staggering difference.

18 So what I'm going to bring to you today is that there  
19 is no need to raise prices. We're doing projects right now--in  
20 fact, we've signed--we have a verbal commitment, which is going  
21 to made public here very soon, with a large company here in  
22 Salt Lake County, for 5 cents a kilowatt hour. Five cents. They  
23 said we had to do it less than what Rocky Mountain Power is  
24 charging. We said fine.

25 And then they said, "Well, what about an

1 increase?" Because Rocky Mountain is going to increase at the  
2 rate of a half a cent a kilowatt a year.

3 I said, "Well, we'll do a little better than that. We'll  
4 do a 10th of a penny every year."

5 So next year, it will be 5.1 cents a kilowatt hour.

6 Now, we've got enough property to do massive  
7 amounts of energy right now. We're doing projects right now.  
8 We have thousands and thousands of acres, the ability to do  
9 thousands and thousands of megawatts. We're a debt-free  
10 company. We have millions in inventory, and we're building  
11 those projects right now. It will be in an incredible boon to the  
12 state of Utah and to our country.

13 We have a number of foreign countries that are  
14 interested. For example, some Middle East companies want to  
15 do business. The reason is because they take oil and burn it to  
16 make their power. They don't want to do that. They'd rather sell  
17 the oil to us. That's their motivation. So we're going to build  
18 thousands of megawatts over in the Middle East.

19 And we just don't do a couple thousand hours when  
20 the sun shines. We do 24/7 power so that you can have energy,  
21 renewable energy, all day long and all night long for a very low  
22 price so that our state of Utah people and businesses won't  
23 have to pay any more than they're paying right now.

24 All right. So I know that's pretty volatile stuff. I'm  
25 available to answer specific questions, if you have them. I'd be

1 delighted to do so as far as I can. Thank you.

2 THE HEARING OFFICER: Thank you, Mr. Shepard.  
3 Questions for Mr. Shepard?

4 MR. SHEPARD: None with all that? You're going  
5 to get 24/7 clean, renewable energy for less than you are paying  
6 now? Well that's good, then.

7 You don't have any questions?

8 MS. HOGLE: (Ms. Hogle indicated in the negative.)

9 THE HEARING OFFICER: Thank you, Mr. Shepard.

10 MR. SHEPARD: I was prepared for a whole bunch  
11 from you guys.

12 THE HEARING OFFICER: Next person is Bridget, I  
13 think it's Stuchly or Stuckly.

14 THE WITNESS: Stuchly.

15 THE HEARING OFFICER: Stuchly. Thank you.

16 Do you solemnly swear that the testimony you are  
17 about to give shall be the truth, the whole truth, and nothing but  
18 the truth?

19 MS. STUCHLY: I do.

20 THE HEARING OFFICER: Please be seated.

21 Our court reporter has asked me to remind you that  
22 if you are reading a statement, please read slowly so that she  
23 can get every word. Thank you very much.

24 Mr. McDonough.

25 BRIDGET STUCHLY, having been first duly sworn,

1 testified as follows:

2 TESTIMONY

3 MR. MCDONOUGH: Ms. Stuchly, would you please  
4 state your full name for the record and spell your last name.

5 MS. STUCHLY: Sure. Bridget Stuchly,  
6 S-T-U-C-H-L-Y.

7 MR. MCDONOUGH: And are you appearing here  
8 today on behalf of any group or association?

9 MS. STUCHLY: I am. I'm here on behalf of the  
10 City of Salt Lake. And Mayor Becker could not be here today.

11 MR. MCDONOUGH: And you have some testimony  
12 that you would like the Commission to consider in this docket?

13 MS. STUCHLY: Yes.

14 MR. MCDONOUGH: Please.

15 MS. STUCHLY: First of all, I want to thank you for  
16 giving serious consideration to this important issue.

17 The City of Salt Lake realizes that the  
18 Commission's decisions will impact what types of electricity  
19 generation gets built in Utah. And as electricity users, we are  
20 petitioning that the Commission--sorry, petitioning the  
21 Commission to encourage smart, clean energy investments.  
22 And with that, I'd like to proceed to underscore some of the  
23 Mayor's comments and the Division's sustainability that we  
24 submitted on the 15th of May.

25 "Over the past decade, Salt Lake City has been

1 engaged in and/or has tracked numerous dockets before the  
2 Public Service Commission. And, as always, we appreciate your  
3 consideration of these comments and the opportunity to weigh in  
4 on this and other important issues.

5 "Over the last five years, Salt Lake City has made  
6 great strides to improve the sustainability and livability of our  
7 community. We continue to pursue aggressive goals related to  
8 air quality, climate change and clean energy. Specifically, our  
9 recently released sustainable Salt Lake Plan 2015 establishes  
10 specific targets and related strategies within these categories:

11 To improve air quality; to protect community health  
12 and our environment; reduce greenhouse gas emissions to  
13 mitigate climate change; reduce greenhouse gas emissions from  
14 our community by ten percent to 4.7 million tons annually  
15 through transportation and energy strategies by 2015; reduce  
16 greenhouse gas emissions from city operations by 13 percent to  
17 72,000 tons annually by 2015; increase renewable energy  
18 generation and market share.

19 "Working with an intent to focus on these and many  
20 other related goals, Salt Lake City recognizes the importance of  
21 striking a balance between environmental and economic  
22 challenges without compromising long-term sustainability for  
23 future generations.

24 "We are also well aware that the Commission's  
25 decisions have notable impacts on utility planning and

1 investments, which in turn, have direct and indirect impacts on  
2 the City's goals and decisions as we move forward in building  
3 net zero carbon emission facilities. As such we consider the  
4 avoided cost docket under consideration to be of the utmost  
5 importance.

6 "We consider renewable energy to be an integral  
7 solution to addressing long-term risks of climate change and the  
8 costs of greenhouse gas regulation and fuel volatility. We  
9 strongly feel that the avoided cost rates and the renewable  
10 qualifying facilities pricing method should adequately take into  
11 account the avoidable costs that renewable resources help us to  
12 avoid, such as the costs associated with fuel price volatility,  
13 environmental regulation, and climate change impacts.

14 "Salt Lake City supports paying for the real value of  
15 renewable energy and--supports paying for the real value of  
16 renewable energy that renewable energy provides to the utility  
17 and ratepayers. We believe acknowledging these benefits today  
18 will manage risk and keep costs lower tomorrow and over the  
19 long term.

20 "We echo Park City's suggestions, and also  
21 specifically wanted to underscore the following  
22 recommendations on the pricing methodology for qualifying  
23 facilities.

24 "Pricing for solar qualifying facilities should not  
25 include integrated costs. There is no evidence to suggest

1 Rocky Mountain Power incurs any solar integrated costs.

2 "Qualifying facilities should keep all of the  
3 renewable energy credits associated with electricity production  
4 and qualifying facility projects, unless Rocky Mountain Power  
5 pays renewable qualifying facilities for their environmental  
6 attributes.

7 "The energy portion of avoided cost payments  
8 should be tied to market prices for energy that the company  
9 avoids purchasing.

10 "Wind integration costs should be up to date and  
11 fair.

12 "The pricing method should appropriately value and  
13 pay for the systems' reliability or capacity value benefits of  
14 renewable resources.

15 "As the avoided cost docket proceeds, we  
16 respectfully request"--sorry, I'll skip that.

17 "As Salt Lake City works to tackle two--tackle two  
18 important issues and allow additional interested"--again, excuse  
19 me, one more time.

20 "As Salt Lake City works to tackle two of the most  
21 pressing issues of our time, climate change and air quality, we  
22 are eager to encourage and support decisions that have a  
23 widespread impact beyond our borders. We see the avoided  
24 cost docket as significant impacts in the years and decades to  
25 come on Utah's energy future. And we hope the outcome of this

1 docket does not discourage or forestall small, independent,  
2 renewable power production in Utah."

3 Thank you for your consideration of these  
4 comments.

5 THE HEARING OFFICER: Thank you. Questions  
6 for Ms. Stuchly? Thank you very much, Ms. Stuchly.

7 Christopher Thomas.

8 MR. THOMAS: Good afternoon. I want to thank--  
9 do I need to speak into anything, a microphone?

10 THE HEARING OFFICER: We can hear you well. I  
11 think if you keep your voice elevated--can you hear him in the  
12 back? Okay.

13 MR. THOMAS: Great.

14 THE HEARING OFFICER: Would you state your full  
15 name--

16 MR. THOMAS: I sure will.

17 THE HEARING OFFICER: --and any association  
18 that you have with any organization that's pertinent.

19 MR. THOMAS: Absolutely.

20 THE HEARING OFFICER: Thank you.

21 COMMENTS BY CHRISTOPHER THOMAS

22 MR. THOMAS: Yes. My name is Christopher  
23 Thomas. I'm the executive director of a nonprofit 501(c)(3)  
24 organization here in Salt Lake called HEAL Utah, which stands  
25 for the Healthy Environment Alliance of Utah. And our mission

1 is to protect Utah's health and environment from nuclear, toxic,  
2 and dirty energy threats, and correspondingly, to promote the  
3 adoption of more renewable energy because of its unique  
4 attributes in protecting our environment.

5 First of all, before I get started, I just want to say  
6 again thank you so much for the opportunity to comment. And  
7 thank you for your service to the state of Utah.

8 We have thousands of members all across Utah.  
9 And the vast majority of them are, in fact, Rocky Mountain  
10 Power customers. And so my comments today are on behalf of  
11 our supporters, HEAL Utah, and myself, as a Rocky Mountain  
12 Power customer.

13 So we're interested in this docket, really, from a  
14 very big picture perspective. What we want, as Rocky Mountain  
15 Power customers, is to see an increasing share of green energy  
16 supplying our homes and businesses. And when it comes to  
17 that big picture, we are very concerned as an organization and  
18 so are our supporters because we see Rocky Mountain Power  
19 increasingly moving in what we view as exactly the wrong  
20 direction when it comes to green energy.

21 If you look at our neighboring western states,  
22 Colorado, Nevada, New Mexico, what you increasingly see is  
23 those states and utilities in those states increasingly shifting  
24 away from coal because of the unique risks that that power  
25 source provides and moving towards increasing amounts of

1 renewable energy.

2                   However, if you are a Rocky Mountain Power  
3 customer, over the next decade we're actually set to see our  
4 share of energy coming from green energy sources set to  
5 decline. And I think that really stands us apart from many of our  
6 western neighbors.

7                   And as I talk to our supporters and Rocky Mountain  
8 Power customers, many of them find this really surprising and  
9 dismaying. And we're going provide some additional comments  
10 and a list of petition signatures to this Commission as part of  
11 the IRP docket.

12                   What concerns us is that really there is only two  
13 ways that Rocky Mountain Power customers are going to see the  
14 share of green energy that they get increase, and that's, one, if  
15 Rocky Mountain Power builds more green energy assets, which  
16 we now learned that they're not planning to do as part of their  
17 IRP filing--at least not within the next decade. But if they're not  
18 building their own renewable energy facilities, they could still  
19 sign contracts, power purchase agreements, with third-party,  
20 independent renewable energy producers.

21                   And that's what brings me here today to advocate  
22 on behalf of our supporters. We believe the current proposal by  
23 the company would significantly hurt the ability of these  
24 third-party producers to sign contracts to sell their green energy  
25 into the Rocky Mountain Power system for the benefit of Rocky

1 Mountain Power customers.

2 I want to just point out two, kind of, high-level  
3 concerns. The first is that we think coal power plants will  
4 increasingly see many challenges. If you just saw the news in  
5 Wyoming recently, the EPA came out with a decision requiring  
6 the installation of hundreds of millions of dollars of pollution  
7 controls on coal plants in Wyoming, many of which belong to  
8 PacifiCorp Rocky Mountain Power. Those were not adequately  
9 factored into their planning process. We believe if they had  
10 been, we would have seen a plan to add more wind energy as  
11 part of the company's IRP, Integrated Resource Plan. And that,  
12 in fact, that would have paved the way for the qualifying  
13 facilities to follow the same procedure that they had before,  
14 which is that if the Integrated Resource Plan called for wind,  
15 then Rocky Mountain Power would go ahead and sign contracts  
16 that call--with qualifying facilities to supply that wind power into  
17 the Rocky Mountain Power system.

18 However, now that the latest IRP does not, in fact,  
19 call for wind resources, Rocky Mountain Power is asking that  
20 this procedure be changed so that capacity payments to  
21 qualifying facilities would be based upon the avoided cost of  
22 building a natural gas plant in the mid-2020s time frame.

23 And so from our vantage point, the problem with  
24 that is that it doesn't capture the unique benefits of green  
25 energy. To our supporters and to us, and I think to many people

1 who study energy, a green electron has value that an electron  
2 coming from a natural gas plant does not. Many folks have  
3 mentioned those before. I would simply echo the comments  
4 made by Tyler Poulson from Park City and from Bridget Stuchly  
5 from Salt Lake City. In fact, many of our supporters are  
6 residents of Salt Lake City and Park City.

7           So with that, I guess I would just say--I would close  
8 by saying that our only hope at this point of continuing to see  
9 green energy increase as part of our energy mix really now rests  
10 in the hands of third-party developers, simply because Rocky  
11 Mountain Power does not plan near-term investments in green  
12 energy. And that's the exact power that a lot of power  
13 customers want and, in fact, would be willing to pay a little more  
14 for.

15           So we simply ask that you take this perspective into  
16 account as you weigh all of this evidence, as you make your  
17 decision. And just want to let you know, we plan to continue to  
18 become more involved and more knowledgeable about the  
19 processes that you have to advocate on behalf of our supporters  
20 for more green energy. Thank you very much.

21           THE HEARING OFFICER: Thank you, Mr. Thomas.

22           Questions? Thank you very much, Mr. Thomas.

23           Is it Nia Sherar?

24           MS. SHERAR: Sherar.

25           THE HEARING OFFICER: Thank you.

1 MS. SHERAR: So when I speak, do you give more  
2 weight to me when I swear in or when I stand here? Does either  
3 side give more weight?

4 THE HEARING OFFICER: I really think it's just up  
5 to you, whatever you are most comfortable with. We are  
6 pleased to hear your statement.

7 COMMENTS BY NIA SHERAR

8 MS. SHERAR: So my name is Nia Sherar.

9 THE HEARING OFFICER: Would you spell your  
10 name, please.

11 MS. SHERAR: N-I-A, Sherar, S-H-E-R-A-R.

12 THE HEARING OFFICER: And are you  
13 representing any organizations?

14 MS. SHERAR: No. No. First of all, thank you for  
15 giving me this opportunity to talk. And I'm representing myself  
16 as a person who walks, takes the bus, or rides my bike to work,  
17 to the library, to the community, doing things in the community,  
18 grocery shopping, et cetera. And when I do drive, there's  
19 generally someone else in the car with me and I drive a hybrid.  
20 We also recently installed a three kilowatt system on our house  
21 in Sugarhouse. We're getting rid of our AC and installing a  
22 swamp cooler.

23 In addition to what Mr. Mates, Stowell, Poulson and  
24 Thomas have said and Ms. Ma and Stuchly, I would just like to  
25 say there's no reason to reinvent the wheel and repeat it, as you

1 said earlier. So I would just like to say that I would like the  
2 Commission to think about the future and that what we're doing  
3 now. The choices we make now affect our future. And I  
4 encourage you to think of smart, clean energy investments in  
5 non-polluting, renewable resources.

6 And I'd like to emphasize that pricing for renewable  
7 resources should appropriately value and compensate the  
8 system reliability benefits brought by additional renewable  
9 resources, and that pricing for renewable resources should  
10 appropriately value the renewable energy for its ability to avoid  
11 long-term costs and risks associated with volatile fuel prices.  
12 So I hope you think green. Thank you.

13 THE HEARING OFFICER: Thank you, Ms. Sherar.  
14 Bill Barron.

15 MR. BARRON: I guess I'll go over here.

16 THE HEARING OFFICER: Thank you. Please raise  
17 your right hand.

18 Do you solemnly swear that the testimony you are  
19 about to give shall be the truth, the whole truth, and nothing but  
20 the truth?

21 MR. BARRON: I do.

22 THE HEARING OFFICER: Please be seated.

23 BILL BARRON, having been first duly sworn,  
24 testified as follows:

25 TESTIMONY

1 MR. MCDONOUGH: Mr. Barron, will you state your  
2 name for the record and then spell your last name, please.

3 MR. BARRON: My name is William Curry Barron.  
4 And my last name is spelled B as in boy, A-R-R-O-N.

5 MR. MCDONOUGH: Are you appearing on behalf of  
6 any group or organization today?

7 MR. BARRON: Yes. I'm representing the Utah  
8 chapter of the Citizens Climate Lobby.

9 MR. MCDONOUGH: And you have some testimony  
10 that you'd like the Commission to consider in this docket?

11 MR. BARRON: I do.

12 MR. MCDONOUGH: Please.

13 MR. BARRON: Thank you very much for the  
14 opportunity for being here today.

15 "As local energy consumers, we appreciate the  
16 Utah Public Service Commission thoroughly considering fair  
17 pricing for wholesale, renewable energy for facilities between  
18 three and 80 megawatts. As I said, my name is Bill Barron. I am  
19 the founder and co-leader of the Dave Folland of the Utah  
20 Chapter of the Citizens Climate Lobby. We represent an  
21 organization that is an international, nonpartisan, nonprofit. We  
22 have over 90 groups in the US and Canada. We are lobbying at  
23 the federal level to promote a tax on carbon emissions with 100  
24 percent of the revenue returned to households as a direct and  
25 transparent, market driven way to reduce emissions and

1 accelerate a transition to clean energy.

2 "Here locally, we believe there is an opportunity for  
3 the Commission to take a leadership role in increasing the  
4 amount of renewable energy in Utah. We urge you to support  
5 fair pricing for wholesale, renewable energy for many reasons.  
6 We believe we must take critical decisions regarding our energy  
7 supply that considers the impact of our decisions for the long  
8 term.

9 "The growing and volatile costs of fossil fuels and  
10 the direct impact its use has on our environment and human  
11 health support the value of clean energy. While fossil fuels are  
12 currently cheaper in price in the short term, they impose  
13 significant costs and negative impacts over the long term.

14 "As consumers, we ask that you develop a pricing  
15 methodology for renewable energy that compensates for costs  
16 and impacts it avoids. We ask you to consider the externalized  
17 costs of using fossil fuels in regards to our air and water quality,  
18 our human health and its impact on climate change, and urge  
19 you to consider the benefits that come from your ruling on this  
20 issue.

21 "We must face the impacts of climate change  
22 together. We believe that there is a great opportunity for Rocky  
23 Mountain Power and its consumers to take advantage of Utah's  
24 abundant supply of renewable energy and make proactive  
25 decisions that show a commitment to the well-being of coming

1 generations at a time that is so urgently needed.

2 "We request the Public Service Commission to  
3 support fair pricing for wholesale, renewable energy, and urge  
4 you to allow the renewable energy developer to keep all the  
5 renewable energy credits associated with its power generation."

6 Again, I strongly believe that the development of  
7 renewables in this state is an opportunity to lock in rates for  
8 future fuel prices that will otherwise be more and more volatile.  
9 Thank you.

10 THE HEARING OFFICER: Questions for Mr.  
11 Barron?

12 Thank you, Mr. Barron. You are excused.  
13 Matt Price. And there are some initials or  
14 something. Is it Lieutenant Colonel?

15 LTC PRICE: Lieutenant Colonel.

16 THE HEARING OFFICER: Thank you.

17 Do you solemnly swear that the testimony you are  
18 about to give shall be the truth, the whole truth, and nothing but  
19 the truth?

20 LTC PRICE: I do.

21 THE HEARING OFFICER: Please be seated.

22 LTC MATT PRICE, having been first duly sworn,  
23 testified as follows:

24 TESTIMONY

25 MR. MCDONOUGH: Would you please state your

1 full name for the record.

2 LTC PRICE: David M. Price.

3 MR. MCDONOUGH: Are you here today on behalf  
4 of any group or organization?

5 LTC PRICE: I am. On behalf of the Utah National  
6 Guard and as a member of the Governor's Council on Military  
7 Installation Energy Collaborative.

8 MR. MCDONOUGH: And you have some testimony  
9 that you'd like the Commission to consider in this docket?

10 LTC PRICE: Yes, I do.

11 MR. MCDONOUGH: Please proceed.

12 LTC PRICE: Thank you. The Utah National Guard  
13 recommends the Commission support principals for the  
14 equitable pricing and renewable electricity from qualified  
15 facilities, support pricing that is fair to generators and  
16 ratepayers. Our goal as a military installation over the next 20  
17 years is to focus on both solar and wind.

18 And as we compete with other states and federal  
19 entities in the Department of Defense for renewable energy  
20 projects, we would appreciate the Commission considering  
21 policies and methodology in the rates that would help us in our  
22 business case to apply for those federal funding and those  
23 projects among other federal agencies. Thank you.

24 THE HEARING OFFICER: Questions?

25 MR. JETTER: I just have one question for the

1 Commission. I'd just like to see if we could give this a number  
2 and enter it into the record.

3 THE HEARING OFFICER: Right. It's Public  
4 Witness Document No. 2.

5 (Public Witness Exhibit 2 was received into the record.)

6 MR. JETTER: Thank you.

7 THE HEARING OFFICER: Any other questions?

8 Thank you, Lieutenant Colonel Price. You are  
9 excused.

10 Bryan Harris.

11 COMMENTS BY BRYAN HARRIS

12 MR. HARRIS: My name's Bryan Harris. I'm  
13 representing First Wind Energy. I'm a development manager for  
14 First Wind Energy. And I'm grateful to be here to provide some  
15 comments on this important matter.

16 "First Wind owns and operates the 306 megawatts  
17 Milford Wind Quarter Project located in Beaver and Millard  
18 counties. These projects are the largest renewable energy  
19 projects in Utah. In addition, we have several other wind and  
20 solar projects in various stages of development throughout the  
21 state.

22 "Renewable energy projects are good for Utah's  
23 economy. Milford Wind Quarter Project has been an economic  
24 boon to Beaver and Millard counties. There were over 400  
25 construction jobs during the two-year construction phase of the

1 projects, and approximately 60 million was spend directly in  
2 Utah. Goods and services for these projects were purchased  
3 from over 100 Utah businesses.

4 "Today, there are 25 full-time permanent jobs  
5 associated with the project"--which is a large number for Milford,  
6 Utah--"and last year over \$5 million was paid in property taxes  
7 to Beaver and Millard counties.

8 "Re-renewable energy projects can also be good for  
9 Utah ratepayers, since they have no variable fuel costs, provide  
10 a clean source of electricity with a long-term fixed price built  
11 into the project's power purchase agreement.

12 "In recent years, the cost of wind turbine  
13 generators and photovoltaic solar modules has decreased  
14 significantly. This, coupled with favorable federal tax policy that  
15 is set to expire at the end of this year for wind and at the end of  
16 2016 for solar, creates a financial environment, where  
17 renewable energy projects can provide a fair value to Utah  
18 ratepayers over the near term.

19 "The Commission's avoided price--cost pricing  
20 decision will play a critical role in the potential development of  
21 renewable power in Utah. In order to facilitate the development  
22 of small, independent power production in Utah, it is important  
23 that avoided cost pricing properly value the benefits renewable  
24 energy brings to Rocky Mountain Power and its ratepayers.

25 "Renewable energy provides important--

1 renewable energy provides an opportunity to meet Utah's  
2 expanding energy demands in a clean and sustainable manner  
3 while creating new local economic opportunities. These  
4 opportunities are dependent on fair valuation of renewable  
5 energy and capacity.

6 "In order to ensure fair avoided cost pricing for  
7 renewable energy qualifying facilities, we ask that the Public  
8 Service Commission provide fair and full compensation for the  
9 physical capacity value provided by renewable energy  
10 resources. In our experience, calculating the capacity value  
11 correctly will determine if a project is feasible or not.

12 "We ask that the Commission appropriately  
13 compensate renewable energy qualifying facilities for the  
14 volatile and rising energy costs of renewable energy enables  
15 Rocky Mountain Power--

16 THE HEARING OFFICER: Mr. Harris, could I ask  
17 you to just slow down?

18 MR. HARRIS: You bet. You bet. Sorry about that.

19 THE HEARING OFFICER: Thank you. Why don't  
20 you begin that sentence again, please.

21 MR. HARRIS: I will.

22 "We ask that the Commission appropriately  
23 compensate renewable qualifying facilities for the volatile and  
24 rising energy costs renewable energy developers"--now I've  
25 messed up again. I'm going to start over again.

1 "We ask that the Commission appropriately  
2 compensate renewable qualifying facilities for the volatile and  
3 rising energy costs that renewable energy enables Rocky  
4 Mountain Power and its ratepayers to avoid for 20 to 25 years.  
5 Additionally, we ask that renewable energy developers are  
6 allowed to either retain the renewable energy credits created  
7 from the projects or be compensated fairly for them.

8 "Finally, we ask the Commission--we ask that the  
9 Commission consider the significant local economic benefits  
10 provided by Utah-based renewable energy facilities. Utah could  
11 benefit--Utahns could benefit enormously from a fair avoided  
12 cost pricing the values of development of home-grown, clean,  
13 stable priced, renewable energy."

14 Thank you for the opportunity to provide these  
15 comments. Do you have any questions?

16 THE HEARING OFFICER: Thank you very much,  
17 Mr. Harris.

18 Hans Embar?

19 MR. EHRBAR: Ehrbar.

20 THE HEARING OFFICER: Would you raises your  
21 right hand, please.

22 Do you solemnly swear that the testimony you are  
23 about to give shall be the truth, the whole truth and nothing but  
24 the truth?

25 MR. EHRBAR: I do.

1 THE HEARING OFFICER: Thank you. Please be  
2 seated.

3 HANS EHRBAR, having been first duly sworn,  
4 testified as follows:

5 TESTIMONY

6 MR. MCDONOUGH: Would you please state your  
7 full name for the record and spell your first and last name,  
8 please.

9 MR. EHRBAR: It's Hans Georg Ehrbar. It's  
10 H-A-N-S, is the first name, then Georg without an E, and usually  
11 I just use the middle initial G. Then Ehrbar, that's E as in  
12 Edward, H as in Henry, R as in Robert, B as in boy, A as in  
13 apple, R as in Robert.

14 MR. MCDONOUGH: Are you appearing today on  
15 behalf of anybody other than yourself?

16 MR. EHRBAR: No, for myself.

17 MR. MCDONOUGH: Do you have some testimony  
18 you'd like the Commission to consider?

19 MR. EHRBAR: Yes.

20 MR. MCDONOUGH: Please.

21 MR. EHRBAR: Thank you for the opportunity to  
22 testify here. Despite an abundance of solar and geothermal  
23 energy in Utah, Utah is almost last in the nation with its share of  
24 renewable electricity. The reason is simple: Renewable  
25 electricity cannot compete with fossil fuels because fossil fuels

1 are subsidized in Utah more than elsewhere.

2           If you understand the mechanisms of these  
3 subsidies, I think you may also appreciate my reasons for  
4 speaking as a witness here. I arranged my personal life to  
5 minimize my carbon footprint. Yet, I have no choice but to  
6 subsidize the fossil fuel consumption of others. Part of the  
7 subsidies are the damages which ozone pollution and PM2.5  
8 pollution afflict on me and everyone else living in Salt Lake City-  
9 -even those who do not immediately show symptoms.

10           Another part of this subsidy is paid not only by  
11 people in Salt Lake City, but by people living everywhere. My  
12 children, for instance, who live in other states must expect a  
13 grim future due to the climate of consumption, which is in part  
14 caused by electricity production in Utah. Generators of  
15 electricity from fossil fuels use the atmosphere which I am  
16 breathing as a free dumping ground. I'm paying the price which  
17 they should be paying.

18           These subsidies make electricity prices too low,  
19 which leads to overconsumption of electricity compared to what  
20 would constitute an efficient use of all available resources.  
21 Another implication of these subsidies is that the avoided costs,  
22 as they are presently computed in Utah, are also lower than  
23 what would be efficient for the economy.

24           Before going into the details of this, I'd like to  
25 briefly discuss the effects of too low avoided costs. Say the true

1 cost of an additional fossil-fired kilowatt hour is five cents, but  
2 the avoided cost is calculated as 3 cents. In this case,  
3 renewable energy producers with a cost of four cents are denied  
4 access. Instead, this energy is produced at a cost of 5 cents.  
5 That is, if avoided costs are too low, ratepayers have to pay too  
6 much.

7 Another implication of too low avoided costs is  
8 retardation in the development of renewable energy. Renewable  
9 energy is getting cheaper every year. And the more renewable  
10 energy can be produced, the faster it will pass through its  
11 learning curve. Existing fossil generation is a mature  
12 technology and its productivity increases are much slower than  
13 those of renewable energy.

14 I still have to substantiate my claim that the  
15 avoided costs in Utah are too low. I see three reasons for this.

16 First reason: Around 35 of the 50 states in the  
17 Union have mandatory renewable portfolio standards. If such  
18 an RPS exists, PURPA allows the avoided costs for renewable  
19 energy generation mandated by the RPS to be determined by  
20 the cost of renewable electricity and not the cost of fossil  
21 electricity. Utah does not have a mandate, but only a goal. I'm  
22 not sure whether PURPA allows technology specific rates if  
23 there's only a goal. I wish that such technology specific rates  
24 can be developed. I certainly think they are in the interest of  
25 ratepayers like myself.

1                   If PURPA does not allow technology-specific rates  
2 here in Utah; that is, if the utility company does not have to pay  
3 for the many extra benefits of renewable generation, then I think  
4 it would be fair that the QF, the Qualifying Facility, should be  
5 able to sell their RECs elsewhere.

6                   Second reason for avoided costs in Utah being too  
7 low, even in comparison with other states. Second reason: It is  
8 widely believed that the externalities which force end consumers  
9 to subsidize fossil fuel generated electricity with their health and  
10 the future of their children, will at some point lead to a carbon  
11 tax or other kind of carbon price. If there is a carbon tax, then  
12 PURPA allows the tax savings of renewable energy to count as  
13 an avoided cost. But right now, there are only externalities and  
14 no tax. PURPA does not allow to count externalities as avoided  
15 costs, which are not actual costs to the utility company. Even if  
16 those costs are not reflected in the books of my utility of Rocky  
17 Mountain Power, these costs are borne by someone.

18                   I am one of the many end consumers who are  
19 bearing these costs, and I think I deserve as much protection  
20 under PURPA as my utility company. I hope that some way can  
21 be found to reflect these externalities in the avoided cost,  
22 perhaps as a hedge against future carbon taxes. This would not  
23 only be fair, but it would also make good business sense.  
24 Investment has power generation has a long lifetime. Everyone  
25 loses if these investments are made on the basis which will be

1 overturned after a few years when the carbon tax is introduced.

2 I am not lawyer and do not know whether the above  
3 refinements of the avoided cost calculation can be reconciled  
4 with the letter of the law. I think they are certainly in the spirit  
5 of the law because ratepayer indifference is impossible without  
6 these refinements.

7 But there is a third reason why avoided costs in  
8 Utah are too low. PURPA in Utah tries to be simple and only  
9 uses a bare bones calculation of avoided costs. Some of the  
10 benefits of renewable energy, which PURPA generally allows to  
11 count as avoided costs, are not counted here in Utah. Other  
12 participants in the docket have pointed this out. I cannot add to  
13 the details, but I will describe the gist of it as I understand it.

14 It makes sense to me to value solar energy  
15 capacity more highly because the sun happens to shine when  
16 demand is high and to value wind more highly because Utah is  
17 windier during the summer rather than winter. It also makes  
18 sense to me to value distributed energy more highly because the  
19 law of large numbers makes many independent producers more  
20 reliable than one big producer. As I understand it, such  
21 valuations are permissible under PURPA as it stands.

22 As a private citizen living in Utah, my request is to  
23 use the broadest definition of avoided costs permissible under  
24 PURPA. Even the broadest definition of avoided costs allowed  
25 under PURPA leads to a number which is too low, considering

1 all the other effects which are disallowed by the negative  
2 synergies between PURPA and the present fossil-fuel-friendly  
3 legislative regulator stands here in Utah and in the USA in  
4 general.

5 I know that we cannot eliminate all subsidies for  
6 fossil fuels in this hearing. I came here to plead with you that  
7 you should at least try to eliminate as much of these subsidies  
8 as possible.

9 Thank you for this opportunity.

10 THE HEARING OFFICER: Thank you, Mr. Ehrbar.  
11 Questions for Mr. Ehrbar? Thank you. You are  
12 excused.

13 MR. EHRBAR: Thank you.

14 THE HEARING OFFICER: We've reached the last  
15 name on the list that's before me. Let's be off the record.

16 (A discussion was held off the record.)

17 THE HEARING OFFICER: Thank you. On the  
18 record. Alan--is it Naumann?

19 MR. NAUMANN: Yes, Naumann.

20 THE HEARING OFFICER: Naumann.

21 MR. NAUMANN: Good afternoon. Thank you.

22 THE HEARING OFFICER: Do you solemnly swear  
23 that the testimony you are about to give shall be the truth, the  
24 whole truth and, nothing but the truth?

25 MR. NAUMANN: I do.

1 THE HEARING OFFICER: Please be seated.

2 ALAN NAUMANN, having been first duly sworn,  
3 testified as follows:

4 TESTIMONY

5 MR. NAUMANN: Thank you. My name is Alan  
6 Naumann. My last name, N-A-U-M-A-N-N. I'm here on behalf of  
7 myself. I represent the solar--I don't represent--my comments  
8 are my own. I am a solar integrator. I work for Synergy Power  
9 in Alpine, Utah. Also a member and volunteer with the solar--  
10 Utah Solar Energy Association. And I'm the coordinator of Solar  
11 Day Salt Lake. The third annual is coming up Saturday, July 27.  
12 And I consider myself a Utah's biggest cheerleader for solar.  
13 And I'm hoping to convince the commissioners that renewable  
14 energy is something Utah ought to do more of.

15 I want to concur with several speakers that have  
16 talked about using fuel price volatility. And I'm more concerned  
17 about coal and fossil fuel price increases, with the political  
18 environment that you should have to expect a carbon tax at  
19 some point. And also, we note that--I wanted to mention  
20 subsidies to the fossil fuel industry by Utah alone in the western  
21 states without a severance tax on coal. All the neighboring  
22 states, all the neighboring states in Idaho, Wyoming, New  
23 Mexico, Arizona--everybody has a severance tax on coal of  
24 three to seven percent. So we are subsidizing Rocky Mountain  
25 Power and the utility rates. The governor, very happy with the

1 economic development we've been able to sustain in the state of  
2 Utah, and a lot of that is because our wages are lower than the  
3 average state, especially than California, let's say. And our  
4 power rates are much lower than other states. So those two  
5 reasons give us the economic development through the  
6 recession--are very--what I'm saying is those two reasons alone  
7 make a big difference in terms of our economic development,  
8 not necessarily the governor and his efforts alone.

9           So I want to also reiterate that environmental  
10 regulation is going to come upon us more so. Clean energy--  
11 clean. Just the sound of "clean" has to be worth something.  
12 And I want you to really--asking--pleading with you to consider  
13 the value of clean energy to the state of Utah. Rocky Mountain  
14 Power, a regulated monopoly at the service of its customers and  
15 the state of Utah.

16           So I just want to reiterate that the avoided costs  
17 will be rising. And so solar and green energy in broad terms, no  
18 matter what the source, will become more and more valuable  
19 over time. And so the quicker that we take steps to encourage  
20 that, the better off the state of Utah will be. And as the  
21 economic development director from Iron County states, we will  
22 get jobs out of it as well.

23           But--and climate impacts, we don't have to even  
24 argue about climate change and the source of climate change.  
25 Even the Republican Senator Lamar Alexander from the state of

1 Tennessee acknowledges climate change is an issue. It's  
2 something that even the state of Utah can no longer avoid. We  
3 must face that the effect of our burning fossil fuels has an  
4 effect. Whether it's small or big, that will be part of what you  
5 must weigh.

6 Because green energy--and we can produce it at 5  
7 cents a kilowatt hour. Five cents is every day, not special for  
8 the young man who was there with great new ideas. That is a  
9 common--5, 6 cents is common in our industry at this point.  
10 And I'm saying that coal is not three and four cents a kilowatt  
11 hour. That is not the true cost. We must take into  
12 consideration that there will be a carbon tax. That price will  
13 rise. We're subsidizing coal right now because there's no  
14 severance tax. And the environmental regulations will be more  
15 so as we go. That's the trend. Unavoidable. We can put it off  
16 for a couple years maybe, but it's coming.

17 And so I hope you take that into consideration. And  
18 I believe that is what I mostly wanted to say. Thank you very  
19 much for your time and this opportunity.

20 THE HEARING OFFICER: Thank you.

21 Questions for Mr. Naumann?

22 MR. NAUMANN: No questions?

23 THE HEARING OFFICER: Thank you, Mr.  
24 Naumann, for your testimony.

25 Are there any other statements to be made? Then

1 we'll be off the record. As I mentioned earlier, the  
2 commissioners will remain available to receive witnesses until 5  
3 o'clock.

4                   And are there any other matters that we need to  
5 consider before we adjourn, or at least continue this in the  
6 event that someone appears. All right. Thank you, then, we're  
7 adjourned, subject to some other person coming and desiring to  
8 make a statement. Thank you all for your participation today.

9                   (The written record concluded at 1:32 p.m.)

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CERTIFICATE

State of Utah )

ss.

County of Salt Lake )

I, Michelle Mallonee, a Registered Professional Reporter in and for the State of Utah, do hereby certify:

That the proceedings of said matter was reported by me in stenotype and thereafter transcribed into typewritten form;

That the same constitutes a true and correct transcription of said proceedings so taken and transcribed;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action, and that I am not interested in the event thereof.

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Michelle Mallonee, RPR, CSR