Q. Please state your name, business address and present position with PacifiCorp, dba Rocky Mountain Power ("the Company").

A. My name is Joelle R. Steward. My business address is 1407 West North Temple, Salt Lake City, Utah 84116. My present position is Director, Rates & Regulatory Affairs.

Qualifications

Q. Briefly describe your educational and professional background.

A. I have a B.A. degree in Political Science from the University of Oregon and an M.A. in Public Affairs from the Hubert Humphrey Institute of Public Policy at the University of Minnesota. Between 1999 and March 2007, I was employed as a Regulatory Analyst with the Washington Utilities and Transportation Commission. I joined the Company in March 2007 as a Regulatory Manager, responsible for all regulatory filings and proceedings in Oregon. In February 2012, I assumed responsibilities overseeing cost of service and pricing for PacifiCorp. In May 2015, I assumed my current position, with broader oversight over Rocky Mountain Power's regulatory affairs in addition to the cost of service and pricing responsibilities.

Q. Have you appeared as a witness in previous regulatory proceedings?

A. Yes. I have testified in regulatory proceedings in Idaho, Oregon, Utah, Washington and Wyoming.

Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present and support the Company's application for approval of its proposed Schedule 34, Renewable Energy Tariff ("RET").

Q. How is your testimony organized?

A. My testimony is organized as follows:

- First, I explain the purpose of the new RET and describe why it is reasonable and in the public interest.
- Second, I describe the process the Company proposes for filing contracts under the proposed RET.
- Third, I discuss the specific features of the proposed RET.

Proposed Schedule 34, Renewable Energy Tariff

Q. Please generally describe the Company's proposed Schedule 34, Renewable Energy Tariff.

A. The RET allows qualified customers whose total aggregated electric load is five megawatts or greater to have renewable energy purchased by the Company on their behalf.

Q. Why is the Company proposing the RET?

A. The Company is proposing the RET to provide large customers with an option to have renewable energy purchased on their behalf. This option addresses the requests of current and prospective customers to have all or a subset of their energy sourced from renewable generation. Recently enacted U.C.A. § 54-17-806 in the Sustainable Transportation and Energy Plan legislation (RET Law) grants the Commission the authority to approve this renewable energy tariff if the Commission determines that it is reasonable and in the public interest.

Q. Why is the Company's proposed RET reasonable and in the public interest?

A. The RET would provide large customers with the ability to have renewable energy purchased on their behalf in a way that does not increase costs for other customers. In addition to paying for their electric service under their otherwise applicable general service schedule, participating customers would pay an application fee, an administrative fee, and would be responsible for the incremental cost of procuring renewable energy on their behalf. The addition of the RET option may help bring new resources and customer load to Utah.

Q. What are the benefits of the Company's proposed RET?

A. Large energy users are becoming increasingly sophisticated and often have goals to use energy that is derived from renewable sources. The proposed RET provides a simple, common-sense approach that will give the Company and large customers a path forward for procuring energy from specific renewable resources to meet their needs. Providing customers with this choice may be the deciding factor for attracting prospective customers to locate in the Company's service territory or to retain and expand opportunities for current customers. Making this opportunity available could yield important economic benefits for Utah such as job creation, higher tax revenue, and greater visibility while mitigating impacts on other ratepayers.

Proposed RET Filing Requirements

Q. Please describe the process that would take place for a customer interested in obtaining service under the RET.

A. Once a qualifying customer indicates interest in the RET option, the customer and Company would work together to identify a renewable resource from which to procure energy and would work to find terms that were mutually agreeable. After the customer and Company sign a contract, the Company would file the contract with the Commission for approval. The Commission and interested parties would have an opportunity to consider the unique circumstances surrounding this specific customer's participation in the RET. Unless there are extenuating circumstances, the Company will file for approval of contracts under the RET no later than 90 days from the proposed effective date. If the Commission finds the agreement just and reasonable and in the public interest, the customer and Company would then proceed to implement the terms of the contract.

Q. At a minimum, what information would the Company include in an application for approval of each RET contract?

A. The Company's filing will include a copy of the contract on a confidential basis. The contract identifies the customer, the renewable resource(s), if known at the time of filing, the term of the contract, the rates the customer would pay, and any other conditions of the contract. The filing will also include testimony that explains the provisions of the contract, description of and current status or proposal for acquisition of the renewable resource(s), and supporting calculations for the renewable energy rate included in the contract.

Proposed RET Conditions

Q. Who qualifies for the RET?

A. Consistent with U.C.A. § 54-17-806(2), customers with total aggregated load of at least 5 megawatts are eligible for the RET. A single customer (i.e., under a single corporate entity) may aggregate multiple metered delivery points to satisfy the 5

MW threshold, based on the annual peak load at each delivery point. For new customers, eligibility will be based on a reasonable projection of peak load to be reached over a period of time to be specified in the contract.

Q. What fees are included in the Company's proposed RET?

A. The Company proposes that enrolled customers pay a nonrefundable $5,000 application fee and monthly administrative fees of $110 per generator and $150 per delivery point.

Q. What is the purpose of the application fee and what does it cover?

A. The proposed RET requires a nonrefundable application from each customer requesting to enroll in the RET. The application fee is intended to help cover the costs that the Company will incur to negotiate and prepare the contract, including a contract for the renewable resource if necessary. If a contract is never ultimately executed or the Commission does not approve the contract, the applicant will forfeit this fee. Requiring an application fee will help ensure that only parties who are serious about participating in the RET will apply.

Q. What is the purpose of the monthly administrative fees and what do they cover?

A. The administrative fees will cover costs the Company will incur for on-going administrative costs associated with billing customers for the renewable energy rate included in their contracts. To ensure that the customer's monthly bill is accurate and incorporates all of the billing-related conditions from the contract, monthly bills must be manually generated and reviewed. The administrative fee will be applied for each generation facility and point of delivery (i.e., metering point) from and for which renewable energy is being procured, so that the total monthly amount of the fee will be proportional to the bill's complexity.

Q. What is the basis for this administrative fee?

A. The administrative fee is the same as the administrative fee that is included in Schedule 32, Service From Renewable Energy Facilities. It is estimated that the amount of time required to bill a customer under the proposed RET will be similar to the amount of time the Company estimated it would take to bill customers under Schedule 32.

Q. What is the criteria for a resource to be eligible for the RET?

A. To qualify for the RET, a generating facility must derive its energy from a renewable energy source defined in U.C.A. § 54-17-601(10)(a). The Company or the customer may own the resource, or the output of the resource may be purchased by the Company through a purchase power agreement. Renewable resources under this tariff must include bundled renewable energy credit (REC) products. Unbundled RECs may be acquired on behalf of the customer during a transition period necessary for the customer to ramp up load or for the development of the resource, if specified in the contract.

Q. What protection will be in place for the Company and other customers if a customer who enrolled in the RET left the Company's service territory prior to the term of the contract?

A. Every contract under the proposed RET will contain service termination provisions that will obligate the customer to continue to pay the costs of the contract for ther remaining contract term if the customer is no longer taking service from the Company. Participating customers are also subject to adequate credit assurances.

Q. How will the renewable energy rate be determined?

A. For each contract, a renewable energy rate will be calculated to reflect the specific circumstances for the resource and customer. The RET Law states that customers enrolled in a RET will pay “an incremental charge in an amount equal to the difference between the cost to the qualified utility to supply renewable generation to the renewable energy tariff customer and the qualified utility's avoided costs as defined in Subsection 54-2-1(1), or a different methodology recommended by the qualified utility.”

Q. Why may it be appropriate for the Commission to approve a renewable energy rate calculated under an alternative methology?

A. There may be circumstances where the details surrounding a specific applicant and/or a specific renewable resource may warrant additional consideration than simply billing the applicant at the tariff rate and charging for the difference between the cost the renewable resource and the Company’s avoided cost.

Q. Under what circumstances might the Company recommend to the Commission a different methodology?

A. Participation in the RET may be an effective way to attract prospective new customers to choose to locate in the Company’s service territory in Utah. This incremental new load may potentially enhance fixed cost recovery for all customers. Under this circumstance, an alternate calculation may be appropriate if it provides benefits to other customers. Providing flexibility for the

Commission to approve such contracts may be the deciding factor to attract prospective new large loads in a now highly competitive landscape where utilities in other parts of the country have similar offerings. In addition to enhanced fixed cost recovery from incremental new load, there may be other reasons that an alternative calculation would be justified such as deferred capital investment for the Company from a specific renewable resource.

Q. Will adjustment rate schedules such as Schedule 91 for low income funding, Schedule 193 for demand-side management funding, Schedule 94 for the Energy Balancing Account, Schedule 98 for the REC balancing account, and the surcharge to be implemented from the Sustainable Transportation and Energy Plan apply to customers taking service under the RET?

A. Unless specifically identified in the contract or filing, the Compay expects that most of these adjustment rate schedules will be applicable to RET customers. There could be circumstances, however, where certain adjustment rates are not appropriate for RET customers. For instance, if a customer's load is being met with renewable energy that is displacing net power costs, the Company may propose to exclude customer load served by the renewable energy facility from the Energy Balancing Account. The Company will evaluate circumstances for excluding any adjustment rate schedules on a case-by-case basis during the development of contracts.

Conclusion

Q. In conclusion, why should the Commission approve the Company's proposed RET?

A. The Company's proposed RET is responsive to the needs of large energy users and provides them with a choice that does not shift costs to other customers. The proposed RET includes important safeguards that give the Commission ultimate control over which contracts get approval. Approving the proposed RET has the potential to yield important benefits for the Company's ratepayers and for the state of Utah.

Q. Does this conclude your testimony?

A. Yes.