

December 31, 2012

**BY HAND DELIVERY**

Julie Orchard, Secretary  
Public Service Commission of Utah  
400 Heber M. Wells Building  
160 East 300 South  
Salt Lake City, Utah 84111

Re: Docket No. 03-035-14

Dear Ms. Orchard:

PacifiCorp respectfully submits these comments in response to the public witness testimony presented on September 27, 2005, in the above-referenced proceeding. Attached hereto is PacifiCorp's response to the two Exhibits admitted during the public witness testimony, Exhibits Public Witness 1 and Public Witness 2. In addition to the factual responses to Exhibits Public Witness 1 and Public Witness 2, PacifiCorp also wishes to reiterate for the Commission our concerns about the admission of Public Witness 2, which was presented by Mr. Gregory Probst on behalf of Mountain West Consulting, Inc.

On July 29, 2005, Mountain West Consulting, Inc. ("Mountain West") filed a petition for intervention in the above-referenced proceeding. The Commission granted this request for intervention on August 24, 2005. As a result of the August 24, 2005 order, Mountain West became a "party" to the proceeding as that term is defined in Utah Code Annotated § 63-46b-2, which, according to Public Service Commission Rule R746-100-5, gave them participation rights in this docket. While Mountain West chose not to file any prefiled testimony, Mountain West did take advantage of these rights during the hearing in this proceeding by cross-examining the witnesses of the other parties.

By Commission rule, public witness day is not intended to be an opportunity for parties to present additional evidence to the Commission. That opportunity is during the scheduled prefiled testimony filing deadlines and during the hearing. Instead, a public witness is by definition "a person expressing interest in an issue before the Commission but not entitled or not wishing to participate as a party." R746-100-2(Q). Because Wasatch Wind was "entitled \* \* \* to participate as a party" in Docket 03-035-14 by virtue of its intervenors status, Wasatch Wind should not also be entitled to participate as a public witness.

In addition, by Commission practice, public witness day has not been used historically as an opportunity for parties to the proceeding to present additional evidence to the Commission. If that were the case, all parties to the proceeding could turn public witness day into an opportunity to present either oral argument to the Commission or additional evidence. The use of public witness day for this purpose could lead to parties holding

back testimony or evidence until public witness day where it will come evidence coming into the record when the other parties have had no prior opportunity to conduct discovery or prepare for cross-examination.

The introduction of Public Witness 2 underscores the problem with permitting parties to also give testimony as public witnesses. The document itself makes clear that it was prepared in response to the prefiled direct testimony of PacifiCorp witness Bruce Griswold. That testimony was filed in May of 2005. Public Witness 2 is also dated September 8, 2005. This paper was therefore prepared in response to direct testimony and was apparently available before rebuttal testimony (September 12, 2005) and surrebuttal testimony (September 19, 2005) were due in this docket. Yet Mountain West, a party to the case, did not offer this paper on any of these available pre-filing dates but waited instead to offer it as public witness testimony. Therefore, while the paper was apparently available for weeks before public witness day on September 27, 2005, PacifiCorp did not have any advance opportunity to review the paper, respond in testimony or cross-examine the author or other supporting witness. PacifiCorp perceives this conduct as an unreasonable use of the public witness process.

Thank you for consideration of these comments and the attached responses.

Very truly yours,

Jennifer H. Martin

JHM/jse  
Attachments  
cc: Service List

## **PacifiCorp Response to Exhibit Public Witness 2**

In Exhibit Public Witness 2, Mr. Milligan takes issue with a number of details in the Company's methodology for determining the capacity contribution of wind and the resulting capacity payment. It is important to note that the bulk of Mr. Milligan's statements are general in nature with respect to methodologies and do not take specific issue with the Company's methodologies for determining capacity factor and capacity payment.

Nevertheless, our first concern with Mr. Milligan's comments is about how he proposes selecting the correct peak period for determining the capacity factor contribution. In his testimony, he cites a number of other utilities' methods, the appropriateness of capturing both summer and winter peaks and what specific hours should be used. From those comments, he does understand that different utilities have different system peaks but he does not seem to understand or acknowledge when PacifiCorp's system peak occurs. As discussed in the Company's 2004 IRP, PacifiCorp adopted a 15% planning reserve margin above peak system load as a standard for reliability. This planning reserve margin accounts for uncertainties including load variability and unplanned outages of thermal resources. A thermal resource such as coal-fired steam turbine or combined cycle gas turbine is assumed to contribute their nameplate capability towards meeting the planning reserve margin. The intermittent nature of wind generation suggests using a fractional amount of their nameplate as their contribution to meeting planning reserve margin above peak system load.

Mr. Milligan points to the "discount" that occurs in the wind capacity value from 35% to 20% and states that there is no analytical method to support this "discount". In fact, the methodology was described and documented in the 2004 IRP and Appendix J – Renewable Generation Assumptions. In Appendix J, the Company used separate site characteristics for new wind resources on the East and West sides of our system. These two capacity shapes from each region capture the diversity of the wind resource across the system. Based on historical data available from existing sites, an average annual capacity factor of wind was assumed to be approximately 29.8% taking into account seasonal and diurnal patterns that impact wind contribution during peak hours. The analysis also showed a system peak contribution in July of 18.7%. From this analysis, we used a reasonable correlation of a wind resource that had an annual capacity factor of 35% during peak hours to provide a system peak capacity contribution of 20%. In other words, if the wind resource had an annual capacity factor of 35%, they would receive 20% of the thermal resource capacity payment since the thermal resource is being built to meet system peak load including the 15% planning reserve margin.

He also stated it was unclear what happens if the QF has a higher annual capacity factor. However, my testimony was quite clear in that a QF with an annual capacity factor over 35% would have the 20% capacity payment adjusted. For example, if the QF had an annual capacity factor of 40% then the capacity payment would be adjusted by the ratio of 40%/35% times 20%, or 22.9%. Likewise, if the annual capacity factor is lower than 35% then the 20% would be adjusted downward. This takes into account the individual wind profile characteristics of the site.

We do agree with his statement that use of multiple years of system and wind data can improve accuracy of modeling results and allow for refinement of the results. The Company understands this as evidenced in the change from our 2003 IRP where we provided no capacity contribution by wind to a 20% contribution. As more data is available, the Company will continue to evaluate its methodology for wind capacity contribution.