

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In The Matter Of The Petition Of US)
Magnesium LLC For Approval Of A)
Contract For The Sale Of Capacity) Docket No. 03-035-38
And Energy From Its Existing And)
Proposed QF Facilities)

REBUTTAL TESTIMONY

OF

BRUCE W. GRISWOLD

September 17, 2004

1 **Q. Please state your name, business address and position with PacifiCorp dba Utah**
2 **Power & Light Company (the Company).**

3 A. My name is Bruce W. Griswold. My business address is 825 N. E. Multnomah, Suite
4 600, Portland, Oregon 97232. I am a Manager in the Origination section of the
5 Company's Commercial and Trading Department.

6 **Q. Are you the same Bruce Griswold who previously filed direct testimony in this**
7 **docket?**

8 A. Yes.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my testimony is to provide the Commission an update on the status of
11 the discussions between PacifiCorp and US Mag regarding a qualifying facility
12 contract.

13 **Q. Please describe the status of the discussions between PacifiCorp and US Mag.**

14 A. Discussions between the two parties regarding a proposed contract appear to be
15 progressing well. According to the representations made to PacifiCorp by US Mag,
16 PacifiCorp understands that US Mag is now proposing to sell up to 32 MW of energy
17 to PacifiCorp on a non-firm basis. This is a different structure than that which was
18 included in US Mag's application and previously addressed in my direct testimony. A
19 draft contract has been circulated between the parties and to the Division and the
20 Committee. While the contract is only in draft form and at this point, is subject to
21 change, in its current form, the contract is very similar to another non-firm qualifying
22 facility contract previously filed before the Commission in Docket No. 04-035-53.

1 **Q. Is the draft contract consistent with the Stipulation regarding avoided cost**
2 **pricing for large qualifying facility projects approved by the Commission in**
3 **Docket No. 03-035-14?**

4 A. As currently drafted, yes. Appendix A to the Stipulation provides: “For option (1),
5 during hours that PacifiCorp does not dispatch the QF, and for option (2), during
6 hours that PacifiCorp does not schedule the QF.” US Mag has proposed to sell power
7 to PacifiCorp strictly on a non-firm basis. Accordingly, PacifiCorp would not be
8 dispatching or scheduling the US Mag qualifying facility project. The Stipulation
9 provides pricing for non-dispatched and non-scheduled power, “the energy price shall
10 be: (1) 0.93, multiplied by (2) the applicable On-peak, Off-Peak, or 24-Hour firm Palo
11 Verde index ... multiplied by (3) the applicable hourly [shaping factors].” The draft
12 US Mag contract proposes the same pricing mechanism. In addition, the amount of
13 power offered by US Mag, up to 32 MWs, together with previously filed contracts
14 and those currently under contract negotiation, does not exceed the 275 MW cap
15 contained within the Stipulation. Because US Mag is offering to provide non-firm
16 power only, there are no capacity payments included in the draft contract, and
17 therefore, I am advised that the draft contract does not raise any lease accounting
18 issues or require any security or replacement power provisions.

19 **Q. Have the issues raised in your direct testimony been resolved?**

20 A. While all of the details of the contract terms and conditions have not been fully
21 resolved, many of the issues raised in my direct testimony are no longer relevant at
22 this point given that US Mag is offering to sell power on a non-firm basis only. If our

1 expectations regarding US Mag's offer change, some of the issues raised in my direct
2 testimony would need to be addressed.

3 **Q. What are the next steps in the negotiations?**

4 A. While there remain a few open issues to be addressed, the basic principles of a
5 structure of a power purchase agreement for US Mag appear to be complete.
6 PacifiCorp has provided a copy of the current draft contract to the Division and
7 Committee for comment and review. As indicated in the testimony of Dr. Powell,
8 PacifiCorp understands that the Division has some concerns regarding the draft
9 contract. PacifiCorp will attempt to address these concerns raised by the Division and
10 any concerns of the Committee by continuing the open dialogue between the
11 Company, US Mag and the Division and Committee. PacifiCorp remains hopeful that
12 the contract issues can be resolved and an executed contract filed with the
13 Commission for its approval in the near term. In the event that any unexpected
14 barriers to resolution arise or PacifiCorp's understanding of US Mag's offer is
15 incorrect, PacifiCorp reserves the right to file additional testimony with the
16 Commission regarding these issues.

17 **Q. Does this conclude your rebuttal testimony?**

18 A. Yes.