

1

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of PacifiCorp for a Certificate of Convenience and Necessity Authorizing Construction of the Lake Side Power Project.</p>	<p>Docket No. 04-035-30</p>
---	-----------------------------

2

3

SUPPLEMENTAL AND REBUTTAL TESTIMONY OF EARL GJELDE

4

Q. Please state your name and business address.

5

A. Earl Gjelde. My business address is 790 Rose Acres Court, Loveland, Colorado 80537.

6

7

Q. Are you the same Earl Gjelde that previously filed direct testimony and qualifications in this proceeding?

9

A. Yes I am, and as before, I appear on behalf of Summit Vineyard, LLC, and Lake Side Power, LLC (collectively “Summit”), whose identities are described in my prior testimony.

11

12

Q. What do you address in this additional testimony?

13

A. I provide an updated summary of the progress of Summit on the Lake Side permitting and construction efforts that have taken place since Summit filed its Direct Testimony. I also include a response to concerns over the credibility of PacifiCorp’s RFP process.

16

17

Q. DPU witness, Andrea Coon, notes that the necessary permits are being processed by various state agencies. Please give us a summary of the progress of the permitting and construction efforts.

20

A. First, the Utah Department of Air Quality (“UDAQ”) has completed its modeling analysis and prepared its engineering report based on Summit’s air permit application. A draft of the Approval Order was prepared by UDAQ and submitted to Summit for review and comment.

21

22

1 UDAQ is finalizing the draft Approval Order and we expect it to be issued for public comment
2 next week.

3
4 Additionally, after extensive consultation with the Utah Department of Water Quality
5 (“UDWQ”) and Summit’s engineers, a UPDES Permit Application was prepared and submitted
6 to the UDWQ. The principal point of discharge has been identified on the plant site and the
7 plant water balance, cooling cycles and resulting water quality discharge parameters have been
8 determined. All of these were included in Summit’s UPDES Permit Application. UDWQ has
9 determined that the UPDES Permit Application is complete.

10
11 We are also pleased to report that all the tasks necessary for issuance of the Limited Notice to
12 Proceed have been completed and PacifiCorp has notified Summit that this will be issued within
13 the next few days.

14
15 As mentioned in my prior testimony, Summit filed with PacifiCorp an Interconnection Request
16 for the Lake Side Power Plant to interconnect to the 345 kV Hunter-Camp Williams transmission
17 line near Geneva Steel and Summit filed an additional request for an analysis of interconnection
18 to the 138 kV transmission system between the Lake City and Timp substations. PacifiCorp
19 completed its initial feasibility studies of both the 138 kV and 345 kV alternatives. After several
20 meetings between the parties, PacifiCorp made the decision to proceed with the 138 kV
21 interconnection. Subsequently, PacifiCorp issued its Interconnection System Impact Study
22 Agreement, which Summit executed on October 15, 2004. The studies should be completed by
23 the end of October.

24
25 With respect to the Geneva Steel Conditional Purchase and Sale Agreement discussed in my
26 prior testimony, Summit has made timely payments under the Agreement and has completed its
27 due diligence of title to the real property and water rights proposed for purchase. Environmental
28 due diligence on the site is also complete. An Escrow Agreement has been executed by all

1 parties to facilitate the transfer of Air Quality Emission Reduction Credits (“ERC”) necessary for
2 Summit to obtain the final Approval Order from the State of Utah. Additionally, pursuant to the
3 Conditional Purchase and Sale Agreement, the Geneva site agreement that Geneva had with the
4 Calpine entity (also referred to as the “VEC Agreement”) has expired.

5

6 The Subdivision Plat for the project site has been approved by the Vineyard City Council and has
7 now been recorded by Geneva Steel with Utah County.

8

9 In addition, based on submissions of site and easement surveys, and extensive review and
10 comments, an updated Title Commitment was issued October 14, 2004. Summit completed its
11 report surveying the biological rare and endangered species in September. It completed the
12 cultural resources survey of the site in September, finding no significant potential for significant
13 cultural resources. The background noise survey of the site has also been completed.

14

15 **Q. Is the project still on schedule?**

16 A. Yes. Everything is proceeding smoothly and on schedule.

17

18 **Q. There is testimony in this proceeding expressing concern that PacifiCorp’s RFP
19 process has lost “outside credibility” and that “few, if any, outside entities” will participate
20 in that process in the future. Would you please address that concern?**

21 A. Yes, Summit has been involved in the independent power industry for a number of years
22 and we have developed experience with bidding processes in several states and jurisdictions.
23 Based on this experience, I believe these concerns are unjustified.

24

25 **Q. Please explain.**

26 A. Before Summit decided to participate in the PacifiCorp RFP process, we undertook a
27 substantial investigation. Summit is very selective in its bid participation, which is supported by
28 our record of success. In this case, we looked at the process, the utility, and the regulators who

1 would be making the decision. We found that PacifiCorp's senior management had a reputation
2 for integrity and that the Utah regulators were considered knowledgeable and fair. Based on
3 those findings, we believed the RFP would be conducted in a fair and responsible manner. That
4 turned out to be true in our considered judgment.

5

6 Leading up to and during the process, we found that the necessary information to respond to the
7 RFP was available publicly. We also found during the process that PacifiCorp and its outside
8 evaluator were diligent in responding when questions arose and always did so in a professional
9 and proper fashion consistent with the RFP process. It is our understanding that every potential
10 responder and interested party had an opportunity and the necessary information available to
11 submit a comprehensive and competitive bid targeted at the needs of PacifiCorp and its
12 customers. That is all any RFP participant should reasonably expect.

13

14 **Q. Would Summit participate in another PacifiCorp RFP process?**

15 A. Yes, provided we could submit an option we thought could bring value to PacifiCorp and
16 its customers.

17

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.