

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	
PacifiCorp for Approval of Power Purchase)	Docket No. 06-035-76
Agreement Between PacifiCorp and)	
Spanish Fork Wind Park 2, LLC)	
)	
In the Matter of the Petition of Wasatch)	
Wind, LLC for Approval of a Contract for)	Docket No. 06-035-42
the Sale of Capacity and Energy from)	
Their Proposed QF Facilities)	
)	

REBUTTAL TESTIMONY OF PAUL H. CLEMENTS

January 31, 2007

1 **Q. Please state your name, business address and position with PacifiCorp dba**
2 **Rocky Mountain Power.**

3 A. My name is Paul H. Clements. My business address is 201 S. Main, Suite 2300,
4 Salt Lake City, Utah 84111. I am an originator for PacifiCorp Energy,
5 responsible for qualifying facilities (“QF”) and retail special contracts.

6

7 **QUALIFICATIONS**

8 **Q. Please briefly describe your education and business experience.**

9 A. I have a B.S. in Business Management from Brigham Young University. I have
10 been employed with PacifiCorp for over two years as an originator/power
11 marketer responsible for negotiating retail special contracts and non-standard QF
12 contracts. I also worked in the merchant energy sector for nine years in pricing
13 and structuring, origination, and trading roles for Duke Energy and Illinova. I
14 currently have responsibility for QF contracts within Rocky Mountain Power’s
15 service territory.

16

17 **Q. Have you previously submitted testimony in these dockets?**

18 A. Yes. I submitted rebuttal testimony in Docket No. 06-034-42 on numerous
19 contract issues and recently submitted direct testimony on the specific issue of
20 avoided line losses.

21

22 **TESTIMONY**

23 **Q. What is the purpose of your testimony?**

24 A. I will be responding to certain issues discussed by Rich Collins in his direct
25 testimony filed on January 12, 2007.

26

27 **Q. Which issues will you address?**

28 A. I will discuss comments and interpretations Mr. Collins made in regards to
29 previous testimony filed by the company and previous rulings made by the
30 Commission. I will also comment on the methodology Mr. Collins has proposed
31 for determining avoided line losses for Spanish Fork Wind Park 2. My comments
32 on this issue will be directed at the appropriateness of the methodology, while the
33 company's other witness, Mr. Mark Adams, will provide rebuttal testimony
34 addressing the technical and engineering related deficiencies of the methodology
35 and model runs performed by Spanish Fork Wind Park 2. Lastly, I will respond
36 to Mr. Collins' recommendation for establishing a simplified method to be used
37 for calculating line losses for all qualifying facilities.

38

39 **Q. On pages 2 and 3 of his direct testimony, Mr. Collins attempts to review and**
40 **to summarize the previous testimony on avoided line losses and provides his**
41 **interpretation of why the Commission did not provide a decision on this**
42 **issue. Are his comments completely accurate and correct?**

43 A. No. Mr. Collins' review of previous testimony and previous Commission rulings
44 is overly general and lacking in any specific detail or specific references. Instead
45 of attempting to clarify the specific points, PacifiCorp takes the position that the
46 previously-filed testimony of all parties and the previous Commission orders on

47 the subject stand on their own and overly broad generalizations do nothing to
48 address the issue at hand.

49

50 **Q. Mr. Collins recommends using the results of power flow models to calculate**
51 **avoided line losses for Spanish Fork Wind Park 2. In this case, will power**
52 **flow models, as used by Mr. Collins, determine a line loss adjustment factor**
53 **that provides ratepayer indifference?**

54 A. No, for two reasons. First, the price for Spanish Fork Wind Park 2 is based on the
55 price for a proxy resource, and any adjustments to that price are to be made only
56 to the extent the resource has characteristics that vary from the proxy resource.
57 To compare line losses incurred by the proxy resource to line losses incurred by
58 the QF resource, one must compare the distance the output of the projects must
59 travel before being consumed by load. In my direct testimony, I described a
60 method whereby this comparison can be accurately performed at the substation
61 level. Mr. Collins' use of power flow models includes studies that compare
62 Spanish Fork Wind Park 2 to resources besides the proxy resource, and he uses
63 the results of these studies to draw his conclusions and make his
64 recommendations. Such analysis is not consistent with the proxy method of
65 pricing and therefore would not maintain ratepayer neutrality. Second, by Mr.
66 Collins' own admission, the use of power flow models requires that multiple
67 assumptions be made, assumptions which may or may not be accurate or relevant.
68 In addition, on page 10 of his testimony, Mr. Collins states that the results of the
69 various power flow studies ranged from an 8% line loss savings to scenarios

70 where no or even negative line loss savings occurred. Mr. Collins then
71 recommends an adjustment to Spanish Fork Wind Park 2 rates be made that
72 reflects the average avoided line loss produced by the group of studies, or 3.37%.
73 The wide variations in the study results demonstrate the inaccuracy of Mr.
74 Collins' proposed method. Such inaccuracies illustrate that his method does not
75 provide sufficient evidence to certify that his recommendation would guarantee
76 neutrality to the ratepayer.

77

78 **Q. On pages 10 and 11 of his direct testimony, Mr. Collins sets forth a simplified**
79 **alternative that the Commission could adopt for all qualifying facilities, in**
80 **which all qualifying facilities in the Wasatch Front load bubble receive a**
81 **credit equal to the FERC OATT transmission level line loss rate. Do you**
82 **agree with his simplified alternative?**

83 A. No. Avoided line losses are to be addressed on a contract-by-contract basis. The
84 specific characteristics of some qualifying facilities may necessitate an avoided
85 line loss credit higher or lower than the FERC OATT transmission rate in order to
86 maintain ratepayer neutrality. For example, the 60 MW Pioneer Ridge QF power
87 purchase agreement approved by the Commission in 2006 does not provide for
88 any line loss adjustment, notwithstanding the fact that the project is located with
89 the Wasatch Front load bubble. Furthermore, the Commission has ordered the use
90 of a proxy method to determine pricing and adjustments to pricing for wind
91 qualifying facilities, and Mr. Collins' simplified alternative does not comply with
92 that order if the QF in question is a wind resource.

93

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

95 **A. Yes.**