

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of Rocky Mountain Power for Approval of a Partial Requirement Electric Service Agreement between PacifiCorp and Tesoro Refining and Marketing Company</p>	<p>DOCKET NO. 09-035-__</p>
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DIRECT TESTIMONY OF PAUL H. CLEMENTS

November 24, 2009

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

3 A. My name is Paul H. Clements. My business address is 201 S. Main, Suite 2300,
4 Salt Lake City, Utah 84111. My present position is Originator/Power Marketer
5 for PacifiCorp Energy. PacifiCorp Energy and Rocky Mountain Power are
6 divisions of PacifiCorp (the Company).

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 five years as an originator/power marketer
11 responsible for negotiating qualifying facility contracts, negotiating interruptible
12 retail special contracts, negotiating renewable energy contracts, and managing
13 wholesale energy and capacity contracts with other utilities and power marketers.
14 I also worked in the merchant energy sector for 10 years in pricing and
15 structuring, origination, and trading roles for Duke Energy and Illinova.

16 **Q. On whose behalf are you testifying in this proceeding?**

17 A. I am testifying on behalf of PacifiCorp, dba Rocky Mountain Power.

18 **TESTIMONY**

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

20 A. I will be presenting information in support of a one year partial requirements
21 master electric service agreement (the "Agreement") between PacifiCorp and
22 Tesoro Refining and Marketing Company ("Tesoro") executed by the parties on
23 November 23, 2009. I will explain why a special contract is needed in this

24 limited instance, and I will provide an overview of the contract terms and
25 conditions.

26 **Q. Please explain why a special contract is required for this customer in this**
27 **limited instance.**

28 A. Tesoro owns and operates a 25 megawatt nameplate capacity generator at its Salt
29 Lake City refinery site. Tesoro's retail electric load at this same site is
30 approximately 18.25 megawatts. For calendar year 2010, Tesoro has elected to
31 use the output of the generator to offset its retail electric requirements at the site
32 and to sell just the excess, or the amount that exceeds the retail load, to PacifiCorp
33 under a separate qualifying facility power purchase agreement filed with the
34 Commission in Docket No. 09-035-102. Since Tesoro is electing to use its
35 generation to offset its own retail load, Tesoro desires to purchase back up service
36 from PacifiCorp. PacifiCorp's Electric Service Schedule No. 31 is available to
37 "Customers who obtain any part of their usual or regular electric requirements
38 from any source other than the Company and require additional Supplementary
39 and Back-up or Maintenance Power and energy from the Company, the sum of
40 which is not in excess of 10,000 kW."¹ Tesoro requires 18,250 kW of back-up
41 power and energy, which exceeds the 10,000 kW limit imposed by Schedule No.
42 31. Since Tesoro requires an amount that exceeds the limit set forth in the tariff,
43 the Company determined a special contract was required.

44 **Q. Why is Schedule No. 31 limited to 10,000 kW?**

¹ Rocky Mountain Power, Electric Service Schedule No. 31, State of Utah, Original Sheet No. 31.1

45 A. Schedule 31 is limited to 10,000 kW because that amount can typically be served
46 at the applicable tariff rates with existing capacity and that a separate capacity
47 analysis is not required for back-up contract requests up to that amount.

48 **Q. Does the Company believe a separate capacity analysis is required in the case**
49 **of this Tesoro Agreement since Tesoro's request of 18,250 kW exceeds the**
50 **tariff limit of 10,000 kW?**

51 A. No. The Company believes Tesoro's request of 18,250 kW for calendar year
52 2010 will not require a separate capacity study since the Company has sufficient
53 resources to serve this load in 2010, and the 18,250 kW requested by Tesoro is
54 not an excessive amount that would potentially require the addition of new
55 capacity in order for the Company to provide service for this term.

56 **Q. Are the other terms and conditions of the Agreement identical to Schedule**
57 **No. 31 terms and conditions?**

58 A. Yes. Other than the back-up nomination of 18,250 kW, which exceeds the tariff
59 limit of 10,000 kW, the terms and conditions of the Agreement, including the
60 rates, are identical to the terms and conditions of the standard Schedule No. 31.
61 The rates in the Agreement will change at the same time and in the same
62 magnitude as changes to Schedule No. 31.

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

64 A. Yes.