

In the Matter Of:

In Re: RMP - PPA with Tesoro Refining and Marketing Company

HEARING, DOCKET NO. 17-035-60

February 13, 2018

Job Number: 437323

1 BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

2

Application of Rocky Mountain Power Docket No. 17-035-60
3 for Approval of Power Purchase
Agreement Between PacifiCorp and
4 Tesoro Refining and Marketing
Company

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7

HEARING PROCEEDINGS

8

TAKEN AT: Utah Public Service Commission
9 4th Floor
160 East 300 South
10 Salt Lake City, Utah

11

12 DATE: Tuesday, February 13th, 2018

13 TIME: 9:00 a.m.

14 REPORTER: Mary R. Honigman, R.P.R.

15 Job No. 437323

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APPEARANCES

PRESIDING OFFICER:
Michael Hammer

FOR THE DIVISION OF PUBLIC UTILITIES:
Patricia E. Schmid
160 East 300 South, Fifth Floor
Salt Lake City, Utah 84114
(801) 366-0380

FOR ROCKY MOUNTAIN POWER:
Daniel Solander
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
(801) 220-4014

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17
18
19
20
21
22
23
24
25

INDEX OF EXAMINATION

WITNESS

PAGE

KYLE MOORE

EXAMINATION BY:
MR. SOLANDER

5

JEFFREY S. EINFELDT

EXAMINATION BY:
MS. SCHMID

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1 Proceedings

2 OFFICER HAMMER: Good morning,
3 everyone. This is the time and place noticed for a
4 hearing in the Application of Rocky Mountain Power
5 for Approval of Power Purchase Agreement between
6 PacifiCorp and Tesoro Refining and Marketing
7 Company, Commission Docket No. 17-035-60. My name
8 is Michael Hammer, and I'm the Commission's
9 designated presiding officer for this hearing.
10 Let's take appearances, please.

11 MR. SOLANDER: Good morning.
12 Daniel Solander, representing Rocky Mountain Power.
13 And I have with me at the counsel table, Kyle Moore,
14 power marketer and originator for Rocky Mountain
15 Power, who will be our witness today.

16 MS. SCHMID: Good morning.
17 Patricia E. Schmid with the Attorney General's
18 Office for the Division of Public Utilities; and
19 with me is Mr. Jeffrey S. Einfeldt, the Division's
20 witness.

21 OFFICER HAMMER: Thank you. Is there
22 any preliminary matters we need to address? No?
23 Then I'm happy if the witnesses want to stay seated.
24 I'm assuming there won't be any cross-examination,
25 or at least not much cross-examination today.

1 Please go ahead, Mr. Solander.

2 MR. SOLANDER: Thank you. Rocky
3 Mountain Power calls Kyle Moore as its witness
4 today.

5 KYLE MOORE,
6 having been first duly sworn to tell the truth, was
7 examined and testified as follows:

8 BY MR. SOLANDER:

9 Q Could you please state your name for the
10 record.

11 A My name is Kyle Moore.

12 Q And what is your current position with
13 Rocky Mountain Power/PacifiCorp?

14 A I'm a power marketer originator.

15 Q And as Rocky Mountain Power's power
16 marketer originator, were you responsible for
17 negotiating and having the power purchase agreement
18 between Tesoro Refining and Marketing Company and
19 PacifiCorp executed?

20 A Yes.

21 Q And have you prepared a summary regarding
22 the terms of that contract that you would like to
23 present to the Commission today?

24 A Yes.

25 Q Please proceed.

1 A I present today for Commission approval a
2 qualifying facility power purchase agreement between
3 Tesoro Refining & Marketing Company and PacifiCorp.
4 The agreement provides for the sale to PacifiCorp of
5 energy to be generated by Tesoro up to 25 megawatts
6 from a gas-fired, cogeneration facility owned by
7 Tesoro and located in Salt Lake City, Utah. The
8 agreement is for a term of 12 months, January 1,
9 2018, to December 31, 2018. The purchase prices set
10 forth in the agreement were calculated using the
11 methodology approved by the Commission orders in
12 Docket No. 03-35-14 [sic]. The Company filed the
13 PPA for approval on November 21st, 2017. On
14 December 7th, 2017, the Company also filed for a
15 two-month extension of the then-current power
16 purchase agreement between PacifiCorp and Tesoro in
17 order to provide the parties enough time to consider
18 the new contract. The two-month extension includes
19 a pricing true-up provision in which any QF sales
20 made under the extended PPA provisions would be
21 trued-up to the rates sought for approval in this
22 docket. The two-month extension request was
23 approved by the Commission on December 18th, 2017.
24 In comments filed on January 16, 2018, the Division
25 of Public Utilities stated their belief that the PPA

1 complied with the Commission's guidelines and
2 recommended approval. In their comments, the
3 Division also listed three items pertaining to
4 future PPA filings. First, they requested that the
5 Company continue to provide, at least quarterly,
6 hourly power purchase reports. Second, they
7 requested the Commission order the Company at the
8 time of future PPA filings to provide the Division
9 and Office of Consumer Services the grid outputs in
10 Excel spreadsheets supporting the price
11 calculations, along with the spreadsheets showing
12 avoided line loss calculations. Finally, the
13 Division asked the Commission to order the Company
14 to timely file future PPAs in order to give the
15 Division at least 75 days to review a PPA.

16 The Company agrees to these three
17 recommendations. The agreement is compliant with
18 relevant Commission orders and with Utah Schedule
19 38, and therefore the Company requests the
20 Commission approve the agreement.

21 **Q In your opinion, are the terms of the**
22 **contact and the contract itself just and reasonable**
23 **and in the public interest?**

24 A Yes.

25 MR. SOLANDER: Thank you. I have no

1 further questions for Mr. Moore.

2 OFFICER HAMMER: Thank you.

3 Ms. Schmid?

4 MS. SCHMID: No cross-examination.

5 OFFICER HAMMER: Mr. Solander, any
6 other witnesses?

7 MR. SOLANDER: No. Thank you.

8 OFFICER HAMMER: I'm sorry,
9 Ms. Schmid, go ahead.

10 MS. SCHMID: The Division would like
11 to call Mr. Jeffrey S. Einfeldt as its witness. May
12 he please be sworn?

13 JEFFREY S. EINFELDT,
14 having been first duly sworn to tell the truth, was
15 examined and testified as follows:

16 BY MS. SCHMID:

17 Q Good morning. Would you please state your
18 full name, employer, position, and business address
19 for the record?

20 A My name is Jeffrey S. Einfeldt. I am a
21 CPA and a utility analyst with the Division of
22 Public Utilities. I also hold certifications as a
23 certified internal auditor and a certified fraud
24 examiner. My address is 160 East 300 South, Salt
25 Lake City, Utah.

1 Q In connection with your employment at the
2 Division, have you participated in this docket,
3 Docket No. 17-035-60?

4 A Yes, I have.

5 Q Could you please list some of the
6 activities you have engaged in on behalf of the
7 Division?

8 A With regard to this docket, I have
9 reviewed the documents in this docket, including the
10 proposed agreement, and I've compared them to the
11 prior year agreement.

12 Q Were you involved in the preparation and
13 subsequent filing of the Division's Action Request
14 Response, dated January 16th, 2018?

15 A Yes.

16 Q Do you have any changes or corrections to
17 make to that Action Request Response?

18 A No.

19 Q Do you adopt this Action Request Response
20 as your testimony today?

21 A Yes, I do.

22 MS. SCHMID: With that, the Division
23 would like to move for the admission of the Action
24 Request Response previously identified.

25 OFFICER HAMMER: It's admitted.

1 MS. SCHMID: Thank you.

2 BY MS. SCHMID:

3 Q Do you have a summary?

4 A Yes.

5 Q Please proceed.

6 A I have reviewed the documents in this
7 docket, including the proposed agreement. The terms
8 and conditions of this agreement appear similar to
9 the previous agreement with differences to the
10 pricing terms and the adjustment factor for avoided
11 line losses. The Division believes the terms of
12 this agreement comply with the Commission's
13 guidelines and order as referenced in our response.

14 The Division also believes the method for
15 calculating the avoided energy costs have been
16 previously found to be just and reasonable and in
17 the public interest. This concludes my comments.

18 Q So it is your testimony today, then, that
19 approving the Tesoro contract in front of the
20 Commission, between PacifiCorp and Tesoro, would be
21 just, reasonable, and in the public interest?

22 A Yes.

23 MS. SCHMID: Thank you. That is all
24 from the Division. He's now available for
25 cross-examination and questions from the hearing

1 officer.

2 OFFICER HAMMER: Mr. Solander?

3 MR. SOLANDER: No questions. Thank
4 you.

5 OFFICER HAMMER: And I have none.
6 You have no other witnesses, Ms. Schmid?

7 MS. SCHMID: No other witnesses.

8 OFFICER HAMMER: Thank you. Let me
9 just ask you, Mr. Solander, with the extension in
10 the '63 docket, what is the approval date sought,
11 with respect to the underlying agreement in this
12 docket, in terms of the effective date of the
13 agreement?

14 MR. SOLANDER: So the end of February
15 would be when the extension expires.

16 OFFICER HAMMER: Okay. Do you have
17 any comment on that, Ms. Schmid?

18 MS. SCHMID: The Division has no
19 objection to an order being issued within that time
20 frame if the Commission so desires.

21 MR. SOLANDER: I would add that if,
22 for some reason, the order wasn't forthcoming in
23 that time, the Company would still be able to
24 true-up between the two prices beyond the February
25 time frame if that was what the Commission ordered.

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OFFICER HAMMER: Thank you, everyone.

We're adjourned.

(The hearing concluded at 9:10 a.m.)

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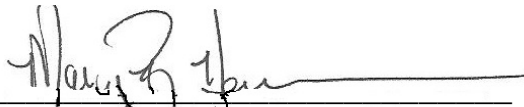
REPORTER'S CERTIFICATE

STATE OF UTAH)
COUNTY OF SUMMIT)

I, Mary R. Honigman, a Registered Professional Reporter, hereby certify:

THAT the foregoing proceedings were taken before me at the time and place set forth in the caption hereof; that the witnesses were placed under oath to tell the truth, the whole truth, and nothing but the truth; that the proceedings were taken down by me in shorthand and thereafter my notes were transcribed through computer-aided transcription; and the foregoing transcript constitutes a full, true, and accurate record of such testimony adduced and oral proceedings had, and of the whole thereof.

I have subscribed my name on this 15th day of February, 2018.



Mary R. Honigman
Registered Professional Reporter #972887

0	21st 6:13	7th 6:14	add 11:21	appear 10:8
03-35-14 6:12	25 6:5	8	address 4:22 8:18,24	appearances 2:1 4:10
1	3	8 3:8	adjourned 12:2	Application 1:2 4:4
1 6:8	300 1:9 2:4 8:24	801 220-4014 2:9	adjustment 10:10	approval 1:3 4:5 6:1,13,21 7:2 11:10
12 6:8	31 6:9	801 366-0380 2:5	admission 9:23	approve 7:20
13th 1:12	320 2:8	84114 2:5	admitted 9:25	approved 6:11,23
1407 2:8	38 7:19	84116 2:8	adopt 9:19	approving 10:19
16 6:24	4	9	agreement 1:3 4:5 5:17 6:2,4,8,10,16 7:17,20 9:10, 11 10:7,8,9, 12 11:11,13	Attorney 4:17
160 8:24	437323 1:15	9:00 1:13	agrees 7:16	auditor 8:23
16th 9:14	4th 1:9	9:10 12:3	ahead 5:1 8:9	available 10:24
17-035-60 1:2 4:7 9:3	5	A	all 10:23	avoided 7:12 10:10,15
18th 6:23	5 3:5	a.m. 1:13 12:3	along 7:11	B
2	6	able 11:23	also 6:14 7:3 8:22 10:14	BEFORE 1:1
2017 6:13,14, 23	63 11:10	Action 9:13, 17,19,23	analyst 8:21	
2018 1:12 6:9, 24 9:14	7	activities 9:6		
	75 7:15			

behalf 9:6	8:22	9:10	costs 10:15	Division 2:3 4:18 6:24 7:3, 8,13,15 8:10, 21 9:2,7,22 10:11,14,24 11:18
being 11:19	certified 8:23	compliant 7:17	counsel 4:13	
belief 6:25	changes 9:16	complied 7:1	CPA 8:21	
believes 10:11,14	City 1:10 2:5, 8 6:7 8:25	comply 10:12	cross- examination 4:24,25 8:4 10:25	Division's 4:19 9:13
between 1:3 4:5 5:18 6:2, 16 10:20 11:24	cogeneration 6:6	concluded 12:3	current 5:12	docket 1:2 4:7 6:12,22 9:2,3,8,9 10:7 11:10,12
beyond 11:24	comment 11:17	concludes 10:17	<hr/> D <hr/>	documents 9:9 10:6
business 8:18	comments 6:24 7:2 10:17	conditions 10:8	Daniel 2:7 4:12	duly 5:6 8:14
<hr/> C <hr/>	Commission 1:1,8 4:7 5:23 6:1,11,23 7:7, 13,18,20 10:20 11:20, 25	connection 9:1	date 1:12 11:10,12	<hr/> E <hr/>
calculated 6:10		consider 6:17	dated 9:14	East 1:9 2:4 8:24
calculating 10:15	Commission' s 4:8 7:1 10:12	Consumer 7:9	days 7:15	effective 11:12
calculations 7:11,12	Company 1:4 4:7 5:18 6:3, 12,14 7:5,7, 13,16,19 11:23	contact 7:22	December 6:9,14,23	Einfeldt 3:7 4:19 8:11,13, 20
call 8:11		continue 7:5	designated 4:9	employer 8:18
calls 5:3		contract 5:22 6:18 7:22 10:19	desires 11:20	employment 9:1
certifications	compared	corrections 9:16	differences 10:9	

end 11:14	F	frame 11:20, 25	H	interest 7:23 10:17,21
energy 6:5 10:15	facility 6:2,6	fraud 8:23	Hammer 2:2 4:2,8,21 8:2, 5,8 9:25 11:2, 5,8,16 12:1	internal 8:23
engaged 9:6	factor 10:10	front 10:19		involved 9:12
enough 6:17	February 1:12 11:14,24	full 8:18	happy 4:23	issued 11:19
everyone 4:3 12:1	Fifth 2:4	further 8:1	having 5:6,17 8:14	items 7:3
EXAMINATION 3:2,5,8	file 7:14	future 7:4,8, 14	hearing 1:7 4:4,9 10:25 12:3	J
examined 5:7 8:15	filed 6:12,14, 24	G	hold 8:22	January 6:8, 24 9:14
examiner 8:24	filing 9:13	gas-fired 6:6	Honigman 1:14	Jeffrey 3:7 4:19 8:11,13, 20
Excel 7:10	Finally 7:12	General's 4:17	hourly 7:6	Job 1:15
executed 5:19	first 5:6 7:4 8:14	generated 6:5	I	K
expires 11:15	Floor 1:9 2:4	give 7:14	identified 9:24	Kyle 3:4 4:13 5:3,5,11
extended 6:20	follows 5:7 8:15	Good 4:2,11, 16 8:17	includes 6:18	L
extension 6:15,18,22 11:9,15	forthcoming 11:22	grid 7:9	including 9:9 10:7	Lake 1:10 2:5, 8 6:7 8:25
	found 10:16	guidelines 7:1 10:13	INDEX 3:2	least 4:25 7:5,

15	May 8:11	negotiating 5:17	orders 6:11 7:18	15,17 6:2,15 7:6
Let 11:8	megawatts 6:5	new 6:18	originator 4:14 5:14,16	Power's 5:15
like 5:22 8:10 9:23	method 10:14	none 11:5	outputs 7:9	Power/ pacificorp 5:13
line 7:12 10:11	methodology 6:11	North 2:8	owned 6:6	PPA 6:13,20, 25 7:4,8,15
list 9:5	Michael 2:2 4:8	noticed 4:3	<hr/> P <hr/>	PPAS 7:14
listed 7:3	months 6:8	November 6:13	Pacificorp 1:3 4:6 5:19 6:3,4,16 10:20	preliminary 4:22
located 6:7	Moore 3:4 4:13 5:3,5,11 8:1	<hr/> O <hr/>	participated 9:2	preparation 9:12
loss 7:12	morning 4:2, 11,16 8:17	objection 11:19	parties 6:17	prepared 5:21
losses 10:11	Mountain 1:2 2:7 4:4,12,14 5:3,13,15	Office 4:18 7:9	Patricia 2:4 4:17	present 5:23 6:1
<hr/> M <hr/>	move 9:23	officer 2:2 4:2,9,21 8:2, 5,8 9:25 11:1, 2,5,8,16 12:1	pertaining 7:3	presiding 2:2 4:9
made 6:20	much 4:25	opinion 7:21	place 4:3	previous 10:9
make 9:17	<hr/> N <hr/>	order 6:17 7:7,13,14 10:13 11:19, 22	position 5:12 8:18	previously 9:24 10:16
marketer 4:14 5:14,16	name 4:7 5:9, 11 8:18,20	ordered 11:25	power 1:2,3 2:7 4:4,5,12, 14,15 5:3,14,	price 7:10
Marketing 1:4 4:6 5:18 6:3	need 4:22		prices 6:9	
Mary 1:14				
matters 4:22				

11:24	Q	Refining 1:4 4:6 5:18 6:3	reviewed 9:9 10:6	showing 7:11
pricing 6:19 10:10	QF 6:19	regard 9:8	Rocky 1:2 2:7 4:4,12,14 5:2, 13,15	sic 6:12
prior 9:11	qualifying 6:2	regarding 5:21	S	similar 10:8
proceed 5:25 10:5	quarterly 7:5	relevant 7:18	sale 6:4	Solander 2:7 3:5 4:11,12 5:1,2,8 7:25 8:5,7 11:2,3, 9,14,21
Proceedings 1:7 4:1	questions 8:1 10:25 11:3	REPORTER 1:14	sales 6:19	sorry 8:8
proposed 9:10 10:7	R	reports 7:6	Salt 1:10 2:5, 8 6:7 8:24	sought 6:21 11:10
provide 6:17 7:5,8	R.P.R. 1:14	representing 4:12	Schedule 7:18	South 1:9 2:4 8:24
provides 6:4	rates 6:21	request 6:22 9:13,17,19,24	Schmid 2:4 3:8 4:16,17 8:3,4,9,10,16 9:22 10:1,2, 23 11:6,7,17, 18	spreadsheets 7:10,11
provision 6:19	reasonable 7:22 10:16,21	requested 7:4,7	requests 7:19	state 5:9 8:17
provisions 6:20	recommendat ions 7:17	requests 7:19	respect 11:11	stated 6:25
public 1:1,8 2:3 4:18 6:25 7:23 8:22 10:17,21	recommende d 7:2	response 9:14,17,19,24 10:13	seated 4:23	stay 4:23
purchase 1:3 4:5 5:17 6:2, 9,16 7:6	record 5:10 8:19	responsible 5:16	Second 7:6	still 11:23
	referenced 10:13	review 7:15	Service 1:1,8	subsequent 9:13
			Services 7:9	Suite 2:8
			set 6:9	

summary 5:21 10:3	their 6:25 7:2	U	4:23 8:6 11:6, 7
supporting 7:10	then-current 6:15	under 6:20	Y
sworn 5:6 8:12,14	therefore 7:19	underlying 11:11	year 9:11
T	three 7:3,16	using 6:10	
table 4:13	time 1:13 4:3 6:17 7:8 11:19,23,25	Utah 1:1,8,10 2:5,8 6:7 7:18 8:25	
take 4:10	timely 7:14	Utilities 2:3 4:18 6:25 8:22	
TAKEN 1:8	today 4:15,25 5:4,23 6:1 9:20 10:18	utility 8:21	
Temple 2:8	true-up 6:19 11:24	W	
term 6:8	trued-up 6:21	want 4:23	
terms 5:22 7:21 10:7,10, 11 11:12	truth 5:6 8:14	West 2:8	
Tesoro 1:4 4:6 5:18 6:3, 5,7,16 10:19, 20	Tuesday 1:12	will 4:15	
testified 5:7 8:15	two 11:24	within 11:19	
testimony 9:20 10:18	two-month 6:15,18,22	witness 3:3 4:15,20 5:3 8:11	
		witnesses	