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201 South Main, Suite 2300
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April 27, 2011

**VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY**

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**RE: IN THE MATTER OF THE COMMISSION'S INVESTIGATION INTO
DISAGGREGATION AND AN APPROPRIATE PUBLISHED AVOIDED COST
ELIGIBILITY CAP STRUCTURE FOR PURPA QUALIFYING FACILITIES.
IDAHO PUBLIC UTILITIES COMMISSION CASE NO. GNR-E-11-01**

Dear Ms. Jewell:

Please find enclosed for filing in the above-captioned case an original and seven (7) copies of Rocky Mountain Power's answer to Northwest and Intermountain Power Producers Coalition's motion to strike testimony of Mr. Bruce Griswold.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey K. Larsen" with a stylized flourish at the end.

Jeffrey K. Larsen
Vice President, Regulation

Cc: GNR-E-11-01 Service List

Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S) CASE NO. GNR-E-11-01
INVESTIGATION INTO DISAGGREGATION AND)
AN APPROPRIATE PUBLISHED AVOIDED COST)
RATE ELIGIBILITY CAP STRUCTURE FOR PURPA) ROCKY MOUNTAIN
QUALIFYING FACILITIES) POWER'S ANSWER TO
) NORTHWEST AND
) INTERMOUNTAIN POWER
) PRODUCERS COALITION'S
) MOTION TO STRIKE
) TESTIMONY OF BRUCE
) GRISWOLD
)
)

Pursuant to IDAPA 31.01.01.057 of the Rules of Procedure of the Idaho Public Utilities Commission (the "Commission"), PacifiCorp, dba Rocky Mountain Power ("Rocky Mountain

Power” or “Company”) makes this Answer to Northwest and Intermountain Power Producers Coalition’s (NIPPC) Motion to Strike Bruce Griswold’s direct testimony filed April 14, 2001.¹

BACKGROUND

The Commission limited the scope of this docket in Order No. 32195 by stating that the proceedings will focus on an investigation into a published avoided cost eligibility structure that:

(1) allows small wind and solar QFs to avail themselves of published rates for projects producing 10 aMW or less; and (2) prevents large QFs from disaggregating in order to obtain a published avoided cost rate that exceeds a utility’s avoided cost.²

Last month, NIPPC sent production requests to Rocky Mountain Power, Avista Corp (Avista), and Idaho Power Company (Idaho Power) seeking information regarding the adequacy of the IRP methodology used to calculate avoided cost rates for QF projects over 10 aMW. In response, the Company filed a motion for clarification and for a protective order against NIPPC’s discovery request.³ The Company’s motion argued that NIPPC’s production requests were the beginning of a collateral attack on the IRP methodology, that they were irrelevant to identifying a published avoided cost eligibility structure that will allow QFs smaller than 10 aMW to obtain published rates but will prevent large QFs from disaggregating, and that NIPPC’s requests were unduly burdensome.⁴ The Commission granted the Company’s motion by bench order.⁵ The Commission found that the production requests sought evidence related to the

¹ *In the Matter of the Commission’s Investigation into Disaggregation and an Appropriate Published Avoided Cost Rate Eligibility Cap Structure for PURPA Qualifying Facilities*, Case No. GNR-E-11-01, *Direct Testimony of Bruce W. Griswold* (Mar. 25, 2011).

² Case No. GNR-E-11-01, Order No. 32195, 3 (Feb. 25, 2011).

³ Case No. GNR-E-11-01, *Rocky Mountain Power’s Motion for Clarification and Motion for Protective Order* (March 7, 2011).

⁴ *Id.*

⁵ Case No. GNR-E-11-01, *Bench Order*, 1-2 (Mar. 23, 2011).

validity of the IRP methodology and such evidence was irrelevant to this docket.⁶ The Commission reserved challenges to the adequacy and validity of the IRP methodology for a later hearing.⁷

NIPPC has now filed a motion to strike portions of the direct testimony provided by the Company' expert, Bruce Griswold, on the basis that Mr. Griswold seeks to enter into evidence irrelevant testimony regarding the IRP.⁸

APPLICABLE LAW

The Commission has discretion to admit or reject any evidence on the basis of relevancy.⁹ The Commission limited the scope of this proceeding to the relevant topics of investigating QF disaggregation and identifying a rule that will prevent QF disaggregation.¹⁰ The Commission has stated evidence regarding the validity of the IRP is irrelevant.¹¹

ARGUMENT

With one exception (discussed below), the Commission should deny NIPPC's motion to strike the testimony of Bruce Griswold. The Commission has properly limited the scope of this proceeding to quickly investigate QF disaggregation and identify a rule that will prevent large QF disaggregation.¹² The Commission's Orders prohibit evidence introduced to support or

⁶ *Id.*

⁷ *Id.*

⁸ Case No. GNR-E-11-01, *NIPPC's Motion to Strike Testimony of Bruce Griswold and Join in Motions to Strike Testimony of Clint Kalich and Mark Stokes* (April 14, 2011) ("NIPPC's Motion to Strike").

⁹ IDAPA 31.01.01.261.

¹⁰ Order No. 32195, at 3; Bench Order, at 1-2

¹¹ *Id.*

¹² *Id.*

disprove the accuracy or validity of IRP methodology, but do not prohibit mere mention of the current approved avoided cost structure.¹³

Most of Mr. Griswold's testimony that NIPPC seeks to strike is directly relevant to explaining: (a) the current published avoided cost eligibility structure, (b) why QF disaggregation occurs, (c) the negative impacts caused by disaggregation and (d) how promulgating a rule to prevent disaggregation will stop large QFs from obtaining avoided cost rates they are not entitled to. Following NIPPC's request to restrict any mention of the current use of the IRP would exclude evidence from the record that puts disaggregation in context. Therefore, the Commission should deny the NIPPC's motion to strike with the single exception as set forth below.

1. PacifiCorp will withdraw the testimony NIPPC seeks to strike on Page 6 line 15 through 21 of Mr. Griswold's testimony.

PacifiCorp acknowledges that Mr. Griswold's testimony on page 6 line 15 through 21 is irrelevant to this proceeding and withdraws such testimony.

2. Mr. Griswold's testimony on Page 9 is relevant to the issues of surrounding QF disaggregation and provides examples of QF disaggregation.

The Commission should deny NIPPC's motion to strike Mr. Griswold's testimony on Page 9, line 3 through 6 and line 12 through 21. The testimony in this passage is relevant to addressing disaggregation as it demonstrates how QFs by disaggregating projects may obtain an avoided cost rate that they would not otherwise be entitled to. The testimony provides examples of a disaggregated 133 MW wind project and a disaggregated solid waste fuel QF that obtained the higher published avoided cost rate by disaggregating their projects. Nowhere in this passage does Mr. Griswold address the irrelevant topic of the IRP's validity. Rather this testimony only

¹³ *Id.*; The Commission affirmed the validity of the IRP Methodology through final order in Orders Nos. 25882, 25883 and 25884.

provides a factual account of recent QF disaggregation. Such information is relevant because understanding the nature of disaggregation by large QFs is helpful in designing rules and procedures to prevent it from continuing in the future.

3. Mr. Griswold's testimony on Page 10 is relevant to the issues surrounding QF disaggregation and explains that the IRP is available for non-disaggregated QF projects.

The Commission should deny NIPPC's motion to strike Mr. Griswold's testimony on Page 10 line 9 through 20. Mr. Griswold's testimony in this passage explains that, although the Company has not recently executed an Idaho PPA with IRP derived pricing, the Company has a functioning IRP pricing process already in place, and that the Company has recently used this process to develop IRP derived pricing for a QF applicant. This testimony does not cross into the irrelevant area of the validity of the IRP method but only demonstrates that the IRP method is available to large QFs seeking PPAs, including those that may in the future be prevented from disaggregating.

4. Mr. Griswold's Testimony on Page 11, 12 and 14 is relevant to the issues surrounding QF disaggregation and explains the negative costs of QF disaggregation.

Mr. Griswold's testimony on pages 11, line 10 through page 12, line 23 and page 14, line 3 through 12 is also relevant to this docket, and NIPPC's Motion to Strike this testimony should be denied. Mr. Griswold's testimony on these pages explains the increased costs borne by customers because of QF disaggregation, including minimum load costs, integration costs and system power purchase costs. Mr. Griswold explains that large volumes of intermittent generation from QFs who obtain avoided cost through the published rate derived from the SAR methodology do not account for these costs and these expenses are simply passed through to customers. The fact that Mr. Griswold points out in his testimony that the IRP method incorporates these costs and requires the developer to bear them does not make the testimony

irrelevant. Rather, this testimony only serves to reinforce the point that there is a need to prevent disaggregation and have large QFs utilize a methodology other than the SAR based published rates that account for the characteristics of large QF projects.

5. Mr. Griswold's testimony on Page 16 is relevant to QF disaggregation and offers a way of limiting the costs of large intermittent QF disaggregation.

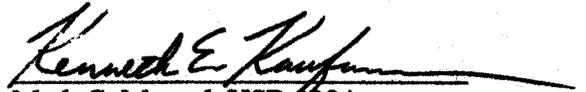
NIPPC's motion to strike the testimony of Mr. Griswold on page 16 line 20 to page 17 line 16 should be denied. NIPPC claims this testimony is irrelevant because it proposes that the published avoided cost rate eligibility cap should be based on nameplate capacity rather than average monthly capacity without addressing the narrow disaggregation issue.¹⁴ However, Mr. Griswold's testimony in this passage directly addresses the negative costs associated with large QF disaggregation by formulating a rule that will base published avoided cost rate eligibility on nameplate capacity. Mr. Griswold's testimony responds to the Commission's narrow request by proposing rules and procedures that will work to exclude disaggregated projects at any size determined by the Commission. At the same time, the challenged testimony of Mr. Griswold on pages 16 and 17 provides the Commission with evidence that 10aMW may be larger than the Commission needs to achieve its policy objective of promoting small renewable energy projects. In his rebuttal testimony, Mr. Griswold testifies that using an average-megawatt size determinant is inherently more subjective than using nameplate capacity to determine size. As the Commission considers whether an anti-disaggregation rule based on average megawatts is likely to spawn disputes between the applicant and the utility versus the use of a clearly delineated nameplate capacity, it may also consider Mr. Griswold's testimony on pages 16 and 17. Because this testimony addresses the problems caused by QF disaggregation and proposes a solution, it is relevant to this docket.

¹⁴ NIPPC's Motion to Strike, at 6.

CONCLUSION

For the reasons stated above, the Commission should deny NIPPC's motion to strike portions of Mr. Griswold's direct testimony, with one exception explained above.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of April, 2011, I caused to be served, via E-mail, a true and correct copy of Rocky Mountain Power's Answer to NIPPC's Motion to Strike Testimony in Case No. GNR-E-11-01 to the following:

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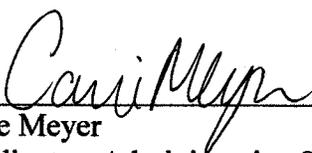
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