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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

The New Energy Company LLC,
An Idaho Limited Liability Company, and
Western States Equipment Company, Inc.,
An Idaho Corporation,

Complainants

v.

Idaho Power Company,
A Regulated Public Utility,

Respondent.

Case No. IPC-E-10-13

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF LAURA KNOTHE

1 Q. Please state your name.

2 A. My name is Laura Knothe.

3 Q. What is your occupation?

4 A. I am one of the two co-owners of The New Energy Company LLC.

5 Q. Please describe your educational and professional background.

6 A. I have a degree in Civil Engineering. I have 18 years of experience in the
7 construction industry providing design and construction management for
8 commercial and public construction projects. I am a licensed professional
9 engineer, a licensed construction manager and a LEED® Accredited Professional.

10 Q. What is the New Energy Company?

11 A. We are a women-owned company specializing in energy efficiency solutions for
12 businesses and renewable energy development.

13 Q. What is the purpose of your testimony?

14 A. I will describe the efforts New Energy has undertaken to obtain a power purchase
15 agreement and electrical interconnection from Idaho Power Company.

16 Q. When did you first commence discussions with Idaho Power Company?

17 A. On July 23, 2009, I made initial contact with Mr. Randy Allphin of Idaho Power
18 Company regarding obtaining power purchase agreements for the Projects. This
19 was followed by email correspondence from me on July 27, 2009, to Mr. Allphin
20 requesting draft purchase power agreements.

21 On August 24, 2009, Mr. Allphin transmitted a draft purchase power agreement to
22 me for the Swager Project.

1 On September 4, 2009, I requested, by e-mail, that Mr. Allphin provide draft
2 purchase power agreements for the Double B and Rock Creek projects. At this
3 time, Mr. Allphin suggested to me that New Energy begin work on the
4 interconnection process before devoting further effort to purchase power
5 agreements.

6 Q. Did you then begin discussions with Idaho Power's Delivery Business Unit?

7 A. Yes. I began discussions (via email) with Rowena Bishop on September 23,
8 2009. Leslie and I met with Rowena Bishop on October 12, 2009, when we
9 submitted our interconnect applications with the required deposits in the amount
10 of \$ 1,000 on October 12, 2009 for the Swager and Double B Projects and on
11 October 13, 2009 for the Rock Creek Project. On October 19, 2009, New Energy
12 received from Idaho Power Company acknowledgement that the Interconnection
13 Requests were complete and Idaho Power Company included the projects in the
14 Idaho Power Generation Interconnection Queue as project numbers 307 (Swager),
15 308 (Double B) and 309 (Rock Creek).

16 Q. What were the intended nameplate capacities for the projects at the time of the
17 Interconnection Requests?

18 A. The nameplate capacities for the Swager Farms and Double B projects were 1.2
19 MW. The nameplate capacity for Rock Creek was 2.4 MW. We have
20 subsequently determined that Rock Creek may be capable of an additional 1.6
21 MW of capacity. We have communicated the possibility of additional capacity to
22 Idaho Power and this is being taken into account for the Facilities Study for the
23 Rock Creek project.

1 Q. Did you then communicate again with Mr. Allphin?

2 A. Yes. Having commenced the interconnection process, I again, on October 23,
3 2009, inquired of Mr. Allphin about receiving draft purchase power agreements.
4 In reply, Mr. Allphin by email, indicated that the interconnection process should
5 be moved further forward before a power purchase agreement could be signed.

6 Q. During this time were you also pursuing efforts on the interconnection process?

7 A. Yes. Between October 19, 2009 and October 27, 2009, I communicated with
8 Idaho Power Company personnel regarding setting a Scoping Meeting for
9 Feasibility Studies for the Projects. A Scoping Meeting was with Idaho Power
10 Company personnel and attended by New Energy and Western States on October
11 27, 2009.

12 Q. What occurred next regarding purchase power agreements?

13 A. On October 29, 2009, Mr. Allphin provided a draft purchase power agreement to
14 me. Between October 29, 2009 and November 6, 2009, I and Mr. Allphin
15 exchanged correspondence regarding information necessary for completion of
16 purchase power agreements. On November 6, 2009, I transmitted to Mr. Allphin
17 completed draft purchase power agreements for the Projects. In my opinion, the
18 power purchase agreements were complete and ready for execution. In response,
19 Mr. Allphin, by email on November 12, 2009, advised that the purchase power
20 agreements could not be executed until the interconnection Feasibility Study was
21 complete.

22 Q. How did your respond?

- 1 A. I, by email, responded that the Feasibility Studies were due to be completed on
2 December 10, 2009, and that New Energy would be prepared to sign the purchase
3 power agreements on that date.
- 4 Q. What occurred next regarding the purchase power agreements?
- 5 A. On November 14, 2009, Mr. Allphin returned the draft purchase power
6 agreements making minor edits and calling to my attention an issue regarding
7 maximum capacity amounts.
- 8 Q. When did you receive from Idaho Power Company completed Feasibility Studies
9 for the projects?
- 10 A. On December 21, 2009, I received from Idaho Power Company, draft Feasibility
11 Studies for all three projects. Receipt of the studies was approximately two weeks
12 later than Idaho Power's commitment date for completion of the studies.
- 13 Q. Did you then undertake efforts toward completion of final Feasibility Studies?
- 14 A. Yes. Between December 21, 2009 and February 9, 2010, I and Idaho Power
15 Company personnel exchanged correspondence regarding final details for the
16 Feasibility Studies. During these exchanges it was confirmed that because of the
17 project sizes and minimal impacts on the Idaho Power Company electrical system,
18 System Impact Studies would not be required.
- 19 Q. Did you meet with Idaho Power Company representatives on February 9, 2010?
- 20 A. Yes. Along with Leslie White and Jay Kesting of Western States, I met with Mr.
21 Marc Peterson of Idaho Power Company to discuss the final Feasibility Study and
22 a draft Facility Study Agreement. In this meeting, Mr. Peterson advised that
23 Idaho Power Company was becoming aware of new procedural requirements of

1 the Federal Energy Regulatory Commission (FERC) relating to purchase power
2 agreements and required studies. He advised me to contact Mr. Allphin for further
3 information.

4 Q. Did you then communicate with Mr. Allphin?

5 A. Yes. On February 10, 2010, I communicated with Mr. Allphin by email inquiring
6 about the new requirements. In response, on February 11, 2010, Mr. Allphin
7 advised by email that there were new FERC guidelines requiring Idaho Power
8 Company, Power Supply Business Unit, to file a Network Resource Designation
9 with the Idaho Power Delivery Business Unit. Because the guidelines were only
10 then being implemented Mr. Allphin advised that some time would be required to
11 determine the effect on the New Energy Projects.

12 Q. During this time did you continue efforts to finalize interconnection
13 arrangements?

14 A. Yes. Between February 9, 2010 and February 22, 2010, I continued to exchange
15 correspondence with Ms. Rowena Bishop of Idaho Power Company regarding
16 finalizing a Facilities Study Agreement.

17 Q. Did you also continue with efforts to obtain final purchase power agreements?

18 A. Yes. On February 27, 2010, in response to another inquiry from me, Mr. Allphin
19 advised by email that Idaho Power Company was still in the process of
20 interpreting the new Network Resource Designation requirements. He further
21 advised that during the first week of March he would meet with company
22 attorneys in an attempt to get the process finalized.

- 1 Q. Did you ultimately receive from Idaho Power Company an explanation of the new
2 Network Resource Designation Requirements?
- 3 A. Yes, on March 3, 2010, I received from Mr. Allphin a letter containing the new
4 Network Resource Designation requirements. I responded on the same day with
5 additional questions raised by the new Network Resource Designation process.
- 6 Q. Were you also continuing interconnection efforts during this time?
- 7 A. Yes. In the mean time, on March 1, 2010, I submitted to Ms. Rowena Bishop a
8 completed Facility Study Agreement and the required deposit of \$17,760 for the
9 Rock Creek Project. On March 3, 2010, I submitted to Ms. Rowena Bishop a
10 request for extensions for Facility Study Agreements for the Swager and Double
11 B projects. These requests were granted on the same day by Idaho Power
12 Company.
- 13 Q. What occurred between March 3, 2010 and March 16, 2010?
- 14 A. New Energy undertook efforts to understand and gather information necessary to
15 comply with the new Network Resource Designation process. During this time
16 New Energy engaged regulatory counsel to assist in that process.
- 17 Q. Prior to March 16, 2010, did you have any indication that a change in avoided
18 cost rates was about to occur?
- 19 A. No. Shortly after Order No. 30774 was issued, we received correspondence from
20 our attorney advising us that the Order had been issued. It was a complete surprise
21 to us.
- 22 Q. Based on the foregoing chronology, do you have any opinions regarding the
23 significance of these facts?

1 A. Yes I do. First, in my opinion, New Energy was diligent in pursuing both
2 electrical interconnection and purchase power agreements with Idaho power
3 Company.
4 Second, almost all the delay in obtaining executed purchase power agreements is
5 not attributable to New Energy. Draft purchase power agreements were in near
6 final form by the end of December, 2009. For the first three months of 2010
7 further work on purchase power agreements was put on hold while Feasibility
8 Studies were completed and while Idaho Power Company attempted to devise
9 procedures for implementing the Network Resource Designation process. In my
10 opinion, it can be said, with near certainty, that were it not for this hiatus,
11 purchase power agreements would have been executed far in advance of March
12 16, 2010.

13 Q. After March 16, 2010 did you continue with efforts toward obtaining a purchase
14 power agreement?

15 A. Yes. On April 1, 2010, I signed and returned to Mr. Allphin the letter referenced
16 above agreeing to the new Network Resources Designation procedures.

17 Q. After March 16, 2010, did you continue efforts to obtain interconnection with
18 Idaho Power Company?

19 A. Yes. On April 2, 2010, I transmitted signed Facility Study Agreements for the
20 Double B and Swager Farms projects to Ms. Rowena Bishop. At the same time, I
21 transmitted deposits of \$11,740 and \$11,250 for these projects, although we
22 agreed with Idaho Power Company that the Company could defer commencement

1 of the studies, pending resolution of regulatory uncertainty created by Order No.
2 31025.

3 Q. Why did you continue to expend effort to obtain purchase power agreements and
4 electrical interconnection after the issuance of Order No. 31025?

5 A. New Energy desires to demonstrate that it is serious about pursuing the projects, if
6 it is determined the projects are entitled to avoided cost rates existing prior to
7 March 16, 2010.

8 Q. Is it important for New Energy to obtain a speedy resolution of this matter?

9 A. Yes it is. A certain amount of physical construction of the Projects must be
10 completed by the end of the year 2010 in order to be eligible for certain federal
11 income tax benefits.

12 Q. Does this conclude your testimony?

13 A. Yes it does.