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IDAHO PUBLIC UTILITIES COMMISSION

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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,

Case No. IPC-E-10-13

Complainants

v.

Idaho Power Company,
A Regulated Public Utility,

Respondent.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF LESLIE WHITE

- 1 Q. Please state your name.
- 2 A. My name is Leslie White.
- 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 am a Chemical Engineer. Prior to my work in renewable energy, I had worked
7 for seventeen years in energy related industries primarily centered around coal,
8 upgrading oil and gas. My professional experience also includes chemical
9 processing and design development for solid rocket boosters.
- 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, in addition to negotiations with Idaho Power Company, other
15 efforts we have undertaken to develop our projects.
- 16 Q. Please describe the projects.
- 17 A. We are working to develop three electric generation projects at large dairies in
18 southern Idaho. They are the Rock Creek Dairy in Filer, the Double B Dairy in
19 Murtaugh and Swager Farms in Buhl.
- 20 Q. What is the intended nameplate capacity of each of the projects?
- 21 A. The intended capacity for the Swager and Double B dairies is 1.2 MW for each.
22 The initial intended capacity for the Rock Creek Dairy was 2.4 MW.

1 Subsequent analysis has shown that Rock Creek may be capable of an additional
2 1.6 MW capacity.

3 Q. Please describe the technology that will be used for the generation of electric
4 power.

5 A. The animal waste from the dairy is processed in an anaerobic digester. Biogas
6 from the digester is captured, cleaned and utilized in the reciprocating engines to
7 produce electricity. The technology also includes solids separation and water
8 cleanup.

9 Q. When did New Energy commence work on these projects?

10 A. We first began discussions with the owners of the dairies in July of 2009.

11 Q. Did New Energy subsequently enter into written agreements with the dairies?

12 A. Yes. In September of 2009, New Energy and the owner of the Rock Creek and
13 Double B Dairies, Mr. Luis Bettencourt, executed Letters of Intent setting out the
14 terms on which New Energy would place digesters at those dairies. In October of
15 2009, a similar Letter of Intent was executed with the owner of Swager Farms,
16 Mr. Dean Swager. Since that time, our attorneys and attorneys for the dairies
17 have exchanged drafts of definitive lease and off-take agreements. As of March
18 16, 2010, those agreements were in near-final form.

19 Q. Please describe efforts New Energy has undertaken to obtain governmental or
20 environmental permits for the projects.

21 A. New Energy has put effort into obtaining two permits, the Special Use Permit
22 from Twin Falls County and the Air Permit from the Department of
23 Environmental Quality. Specific to the Special Use Permit, New Energy has met

1 with the Twin Falls Planning and Zoning Department to determine the
2 requirements of the Special Use Permit. We have met three times with the
3 environmental engineer in charge of Bettencourt Dairies to discuss the procedure
4 and technical requirements for the SUP. New Energy has worked with our
5 technology provider to determine the design parameters needed to submit the SUP
6 application. Specific to the Air Permit, we met with the DEQ on February 5,
7 2010, to determine the permitting requirements for the Air Permit. The modeling
8 protocol was submitted to the DEQ on February 13, 2010. We engaged an
9 environmental permit specialist to direct our air permit process. Subsequently, we
10 have met with this consultant several times to provide facility design and
11 emissions input for the modeling necessary to obtain the air permit.

12 Q. Please describe efforts New Energy has made in the area of engineering design
13 for the projects.

14 A. In March of 2009, New Energy began thorough research on anaerobic digestion
15 and the production of electricity from the produced biogas. Two main types of
16 technology were evaluated and three specific technologies were selected for
17 further investigation. Capital costs and operating costs of the anaerobic digestion
18 and of generation reciprocating engines were determined. Facilities in
19 Washington, Michigan and Wisconsin were visited to determine the best
20 technology. Evaluation of the technology included research and investigation of
21 systems for cleaning the water, removing solids from the waste and engine
22 efficiency and emissions. A business plan and cost model were developed to
23 explain the technology and to provide a mechanism for investment.

1 Q. Please describe efforts New Energy has made to procure or reserve digester and
2 related equipment for the projects.

3 A. Selection of the anaerobic digestion technology and evaluation of the engines
4 currently utilized in the industry was the first step. After the technology was
5 selected, New Energy worked with the technology providers to determine the lead
6 times of critical equipment. The tanks utilized in anaerobic digestions are
7 primarily made of concrete, however, they can be steel construction. New Energy
8 provided a preliminary cost analysis of both constructions and worked with the
9 technology providers to determine the most cost effective design. The generating
10 equipment design and lead time for procurement was investigated at each of the
11 facilities that New Energy visited. New Energy determined that Western States
12 Equipment Company will provide the generating equipment. New Energy has
13 developed a project schedule which defines critical steps in the design
14 engineering, procurement and construction. The tanks on the digesters cannot be
15 reserved or ordered off the shelf. New Energy has inquired as to the lead time on
16 the generating equipment. Two engines and the associated switchgear for the
17 facilities are reserved; the smaller engines can be procured within the time
18 constraints of the digester construction.

19 Q. Please describe efforts New Energy has made in the area of project financing.

20 A. As noted above, the engines necessary to convert biogas to mechanical energy
21 will be provided by Western States Equipment Company of Meridian, Idaho. In
22 December of 2009, we began discussions with Western States about the
23 possibility of equity participation by Western States in the projects. On

1 December 22nd 2009, Mr. Joseph Terteling indicated commitment in the form of
2 equipment in kind for six generators to the projects. After a series of discussions,
3 in February of 2010, Western States, gave a firm commitment to provide equity
4 funding.

5 Q. What affect does the decrease in the avoided cost rates have on the economics of
6 the projects?

7 A. The new rates have substantially affected the financial return by decreasing the
8 ROI by approximately 10%. This level of decrease to the financial return
9 jeopardizes the economic viability and financial success of the projects.

10 Q. Has New Energy made substantial financial investments in the development of
11 these projects?

12 A. Yes it has. We have incurred costs in excess of \$30,000 in consulting fees for
13 engineering and equipment design. We have incurred costs for surveying and
14 preparation of legal documents of approximately \$6,500. Prior to March 16,
15 2010 we paid deposits to Idaho Power Company in the amount of \$20,760. On
16 April 2, 2010, we paid additional deposits to Idaho Power of \$23,490. Travel and
17 office expense has totaled approximately \$11,000. Salary, benefits and insurance
18 for the members of New Energy are \$218,750 as of March 16, 2010. Taken
19 together our investment in the projects exceeds \$310,000.

20 Q. Subsequent to March 16, 2010 has New Energy continued efforts toward
21 development of the projects?

22 A. Yes, on March 31, 2010, I completed the Qualifying Facility certification process
23 through the Federal Energy Regulatory Commission.

- 1 Q. Is there a reason you had not completed the self-certification process sooner?
- 2 A. We understood that the self-certification process is largely an clerical process
3 involving the completion of an on-line questionnaire at FERC that could be
4 completed any time prior to execution of a purchase power agreement.
- 5 Q. Why did you continue to expend effort to obtain purchase power agreements and
6 electrical interconnection after the issuance of Order No. 31025?
- 7 A. New Energy desires to demonstrate that it is serious about pursuing the projects, if
8 it is determined the projects are entitled to avoided cost rates existing prior to
9 March 16, 2010.
- 10 Q. Does this complete your testimony?
- 11 A. Yes it does.