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IDAHO PUBLIC
UTILITIES COMMISSION

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Attorneys for the Idaho Conservation League and Sierra Club

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S PETITION TO MODIFY TERMS) CASE NO. IPC-E-15-01
AND CONDITIONS OF PURPA PURCHASE)
AGREEMENTS)
)

IN THE MATTER OF AVISTA)
CORPORATION'S PETITION TO MODIFY) CASE NO. AVU-E-15-01
TERMS AND CONDITIONS OF PURPA)
PURCHASE AGREEMENTS)
)

IN THE MATTER OF ROCKY MOUNTAIN)
POWER COMPANY'S PETITION TO MODIFY) CASE NO. PAC-E-15-03
TERMS AND CONDITIONS OF PURPA)
PURCHASE AGREEMENTS)
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Idaho Conservation League and the Sierra Club

Rebuttal Testimony of R. Thomas Beach

May 14, 2015

1 Q: Are you the same R. Thomas Beach who filed Direct Testimony on behalf of the Idaho
2 Conservation League and the Sierra Club on April 23 2015?

3 A: Yes.

4

5 Q: Please summarize your rebuttal testimony.

6 A: I provide my opinion on three topics. First, I rebut Staff Witness Mr. Sterling's testimony
7 on pages 13 - 15 regarding the relative risk of long-term contracts. Second, I rebut Mr. Sterling's
8 position that long-term commitments to utility-owned resources are different than long-term
9 qualifying facility (QF) contracts, because of the scrutiny afforded to utility projects in the IRP
10 process. Third, I describe an example of an adjustable rate contract that complies with PURPA.

11

12 Q: Do you agree with Mr. Sterling that "a fixed price contract is more risky than one in
13 which prices are adjusted frequently"?¹

14 A: No. The standard definition of "risk" is "the chance of loss."² A contract whose price
15 adjusts frequently may produce the result that the ratepayer receives a price close to the
16 prevailing market price. In this respect, such a contract may reduce the risk that the ratepayer
17 will pay a price different than the market price. However, based on my experience in the utility
18 industry, this is not what the ratepayer desires, particularly if there is substantial volatility in the
19 market price, for example, as there is in the natural gas market, illustrated in **Figure 1** reproduced
20 from my direct testimony. Consumers value rate stability and reasonably predictable rate
21 changes and monthly bills.

¹ Sterling Direct, at pg. 13, ln 9 – 10.

² Webster's New Twentieth Century Dictionary (2nd edition, 1983).