Idaho Public Utilities Commission
Office of the Secretary
RECEIVED

JAN 13 2016

Boise, Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF ELECTRIC SERVICE SCHEDULE NO. 38 – QUALIFYING FACILITY AVOIDED COST PROCEDURES	**CASE NO. PAC-E-16-01** **DIRECT TESTIMONY OF KYLE T. MOORE**

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-16-01

January 2016

Q. Please state your name, business address and present position with PacifiCorp, dba Rocky Mountain Power (the "Company").

A. My name is Kyle T. Moore. My business address is 1407 W. North Temple, Salt Lake City, Utah 84116. My present position is Originator/Power Marketer for Rocky Mountain Power, a division of the Company.

Q. How long have you been in your present position?

A. I have been in my present position since July 2015.

Q. Please describe your education and business experience.

A. I have a B.A. in Business Finance and an MBA from the University of Utah. I have been employed with the Company since 2007, six years in the planning and financial analysis group, two years in the structure and pricing area for the commercial and trading group, and most recently as an originator/power marketer responsible for negotiating qualifying facility contracts, negotiating interruptible retail special contracts, and managing wholesale or market-based energy and capacity contracts with other utilities and power marketers. I worked in the regulation and rates department for Kern River Gas Transmission Company for three years from 2004 through 2007 assisting in rate case and other regulatory/pricing proceedings and studies. I also worked for Energy Strategies as an associate consultant for five years from 1999 through 2004 consulting in various subjects including cogeneration feasibility studies, decision and risk analysis, utility negotiations, and other regulatory work.

PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony?

A. I propose a new Electric Service Schedule No. 38, Qualifying Facility - Avoided Cost Procedures ("Schedule 38"), to govern the Company's negotiating practices and queue management for power purchase agreements ("PPA") executed pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA") in Idaho and explain the provisions of this new tariff.

Q. Please summarize your testimony.

A. On February 27, 2015, the Company petitioned the Commission to modify terms and conditions of PURPA purchase agreements and approve modifications to the IRP avoided cost methodology. Commission Order No. 33357 directed the Company to "file a schedule setting out its PURPA negotiating practices and queue management."[1] The PURPA negotiating practices and queue management procedures contained in the proposed Schedule 38 will provide fair pricing, contracting processes, and queue management for projects that don't qualify for published rates in Idaho and will more accurately reflect the Company's avoided costs.

PROPOSED SCHEDULE 38

QUALIFYING FACILITY – AVOIDED COST PROCEDURES

Q. Please explain why the Company is proposing Schedule 38.

A. In Case No. PAC-E-15-03 the Company's requested reconsideration of Order No. 32697 that generally directed that incremental pricing be updated after the

[1] Order No. 33357, lines 26-27.

Qualified Facility ("QF") developer and utility had entered into a signed contract. The Company petitioned to change this indicative pricing practice in the IRP methodology so that it could provide more accurate avoided cost rates to proposed QF projects. Mr. Brian S. Dickman testified: "The IRP Method does not recognize the impact of proposed QF projects that do not yet have a signed contract but are at some stage in the process of receiving indicative avoided cost prices and pursuing a power purchase agreement with the Company."[2] He also testified that if the queued QFs that have not currently signed a contract with the Company are not taken into consideration, the IRP Method will result in payments to QFs that exceed avoided costs. The Commission found that the "signed contract" language in Order No. 32697 did not achieve its intended result and that creation of a queue to track the order in which QF projects have entered negotiations with a utility was reasonable and appropriate. In Order No. 33357 the Commission directed the Company to file a tariff schedule, like those of Idaho Power and Avista, which outlines its PURPA negotiating process. In compliance with Order No. 33357 the Company is filing Electric Service Schedule 38, a new tariff for QF projects that don't qualify for published rates, which provides the steps and schedule for both the Company and QF to determine indicative or estimated avoided cost prices for a proposed QF project. The tariff will: (1) facilitate communication between the Company and potential QFs as they work through the negotiation process, (2) identify the information required from the QF, and (3) specify the timeline in which the QF will receive indicative pricing.

[2] Case No. PAC-E-15-03, Dickman testimony page 3 lines 10-13.

The tariff codifies the process to be followed. Through extensive experience with a similar process in other states, the Company believes the formal process proposed in Schedule 38 is an efficient and productive process for both the Company and potential QFs.

Q. Does the Company have a formal QF negotiation procedure in other jurisdictions?

A. Yes. The Company's Schedule 38 for non-published rate QF contract negotiation process is in place in Utah,[3] Oregon and Wyoming.

Q. How was Schedule 38 developed?

A. Schedule 38 – Qualifying Facility Avoided Cost Procedures, is based on Utah's Schedule 38 approved by the Utah Public Service Commission in 2015. Utah's version of Schedule 38 – Qualifying Facility - Avoided Cost Procedures, originated from the output of a work group established in 2002 in Utah Docket 02-035-T11 to address issues similar to those being addressed in this case in Idaho. The work group included many parties with similar interests to those in this case. Additional modifications were made to Utah's Schedule 38 through a collaborative process and settlement in 2015 through Utah Docket No. 14-035-140. These modifications were put in place to provide additional timelines for both the QF and the Company in order to more efficiently manage the pricing queue.

---

[3] As an example the Utah tariff can be found at the following internet address: http://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Avoided_Cost_Purchases_from_Qualifying_Facilities.pdf.

Q. Please explain the proposed Schedule 38 and its purpose.

A. The purpose of Schedule 38 is to efficiently provide the steps and schedule that both the Company and a developer work through to determine indicative avoided cost pricing for a proposed QF project. The tariff clearly lays out the information required by the Company to prepare indicative prices for a proposed QF project.

Even a developer of a QF project in the conceptual stage should have most of the information collected and available to provide to the Company because it is necessary for the design, development, financing, and construction of the QF project. As outlined by the procedure, QF developers that provide the required details regarding their projects upfront have a much lower probability of experiencing a delay in the development of indicative prices. The Company works closely with the QF in this initial step by completing due diligence and feedback on the information. Once the information is agreed to by both parties, the Company completes its pricing step. As outlined by the tariff, the parties then follow the timelines and process for completing negotiation of a PPA. The timeline for the various steps in the process is as follows:

a) Company must provide Developer illustrative, pro forma contract within seven days of request [Section I.B.1];
b) Developer may request indicative pricing at any time by submitting required information [Section I.B.2];
c) Company must notify Developer whether request for indicative pricing is complete within seven days of submission [Section I.B.3];

d) Company must provide indicative pricing within 30 days of notice of completeness [Section I.B.4];

e) Developer must request proposed PPA and submit required information within 60 days of receipt of indicative pricing [Section I.B.5];

f) Company must notify Developer whether request for PPA and required information is complete within seven days of submission to the Company [Section I.B.6];

g) Company must provide Developer with proposed PPA within 30 days of notice of completeness [Section I.B.6];

h) Developer must provide Company with initial comments on and proposed edits to PPA within 30 days of receipt [Section I.B.7];

i) Company must respond to Developer's initial comments and edits within 30 days of receipt, and commence negotiations over areas of disagreement [Section I.B.8];

j) Indicative prices must be updated unless a PPA is executed within six months after indicative pricing was provided by the Company [Section I.B.9];

k) Company must complete all internal reviews and approvals within 21 days after agreement is reached on a proposed final version of a PPA[Section I.B.8];

l) PPA must be executed within five months after Developer's receipt of proposed PPA [Section I.B.10];

m) Company must submit PPA to Commission for approval within seven days of execution [Section I.B.8]; and

n) Company must submit Transmission Service Request within seven days after execution of PPA [Section I.B.8].

Q. What contract terms and conditions that will be included by the Company in a PPA that is provided as part of the Schedule 38 process?

A. The terms and conditions of the QF PPA shall be similar to those terms and conditions obtained from recent similarly-sized QFs and third party PPAs in Idaho.

Q. Has Schedule 38 worked as it was intended in the other states where it has been implemented?

A. Yes. Schedule 38 has provided a framework under which the QF developer knows what is required in order to obtain indicative pricing. Even in other states where there is no formal Schedule 38, the Company uses this schedule as a general road map with the developer who is requesting indicative pricing. It provides the QF developer a clear understanding on what is needed to secure indicative prices from the Company. If they wish to proceed with the project or renew their contract, the tariff establishes a procedure that both parties follow throughout the contract negotiations. To work effectively, Schedule 38 requires specific and detailed information from the QF regarding their proposed project. A QF developer that comes to the Company with vague requests or insufficient details will go through a series of due diligence meetings until all data is agreed to by both parties, as the Company is not in a position to provide indicative pricing without sufficient and clear project details. Once the prices are prepared and accepted by the QF, there is a set timeframe for the Company to provide an initial draft PPA for contract negotiations and the steps and timeframe to complete a PPA.

Q. Have you provided as an exhibit a proposed Schedule 38 for Idaho?

A. Yes. Exhibit No. 1 is the Company's proposed Schedule 38 for Idaho which provides the process, procedures, and information required by the Company for a QF developer to obtain indicative pricing from the Company and an executed PPA.

Q. Does this conclude your direct testimony?

A. Yes.