BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1610

In the Matter of	)
	)
PUBLIC UTILITY COMMISSION OF	)
OREGON	)
	)
Staff Investigation Into Qualifying Facility	)
Contracting and Pricing.	)
	)
	)
	)

REPLY TESTIMONY OF

JOHN R. LOWE

ON BEHALF OF THE

RENEWABLE ENERGY COALITION

August 7, 2015

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is John R. Lowe. I am the executive director of the Renewable Energy Coalition (the "Coalition"). My business address is 12040 SW Tremont Street, Portland, Oregon 97225.

Q. Are you the same John Lowe you previously testified in this proceeding?

A. Yes.

Q. Please summarize your reply testimony.

A. My reply testimony responds in opposition to parts of the testimony of Staff, PacifiCorp, Portland General Electric Company ("PGE"), and Idaho Power. The Coalition supports many aspects of the testimony of Staff, the Oregon Department of Energy, the Community Renewable Energy Association, and the individual qualifying facility ("QF") parties. Except in limited circumstances, my testimony will not address testimony that the Coalition supports

Q. Do you have any overall observations?

A. Yes. First, there is a considerable amount of recent testimony in this proceeding focused on issues that the Coalition believes are of secondary importance. These are capacity calculations relevant to the short duration resource deficiency period at the end of a long period of resource sufficiency, and the question of who should own renewable energy certificates during the last five years of a rare 20-year contract option. Regarding the former issue, for example, PacifiCorp is proposing a resource sufficiency period ending in 2027. When this resource sufficiency period is applied to avoided cost prices, a fifteen year QF contract would only include three years of resource deficiency prices. This results in a capacity payment or value applied for only three years out of a 15-year contract term, and has little net present value associated with such capacity component, given it is applied near the end of the contract term.

The Coalition believes that issues related to the correct payment of capacity during resource sufficiency periods, especially for existing QFs replacing contracts under which capacity had long been provided and paid for is far more significant. And furthermore that all issues related to whether parties to an avoided cost price filing have a realistic opportunity to challenge the avoided cost rates inputs and assumptions is a critical fundamental component of PURPA's implementation far outweighing the relatively minor focuses outlined above.

The second major observation is the incongruence between this proceeding and the Idaho Power (UM 1725) and PacifiCorp (UM 1734). In Phase I, the parties and the Commission expended considerable resources to adopt policies regarding size thresholds and contract terms only to have Idaho Power and PacifiCorp seek to quickly upend those policies. The parties are proceeding as if the Commission's policies adopted in UM 1610 continue to apply, but very different policies could come out of UM 1725 and UM 1734.

In just one of many examples, PacifiCorp is proposing that it be allowed to use its computer model to set avoided cost rates in this proceeding. PacifiCorp claims large QFs can expend the considerable resources to hire experts to analyze and challenge the assumptions in the computer models. However, in UM 1734 PacifiCorp is proposing to lower the size threshold for wind and solar QFs to 100 kilowatts ("kW"). While almost no QFs above 10 MWs can afford the time, money and delay associated with reviewing the PacifiCorp's computer model, it seems doubtful that many QFs below 10 MWs will have the resources to do so. Its puzzling and disturbing that we are re- setting generic policies when it is uncertain whether those policies will continue to exist or be appropriate when a final order in this case is issued.

<u>APPROPRIATE FORUM FOR DISPUTED AVOIDED COST INPUTS AND ASSUMPTIONS</u>

Q. What is the Coalition's position on this issue?

A. There should be a forum for QFs, Staff, and other interested parties to address and challenge the inputs and assumptions that the utilities (often unilaterally) choose to include in avoided cost rates. The Coalition believes that a separate proceeding at the time the Commission processes a utility's integrated resource plan ("IRP") is preferable; however, a robust proceeding subsequent to the IRP's acknowledgement is the minimally acceptable outcome. The most important aspect is that QFs, Staff, and other interested parties have a fair opportunity to challenge and obtain Commission resolution of the inputs and assumptions in avoided cost rates. After reviewing the testimony of the other parties, the Coalition strongly recommends that the Commission adopt the recommendation of the Oregon Department of Energy to ensure that avoided cost rate inputs and assumptions are fully addressed and are not inconsistent with the results of an acknowledged IRP.

Q. Do PGE and PacifiCorp agree that parties should be allowed to have a full and fair opportunity to challenge avoideed cost rate inputs and assumptions?

A. No. PGE did not make its position clear until response testimony, but PGE believes that parties should not be allowed to challenge any assumption or input that is included in a Commission acknowledged IRP. PGE/700, Morton-MacFarlane/4-6. While PGE believes that there should be a post-IRP proceeding to review avoided cost rates, this should be limited to ensuring that those inputs and assumptions are consistent with the utility's IRP. Id. at Morton-MacFarlane/5-6. PacifiCorp is even more extreme, and argues that QFs should not have any opportunity to challenge and obtain a Commission resolution on inputs and assumptions in either the IRP or a compliance filing. PAC/1200, Drennan/2-11.

Q. How do PGE and PacifiCorp justify their positions?

A. They have extensive testimony about the comprehensiveness of their IRPs, and how the parties "have ample opportunity to participate in the IRP process in order to provide input and challenge assumptions." PGE/700, Morton-MacFarlane/4; PAC/1200, Drennan/3-6. The utilities point out that many of the inputs and assumptions that are used in avoided cost rates are included in the IRP and parties have an opportunity to comment on them.

Q. Are PGE and PacifiCorp missing the entire point of the Coalition, Staff, ODOE, and others' testimony on this point?

A. Yes. They have spent considerable ink dancing around the key issue regarding avoided cost rate inputs and assumptions: whether Staff and other parties have a fair opportunity to review and challenge the utilities' assumptions. Regardless of the analysis done in an IRP or the ability to submit comments, the utilities make the ultimate decision on what the IRP's assumptions and inputs are. Simply put, the utilities can ignore these comments. In addition, while the parties have an opportunity to conduct discovery, the IRP is not a contested case and no party can truly challenge the evidence used in the IRP.

More importantly, Staff, QFs and other interested parties cannot obtain a Commission resolution on any of these inputs and assumptions. The Commission does not "approve" an IRP, but instead provides a lower form of recognition called "acknowledgement" which has less weight. While the Commission also acknowledges the overall IRP and some major aspects, like the short-term action plan, the Commission does not acknowledge most of the key inputs and assumptions used to set avoided cost rates. The Commission would never accept PGE's and PacifiCorp's proposals for setting retail rates, and they also should be rejected for setting avoided cost rates.

The utilities want the discretion to make the ultimate decision to set the avoided cost rates however they want. The only true limitation of the utilities' ability to develop low avoided cost rates is that they may be concerned with other non-QF issues in the IRP. For example, a utility may desire to place its investment capital in transmission resources instead of generation resources, and use the IRP to justify this shareholder goal. Conversely, the utility may decide it is time to place investment capital into generation resources. Both of these decisions will have major impacts on avoided cost rates, but may be driven by other non-PURPA related goals.

Q. Are there any aspects of PGE and PacifiCorp's positions that have any underlying legitimacy?

A. Yes. In addition to primarily wanting to control how avoided cost rates are set without allowing QFs to effectively review or challenge them, PGE and PacifiCorp are concerned about the possibility of an input or assumption in their IRP being found incorrect or inaccurate in an avoided cost rate proceeding that occurs immediately after their IRP is acknowledged.

I have a similar concern, but for the opposite reason. Even if the Commission adopts Staff's recommendation or my alternative recommendation that IRP acknowledgment does not prevent parties from challenging avoided cost inputs and assumptions, this may not work on a practical basis. The Commission may be extremely reluctant to conclude that an input or assumption included in an IRP was incorrect or inaccurate, if it was critical to the IRP's action plan or even a small part of the overall IRP. This is one reason why the approach of a separate but simultaneous avoided cost rate proceeding at the time of the IRP is preferable to a post-IRP acknowledgement review.

Q. Do PGE and PacifiCorp support the Coalition's use of minimum filing requirements?

A. No. Their opposition appears to be primarily based on that the inputs and assumptions are already included in their IRPs, and that it will not benefit the parties. PGE/700, Morton-MacFarlane/4; PAC/1200, Drennan/22. This justifies why the minimum filing requirements are reasonable. The utilities know where this information is located and it should not be burdensome for them to merely point out where Staff and other parties can find the information. The fact that

Staff and the QFs are asking for this information demonstrates that it is not easily accessible in massive IRP filings.

<u>CAPACITY VALUE DURING THE RESOURCE SUFFICIENCY PERIOD</u>

Q. Do the resource sufficiency prices adequately compensate QFs for the capacity value they provide to the utilities and ratepayers?

A. No. Kevin Higgins and my earlier testimony demonstrate that avoided cost rates during the sufficiency period undercompensate QFs. Mr. Higgins is separately addressing the arguments raised by other parties on this issue. I have few additional observations, some of which are along the same theme as Mr. Higgins.

Q. Will Mr. Higgins' recommendation result in inflated or a bonus to avoided cost rates?

A. No. PacifiCorp witness Mr. Dickman argues that including the costs of coal plant upgrades will artificially inflate sufficiency rates. PacifiCorp/1100, Dickman/16. Staff witness Brittany Andrus argues that this will be an inappropriate adder or bonus. Staff/600, Andrus/19-20. Ms. Andrus appears to agree that if there are real costs that would be incurred by the utilities, then these should be accounted for in avoided cost rates. <u>Id.</u> Ms. Andrus appears to argue, however, that the costs of coal plant upgrades should not be included because inclusion will recognize the potential benefits of renewable QFs rather than include real costs. <u>Id.</u>

Q. Do you agree?

A. No. The Coalition is recommending is that those costs included in the utilities IRP (or separate avoided cost rate review case) be reflected in the avoided cost rates for QFs. If the utility is not planning to make investments in its existing capacity resources, then there are no costs to include in avoided cost rates. However, if the utility is planning on investments in their capacity resources, then these should be included in avoided cost rates. This is not fundamentally different than how avoided cost rates are set now. If the utility is planning on entering into market purchases or building a new power plant, then those costs are the basis for setting avoided cost rates. It should be no different for other major investments.

Q. Mr. Dickman asserts that the IRP may be inaccurate and the company may not actually make the coal plant investments identified in the IRP. PacifiCorp/1100, Dickman/14. Is this a concern?

A. Yes, but no more than any other input or assumption in the IRP. All inputs and assumptions in the IRP may be inaccurate, which is why parties should have an opportunity to challenge them. Coal plant investments that are planned on in the next few years are less likely to be inaccurate than a resource sufficiency period that is more than a decade out.

Q. PacifiCorp argues that "PacifiCorp cannot avoid these compliance costs by simply adding an Oregon QF." PAC/1100, Dickman/13. Do you agree?

A. No, Mr. Dickman's position is fundamentally at odds with how avoided cost rates are set. Avoided cost rates are set for PacifiCorp when it plans to acquire new resources. Avoided cost rates for Oregon QFs include capacity during the deficiency period in their avoided cost rates when the company is planning on acquiring a new thermal resource any where on its system, including Utah. The logical result of Mr. Dickman's argument is that Oregon QFs should only be paid for the costs of generation resources in Oregon or that directly serve Oregon customers, and that Oregon ratepayers should only pay for the costs of generation resource in Oregon or that directly serve Oregon customers. This is not how retail or avoided cost rates are set.

Mr. Dickman is also arguing that it needs to make these investments because they are tied to coal plants that will need to continue to operate. Again, this is inconsistent with how avoided cost rates are set. You do not look at whether a 1 megawatt ("MW") QF will displace : 1) an entire coal plant; 2) the coal plant's upgrades that will be added in the next few years; or 3) a new gas plant that will be built in around a decade. The small QF is paid its proportionate share of the overall costs of the proxy resources (currently now market purchases in the sufficiency period and a thermal or renewable resource in the deficiency period). If 500 MWs of new baseload hydro QFs were built, then these could completely replace both the capacity additions and the underlying coal plant itself. In other words, but for the purchase of power from QFs, the utility would make these investments in its capacity resources. The Coalition's recommendation is actually conservative because it only asks that the QF be compensated for only the investments to retain rather than replace these capacity resources.

<u>THE MOST APPROPRIATE METHODOLOGY FOR CALCULATING NON-STANDARD AVOIDED COST PRICES</u>

Q. Staff supports using the utilities' computer models because they have been thoroughly vettted. Staff/600, Andrus/22 Do you agree?

A. No. While I do not participate in PacifiCorp's power cost cases in which its computer model is used, it appears to me that there are modeling disputes almost every year. PacifiCorp's model must continue to be vetted each year for setting retail rates. PacifiCorp's computer model has never been challenged in an actual avoided cost rate proceeding for the purposes of how well it calculates avoided cost rates. In the end, QFs have no real recourse other than filing an expensive and time consuming complaint. This is not a practical or realistic option for nearly all QFs.

A quick review of PacifiCorp's current transition adjustment mechanism case (Docket No. UE 296) demonstrates that PacifiCorp's computer model is too controversial and subject to abuse to be used for setting avoided cost rates. In UE 296, Staff, the Citizens' Utility Board of Oregon ("CUB"), Noble Energy Solutions ("Noble") and the Industrial Customers of Northwest Utilities ("ICNU") raised numerous concerns with the company's filing, including potentially over twenty disputes over how the computer model forecast future power costs. CUB witnesses Bob Jenks and Nadine Hanhan testified that the Company made at least seven modeling changes, including to recognize:

- Previously unrecognized costs related to day-ahead and real-time balancing transactions;
- Thermal plant forced outage events (heat rate and minimum capacity derate);
- Natural gas unit start-up costs and energy;
- Hourly regulation reserve requirements;
- Compliance curtailment of certain Company-owned wind facilities for
- Avian protection; and
- Actual performance of wind PPAs.

Docket No. UE 296, CUB/100, Jenks-Hanhan/2. While their testimony is not entirely clear, CUB appears to have raised concerns with most, if not all, of these modeling changes.

Commission Staff witness Jorge Ordonez testified that there should be three changes to PacifiCorp's computer model, including:

- Modeling of the transmission transfer capability between PacifiCorp's east and west balancing authority areas (BAAs; BAAs Nexus Modeling);
- A certain portion of the Company's Energy Imbalance Market (EIM) benefits estimation (EIM Benefits); and
- A modeling change regarding day-ahead and real-time balancing transactions (Day-Ahead and Real-Time Modeling).

Docket No. UE 296, Staff/100, Ordonez/2.

Next, Noble's witness Kevin Higgins appears to have raised two concerns with the inputs, assumptions, or calculation of the computer model, including:

- How to reflect the value of renewable energy credits; and
- Calculating credits for customers that elect long term direct access.

Docket No. UE 296, Noble/100, Higgins/4.

Finally, ICNU witness Bradley Mullins has over forty five pages of testimony with about a dozen different adjustments, some of which are related to computer modeling. Mr. Mullins adjustments include those related to:

- System Balancing;
- Regulation Reserve Correction;
- Reliability Reserves Metric;
- PSE & APS Reserve Diversity;
- Idaho Power Asset Exchange Reserves;
- Inter-regional EIM Dispatch Benefits related to Seasonality;
- Inter-regional EIM Dispatch Benefits related to New EIM Participants;
- Hermiston Prudence;
- Hermiston Expiring Transmission;
- Modeling Outages;
- Wind Profiles related to Avian Protection; and
- Wind Profiles related to Rolling Averages.

UE 296, ICNU/100, Mullins/2-4.

I am not an expert in the company's computer model and not qualified to opine on the reasonableness of the concerns raised by Staff and intervenors. Even if some of these issues overlap, it appears that there are about twenty different issues related to modeling assumptions, inputs, and methodologies in only one power cost case identified by five different expert witnesses. This is after more than a decade of using the power cost model to set retail rates and direct access transition adjustment credits. In their budget for intervenor funding, ICNU's witness Brad Mullins' hourly rate is $150, and ICNU plans to pay him over $20,000 for his work in the case. There is simply no way even large and sophisticated QFs can spend the time and resources to investigate the reasonableness of the company's avoided cost modeling forecasts.

QFs also have an entirely different incentive than ratepayer advocates. While the computer modeling calculations impact ratepayers and QFs, ratepayers are not harmed by the delay in reviewing the model and they have an easy opportunity to obtain Commission resolution of their issues. QFs negotiating their avoided cost rates need to obtain quick price certainty. Any delay in setting the avoided cost rates can destroy the project or cause significant monetary harm. In addition, to obtain Commission resolution of an issue, the QF would need to file a complaint at the Commission, which would spoil the negotiations on all other issues.

Q. Mr. Dickman supports using the computer model approach because it is more accurate. Is this consistent with his position in other cases?

A. No. PacifiCorp has complained that its computer model consistently under forecasts net power costs. In UE 296, Mr. Dickman testifies that: "Since at least 2007, the Company's actual NPC required to serve customers have exceeded the forecast included in TAM filings." Docket No. UM 296, Dickman/21. The company now wants to use this model that it believes under forecasts net power costs to set avoided cost rates for large QFs. And this is before the company makes adjustments to inputs, assumptions, and methodologies to lower avoided cost rates when it actually uses the model for any specific large QF.

Q. Mr. Dickman addresses issues related to capacity payments for existing QFs that renew their contracts. Do you agree?

A. No. My and Donald Schoenbeck's testimony from Phase I addressed this issue. The Coalition strongly supports paying existing QFs capacity when they renew their contracts; however, my understanding is that this issue is not on the issues list and we are not making this recommendation at this time. Instead, the Coalition supports the recommendation of Mr. Higgins on treating of QFs in the IRP process, which provides all QFs the benefits provided by existing QFs that renew their contracts. The Commission should revisit the issue of payment of capacity to existing QFs in a future proceeding.

WHEN IS THERE A LEGALLY ENFORCEABLE OBLIGATION?

Q. Does PacifiCorp completely misrepresent your testimony on legally enforcebale obligations?

A. Yes. PacifiCorp witness Bruce Griswold claims he is responding to my testimony, but his characterization of my testimony is extremely different from anything I sponsored in this proceeding. Mr. Griswold states that I recommend "to allow the QF to create a LEO if not all project information is provided to complete a draft contract", which will result in the "drafting a half-baked and incomplete contract . . . ." PAC/1300, Griswold/6-7. Mr. Griswold does not provide citations to the testimony he is supposedly responding to.

Q. What did you actually testify?

A. That **<u>both</u>** the QF should be required to follow the Commission approved process in the utility's avoided cost rate schedule. Contrary to Mr. Griswold's interpretation, I specifically recommended that "QFs should not be allowed to simply fill out and sign a draft contract in order to establish a legally enforceable obligation" and "QFs should be **<u>required to provide complete information</u>** so that the utility can prepare a draft contract." Coalition/400, Lowe/27 (emphasis added). A QF should only be allowed to form a legally enforceable obligation "if negotiations reach an impasse **<u>after the QF complies with these initial requirements</u>**." <u>Id.</u> (emphasis added).

Q. What do you believe the real disputes are between Mr. Griswold (and the other utilites) and yourself?

A. What happens if the utility imposes unreasonable restrictions, does not accept the reasonable information provided by the QF to meet the initial requirements, fails to comply with the schedule in its avoided cost rate schedule for contract negotiations, or other problems develop. In addition, I recommended that a legally enforceable obligation be formed only after the QF has made a good faith attempt to comply with these requirements and resolve the dispute with the utility. My view is that the QF should have some remedy and guarantee that if the utility acts inconsistently with its own rate schedule by requesting unreasonable information, failing to comply with the timelines, refuses to provide a contract, or imposes other unreasonable restrictions.

My recommendation is that after the QF complies with the first key steps of the Commission approved process, attempts to resolve the dispute, and there still remain a dispute, then the QF can seek Commission resolution and maintain access to then current avoided cost rates. If the Commission agrees with the QF that the utility unreasonably delayed, imposed inappropriate conditions, or whatever else led to the complaint, then the QF is left in the same situation as if there was no dispute: maintaining avoided cost rates at the time the dispute was unresolved. Similarly, if the Commission agrees with the utility that its conditions were reasonable, there were no unreasonable delays, or whatever else, then the parties are returned to the point at which negotiations broke down. In other words, the QF must accept the condition or requirement in order to maintain the avoided cost rates, which is what would have happened if the QF had not filed a complaint and had agreed to the condition in the first place.

Essentially, the QF should have the opportunity to obtain a Commission resolution on the dispute without losing its right to the then current avoided cost rates. Otherwise, the utilities have a hammer to hold over the head of the QF to require them to agree to unreasonable restrictions or delays. My recommendation simply intends to provide the QF with the same rights and obligations that it would have if the negotiation process happened in the manner in which it is intended. The QF should be able to get clarification or confirmation of its rights from the Commission without losing its access to then current avoided cost rates.

HOW SHOULD THIRD-PARTY TRANSMISSION COSTS TO MOVE QF

<u>OUTPUT IN A LOAD POCKET BE CALCULATED AND ACCOUNTED FOR?</u>

Q. Did PacifiCorp make a recommendation on load pocket issues earlier in thie case?

A. Not really. PacifiCorp's opening testimony and much of its response testimony is directed toward justifying the need to charge QFs for load pocket costs. This issue was already resolved by the Commission, and is not in dispute in Phase II. PacifiCorp finally made its actual recommendations and provided its justification in response testimony, which only allowed the parties two weeks to review and respond.

Q. What is PacifiCorp's recommendation?

A. That all QFs should be required to purchase the most expensive form of transmission, regardless of whether there may be lower cost alternatives that provide sufficient reliability and value to ratepayers and the utility. PAC/1300, Griswold/16-19. Also, the company recommends that QFs should not be compensated if other transmission customers can use the third party transmission that is purchased for them and saves the company money. <u>Id.</u> at Griswold/15-17. While PacifiCorp's position has moved closer to mine on the treatment of existing QFs, the company proposes that some existing QFs should be required to pay for third party transmission costs, even if they did not cause them to be incurred. <u>Id.</u> at Griswold/20-21.

In addition, it is unclear how many varying circumstances of load pocket issues will be treated, what the implications might be to power purchase processes and the standard form of agreement. It appears that below the surface of a broad proposed policy application is a myriad of undiscussed and unresolved issues of significance. Unilateral requirements and applications of third-party transmission requirements and costs could easily become another tool for discouraging QFs, including those that already exist and had not contributed to load-pocket creation.

Q. Do you agree that long term firm point to point transmission is the only way to ensure that the QF reliably meets its obligations?

A. No. I believe my previous testimony, and that of the Oregon Department of Energy, the Commission Staff, and the Community Renewable Energy Association have adequately rebutted this position. In addition, PacifiCorp's past practices using other transmission for QFs in load pockets also adequately rebuts this position.

I only add a couple points. One, it is in the QF's economic interest is to ensure that its generation is transmitted to PacifiCorp's load. Under current standard contracts, QFs do not receive payments based on their nameplate size to reflect their capacity value. Instead, QFs are now only paid for their energy and capacity value when they actually generate electricity. Therefore, QFs are seeking the lowest cost way to get their power to load so that they can be paid.

Two, PacifiCorp's approach could produce absurd results. Assume a 10 MW QF is in a load pocket, and that for 364 days and 23 hours of the year there is adequate transmission to transmit the QF's entire generation to PacifiCorp's load. Therefore, there is only one hour of the year in which there is insufficient transmission to transmit the QF's generation to PacifiCorp's load. PacifiCorp would require the QF to pay for 10 MWs of firm point to point transmission for every day and hour of the year, even if that 10 MWs is only needed one hour of the year. It would be unreasonable not to use lower cost alternatives to move the generation to load.

Q. Do you agree with PacifiCorp's position on existing QFs?

A. In part.

PacifiCorp changed its position from what it stated in discovery, and now agrees that an existing QF should not lose its network resource status if its contract expires, unless it shuts down permanently. PAC/1300, Griswold/20-21. We appear to be in agreement on this issue.

PacifiCorp also appears to agree that an existing QF should not be required to purchase third party transmission that is required because a new QF creates a load pocket. I agree, but this should not be limited to the creation of a load pocket that is created because of new QF generation. The existing QF should not lose its status regardless of whether the new generation is a QF, a utility owned resource, an independent power producer, or another type of generation. It is unclear what the company's position is regarding load pockets created by generation resources that are not QFs.

Mr. Griswold and I disagree about whether the QF should be responsible for third party transmission costs when the load pocket was not created because of the QF, but because of a loss of retail load. Mr. Griswold testifies that "where load has dropped significantly and the QF upon PPA renewal is now in excess of load, then the QF would be responsible of the cost of transmission service." PAC/1300, Griswold/21. The existing distribution and transmission system has been built around the assumption of the QFs continued operations. In addition, PacifiCorp has greater control over the existence of its load in terms of the rates and service quality than the QF. PacifiCorp's rapidly increasing rates and service quality issues should not harm QFs as well as end use consumers.

Ultimately, the issue of the creation of a load pocket because of retail load changes comes down to fairness and equal treatment. If the QF disappears and PacifiCorp needs to acquire third party transmission to move its own power to serve its load, then PacifiCorp is not proposing that the QF be paid a higher avoided cost rate to reflect the real value associated with the company not needing to build or acquire third party transmission. Similarly, if the load disappears and PacifiCorp needs to acquire third party transmission to move the QF power to serve the company's load, then the QF should not have to pay these transmission costs. In the event that the Commission adopts PacifiCorp's position, the company should be required to perform a transmission analysis regarding the transmission impacts that would occur if the company's existing QFs disappeared, and these QFs should be paid for the transmission benefits they provide to the company.

<u>OTHER ISSUES</u>

Q. Do you have a position on the remaining issues in the case?

A. I have no further testimony on the remaining issues in the case, as there is sufficient evidence in the record already or I expect that other parties will adequatley respond to them. My silence on any issue should not be construed as support for any party's position.

CONCLUSION

Q. Does this conclude your testimony?

A. Yes.