

REDACTED

Rocky Mountain Power

Docket No. 17-035-40

Witness: Chad A. Teply

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Surrebuttal Testimony of Chad A. Teply

May 2018

1 **Q. Are you the same Chad A. Teply who previously submitted testimony in this case**
2 **on behalf of Rocky Mountain Power (“Company”), a division of PacifiCorp?**

3 A. Yes.

4 **PURPOSE AND SUMMARY OF TESTIMONY**

5 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

6 A. I support the Company’s proposal to construct and procure new wind resources (“Wind
7 Projects”) and to construct the Aeolus-to-Bridger/Anticline transmission line and
8 network upgrades (“Transmission Projects”) (collectively, the “Combined Projects”),
9 by responding to the supplemental rebuttal and surrebuttal testimony submitted by the
10 Utah Division of Public Utilities (“DPU”) witnesses Dr. Joni S. Zenger, Mr. Daniel
11 Peaco, and Mr. Charles E. Peterson, and the second rebuttal testimony of Office of
12 Consumer Services (“OCS”) witness Mr. Philip Hayet.

13 **Q. Please summarize your testimony.**

14 A. As development activities and contract negotiations progress, the Company continues
15 to prudently and successfully mitigate many of the risks of the Wind Projects that the
16 other parties discuss in their testimony, and the Combined Projects continue to fit
17 squarely within the public interest. The Company has made excellent progress in its
18 negotiations with counterparties in support of all of the Wind Projects since its February
19 2018 supplemental direct and rebuttal testimony filing. I will provide status updates
20 and additional information on the nominal 500-MW TB Flats I and II, the nominal 250-
21 MW Ekola Flats, and the nominal 400-MW Cedar Springs projects in this testimony.
22 As discussed by Company witness Ms. Cindy A. Crane in her surrebuttal testimony, to
23 address intervenor concerns (*see, e.g.*, Peaco Supplemental Rebuttal and Surrebuttal,

24 lines 673-736) and align the request before this Commission with the stipulations in
25 Wyoming and Idaho, the Company is removing the nominal 161-MW Uinta project
26 from the Wind Projects for which the Company is seeking approval.

27 The Company has continued to prudently adjust its development and
28 negotiations schedules for the Wind Projects to accommodate changing procedural
29 schedules across our various ongoing parallel-path regulatory proceedings. While
30 Dr. Zenger characterizes these schedule adjustments as a failure to maintain project
31 schedules and introduction of additional project risks (Zenger Supplemental Rebuttal
32 and Surrebuttal, lines 409–419), that simply is not the case. The Company has
33 successfully accommodated changing regulatory schedules through its positive
34 working relationships with shortlisted counterparties to ensure that the results of
35 ongoing regulatory proceedings can be accommodated in final definitive agreements.
36 The off-ramps the Company has committed to maintain as the Combined Projects are
37 reviewed and implemented remain viable through this early project-development
38 timeframe. These types of implementation activities are typical of any project-
39 development process and, as discussed in my previous testimony in this docket, the
40 Company has extensive experience addressing and mitigating risks associated with
41 project development.

42 Following completion of the 2017R Request for Proposals process, and as final
43 contract negotiations progress, the cost and commercial risks associated with the
44 Combined Projects continue to decrease. The Company is engaged in negotiation of
45 definitive engineering, procurement, and construction (“EPC”) contracts with the
46 selected contractor, as well as final turbine-supply agreements (“TSA”), for the 500-

47 MW TB Flats I and II project and the 250-MW Ekola Flats project. The Company is
48 also engaged in negotiation of definitive agreements for the 200-MW build-transfer
49 agreement (“BTA”) and the 200-MW power-purchase agreement (“PPA”) for the Cedar
50 Springs project. All key counterparties for these Wind Projects have now been selected
51 and firm competitive market pricing for these projects has been received. Because the
52 Company withdrew the request for a certificate of public convenience and necessity
53 (“CPCN”) for the 161-MW Uinta project in the Wyoming Public Service Commission
54 proceeding, negotiation of a definitive BTA for that project has been suspended.

55 Overall, the Company continues to timely develop and implement the Wind
56 Projects with a focus on delivering customer benefits, while retaining the level of
57 transparency regarding procurement, development, and permitting activities for the
58 Wind Projects as originally committed to in our application in this docket. The
59 Company objects to the conditions proposed by OCS witness Mr. Hayet as unnecessary,
60 unprecedented, and beyond the regulatory compact.

61 **RISKS OF COST OVERRUNS ARE OVERSTATED AND HAVE BEEN**
62 **MITIGATED**

63 **Q. Dr. Zenger, Mr. Peaco, and Mr. Hayet state that the Company should be willing to**
64 **bear the risk of construction delays and cost overruns. (Zenger Supplemental**
65 **Rebuttal and Surrebuttal, lines 457–459; Peaco Supplemental Rebuttal and**
66 **Surrebuttal, lines 1252–1269; Hayet Second Rebuttal, lines 958–962.) Has the**
67 **Company stated its willingness to do so?**

68 **A.** Yes. Contrary to the parties’ contentions, the Company has committed and remains
69 committed to bearing the consequences of construction delays or cost overruns that are
70 in the Company’s control, including the risk of delivering the Wind Projects in a manner

71 that ensures eligibility for production tax credits (“PTCs”). This commitment is further
72 described by Ms. Crane and Company witness Ms. Joelle R. Steward in their respective
73 testimonies in this docket.

74 While a hard cap at current estimates with no opportunity for recovery of
75 prudently incurred costs above the hard cap is not appropriate for major projects at this
76 stage of development and implementation (meaning the pre-approval stage), the
77 Company is committed to prudently managing unforeseen circumstances to deliver the
78 Combined Projects and presenting its case for recovery, recognizing that the
79 Commission will ultimately determine whether any such actions and costs were
80 prudently deployed. The Company has historically prudently managed very similar
81 projects through development, implementation, and operation, and the Commission
82 should have the opportunity to review all costs incurred to implement the Company’s
83 resource additions. Furthermore, the statutory construct in Utah already provides
84 customers with protection from imprudent cost overruns, as discussed later in my
85 testimony and by Ms. Crane and Ms. Steward.

86 **Q. What conditions has the Company placed on the controllable risks discussed**
87 **above?**

88 A. The Company conditioned its guarantee to provide PTC-eligible Wind Projects to
89 activities for which the Company can control, clearly noting exceptions for force
90 majeure and changes in law. The Company will present the facts and circumstances
91 associated with either of these conditions, should they arise, for prudence review by the
92 Commission. This condition, however, would not alter the Company’s commitment and
93 responsibility to, in conjunction with its contractors and counterparties, take

94 commercially reasonable efforts to mitigate any impacts on the Combined Projects
95 from a force majeure event or a change in law.

96 **Q. Mr. Hayet claims the Company refuses to extend the assumption of risk for cost**
97 **overruns caused by its contractors. (Hayet Second Rebuttal, lines 939–942.) Is this**
98 **correct?**

99 A. No. Mr. Hayet relies on the Company’s response to OCS data request 16.7 in making
100 this assertion, claiming that in that response the “Company essentially explained that if
101 the transmission delay is caused by the performance of one of its contractors,
102 PacifiCorp should not be held responsible for that.” (Hayet Second Rebuttal 939–941.)
103 But Mr. Hayet completely misstates the Company’s response, which is attached to this
104 testimony as Exhibit RMP ____ (CAT-1SR). In that data request, OCS asked whether the
105 Company was willing to absorb the risk of loss of receiving full PTC benefits if the
106 Company needs to use the round-robin approach to operate the Wind Projects. The
107 Company responded that use of the round-robin approach—in and of itself—would not
108 indicate that the Company’s performance was less than adequate, and therefore all
109 circumstances would need to be considered to determine whether any loss of PTC
110 eligibility was due to Company performance or due to some other factor. The Company
111 did not disavow responsibility for its contractor’s actions in the response—in fact,
112 contractors are not even mentioned.

113 **Q. Have the size and locations of the Wind Projects changed “materially” over the**
114 **course of this case as Mr. Peaco claims (see, e.g., Peaco Supplemental Rebuttal and**
115 **Surrebuttal, lines 601–603)?**

116 A. No. Two of the three Wind Projects (Ekola Flats and TB Flats I and II) are the same

117 size and in the same location as when the projects were presented as benchmarks in the
 118 Company’s initial filing. The table attempting to show the material differences in size
 119 in Mr. Peaco’s testimony shows this consistency. (Peaco Supplemental Rebuttal and
 120 Surrebuttal, page 30, Table 2; *see also*, Hayet Second Rebuttal, page14, Table 1.) The
 121 third project—Cedar Springs—is located in eastern Wyoming, which is not surprising
 122 and is consistent with the Company’s 2017 IRP and the Company’s initial filing. Table
 123 1 below shows that the size changes are not as drastic as the parties claim:

124 **TABLE 1**

	Direct	Supplemental Testimony	2 nd Supplemental Testimony	Surrebuttal Testimony
McFadden Ridge II	110	109	--	--
Ekola Flats	250	---	250	250
TB Flats I and II	500	500	500	500
Cedar Springs	--	400	400	400
Uinta	--	161	161	--
Total	860	1,170	1,311	1,150

125 **Q. Dr. Zenger states that the Company’s changes to the final shortlist have caused**
 126 **“large cost differences” that make it “unreasonable to expect that other elements**
 127 **of the cost-benefit projection will not shift significantly in coming years.” (Zenger**
 128 **Supplemental Rebuttal and Surrebuttal, lines 239–247). Is this a fair statement?**

129 **A.** No. The Company has been clear from the beginning of this case that the costs of the
 130 Wind Projects would change as the 2017R RFP process progressed. Dr. Zenger’s
 131 position is based on her statement that the “total projected capital costs increased by
 132 \$345 million in the span of two months, between the January and February filing.”
 133 (*Id.*, lines 239–240.) Although Dr. Zenger recognizes that the capital cost increase was
 134 due to the removal of McFadden Ridge II (a 109-MW project) and the addition of Ekola
 135 Flats (a 250-MW project), Dr. Zenger treats the increase as the result of poor cost

136 estimation, hinting that cost could shift further in the future. But this is not a reasonable
 137 conclusion. The cost estimates for the benchmark projects that were presented as
 138 proxies in our initial filing, then ultimately selected in the 2017R RFP, have not
 139 changed significantly and, in fact, the costs of owned resources have decreased on a
 140 per-kilowatt basis by █ percent over the course of this case, as discussed further by
 141 Company witness Mr. Rick T. Link.

142 **Q. Dr. Zenger also expresses concerns that all of the contracts are not yet final,**
 143 **claiming this creates cost uncertainty. (Zenger Supplemental Rebuttal and**
 144 **Surrebuttal, lines 77–79, 300–301.) Is this consistent with DPU’s position in past**
 145 **cases?**

146 **A.** No. Dr. Zenger’s concern that all of the contracts are not yet final is inconsistent with
 147 DPU’s prior testimony in a different case. The case involved the installation of selective
 148 catalytic reduction systems at the Jim Bridger plant, and DPU testified that executing
 149 all contracts before filing for pre-approval created risk:

150 [A] sequential process starting with the Company’s RFP for EPC
 151 contractors and ending with an order in the pre-approval process
 152 could easily take up to a year or more. Requiring an EPC bidder
 153 to honor its price and other bid features for that long would likely
 154 put the bidder in an untenable position. For example, commodity
 155 prices, as we have seen, can move substantially in a short period
 156 causing the bidder’s construction costs to also move
 157 substantially. The Company appears to have mitigated this risk
 158 and possibly enhanced the competitiveness of its bidding
 159 process by running the two processes—the RFP for EPC
 160 contractors and the pre-approval process—simultaneously.
 161 Therefore, the Division believes that conditional approval of the
 162 Company’s decision as previously discussed is a reasonable
 163 approach and would be in the public interest.

164 *In the Matter of the Voluntary Request of Rocky Mountain Power for Approval of*
165 *Resource Decision to Construct Selective Catalytic Reduction Systems on Jim Bridger*
166 *Units 3 and 4, Docket No. 12-035-92, DPU Exhibit 1.0 Dir, lines 89–98 (Nov. 20,*
167 *2012.) In this case, the Company has taken the same approach that DPU previously*
168 *supported to mitigate customer risk.*

169 **Q. Mr. Peterson cites the Utah independent evaluator’s concerns that the capital costs**
170 **for the one of the benchmark bids was significantly lower than any of the BTA**
171 **bids, requiring greater scrutiny. (Peterson Supplemental Rebuttal and**
172 **Surrebuttal, lines 235–245.) How do you respond?**

173 A. The Company believes that its competitive market engagement of top tier EPC
174 contractors and wind turbine generator suppliers prior to submitting its proposals for
175 the benchmark bids to the 2017R RFP actually reflects a greater level of scrutiny and
176 confirmation than the BTA bids submitted into that process. While the Company was
177 able to incorporate significant cost reductions in its benchmark proposals, as described
178 above, as compared to the proxy project cost information submitted in our initial filing,
179 those cost reductions were a direct result of the Company’s efforts to formally engage
180 the competitive market in support of its benchmark proposals. The Company has
181 additionally restated its commitment to prudently managing unforeseen circumstances
182 to deliver the Combined Projects and present its case for recovery, recognizing that the
183 Commission will ultimately determine whether any such actions and costs were
184 prudently deployed.

185 **Q. Has the Company continued to confirm its cost assumptions and commercial**
186 **terms and conditions for the Wind Projects since its February 2018 supplemental**
187 **filing?**

188 A. Yes. The Company is currently finalizing its EPC contracts for the TB Flats I and II
189 and the Ekola Flats projects with a target date to have executable agreement in hand by
190 May 31, 2018, and its TSA contracts for those projects by June 15, 2018. This date is
191 indeed different than the date shown in the project-implementation timeline in my
192 February 2018 testimony, as Dr. Zenger notes (Zenger Supplemental Rebuttal and
193 Surrebuttal, lines 412–413), but has been intentionally adjusted by the Company and
194 its counterparties to remain aligned with the all of the procedural schedules for the
195 regulatory review of the Combined Projects and to ensure that final agreements can be
196 informed by the results of our regulatory reviews.

197 Similarly, the Company is currently negotiating the BTA and PPA contracts for
198 the Cedar Springs project with a target date for an executable agreement by
199 July 15, 2018. This date allows time to have the respective commission orders in hand
200 before execution and also provides for internal approval schedules that this specific
201 counterparty must manage as part of its corporate governance.

202 In each case, these target dates continue to fully support in-service dates for the
203 Wind Projects by year-end 2020 as currently contemplated in ongoing negotiations:

204 **TB Flats I and II:**

- 205 • Firm price EPC and TSA offers received/complete;
- 206 • Executable EPC contract by May 31, 2018;
- 207 • Executable TSA contract by June 15, 2018;
- 208 • Full notice to proceed by April 1, 2019;
- 209 • Contract in-service date November 15, 2020.

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Ekola Flats:

- Firm price EPC and TSA offers received/complete;
- Executable EPC contracts by May 31, 2018;
- Executable TSA contract by June 15, 2018;
- Full notice to proceed by April 1, 2019;
- Contract in-service date November 15, 2020.

Cedar Springs:

- Firm price BTA offer received/complete;
- Executable BTA contract by July 15, 2018;
- BTA firm / pre-closing date by July 1, 2019;
- Contract in-service / closing date November 26, 2020.

Q. Has the Company been granted conditional CPCNs for the Combined Projects since its February 2018 supplemental filing in this docket?

A. Yes. The Company received conditional CPCNs for the Combined Projects from the Wyoming Public Service Commission via bench order on April 12, 2018. As requested and expected, the CPCNs are conditioned upon the Company obtaining the necessary rights-of-way to construct the respective projects. There is no new risk here, with majority of rights-of-way for the Wind Projects already secured and rights-of-way acquisition for the Transmission Projects well underway. The timeline for the Combined Projects continues to support a reasonable schedule for rights-of-way acquisition and the appropriate off-ramps for the Combined Projects should the costs of rights-of-way acquisition materially reduce customer benefits or the timing of acquisition create unacceptable schedule risk. Of most significance, the Combined Projects' critical-path schedule requires the ability to provide full notice to proceed for the 140-mile, 500 kV transmission line portion of the Transmission Projects by April 1, 2019.

236 **Q. Are the remaining permits that Dr. Zenger identifies as critical outstanding risks**
237 **(Zenger Supplemental Rebuttal and Surrebuttal, lines 409–427) being actively**
238 **managed as part of the normal course of development of the Combined Projects?**

239 A. Yes. In alignment with the timelines for the Combined Projects, the Company and
240 individual developers of the Wind Projects are actively engaged with state and local
241 permitting agencies in developing the appropriate permit applications and procedural
242 schedules. For each of the Combined Projects, the agencies have been directly engaged
243 to identify and facilitate the most workable procedural schedules and to ensure that the
244 level of project information provided best facilitates timely and successful review. In
245 general, the permitting agencies feedback has been positive and supportive of the
246 Combined Projects to date.

247 In particular, the currently contemplated application and hearing timeframes for
248 the Combined Projects with the Wyoming Industrial Siting Division (“ISD”) are as
249 follows:

250 **Transmission Projects**

- 251 • ISD application to be filed July 19, 2018;
252 • ISD hearing anticipated October 15-19, 2018.

253 **TB Flats I and II:**

- 254 • ISD application filed March 27, 2018;
255 • ISD hearing anticipated June 21-22, 2018.

256 **Ekola Flats:**

- 257 • ISD application to be filed June 11, 2018;
258 • ISD hearing anticipated September 6-7, 2018.

259 **Cedar Springs:**

- 260 • ISD application to be filed by March 25, 2019;
261 • ISD hearing anticipated by June 20-21, 2019.

262 Applications for county conditional use permit and hearing timeframes are also
263 being established.

264 While Dr. Zenger argues that the Company is over-optimistic with its efforts to
265 mitigate permitting and other remaining project risks, the first-hand experiences of the
266 Company representatives responsible for delivering these individual work scopes, and
267 their engagements with counterparties on these activities, continue to support the
268 Company's perspective.

269 **Q. Dr. Zenger expresses concerns based on the opposition of several landowner**
270 **intervenorors in the Wyoming CPCN proceeding. (Zenger Supplemental Rebuttal**
271 **and Surrebuttal, lines 427–452.) Please describe the Company's experience with**
272 **the landowner intervenorors in that docket.**

273 A. While the list of intervenorors that participated in the Wyoming CPCN proceeding did
274 indeed include the six entities identified by Dr. Zenger (Rock Creek Wind, LLC
275 intervened as a 2017R request for proposals participant and subsequently withdrew),
276 the Company successfully engaged all of the landowner intervenorors except one and
277 reached preliminary agreements regarding rights-of-way acquisition terms and
278 conditions. These successful discussions allowed all but one of the landowner
279 intervenorors to withdraw from the CPCN proceeding before its conclusion. The
280 Company remains engaged with the sole remaining landowner intervenor from the
281 Wyoming CPCN proceeding, as well as the other identified landowners associated with
282 the Combined Projects, and fully understands the complexities of rights-of-way
283 acquisition. The Company continues to believe that its rights-of-way acquisition
284 experience, approach, and schedule will prove successful. If rights-of-way acquisition

285 requires litigation, the Company has allowed reasonable time for that process. The
286 Company is also maintaining the Combined Projects timeline to include off-ramps if
287 rights-of-way acquisition is not successful.

288 **Q. Dr. Zenger raises a concern with the Company’s assumption of a 30-year wind**
289 **project life. (See Zenger Supplemental Rebuttal and Surrebuttal, lines 343–356.)**
290 **Has the Company assessed the viability of a 30-year wind project life assumption?**

291 A. Yes. In fact, Dr. Zenger also acknowledges that the Company’s currently approved
292 wind resource depreciable life for Utah ratemaking purposes is 30 years. The Company
293 continues to believe that 30 years is appropriate. While Dr. Zenger raises the possibility
294 that this could change in the future, she provides no evidence that 30 years is
295 unreasonable or technically infeasible. Instead, Dr. Zenger notes that there are other
296 projects in the United States using 25-year lives. But there are also other projects that
297 use longer depreciable lives. (*See, e.g.*, S&P Global—Platts, “Iowa Regulator Backs
298 2,000-MW MidAmerican Wind Energy Project,” August 29, 2016 [noting a 40-year
299 depreciable life for the wind projects].)

300 **Q. Dr. Zenger also states that there is a potential risk of investing prematurely in new**
301 **wind projects when the industry is experiencing rapidly changing technologies.**
302 **(Zenger Supplemental Rebuttal and Surrebuttal, lines 362–365.) Is investment in**
303 **the Wind Projects premature?**

304 A. No. In fact, with each new generation resource project, the Company has historically
305 deployed the then-current, commercially proven technology resources, whether
306 renewable or natural-gas fueled. Recognizing that the Company will be serving the
307 energy needs of its customers for decades to come, we fully expect and hope that

308 technology improvements and cost reductions will continue to be identified as
309 generation resource needs are identified and implemented in the future. The Combined
310 Projects timeline, however, presents a single point in time for our customers to benefit
311 from currently available production tax credits and currently available, commercially
312 proven wind-turbine equipment. Technologies are always developing over time; it is
313 not feasible or reasonable to chronically delay action to wait for the next round of
314 technological developments. At some point—based on resource need and economics—
315 the decision that acting now is prudent and in the best interest of customers must be
316 made. For wind technology, that time is now, while full PTCs are available to reduce
317 the costs of these zero-fuel-cost renewable resources for customers.

318 **Q. Mr. Hayet proposes several conditions for the Commission to require of the**
319 **Company under any approval of the Combined Projects, including a**
320 **recommendation to impute a 95 percent of estimate capacity factor guarantee,**
321 **limitations on initial capital cost recovery, and limitations on future O&M and**
322 **capital expenses. (Hayet Second Rebuttal, lines 958–976.) Do you agree with**
323 **Mr. Hayet’s proposed conditions?**

324 A. No. Requiring the Company to guarantee these future outcomes is an unnecessary,
325 unprecedented, and unsupported set of conditions that goes well beyond the existing
326 regulatory compact.

327 **Q. Is Mr. Hayet’s recommended guarantee of 95 percent of estimated capacity factor**
328 **reasonable?**

329 A. No. I addressed capacity-factor guarantees in my rebuttal testimony, explaining why
330 the imputation of the estimated capacity factor is unreasonable. (Teply Supplemental

331 Direct and Rebuttal, lines 575–626.) The Company has used the best information
332 currently available and industry-recognized methodology to estimate the production of
333 the new Wind Projects. Actual wind production is an example of an item beyond the
334 Company’s control and inherently variable, as would be expected when using an annual
335 50-percent probability (“P50”) approach. The Company and this Commission have
336 administered the variability of the Company’s existing wind fleet consistently using
337 this approach within the existing regulatory compact over the last decade of operational
338 life for the Company’s existing wind resources.

339 **Q. Is Mr. Hayet’s condition on initial capital-cost recovery reasonable?**

340 A. No. I have discussed my objection to a hard cap set at the cost estimates in this case
341 earlier in testimony. (*See, e.g.*, Teply Supplemental Direct and Rebuttal, lines 558–574.)
342 To expand on those arguments, the Company prudently and ardently negotiates its
343 contract terms and conditions to mitigate many of the risks discussed by the intervenors
344 in this case. For example, the EPC, TSA, and BTA agreements for the Wind Projects
345 will have robust risk-mitigation provisions, including fixed construction costs, terms
346 and conditions to guarantee on-time delivery of the resources, counterparty
347 representations and warranties, and commercially available indemnities and securities.
348 The Company is currently engaged with each of the Wind Project developers, and with
349 the EPC contractors and wind-turbine-generator suppliers, to finalize definitive
350 agreements in parallel with the ongoing regulatory reviews of the Combined Projects.

351 The Company is also continuing with its engagement and support of each of the
352 Wind Projects as their individual project-development activities continue with state and
353 local permitting activities, public outreach, engagement of state and federal wildlife

354 agencies, as well as landowners, leaseholders, and affected mineral rights holders,
355 where applicable.

356 Nonetheless, even with all of these Company efforts and the expertise and
357 experience of the Company and its contractors and counterparties, there may still be
358 circumstances that results in costs above current estimates. The statutory construct in
359 Utah sets a soft cap at the estimates in this case, then allows the Company to show that
360 any cost overruns were prudent. (*See* Utah Cod Ann. § 54-17-303(1)(c)). Contrary to
361 parties' arguments, the risks of cost overruns are the Company's unless and until this
362 Commission finds that those costs were prudently incurred. This statutory construct
363 protects customers, and no hard cap or other protections are necessary.

364 **Q. Can the Company also use contracting to mitigate the risk of greater-than-**
365 **expected operational expenses and reduced equipment availability through the life**
366 **of the Wind Projects?**

367 A. Yes. The Company intends to negotiate third-party maintenance contracts for the Wind
368 Projects that will address operations and maintenance cost and run-rate capital
369 expenditure risks for the Wind Projects. The Company will also negotiate availability
370 guarantees for the Wind Projects in any third-party-provided maintenance agreements,
371 as provided by the competitive market. In the Company's ongoing wind repowering
372 project negotiations, the Company secured performance guarantees established at a
373 production rate of 97 percent of the site potential energy available, based on the wind
374 conditions experienced. It is reasonable to expect that similar guarantees can be
375 negotiated for the Wind Projects. While the Company cannot guarantee future
376 outcomes, development of the Wind Projects will include these important risk-

377 mitigation measures, similar to those that have been included to support past
378 investments.

379 **CONCLUSION AND RECOMMENDATION**

380 **Q. What do you conclude in your surrebuttal testimony?**

381 A. The Company continues timely develop and implement the Wind Projects with a focus
382 on delivering customer benefits, while retaining the level of transparency regarding
383 procurement, development, and permitting activities for the Wind Projects as originally
384 committed to in our application in this docket. The Company continues to successfully
385 mitigate the Wind Projects' cost and commercial risks that the DPU witnesses discuss
386 in their testimony, and the Combined Projects continue to be prudent and fit squarely
387 within the public interest. The conditions proposed by Mr. Hayet are unnecessary,
388 unprecedented, and unsupported, with no basis to upend the traditional regulatory
389 compact as it pertains to the Combined Projects having been presented. The Company
390 respectfully requests the Commission's approval of the Combined Projects.

391 **Q. Does this conclude your surrebuttal testimony?**

392 A. Yes.