Docket No. 20000-518-EA-17
Witness: Daniel J. MacNeil

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Daniel J. MacNeil

December 2017

Q. Are you the same Daniel J. MacNeil who presented direct testimony in this proceeding on behalf of Rocky Mountain Power ("RMP" or "Company")?

A. Yes.

<u>PURPOSE OF TESTIMONY AND RECOMMENDATION</u>

Q. What is the purpose of your rebuttal testimony?

A. My testimony responds to the direct testimony filed on November 6, 2017 by Mr. John R. Lowe for the Renewable Energy Coalition ("Coalition").

Q. Please summarize the Company's direct filing.

A. On May 31, 2017, the Company filed Schedule 37 rates using the currently effective methodology, but with updated inputs related to:

- Sufficiency period avoided costs, including the Company's then-current March 31, 2017 Official Forward Price Curve ("1703 OFPC").
- Integration costs for wind and solar qualifying facilities ("QFs"), consistent with the 2017 Integrated Resource Plan ("2017 IRP").
- Capacity contribution values for intermittent QF resources, consistent with the 2017 IRP.
- The resource deficiency period, reflecting the timing of the next deferrable major thermal resource identified in the 2017 IRP preferred portfolio.
- Deficiency period avoided costs, based on the characteristics of the next combined cycle combustion turbine ("CCCT") identified in the 2017 IRP preferred portfolio.

Q. What changes to Schedule 37 does the Coalition propose?

A. The Coalition proposes two changes related to the avoided cost methodology for

Schedule 37 prices and three changes related to Schedule 37 eligibility and contract negotiations. On the avoided cost methodology, the Coalition proposes that:

- All planned resource acquisitions be included in the avoided cost calculation, including the 2021 Wyoming wind resources in the 2017 IRP preferred portfolio.[1]
- Renewable QFs have the option to be paid either a renewable avoided cost rate or a non-renewable avoided cost rate, or have the Company's next renewable resource form the basis for avoided cost rates.

On Schedule 37 eligibility and contract negotiations, the Coalition proposes that:

- All QFs up to 10 megawatts ("MW") be eligible for standard prices.
- An unlimited number of eligible QFs may be signed at a given published rate.
- QFs be able to establish a legally enforceable obligation if a dispute arises between the Company and the QF in the contract negotiation process.

Q. Does the Coalition object to all of the updates identified in the Company's direct filing?

A. No. The Coalition does not raise any issues related to the sizeable reduction in forecasted market prices for electricity and natural gas, which are a primary driver of the reduction in avoided costs relative to the current tariff. The Coalition also does not object to the Company's updates to the integration costs and capacity contribution of wind and solar resources.

[1] The 2021 Wyoming wind resources are assumed to have a December 31, 2020 in-service date to ensure the assumed tax benefits are achieved.

Q. Please summarize your conclusions on Schedule 37 avoided cost rates and methodology.

A. The Coalition provides no evidence that basing avoided costs on the 2021 Wyoming Wind resource in the 2017 IRP is more accurate. The Schedule 37 avoided cost methodology has used the timing and characteristics of the Company's thermal resources identified in the IRP preferred portfolio for many years. The Company is not proposing to modify this methodology in this proceeding. The Company's filing in this docket uses the Commission-approved methodology (with limited updates to certain parameters) and was submitted to comply with the Commission's requirement for utilities to file avoided cost information every two years. Because the Coalition was the only intervening party in this docket, the Company posits this is not the appropriate proceeding to implement changes without allowing input from all interested and potentially impacted stakeholders.

There is no basis to establish renewable and non-renewable pricing options for Schedule 37 Wyoming QFs. The Commission has previously established the Company retains the renewable attributes associated with QF output,[2] so the Company should not pay more for something it is already entitled to. Moreover, the Company has no obligation to acquire renewable resources in Wyoming in the first place, so the Company should not pay more to acquire renewable resources when lower cost alternatives exist.

[2] See Memorandum Opinion, Findings and Order in Docket No. 20000-388-EA-11 at paragraph 63. Issued on November 4, 2011.

Q. Please summarize your conclusions on Schedule 37 eligibility and contract negotiations.

A. The existing Schedule 37 eligibility requirements reflect a balance of administrative efficiency and avoided cost accuracy, and the Company has only received one pricing request in 2017 from a QF that would become eligible under Mr. Lowe's proposal. As a result, the Company's administrative burden is currently low. Likewise, Mr. Lowe provides no evidence that the Schedule 37 methodology would be more accurate than the Schedule 38 methodology for such QFs. While the contract cap language in the Schedule 37 tariff is ambiguous, the Company is not aware of any otherwise eligible QFs that have been denied contracts at the published rates. Similarly, while QFs have been on notice since May 2017 regarding the sizeable proposed reduction in Schedule 37 avoided cost rates, the Company is not currently negotiating with any Schedule 37 QFs in Wyoming. Thus, there is no apparent need to establish a mechanism for a legally enforceable obligation within the Schedule 37 tariff. In the event any of the issues described above occur, affected QFs can have their complaints resolved on a case-by-case basis.

SCHEDULE 37 METHODOLOGY

Q. What change does Mr. Lowe propose to the Schedule 37 methodology?

A. Mr. Lowe proposes that all planned resource acquisitions be included in the avoided cost calculation, and specifically the 2021 Wyoming wind resources in the 2017 IRP preferred portfolio.

Q. How do you respond to Mr. Lowe's claims the Company has "manipulated its avoided cost filing to artificially lower its avoided cost prices and prevent eligible renewable resources from being fairly compensated"?[3]

A. The Company has calculated the proposed Schedule 37 rates using the same methodology used in its previous filing in Docket No. 20000-458-EA-14 and reflected in the current tariff rates approved by the Commission on August 26, 2015. The methodology used in that filing produces avoided costs based on the characteristics of the next deferrable major thermal capacity resource in the IRP preferred portfolio, specifically a combined cycle combustion turbine expected to come online in 2027.[4]

Q. Mr. Lowe specifically claims that "for the first time ever the Company's IRP includes a resource acquisition that has not been included in the avoided cost calculation. Rocky Mountain Power has ignored the planned Wyoming wind resource acquisition…"[5] How do you respond?

A. As indicated above, the methodology proposed by the Company in Docket No. 20000-458-EA-14 specifically uses the next thermal resource in the IRP preferred portfolio to identify the start of the deficiency period, rather than characteristics of renewable resources. Moreover, the Coalition's claim that this is the first time a resource acquisition has not been included in the avoided cost calculation is incorrect as the 2013 IRP Update preferred portfolio on which the current tariff rates are based included wind resources in 2024 and 2025, prior to the thermal resource in 2027 which is used in the Schedule 37 avoided cost calculation. Given that the Schedule 37 methodology prior

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[3] Lowe Direct at page 5, lines 18-20.
[4] Docket No 20000-458-EA-14. Duvall Direct at pages 11-12.
[5] Lowe Direct at page 5, lines 14-15.

to Docket No. 20000-458-EA-14 was based on a combined cycle combustion turbine without any consideration of the resources in the IRP preferred portfolio, the last two Schedule 37 methodologies have ignored renewable resource acquisitions.

Q. Does Mr. Lowe provide any calculations showing how his proposal would be implemented?

A. No. Without an avoided cost result, it is difficult to know whether an avoided cost methodology will produce just and reasonable rates. The customer indifference standard is fundamental to the Public Utility Regulatory Policies Act of 1978 ("PURPA") and setting avoided costs, and it is impossible to assess customer indifference without having at least an indication of the avoided cost outcomes. The Commission has recognized the importance of avoided cost outcomes in setting rates, for instance in paragraph 50 in the Memorandum Opinion, Findings and Order issued by the Commission on November 4, 2011 (Docket No. 20000-388-EA-11), which cited a Wyoming Supreme Court decision which stated in part:

> We agree that if the end result complies with the 'just and reasonable' standard announced in the statute, the methodology used by the PSC is not a concern of this court, but is a matter encompassed within the prerogatives of the PSC.

To assess customer outcomes, RMP asked the Coalition for avoided cost calculations based on the avoided cost methodology proposed by Mr. Lowe. The Coalition's response indicated it "has not prepared the requested calculations." See RMP Data Request 1, attached as Exhibit RMP___(DJM-1R).

Q. Is there any precedent for calculating avoided costs based on wind resources?

A. Yes. Under the Schedule 38 methodology, wind resources defer wind resources in the IRP preferred portfolio. This was established in paragraph 57 in the Memorandum

Opinion, Findings and Order issued by the Commission on November 4, 2011 (Docket No. 20000-388-EA-11), where the Commission stated:

> The Commission finds that RMP has fully supported the continued use of its PDDRR avoided cost methodology, as modified, which has been shown to be sound and which the intervening Parties recommended to the Commission. The PDDRR methodology utilizes GRID runs to develop part of the pricing coupled with the capacity deferral value based on the next deferrable plant proxy as contained in the most recent IRP results. *The proposed modification which provides that pricing for wind QFs will be based on a wind proxy is an important component of the agreement that will provide a significant benefit to the wind industry.* The Commission finds that continued use of the PDDRR methodology is reasonable and should be adopted on a permanent basis. [emphasis added]

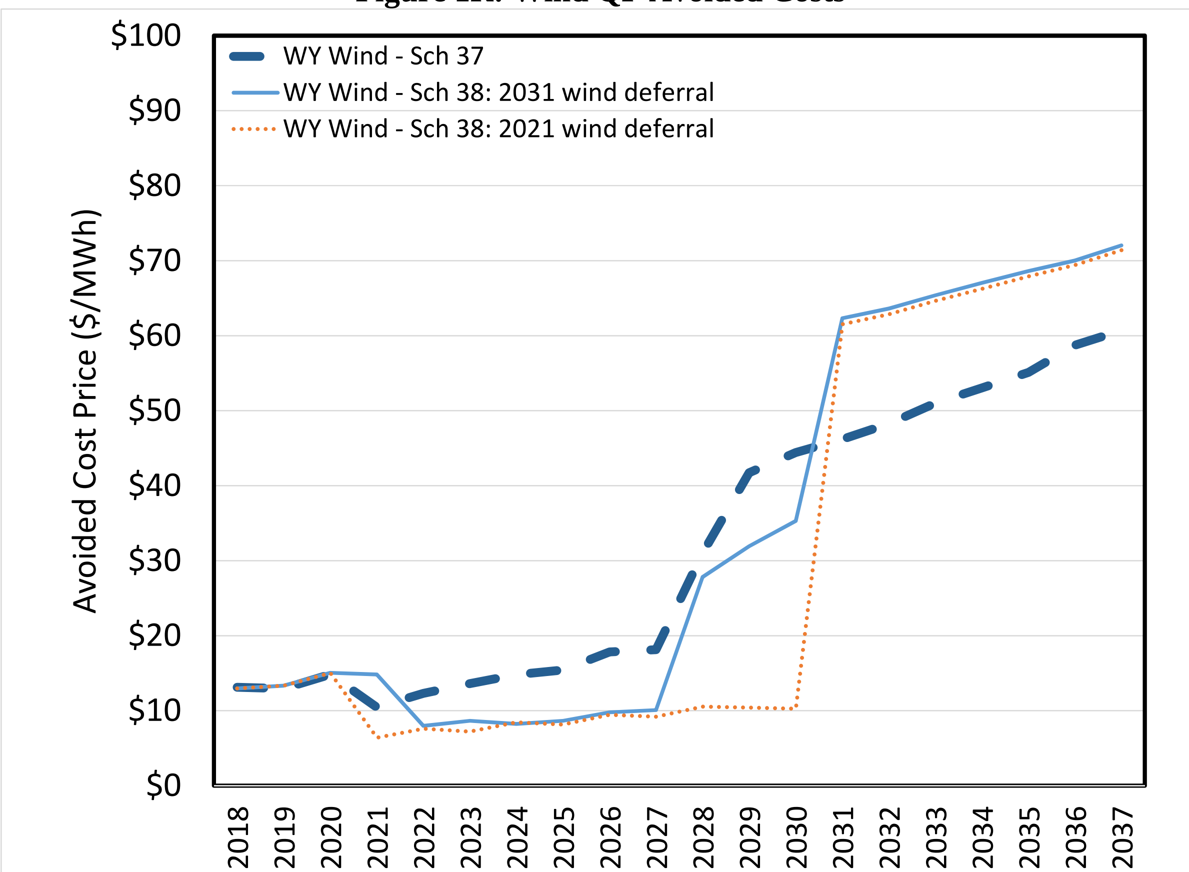
Q. What are the avoided costs for small wind resources in Wyoming under the Schedule 38 methodology?

A. In response to Coalition data request 1.18, the Company prepared avoided costs for a 10 MW wind resource using the Schedule 38 methodology. This study assumed the wind resource deferred a portion of the 2031 wind resource in the 2017 IRP preferred portfolio. Over a 20 year contract term, the levelized avoided cost under the Schedule 38 methodology is higher than the proposed Schedule 37 rates, primarily as a result of higher payments starting in 2031 based on the avoided fixed costs associated with the 2031 wind resource.

Q. Wouldn't avoided costs be higher if they included earlier fixed costs associated with the 2021 wind resource?

A. Not necessarily. The 2021 wind resource is assumed to be eligible for production tax credits ("PTCs") which provide significant incremental benefits during the first 10 years of operation. To assess the relative impact, the Company prepared an additional study based on the assumptions in Coalition data request 1.18 to evaluate the avoided costs associated with a small wind QF deferring the 2021 wind resource under the Schedule 38 methodology. Over a 20 year contract term, the levelized avoided cost when 2021 resources are deferred is lower than both the proposed Schedule 37 rates and the Schedule 38 avoided costs based on the 2031 wind resource, primarily as a result of near-zero avoided costs during the ten years in which the deferred resource would have been eligible for PTCs. Figure 1R compares these prices.

Figure 1R: Wind QF Avoided Costs



Q. Does deferral of a 2021 or 2031 wind resource better represent the Company's avoided costs?

A. The deferral of 2031 wind results in higher avoided costs over a 20-year term. This indicates the 2021 wind resource costs less than the fuel costs and market purchases that could be avoided prior to 2031. Because the Company is seeking least cost outcomes for customers, the highest cost resources should be avoided first, and in this instance, the 2021 wind resource does not appear to be the highest cost resource in the Company's portfolio. As a result, deferral of 2031 wind is a better representation of the Company's avoided costs associated with a small Wyoming wind QF.

Q. Does the Schedule 38 methodology provide a more accurate forecast of avoided costs for wind than the Schedule 37 methodology?

A. Yes. Accounting for the specific characteristics of wind resources provides a more accurate estimate of their avoided cost than using a baseload energy profile and a spreadsheet estimate of deficiency period capacity and energy costs.

Q. Is there any precedent for calculating avoided costs for baseload or solar resources based on wind resources?

A. No. The methodology established in Docket No. 20000-388-EA-11 for non-wind QFs assumes the deferral of gas resources identified in the Company's most recent IRP preferred portfolio.[6] There is no basis or methodology for assuming baseload or solar resources defer wind resources, and as previously indicated, the Coalition does not offer any specific calculations.

Q. What are the avoided costs for small Wyoming baseload and solar resources under the Schedule 38 methodology?

A. In response to Coalition data request 1.18, the Company also prepared avoided costs for 10 MW baseload and solar resources using the Schedule 38 methodology. Both were assumed to defer a portion of the 2029 simple cycle combustion turbine ("SCCT")

[6] See Memorandum Opinion, Findings and Order in Docket No. 20000-388-EA-11 at paragraphs 20 and 57. Issued on November 4, 2011.

in the 2017 IRP preferred portfolio. The avoided cost pricing for baseload resources under Schedule 38 and Schedule 37 are shown in Figure 2R. The avoided costs for baseload resources are slightly lower under the Schedule 38 methodology compared to the Schedule 37 methodology, primarily as a result of lower avoided costs during the deficiency period starting in 2029. The avoided cost pricing for tracking solar resources under Schedule 38 and Schedule 37 are shown in Figure 3R. The avoided costs for solar resources are higher as a result of differences during the deficiency period.

Figure 2R: Baseload QF Avoided Costs

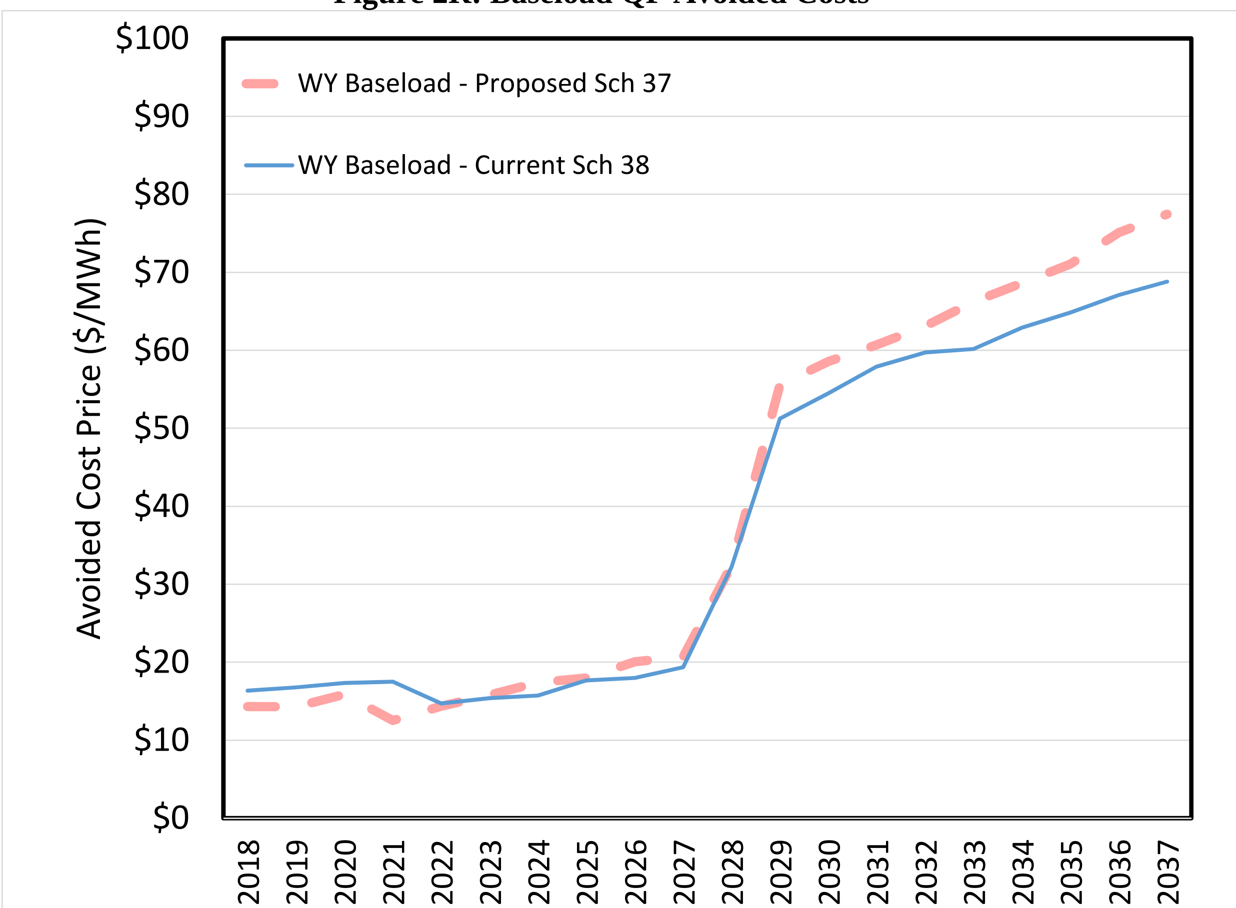
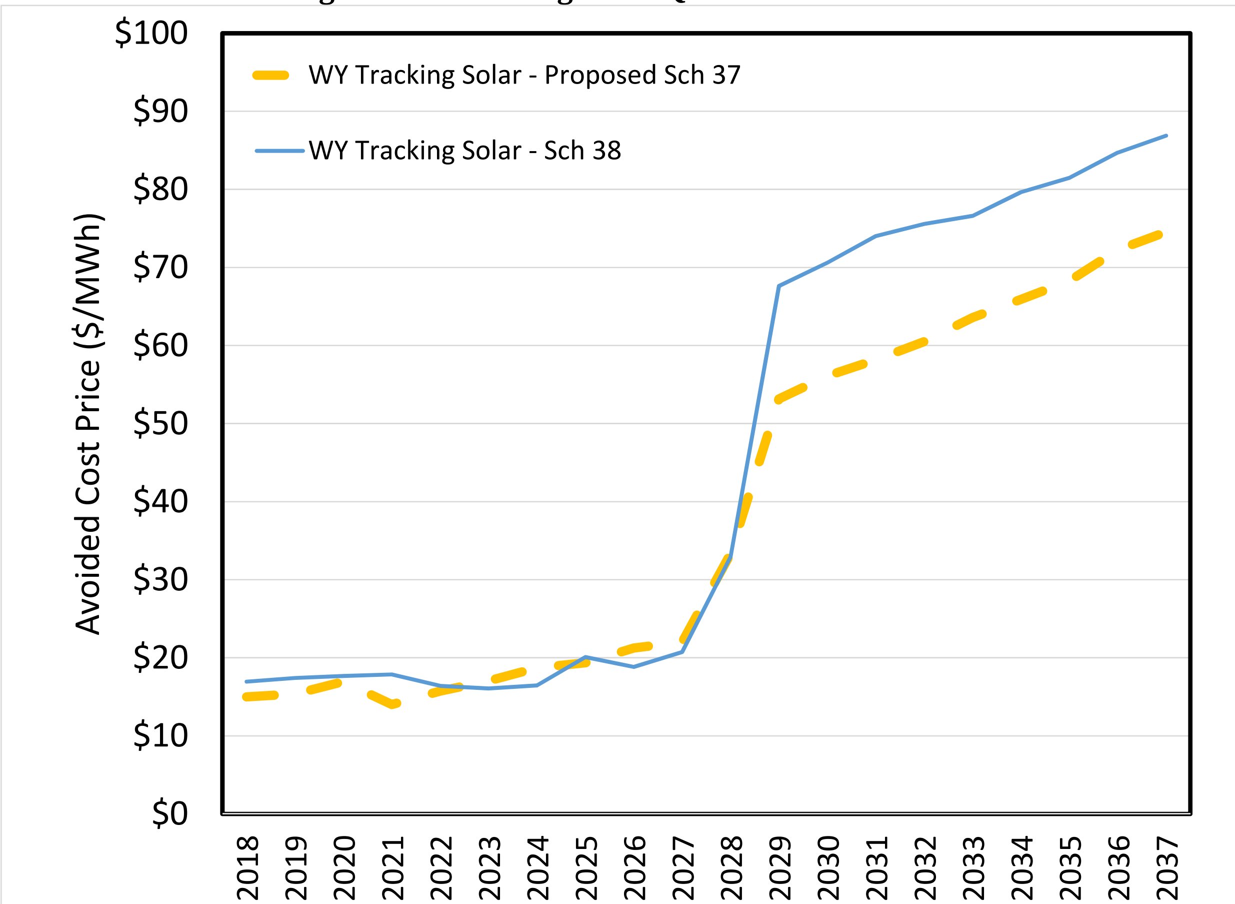


Figure 3R: Tracking Solar QF Avoided Costs



Q. Does the Schedule 38 methodology provide a more accurate forecast of avoided costs for baseload and solar resources than the Schedule 37 methodology?

A. Yes. Accounting for the specific characteristics of baseload and solar resources and the thermal resources they displace from the 2017 IRP preferred portfolio provides a more accurate estimate of their avoided cost than using a baseload energy profile and a spreadsheet estimate of deficiency period capacity and energy costs.

Q. What do you recommend on the rates to be used in the Schedule 37 tariff?

A. The Company filed updated avoided cost rates for Schedule 37 eligible QFs based on the Commission-approved methodology and has not requested a change to the methodology at this time. Since the Coalition is the only intervening party in this docket, the Company posits this is not the appropriate proceeding to implement changes to the existing Schedule 37 methodology without allowing other interested and potentially affected stakeholders a chance to intervene and provide their input. I recommend the Commission approve the Schedule 37 rates as filed. If the Commission determines a methodology change is warranted, the Company can provide an update to the methodology in a future Schedule 37 filing.

RENEWABLE AND NON-RENEWABLE RATE OPTION

Q. How do you respond to the Coalition's proposal that a renewable QF should have the option to choose between either a renewable or non-renewable avoided cost rate?

A. Avoided cost rates must meet the customer indifference standard. The Federal Energy Regulatory Commission ("FERC") has established precedent for states implementing multi-tiered avoided cost rates. In an order issued January 20, 2011, FERC held that "the state may take into account obligations imposed by the state that, for example, utilities purchase energy from particular resources of energy for a long duration."[7] Renewable Portfolio Standards ("RPS") are one example of such obligations. Because the Company does not have a RPS or any other obligation to procure renewable resources in Wyoming, there is no basis for implementing a renewable resource option for Wyoming QFs. Further, because the Commission has already ruled that the Company retains all renewable energy credits ("RECs") associated with QF output, there is no basis for the Company to pay extra for something to which it is already entitled and uses to the benefit of customers.

[7] 134 FERC ¶ 61,044 at 18 (Jan. 20, 2011).

Q. Does REC ownership impact the capacity and energy value associated with a QF?

A. No. REC ownership has no impact on the Company's treatment of QF output when calculating avoided energy and capacity costs because system operations and dispatch would be the same for a given project regardless of REC ownership.

SCHEDULE 37 ELIGIBILITY

Q. What QFs are eligible to receive Schedule 37 pricing?

A. All QFs with a capacity of less than one MW are eligible for Schedule 37 rates. QFs with a capacity of up to 10 MW are eligible for Schedule 37 rates if their expected annual capacity factor is greater than 70 percent.

Q. What QFs would be eligible for Schedule 37 pricing under the Coalition's proposal?

A. All QFs with a capacity of less than 10 MW would be eligible for Schedule 37 rates. The Coalition highlights that solar, wind, and seasonal hydro resources would become eligible.

Q. Is it difficult to receive indicative prices under Schedule 38?

A. No. The data requirements are the same as those necessary to receive a power purchase agreement ("PPA"), so there is no additional burden on QF developers.

Q. Would QFs receive lower prices under Schedule 38 versus the Company's proposed Schedule 37?

A. Not necessarily. In response to Coalition data request 1.18, the Company prepared avoided costs for 10 MW baseload, solar, and wind QFs based on the Schedule 38 methodology. Prices were higher under Schedule 38 for both wind and solar. There is no specific rate for seasonal hydro resources in the Schedule 37 tariff, so they would receive the baseload rate, which is based on spreading avoided capacity costs across the entire year during the deficiency period. Seasonal hydro could potentially avoid the same capacity as a baseload resource while delivering only during the summer season, but under Schedule 37 is only compensated for capacity at the baseload rate while it is generating. Under Schedule 38, capacity value is spread across a resource's specific generation profile, so it receives all of the capacity value it provides. As a result, while the Company has not received an indicative pricing request for a seasonal hydro resource, Schedule 38 prices for those resources would likely be higher than under Schedule 37.

Q. **Have small QFs actually received prices under Schedule 38 that compare to those described above?**

A. Yes. In September 2017, the Company provided indicative pricing under the Schedule 38 methodology to a proposed five MW solar QF. The 20-year levelized price was 15 percent higher than the Company's proposed Schedule 37 rates. While the price is lower than the published Schedule 37 rates that are currently in effect, those rates reflect assumptions which are now three years out of date, whereas the Schedule 38 methodology reflects the Company's most recent load forecast, OFPC, and IRP preferred portfolio.

Q. **Is the Coalition's claim that it is much more difficult for QFs that exceed the eligibility cap to negotiate contracts?**

A. No. The Company's current negotiation process is not difficult nor does the Company incorporate delay tactics as suggested by the Coalition.[8] The negotiation process is the

[8] Lowe Direct page 13, lines 1-17.

same for all QFs whether they qualify for Schedule 37 or 38 prices. There are no differences. Importantly, the Company does not negotiate price under either Schedule 37 or Schedule 38, as both are prepared in accordance with the applicable Commission-approved methodology, so pricing does not impact negotiations.

Q. Would any recent QF pricing requests have been impacted by Mr. Lowe's proposal?

A. Besides the five MW solar resource identified above, the Company has not received any recent pricing requests from resources between one and 10 MW that are not eligible for Schedule 37.

<u>SCHEDULE 37 CUMULATIVE CAP</u>

Q. How does Schedule 37 address the cumulative resources acquired under the published rate?

A. In Schedule 37 the definition of Firm Power Time of Delivery (Sheet No. 37-3) states:

> *These prices will only be applied to Qualifying Facility resources over which the Commission has jurisdiction that enter into contracts with the Company until 10 megawatts of system resources are acquired.*

Q. How does the Company interpret this statement?

A. Once the Company signs 10 MW of Wyoming QFs under a given Schedule 37 rate schedule, the published rates in Schedule 37 must be updated. The Company is not aware of this clause ever being implemented in Wyoming.

Q. Is Mr. Lowe's claim that this clause is unique to Wyoming[9] accurate?

A. No. The Company's Schedule 37 tariff in Utah also has a cap. When the Company's executed contracts approached the cap in 2014, the Utah Commission clarified the

[9] Lowe Direct at page 7, lines 12-16.

published rates would remain applicable only for QFs up to a 100 kW size cap, while QFs in excess of 100 kW would instead receive prices under Schedule 38. This limits customer exposure to inaccurate avoided costs while maintaining compliance with PURPA and the rules promulgated thereunder by the FERC. It would be reasonable to use the same process in Wyoming.

Q. Is this clause consistent with other avoided cost processes in Wyoming?

A. Yes. Under Schedule 38, QFs receive indicative avoided costs based on the resources in the Company's most recent IRP preferred portfolio, as well as signed contracts since the IRP was prepared. As new contracts are signed, QFs still in the process of negotiating contracts are subject to pricing updates. Requiring updated prices under Schedule 37 is consistent with this concept. Due to the time lapse between the filing of updated rates and their effective date, already in excess of six months in the current filing, it is appropriate to limit customer exposure to inaccurate avoided costs by reducing the eligibility cap in the interim.

Q. Is there a link between Mr. Lowe's proposed increase in the eligibility cap and the proposal to remove the cap on acquisitions at a given Schedule 37 rate?

A. Yes. Mr. Lowe's proposal could allow large projects to be disaggregated, for instance creating eight, 10 MW Schedule 37 QFs in relatively close proximity, rather than one, 80 MW Schedule 38 QF. The Company's avoided cost for these two scenarios should be very similar, but as described above, while the Schedule 38 methodology currently produces avoided cost prices that are slightly above the proposed Schedule 37 prices, the avoided costs in the current Schedule 37 tariff are significantly higher. To the extent QF developers disaggregate large projects to receive higher prices under Schedule 37, customers would be harmed by paying rates in excess of avoided cost. Disaggregation is particularly a problem for wind and solar resources, which are composed of modular components.

Q. Is there potential for multiple signed contracts in a short time frame?

A. Yes. Obviously, a disaggregated project can consist of multiple QFs being signed in short order. Even with distinct projects and separate developers, once notice of a rate decrease is filed, any negotiations currently underway would be expected to result in an executed contract or claim of a legally enforceable obligation prior to the rate effective date.

Q. Mr. Lowe claims the aggregate effect of QF purchases "may permit the deferral or avoidance of a capacity addition."[10] Is this contrary to his position on the cap on Schedule 37 purchases at the published rate?

A. Yes. Each QF displaces the highest cost energy and capacity on the Company's system, so avoided costs decline as more resources are added. Once a particular future capacity resource is deferred as Mr. Lowe suggests, avoided costs would be based on a later or lower-cost resource addition and avoided costs would be lower. Mr. Lowe's proposal would require customers to continue paying QFs based on outdated avoided cost rates that ignore the aggregate effect of QF purchases.

Q. Is the aggregate cap on Schedule 37 purchases already less restrictive than pricing under Schedule 38?

A. Yes. As indicated above, the aggregate cap on Schedule 37 purchases under a given tariff rate has been based on Wyoming Schedule 37 purchases, rather than the

[10] Lowe Direct at page 25, lines 21-22.

purchases under Wyoming Schedule 38 or in other states.

SCHEDULE 37 DISPUTE RESOLUTION

Q. What does Mr. Lowe propose on a Schedule 37 QF's ability to establish a legally enforceable obligation ("LEO")?

A. The language proposed in Mr. Lowe's Exhibit 1 includes the following:

> *The prices applicable to a Qualifying Facility over which the Commission has jurisdiction shall be those in effect at the time a QF approves the final draft power purchase agreement provided by PacifiCorp… A legally enforceable obligation may be established earlier if the QF and the Company are unable to resolve any disputes or disagreements. The Company shall provide a draft power purchase agreement fifteen (15) business days after all reasonable project information has been received in writing from the QF. If the Company does not provide a draft power purchase agreement, or if a dispute or disagreement arises between the Company and the QF, the QF can commit itself to sell power under then current rates and its proposed contract terms and conditions. After making such a commitment, the owner will be eligible to receive the avoided cost rates currently in effect in this rate schedule.*

Q. Is Mr. Lowe's proposal reasonable?

A. Absolutely not. First, Mr. Lowe proposes that a QF merely "approve" the final draft PPA provided by the Company to lock in avoided cost rates. It is unclear whether the Company or the Commission would be informed of this approval and the resulting obligations of the Company and customers. Second, to the extent a QF disputes the "reasonable" project information necessary for the Company to produce a final draft PPA, and makes a LEO claim, that claim will necessarily be inadequately defined in the view of the Company. Third, it is unclear what constitutes a commitment to sell power on the part of the QF. Finally, the disputed terms and conditions proposed by the QF may not be in the public interest. As a result, Mr. Lowe's proposal would not make negotiations less contentious nor would it have any link to the resolution of the underlying disputes.

Q. Is the process for establishing a LEO the key missing element underlying Mr. Lowe's concerns with the Schedule 37 negotiation process?

A. No. Mr. Lowe's concerns with Schedule 37 negotiations are a primarily a matter of dispute resolution.

Q. Does the Company have a dispute resolution process for Wyoming QFs to follow?

A. Yes. Section III of the Schedule 38 tariff (Sheet No. 38-8) includes the following:

> *Before filing a complaint with the Wyoming Public Service Commission on any specific power purchase agreement term not agreed upon between the counterparty and the Company, a counterparty must wait 60 calendar days from the date it notifies the Company in writing that it cannot reach agreement on a specific term.*

Q. Is this clause reasonable with respect to Schedule 37 QFs?

A. Yes. First, a QF must notify the Company of the specifics of its dispute and allow a reasonable interval for a solution to be identified via bilateral negotiations. To the extent the dispute is unresolved, the filing of a complaint at the Commission is the appropriate venue to resolve the disputed terms and applicable avoided cost rates, if they are also in question. Since a Commission complaint to resolve disputed terms would still be necessary under Mr. Lowe's proposal, it is not necessary to predetermine a LEO through changes to the Schedule 37 tariff when the Commission will make a determination on the specifics of the dispute in any event.

Q. Are the requirements for establishing a LEO more important for Schedule 37 QFs than for Schedule 38 QFs?

A. No. PURPA specifies that avoided costs are set at the time a contract is executed or a LEO is established, so a LEO only impacts the price a QF is entitled to. For Schedule

37 QFs this is only an issue when rates change, which occurs only after a public process and approval of new rates by the Commission. For Schedule 38 QFs, avoided costs can change at any time as a result of signed contracts or other changes in the Company's forecast.

Q. Mr. Lowe claims that a utility can impose difficult burdens or propose potentially illegal terms and conditions during negotiations. Does he provide any specific examples?

A. No. The Company is not aware of any QFs eligible for Wyoming Schedule 37 that believe they have been subject to the circumstances Mr. Lowe describes. Further, the Company is not currently negotiating with any Wyoming QFs eligible for Schedule 37 that could potentially be impacted.

Q. Does this conclude your rebuttal testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF SCHEDULE 37 STANDARD RATES FOR PURCHASES OF POWER FROM QUALIFYING FACILITIES	))))))	DOCKET NO. 20000-518-EA-17 (RECORD NO. 14736)

AFFIDAVIT, OATH AND VERIFICATION

Daniel MacNeil (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

> Affiant is a Resource and Commercial Strategy Adviser for PacifiCorp, which is a party in this matter.
>
> Affiant prepared and caused to be filed the foregoing testimony. Affiant has, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification.
>
> Affiant hereby verifies that, based on Affiant's knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in his official capacity as Resource and Commercial Strategy Adviser.

Further Affiant Sayeth Not.

Dated this 11th day of December, 2017

Daniel J. MacNeil

Daniel MacNeil
Resource and Commercial Strategy Adviser
825 NE Multnomah Ave
Portland, OR 97232
503-813-552

STATE OF OREGON)
) SS:
COUNTY OF MULTNOMAH)

The foregoing was acknowledged before me by Daniel MacNeil on this 11th day of December, 2017. Witness my hand and official seal.

Kelly Wiggins
Notary Public

My Commission Expires:

OFFICIAL STAMP
KELLY ANN WIGGINS
NOTARY PUBLIC-OREGON
COMMISSION NO. 968113
MY COMMISSION EXPIRES OCTOBER 26, 2021