

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)	
OF ROCKY MOUNTAIN POWER FOR A)	DOCKET NO. 20000-545-ET-18
MODIFICATION OF AVOIDED COST)	
METHODOLOGY AND REDUCED TERM)	RECORD NO. 15133
OF PURPA POWER PURCHASE)	
AGREEMENTS)	

DIRECT TESTIMONY OF ON BEHALF OF RENEWABLE ENERGY COALITION

Renewable Energy Coalition (“REC”) submits the Prefiled Direct Testimony of Trent Reed in this docket.

Dated this 19th day of April, 2019.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of April, 2019, the **DIRECT TESTIMONY OF TRENT REED ON BEHALF OF RENEWABLE ENERGY COALITION** was e-filed with the Wyoming Public Service Commission and a true and correct copy was sent via electronic mail addressed to the following:

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/s/ 

REC Exhibit 603

Trent Reed, Direct Testimony
Renewable Energy Coalition
Docket No. 2000-545-ET-18

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Direct Testimony of Trent Reed

On Behalf of

Renewable Energy Coalition

April 19, 2019

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR)
A MODIFICATION OF AVOIDED COST)
METHODOLOGY AND REDUCED TERM)
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AGREEMENTS)

Docket No. 20000-545-ET-18
(Record No. 15133)

AFFIDAVIT, OATH AND VERIFICATION FOR DIRECT TESTIMONY

STATE OF WYOMING)
) SS:
COUNTY OF Park)

Trent Reed, being fast duly sworn, on his oath states:

1. My name is Trent Reed. I am the General Manager for Shoshone Irrigation District. I have been asked by the Coalition and its members to testify on their behalf.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony, which has been prepared in written form for introduction into evidence in Docket No. 20000-545-EA-18.
3. I hereby swear and affirm that my answers contained in the testimony are true and correct.
4. Further Affiant sayeth not.



Trent Reed
Shoshone Irrigation District
337 East 1st Street
Powell, Wyoming 82435

Subscribed and sworn to before me this 18th day of April, 2019.




Notary Public

My Commission Expires: July 2, 2022

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Trent Reed. I am the General Manager for Shoshone Irrigation District (the
4 “District”). My business address is 337 East 1st Street, Powell, Wyoming 82435.

5 **Q. Please state your background and experience?**

6 A. I have been a farmer almost my entire life, and have an Associates in Farm Ranch
7 Management from Northwest College (2000). In 2016, I worked as a Parts Salesman for
8 Woodward Tractor, and in 2018 I became Shoshone Irrigation District’s General
9 Manager.

10 **Q. On behalf of whom are you appearing?**

11 A. I am testifying on behalf of Renewable Energy Coalition. While I am employed by
12 Shoshone Irrigation District, I am not submitting testimony on behalf of that company.
13 Instead, my testimony in this docket is sponsored by the Renewable Energy Coalition
14 (“REC” or “the Coalition”), of which Shoshone Irrigation District is a member.

15 **Q. Please describe Shoshone Irrigation District and its interests in this proceeding.**

16 A. Shoshone Irrigation District is a nonprofit governmental entity that serves the Powell,
17 Wyoming area landowners. All revenues from power sales are reinvested into our
18 projects and the local community lowering rates, improving conservation, and providing
19 local jobs. We are in the middle of what will be potentially more than a twenty-year
20 process to turn open ditches into pipelines, which will conserve water and lower rates.
21 We are proud of our efforts in innovative efficiencies and environmental protection and
22 plan on continuing to be the leaders in irrigation management. Our district has made

23 significant capital improvement projects that create and maintain jobs, and support the
24 community and environment.

25 Shoshone Irrigation District owns and operates a 2.9 megawatt (“MW”) Garland
26 hydroelectric facility that historically sold its entire net output to Rocky Mountain Power.
27 Garland Canal travels 18.5 miles from the end of Corbett Tunnel to a point near Garland.
28 Ralston Dam was an earthfill dam 35 feet high and 2200 feet long at the crest. Ralston
29 Reservoir is no longer used for irrigation storage. It only serves as an emergency waste
30 route during storms and collects drainage water.

31 Because of Rocky Mountain Power’s low prices, Shoshone Irrigation District
32 entered a ten-year contact with Tri-State in 2015, which expires in 2025. Our preference
33 was to sell to Rocky Mountain Power, and we hope to enter a long-term contract with
34 Rocky Mountain Power before the expiration of our current contract. Our hydroelectric
35 plant is integral to the District’s mission in keeping water rates reasonable and funding
36 capital improvement projects for the water system infrastructure. None of the benefits we
37 provide to the community would be possible without dependable, fair, long-term power-
38 sales agreements. Continuation of power-sales agreements that are dependable, fair, and
39 long-term in nature are critical to our operational budgets, commitments to agriculture,
40 long-term debt service owed to private, state and federal entities, necessary investments
41 in critical water conveyance infrastructure, and the entire fabric of community and
42 commerce that have come to depend on us as a public entity.

43 **Q. Has this project been operating for a while?**

44 A. Yes.

45 **Q. Please summarize your testimony.**

46 A. I am addressing two issues: 1) Rocky Mountain Power's proposal to reduce contract
47 terms from twenty years to seven years; and 2) Rocky Mountain Power's proposal to
48 lower avoided cost prices.

49 **II. TWENTY YEAR FIXED PRICE CONTRACT TERMS SHOULD BE RETAINED**

50 **Q. What is the Commission's current policy on contract duration?**

51 A. Twenty-year fixed price terms.

52 **Q. Do you support the Commission's current policy?**

53 A. Yes. The fixed price period of 20 years is adequate and necessary to facilitate the long-
54 term planning of the hydro operations in context with other planning associated with the
55 water system. This includes the financing needed to make system improvements, repairs,
56 and to meet or exceed environmental requirements.

57 The Commission should consider adopting a new policy specific to existing
58 projects providing for the continuum of payment for capacity when entering a new
59 contract. Coalition witness Drs. Marc Hellman and Lance Kaufmann addresses this issue
60 in their testimony.

61 **Q. Do you agree with Rocky Mountain Power's proposal to change the 20-year
62 contract term?**

63 A. No. Our existing projects are part of a large complex of integrated facilities that
64 primarily deliver water to citizens and businesses. In order to financially plan, engineer,
65 build and operate these systems, including the hydro projects, it is often necessary to
66 incorporate long-term financing. Even with longer contract terms, it is necessary to have

67 long-term financing in place that exceeds such term. Short-term contracts of seven years
68 would make long-term planning excessively challenging and very risky for District
69 finances. Short-term contracts would also handicap our ability to provide and maintain
70 safe infrastructure and reliable water supply to citizens, including but not limited to large
71 and small agri-businesses.

72 **Q. But, hasn't Shoshone Irrigation District entered a 10-year contract?**

73 A. Yes, but it has hampered and limited our ability to make long-term planning decisions,
74 and reduced our flexibility to make investments and other capital improvements. We
75 only entered such a short-term contract because of our hope that prices would be better at
76 its expiration.

77 **Q. Do existing projects need to make capital improvements?**

78 A. Absolutely. In most cases capital improvement projects are going on continuously.
79 Responsible districts and water suppliers typically have a substantial annual ongoing
80 capital improvements and safety programs that rely on long-term debt. District water
81 systems are expensive to maintain and large piping and other capital improvement
82 projects are critical to supporting the needs of a growing society dependent on water and
83 agriculture. Capital improvements rely on long-term debt financing and our ability to
84 meet debt service. Long-term financing is necessary to maintain safe and aging
85 infrastructure: it is not only critical to saving and protecting lives but is simply the
86 responsible thing to do.

87 **Q. Do existing projects need pricing stability?**

88 A. Yes. Price stability and certainty for current and potential new power purchase
89 agreements is of utmost importance. Pricing stability and certainty are essential for
90 reliable water service. For districts with existing contracts, reliability on power purchase
91 agreement (“PPA”) pricing is commensurate with water being available out of the faucet
92 at your home, or not.

93 **Q. Why is it important for a QF not to renegotiate a contract every seven years?**

94 A. In addition to the reasons above, frequent renegotiations would harm our ability to make
95 long-term plans that rely upon stable prices. Entering into a standard power purchase
96 agreement every seven-years would be extremely challenging, and would subject the
97 Districts to unnecessary costs, risks, harm, and even the re-opening of interconnection
98 agreements. Changing the standard price and contract threshold to a lower level, thereby
99 requiring the Districts to negotiate pricing and contracts every seven years would be
100 unmanageable at best. The Districts should not be subjected to perpetual and wasteful
101 negotiation that would ultimately harm their end-users who depend upon reliable water
102 service.

103 **III. ROCKY MOUNTAIN POWER’S AVOIDED COST PRICE REDUCTION**

104 **Q. Are you an expert in QF pricing?**

105 A. No. I am speaking as the General Manager of an irrigation district. I am not addressing
106 the complexities of Rocky Mountain Power’s avoided cost pricing methodology.

107 **Q. Is there anything you wish to address in Rocky Mountain Power’s filing?**

108 A. I understand that Rocky Mountain Power is proposing to not pay hydroelectric facilities
109 like mine a full capacity payment because it is planning on acquiring new wind resources
110 rather than new baseload (including) hydroelectric facilities.

111 I have nothing against wind facilities; however, Wyoming should support its local
112 and operating facilities that can provide reliable electricity and not just new wind
113 facilities. Our facility can provide Rocky Mountain Power and its ratepayers with
114 significant benefits, and Rocky Mountain Power should purchase our energy and capacity
115 before building new generation.

116 **IV. CONCLUSION**

117 **Q. Does this conclude your direct testimony?**

118 A. Yes, it does.