

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: the Application
of Rocky Mountain Power for
Approval of Changes to Renewable
Avoided Cost Methodology for
Qualifying Facilities Projects
Larger than Three Megawatts

Docket No. 12-035-100

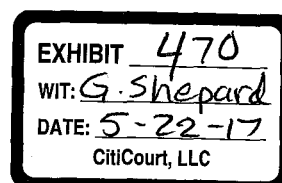
HEARING

TAKEN AT: Heber M. Wells Building
160 East 300 South, Room 451
Salt Lake City, Utah 84111

DATE: Thursday, June 13, 2013

TIME: 12:00 p.m.

REPORTED BY: Michelle Mallonee, RPR



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APPEARANCES

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RON ALLEN, Chairman

THAD LEVAR, Commissioner

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Hearing 06/13/13

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Hearing
June 13, 2013
PROCEEDINGS

THE HEARING OFFICER: We are going on the record. Good afternoon, Ladies and Gentlemen. This is the time and place duly noticed for the public witness hearing in the matter of Docket No. 12-035-100, which is the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger Than Three Megawatts.

My name is David Clark. I'm one of the three commissioners of the Public Service Commission of Utah. To my left is Commission Chairman Ron Allen. To his left is Commissioner Thad LaVar.

An evidentiary hearing was held in this proceeding on June the 6th. Our purpose today is to hear from members of the public regarding the application. And as we begin, if you desire to participate, you should have signed a sign-up sheet that Ms. Cheryl Murray of the Office of Consumer Services has been kind enough to maintain for us.

Has anyone who desires to participate not signed the list? Thank you.

And for those of you unfamiliar with Commission proceedings, in this public witness format, there are two ways for you to participate. You are welcome to offer a statement.

1 avoided carbon costs and avoided fuel volatility costs.

2 "As Park City continues our efforts to forestall the
3 threat of climate change, we respectfully implore the
4 Commission and Utah's utilities to take climate change into
5 serious consideration as they continue to examine issues in this
6 docket. Thank you."

7 THE HEARING OFFICER: Thank you, Mr. Poulson.

8 Questions for Mr. Poulson?

9 You are excused. Thank you very much.

10 Greg Shepard. Please raise your right hand.

11 Do you solemnly swear that the testimony you are
12 about to give shall be the truth, the whole truth, and nothing but
13 the truth?

14 MR. SHEPARD: Yes, I do.

15 THE HEARING OFFICER: Thank you. Please be
16 seated.

17 GREG SHEPARD, having been first duly sworn,
18 testified as follows:

19 TESTIMONY

20 MR. MCDONOUGH: Would you please state your
21 full name for the record and spell your last name, Mr. Shepard.

22 MR. SHEPARD: It's R. Gregory Shepard,
23 S-H-E-P-A-R-D.

24 MR. MCDONOUGH: And are you appearing here
25 today on behalf of anyone other than yourself?



1 MR. SHEPARD: I'm representing Ra Power 3,
2 which is a renewable energy company, specializing in solar and
3 biomass energy.

4 MR. MCDONOUGH: Do you have a statement you'd
5 like the Commission to consider in this docket?

6 MR. SHEPARD: Yes, I do.

7 THE HEARING OFFICER: Just before you begin,
8 would you state the name of the company?

9 MR. SHEPARD: Ra Power 3. RA is the Egyptian
10 sun god. So we don't put R-A-W, it's R-A.

11 THE HEARING OFFICER: Thank you.

12 MR. SHEPARD: If I were to ask a thousand people
13 at random here in Utah if you'd like clean, renewable energy, I
14 would imagine all thousand people would say, "Yes, we'd like to
15 have renewable energy." But if I ask those thousand people,
16 "Would you be willing to pay twice as much for it," almost all
17 hands would go down. And that's the conundrum we face.

18 Now, we're a company that produces solar and
19 biomass energy. And this, by the way, is the first public
20 statement that we've made.

21 There are three things that have to take place to
22 solve this conundrum. First is you have to have a low cost of
23 installation. And we figured out a way to have an unbelievably
24 low cost of installation. It is far, far lower than any other
25 renewable energy company out there. In fact, it's far lower than

1 coal.

2 The other thing that you have to have is a very low
3 cost of operation. And so our cost of operation is far, far lower
4 than any other renewable energy company, and far lower than
5 Rocky Mountain Power's Intermountain Coal Project out in
6 Delta.

7 The third thing you have to have is the ability to
8 mass produce. You have to have the ability to mass produce all
9 of your components; otherwise, it doesn't make much difference.
10 For example, on a wind tower, the big turbines that you need to
11 run those--it can be up to two megawatts. Well, their cost is a
12 million, maybe as high as \$2 million for that turbine.

13 We have over 60 patents. One of those centers
14 around turbines. So we have a Salt Lake company right here in
15 our county that's making our turbines that can make two
16 megawatts of our turbines for less than \$10,000. That's our
17 cost. That is a staggering difference.

18 So what I'm going to bring to you today is that there
19 is no need to raise prices. We're doing projects right now--in
20 fact, we've signed--we have a verbal commitment, which is going
21 to made public here very soon, with a large company here in
22 Salt Lake County, for 5 cents a kilowatt hour. Five cents. They
23 said we had to do it less than what Rocky Mountain Power is
24 charging. We said fine.

25 And then they said, "Well, what about an

1 increase?" Because Rocky Mountain is going to increase at the
2 rate of a half a cent a kilowatt a year.

3 I said, "Well, we'll do a little better than that. We'll
4 do a 10th of a penny every year."

5 So next year, it will be 5.1 cents a kilowatt hour.

6 Now, we've got enough property to do massive
7 amounts of energy right now. We're doing projects right now.
8 We have thousands and thousands of acres, the ability to do
9 thousands and thousands of megawatts. We're a debt-free
10 company. We have millions in inventory, and we're building
11 those projects right now. It will be in an incredible boon to the
12 state of Utah and to our country.

13 We have a number of foreign countries that are
14 interested. For example, some Middle East companies want to
15 do business. The reason is because they take oil and burn it to
16 make their power. They don't want to do that. They'd rather sell
17 the oil to us. That's their motivation. So we're going to build
18 thousands of megawatts over in the Middle East.

19 And we just don't do a couple thousand hours when
20 the sun shines. We do 24/7 power so that you can have energy,
21 renewable energy, all day long and all night long for a very low
22 price so that our state of Utah people and businesses won't
23 have to pay any more than they're paying right now.

24 All right. So I know that's pretty volatile stuff. I'm
25 available to answer specific questions, if you have them. I'd be

1 we'll be off the record. As I mentioned earlier, the
2 commissioners will remain available to receive witnesses until 5
3 o'clock.

4 And are there any other matters that we need to
5 consider before we adjourn, or at least continue this in the
6 event that someone appears. All right. Thank you, then, we're
7 adjourned, subject to some other person coming and desiring to
8 make a statement. Thank you all for your participation today.

9 (The written record concluded at 1:32 p.m.)

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CERTIFICATE

State of Utah)

ss.

County of Salt Lake)

I, Michelle Mallonee, a Registered Professional Reporter in and for the State of Utah, do hereby certify:

That the proceedings of said matter was reported by me in stenotype and thereafter transcribed into typewritten form;

That the same constitutes a true and correct transcription of said proceedings so taken and transcribed;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action, and that I am not interested in the event thereof.

Michelle Mallonee, RPR, CSR