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Attorneys for Juhl Energy, Inc.

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF the Complaint by Juhl Energy, Inc., against NorthWestern Corporation d/b/a North Western Energy for Establishing a Purchase Power Agreement	PREFILED DIRECT TESTIMONY OF COREY JUHL Docket No. EL16-0212016
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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

A. My name is Corey Juhl. My business address is 1502 17th Street SE, Pipestone, Minnesota, 56164.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am the Vice President of Project Development for Juhl Energy, Inc. ("Juhl"). Juhl Energy is a developer, owner, and operator of commercial wind energy projects throughout the Midwest. Juhl has completed 24 utility scale wind projects since 1998 with projects representing 358 megawatts located in Minnesota, Iowa, Nebraska, Ohio and South Dakota.

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION, BACKGROUND AND EXPERIENCE.

A. I have been involved in the wind industry since 2002 when I helped construct the 18MW Community Wind Project in Minnesota known as DanMar I. Since then I have been intimately involved in several aspects of project development including: permitting, working with landowners, collecting and analyzing wind resource information, micro-siting, negotiating power purchase agreements and other contracts, as well as coordinating responses for various requests for proposals. I graduated from South Dakota State University in Brookings, South Dakota in 2006.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony is foundational testimony to describe the Juhl Projects in this proceeding and to describe the course of negotiations.

Q. WHAT ARE THE JUHL PROJECTS FOR WHICH JUHL SEEKS THE ESTABLISHMENT OF LONG-TERM AVOIDED COSTS IN THIS PROCEEDING?

A. Juhl requests that the South Dakota Public Utilities Commission (“Commission”) establish an avoided cost for three Juhl wind projects to NorthWestern Energy (“NWE”) pursuant to the Public Utility Regulatory Policy Act of 1978 (“PURPA”). Each of the three Juhl wind projects are “qualifying facilities” or “QFs” as that term is defined in PURPA. The Juhl projects for which it seeks an avoided cost determination are known respectively as the Brule, Aurora, and Davison projects (collectively “the Projects”). The Projects will each have a delivered nameplate capacity of 20 megawatts (“MW”) or less. I anticipate that the Projects will

each have a commercial operation date as early as December 31st 2017, or as late as the end of December 2018.

Q. WHAT ARE THE LOCATIONS AND OF EACH OF THESE PROJECTS?

A. The legal descriptions of the location of the Projects are as follows:

- (a) Brule County Wind: SEC 12, 13, & 24 of Kimball Township - Brule County, SD.
- (b) Aurora County Wind: SEC 17, 18, 19, & 20 of Eureka Township – Aurora County, SD
- (c) Davison County Wind: SEC 7, 8, 9, & 12 of Beulah Township – Davison County, SD

The Projects are each located within NWE’s service territory.

Q. WHAT IS THE STATUS OF YOUR RIGHTS TO THE LAND UPON WHICH THE PROJECTS ARE LOCATED?

A. Juhl has secured the necessary real property rights needed to complete the Interconnection Application under Northwestern Energy’s Small Generator Interconnection requirements. All land required to construct and operate the projects is or will be secured via long term land lease.

Q. HAS JUHL SELF-CERTIFIED ITS QF PROJECTS UTILIZING FERC FORM 556?

A. Yes. A copy of the FERC Form 556 for each of the Projects were attached to Juhl’s Complaint in this Docket and are hereby incorporated by reference herein for all purposes. *See* Exhibit 1, thereto. Juhl has previously provided copies of the FERC Form 556 for each of the Projects to the Commission and NWE.

Q. WHAT IS THE INTERCONNECTION STATUS OF EACH OF THE PROJECTS?

A. All three projects have completed the Facilities Study stage of the interconnection process as of March 25th, 2016. At that time, Juhl was told by Northwest Staff via email that a

draft Small Generator Interconnection Agreement, together with the draft appendices completed to the extent practicable would be send to Juhl, by Monday, April 18, 2016. On April 20th, 2016 Juhl was told by Northwestern Energy staff via email that NorthWestern has been in discussions with SPP (“Southwest Power Pool”) regarding the interconnection of the three projects and that SPP is reviewing the study work for the three interconnection requests to make sure they have nothing additional that will be required before NorthWestern enters into interconnection agreements with the projects. On May 18th, 2016 Juhl staff was invited to attend a teleconference call between Northwestern Energy, and SPP to discuss the interconnection requests and results for the three projects. During that call Juhl was made aware that SPP would now be requiring that the three projects submit \$10,000.00 per project and detailed engineering information in order to initiate an “Affected Systems Study” with SPP which could take up to an additional 120 days to complete. As of today, we are in the process of assembling and submitting the detailed engineering requirements and preparing to send to SPP a total deposit amount of \$30,000.00 for all three projects.

Q. WHAT IS THE HISTORY OF NEGOTIATIONS BETWEEN THE PARTIES AND WHAT IS JUHL’S AVOIDED COST PROPOSAL IN THIS PROCEEDING?

A. Juhl and NWE began to communicate about a power purchase agreement (“PPA”) for the Juhl Projects in early October of 2015. *See* Exhibit 3 to Juhl’s Complaint, which is hereby incorporated herein by reference. Juhl and NWE exchanged avoided cost information during the Winter and into early Spring of 2016, with both sides exchanging proposals based on different approaches to avoided cost. *See* Exhibits 4-10 to Juhl Complaint, which is hereby incorporated herein by reference. Juhl’s Complaint also provided a summary of NWE’s various avoided cost proposals which changed sporadically and significantly over time. *See* Exhibit 11,

which is hereby incorporated herein by reference. Ultimately, Juhl offered to NWE the avoided cost proposal based on a differential revenue requirement analysis Juhl’s expert Roger Schiffman performed using PROMOD IV™. Mr. Schiffman’s analysis is set forth in Table 1, which constituted Juhl’s last, best offer to NWE:

Table 1 – Summary of Juhl Energy Avoided Cost Projections

Differential Revenue Requirement Levelized Avoided Cost - NPV @7.24% (\$/MWh)	\$47.29
CO2 Compliance Cost Incremental Impact (\$/MWh)	\$11.63
Adjusted Avoided Cost, with CO2 (\$/MW)	\$58.92
Capacity Value of Juhl Projects	\$1.78
Total Levelized Avoided Cost, with CO2 and Capacity Value (\$/MWh)	\$60.70

On April 5, 2016, Mr. Bleau LaFave of NWE and I discussed in a conference call after exchanging our final proposals that Juhl and NWE were too far apart in their respective avoided cost proposals and that the Commission should resolve their differences on the appropriate avoided cost rate. It is clear to me that Juhl and NWE disagree over the proper method and estimate of “full avoided costs” for the three Juhl wind projects, and Juhl (and apparently, NWE) believe that negotiations have hit an impasse on these issues, and that Commission resolution of these disputes is required.

Q. WHAT IS THE STATUS OF YOUR CONTRACT NEGOTIATIONS WITH RESPECT TO NON-PRICE TERMS?

A. Juhl and NWE exchanged multiple draft contract language during the last weeks of March and early April. Although no final agreement has been reached, I expect that Juhl will reach final agreement with NWE on the specific contract language soon, and I do not anticipate that the non-rate contract terms will prevent an agreement at this juncture.

Q. WHAT IS JUHL'S REQUESTED RELIEF IN THIS PROCEEDING?

A. Consistent with Mr. Schiffman's prefiled direct testimony, Juhl requests a levelized rate of \$60.70 per megawatt hour over the term of 20 years. Juhl also requests a procedural schedule on an expedited basis so as to not forego any potential benefits to NWE's South Dakota ratepayers, including the benefits of any tax credits that might otherwise flow to the Project thereby reducing NWE's cost of power to its ratepayers.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

RESPECTFULLY SUBMITTED this 29th Day of July, 2016.

Uda Law Firm, P.C.

By: 

Michael J. Uda
Attorney for Juhl Energy, Inc.