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2 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

3 **PRE-FILED DIRECT TESTIMONY OF**

4 **THOMAS R. FAIR**

5 Sierra Pacific Power Company

6 Second Amendment to its 2007 Integrated Resource Plan

7 DOCKET NO. 08-_____

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10 1. **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS**
11 **ADDRESS?**

12 A. My name is Thomas R. Fair. My business address is 6226 West Sahara
13 Avenue, Las Vegas, Nevada 89146.

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15 2. **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

16 A. I am the Executive, Renewable Energy for Sierra Pacific Power Company
17 (“Sierra”) and Nevada Power Company (“Nevada Power”) (collectively
18 referred to as the “Companies”). I am responsible for renewable energy
19 development and procurement for the Companies. Prior to my present position
20 as Executive, Renewable Energy, I served as Director, Environmental Services
21 for the Companies.
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24 3. **Q. WOULD YOU PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL**
25 **BACKGROUND AND EMPLOYMENT EXPERIENCE?**
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A. I hold a Bachelor of Science Degree in Architecture from the University of Cincinnati, a Masters Degree in Urban Planning from the University of Michigan, and a Masters Degree in Business Administration from the University of Miami. My employment experience consists of 34 years in the electric power industry, including five years developing renewable energy projects. I served as the Vice President of Environmental Affairs at Niagara Mohawk Power Corporation and Director of Environmental Affairs at Florida Power & Light Company. In addition, I served as Project Coordinator for Florida Power & Light Company and Project Manager and Manager of Environmental Planning at Gilbert-Commonwealth Associates, an Architect-Engineer firm. I also served as Staff Assistant to the Assistant Secretary for Water and Science at the U.S. Department of the Interior, under the President's Executive Exchange program.

My educational background and employment experience are more fully described in Exhibit Fair-Direct-1, Qualifications of Thomas R. Fair.

4. **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. I am supporting portions of the Second Amendment to Sierra's 2007 Resource Plan that relate to the Carson Lake Geothermal Power Project ("Carson Lake Project" or "Project") and the related power purchase agreement ("PPA") for Sierra's purchase of energy, excluding portfolio energy credits ("PCs"), from Nevada Power associated with Nevada Power's 50% ownership interest in the

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Project ("New Related PPA"). Mr. Charles A. Pottey is sponsoring the transfer pricing methodology for the New Related PPA.

5. **Q. PLEASE DESCRIBE THE CARSON LAKE PROJECT.**

A. The Carson Lake Project is a planned geothermal generating facility. Nevada Power requested and received Public Utilities Commission of Nevada ("Commission") approval of a PPA with the project developer in the First Amendment to the 2006 Resource Plan designated as Docket No. 06-10021. The project developer is ORNI 16 LLC ("Ormat"), a subsidiary of Ormat Nevada Inc. ("ONI"). As originally approved by the Commission, the Carson Lake Project was a 31.5 MW nameplate, 24 MW nominal net capacity facility. Ormat is planning to expand the size of this facility to approximately 40 MW net. Nevada Power's request for Commission approval to enter into a Joint Ownership Agreement ("JOA") with Ormat for a 50% ownership interest in the Project will be filed with the Commission as part of the Seventh Amendment to its 2006 Resource Plan.

6. **Q. WHY DID SIERRA AND NEVADA POWER EXECUTE THE NEW RELATED PPA?**

A. Sierra and Nevada Power executed the New Related PPA because the geothermal generating facility is physically located in Sierra's control area and there is currently no direct transmission link between the Sierra and Nevada Power control areas that would allow Nevada Power to transmit the power to

1 its own control area. Under the New Related PPA, Sierra will purchase from
2 Nevada Power the energy, excluding PCs, associated with Nevada Power's
3 50% ownership interest in the Project. Upon the completion and commercial
4 operation of a North-South Intertie with sufficient available capacity between
5 the Sierra and Nevada Power systems, either company may decide to terminate
6 the Related PPA. At that time, the output of the Project will be delivered to the
7 Nevada Power control area. The pricing methodology for the purchase of the
8 energy is supported in Mr. Pottey's Pre-Filed Direct Testimony in this docket.
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11 **7. Q. IS THE EXISTING RELATED PPA FOR THE CARSON LAKE**
12 **PROJECT PROPOSED TO BE MODIFIED?**

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14 A. No. The Existing Related PPA that provides for Sierra's purchase of energy,
15 excluding PCs, from Nevada Power associated with Nevada Power's PPA with
16 Ormat for its 50% ownership interest in the Project will remain in effect per
17 the terms of the PPA.
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20 **8. Q. PLEASE SUMMARIZE SIERRA'S REQUEST TO THE COMMISSION**
21 **REGARDING THE CARSON LAKE PROJECT.**

22 A. Sierra is requesting approval of the New Related PPA that provides for its
23 purchase of energy, excluding PCs, from Nevada Power associated with
24 Nevada Power's 50% ownership interest in the Project.
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9. Q. IS NEVADA POWER REQUESTING CONFIDENTIAL TREATMENT OF CERTAIN INFORMATION RELATED TO THE DEVELOPMENT OF RENEWABLE ENERGY?

A. Yes. The portions of the New Related PPA specific to the supply table amounts contain commercially sensitive and/or trade secret information that derives independent economic value from not being generally known.

10. Q. FOR HOW LONG DOES NEVADA POWER REQUEST CONFIDENTIAL TREATMENT?

A. The requested period for confidential treatment is for no less than seven years.

11. Q. WILL CONFIDENTIAL TREATMENT IMPAIR THE ABILITY OF THE COMMISSION'S REGULATORY OPERATIONS STAFF ("STAFF") OR THE NEVADA ATTORNEY GENERAL'S BUREAU OF CONSUMER PROTECTION (THE "BCP") TO FULLY INVESTIGATE THIS SECOND AMENDMENT?

A. No, in accordance with the accepted practice in Commission proceedings, the confidential material will be provided to Staff and the BCP under standardized protective agreements with them.

12. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

QUALIFICATIONS OF WITNESS

THOMAS R. FAIR

In February 2006, I was appointed Executive Renewable Energy for Nevada Power Company and Sierra Pacific Power Company. In October 2004, I was named Director Environmental Services for Nevada Power Company and Sierra Pacific Power Company.

My career consists of 34 years in the electric power industry, including three electric utility companies. Prior to joining Sierra Pacific Resources, I spent five years developing renewable energy projects, initially as a Project Director at FPL Energy, and then as Development Director at Renewable Energy Systems North America, LLC. Before joining FPL Energy in 1998, I had served as the Vice President of Environmental Affairs at Niagara Mohawk Power Corporation for seven years, and earlier was Director of Environmental Affairs at Florida Power & Light Company. I joined Florida Power & Light Company in 1975 as a Project Coordinator, after working for three years at Gilbert-Commonwealth Associates, an Architect-Engineer firm, where I was Project Manager and Manager of Environmental Planning. From 1984 to 1985 I served as Staff Assistant to the Assistant Secretary for Water and Science at the U.S. Department of the Interior, under the President's Executive Exchange program.

Most of my career has focused on project development, siting, permitting and environmental compliance related to power generation and transmission facilities. I hold a Bachelor of Science Degree in Architecture from the University of Cincinnati, a Masters Degree in Urban Planning from the University of Michigan, and a Masters Degree in Business Administration from the University of Miami.

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AFFIRMATION

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I, THOMAS R. FAIR, do hereby swear under penalty of perjury the following:

That I am the person identified in the attached Prefiled Direct Testimony and that such testimony was prepared by me or under my direct supervision; that the answers and information set forth therein are true to the best of my knowledge and belief; and that if asked the questions set forth therein, my answers thereto would, under oath, be the same.



THOMAS R. FAIR

Subscribed and sworn to before me
this 20th day of March 2008.



NOTARY PUBLIC

