

NSP Advance Determination of Prudence – Geronimo Wind PPA
La Capra Associates' Responses to NSP Data Requests of September 14, 2012
Case No. PU-12-059
September 28, 2012

3. Reference page 8, line 10 of Mr. Hahn's testimony, which states, "I conclude that the PRW PPA is an "opportunity purchase" being made by NSP. This purchase is not needed for capacity, energy, or compliance with renewable energy standards or obligations for at least five years. The purchase is being made purely in anticipation of the expiration of the Production Tax Credit at the end of 2012."
- a. Does the above testimony intend to define an "opportunity purchase" generally as a "purchase not needed for capacity, energy, or compliance with renewable standards within the next five years"? If so, why is five years the appropriate timeframe? If no, please define "opportunity purchase" as used in your testimony.
 - b. Do you consider "opportunity purchases" to be *per se* unreasonable and imprudent? If so, please describe why. If not, please describe the factors that contribute to an "opportunity purchase" being reasonable and prudent.

Response:

- a. Mr. Hahn used the word "opportunity" as it was used in the Company's testimony. See the McCarten testimony on page 9 and the Haeger testimony on page 4. It is Mr. Hahn's understanding of the Company's testimony that PRW is not needed for capacity, energy, or compliance with renewable standards. Mr. Hahn believes that a five year horizon for assessing wind purchases is appropriate because it exceeds the development cycle of wind projects. For example, the Company's 2010 RFP identified projects that could achieve commercial by the end of 2012, or in about 2.5 years.
- b. Mr. Hahn does not consider an "opportunity purchase" to be *per se* unreasonable or imprudent. Each such opportunity would have to be evaluated based upon its own merits and specific project factors.

Responsible Witness: Richard S. Hahn

