

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
Rocky Mountain Power for a Certificate)
of Convenience and Necessity Authorizing)
Construction of the Populus-to-Terminal)
345 kV Transmission Line Project)

**REBUTTAL TESTIMONY OF
JOHN CUPPARO**

Docket No. 08-035-42

August 13, 2008

1 **Q. Please state your name, business address, and present position.**

2 A. My name is John Cupparo. My business address is 825 NE Multnomah, Portland,
3 Oregon, 97232. My present position is Vice President of Transmission with
4 PacifiCorp.

5 **Q. Did you file direct testimony in this case?**

6 A. Yes. I filed direct testimony in April 2008 at the same time that Rocky Mountain
7 Power, a division of Rocky Mountain Power (the “Company”) filed its application
8 for a certificate in this case.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. My purpose is to comment on the testimony of Dr. Joni S. Zenger, the witness for
11 the Division of Public Utilities (“Division”), to comment on the limited aspects of
12 the Evaluation and Position Statement filed by the Committee of Consumer
13 Services (“Committee”), and to respond to the testimony of Ms. Nancy Kelly, the
14 witness for Western Resource Advocates (“WRA”).

15 **COMMENTS ON TESTIMONY OF DR. ZENGER**

16 **Q. Please comment on the testimony filed by Dr. Zenger on behalf of the**
17 **Division.**

18 A. I will not address her testimony in detail because I agree fundamentally with her
19 analysis and agree with her conclusion that an order granting the certificate should
20 be issued by the commission. On behalf of the Division, Dr. Zenger recommends
21 that the Company’s application for a certificate to build the proposed Populus-to-
22 Terminal transmission line be granted, subject to two additional recommendations
23 that I discuss below.

24 Dr. Zenger focuses on some factors in addition to the factors I addressed
25 in my direct testimony. She has, in my opinion, correctly and thoroughly
26 described several reasons why it is essential that the Company build additional
27 transmission capacity into northern Utah. Consistent with the Commission's
28 Scheduling Order, Dr. Zenger has not discussed siting of the line nor has she
29 undertaken an analysis of whether the line is the right size. As the Commission
30 noted in its Scheduling Order, siting is not an issue within the scope of a
31 certificate proceeding like this one. (Commission Scheduling Order, May 20,
32 2008, at page 1). The Commission also defined the scope of the proceeding in
33 this manner: "This proceeding is to determine if present or future public
34 convenience and necessity does or will require construction of a transmission
35 line." Consistent with the Commission order, Dr. Zenger focused on the only
36 question relevant to this proceeding: whether there is a need for additional
37 transmission facilities from Idaho into Utah. The Company is not asking for a
38 prudency review of the line for ratemaking purposes and the Division has not
39 engaged in such an analysis (nor did the Committee). Prudency and the
40 ratemaking impact of the transmission facility is a question for another day and
41 another proceeding. That is why the question of sizing the facility is not an
42 appropriate question for this docket.

43 **Q. Please comment on Dr. Zenger's analysis and whether you agree with it.**

44 A. Dr. Zenger focused directly on whether "the present or future public convenience
45 and necessity does or will require the construction of a transmission line."

46 Dr. Zenger's analysis, consistent with my direct testimony, demonstrates
47 conclusively that the answer to that question is "yes."

48 Among other things, Dr. Zenger noted the 2007 IRP includes the
49 construction of a 300 MW Path C upgrade. "Path C" is a term that encompasses
50 all of the current transmission facilities that run north to south in Utah from Idaho.
51 Thus, as she notes, all portfolios of the IRP include the addition of Path C
52 transmission capacity. She also notes the importance of this upgrade to deliver
53 energy from renewable sources (especially the Wyoming wind facilities) to
54 customers.

55 Dr. Zenger correctly notes the DOE reports of heavy congestion on the
56 Wyoming to Northern Utah facilities and that, with predicted load growth, the
57 congestion will only worsen. She further notes the expression of Western
58 Governors that a "strong and resilient transmission and distribution grid" is
59 critical and that grid expansion should be undertaken in an environmentally
60 responsible manner. She also notes a report of the Transmission Task Force of
61 the Western Governors' Association calling for expanding transmission *in*
62 *advance* of generation.

63 In light of these clear policies, plus population growth in Utah and load
64 growth predictions, Dr. Zenger notes that the Company's effort to expand its
65 transmission capability through the Energy Gateway project is beneficial to the
66 Company's customers and finds that there is a current and future need for
67 expanded transmission capacity on the Path C route. In light of that, she finds
68 that the public welfare will be "inconvenienced" if no action is taken, that the

69 transmission line will enable the delivery of renewable energy, that the line will
70 enhance reliability, all of which is beneficial to the current and future convenience
71 and necessity of the Company's Utah customers.

72 In my view, Dr. Zenger presents a compelling case supporting Rocky
73 Mountain Power's position that there is a current and future need for the new
74 transmission capacity and that the certificate should, therefore, be granted.

75 **Q. Please comment on the two additional Division recommendations.**

76 A. The first recommendation is that the Company "file quarterly updates with the
77 Commission comparing the progress of the project with milestones, including
78 both construction and budgetary milestones." Dr. Zenger suggests that the first
79 such report serve the purpose of a proposed report which the parties can comment
80 on. The Company agrees with this recommendation and is willing to work in
81 advance with the Commission, Division, and Commission to develop a report
82 format that will work for the parties and the Commission.

83 The second recommendation is that the Company be required, in advance
84 of a prudence review of the Populus-to-Terminal project, to include this project in
85 its current IRP and submit a report detailing the results to the Commission prior to
86 a request by the Company for cost recovery. While the Company believes that
87 such a prudence review is best left for a future rate case, it is nonetheless willing
88 to submit a separate report to the Commission and notes the current IRP, updated
89 and submitted on June 11, 2008 includes the 1,400 MW Path C upgrade as a
90 component included in the full Energy Gateway program.

91

92 **COMMENTS ON COMMITTEE’S EVALUATION AND POSITION STATEMENT**

93 **Q. Please comment on the Committee’s evaluation and position statement.**

94 A. The Company certainly agrees with the Committee’s conclusion that the Populus-
95 to Terminal line complies with section 54-4-25 and will serve the public interest.

96 The bulk of the Committee’s position statement raises legitimate legal
97 questions that are beyond the scope of my testimony and expertise. However, I
98 am authorized to state on behalf of the Company that, while the Company has not
99 fully analyzed the legal contentions of the Committee’s position statement, it
100 agrees that greater clarity regarding the certification process for specific new
101 facilities would be in the interest of both utilities and regulators. The Company
102 will participate in a separate rulemaking process or a discussion of statutory
103 changes that will add the needed clarity. However, given the limited scope of this
104 proceeding, and the fact that many other utilities and other parties would have an
105 interest in such changes, the consideration of certification standards should be
106 undertaken separately from this docket.

107 **RESPONSE TO THE TESTIMONY OF MS. KELLY**

108 **Q. What is your general reaction to the position taken by Ms. Kelly?**

109 A. I have two general reactions. The first is that it represents an effort by WRA to
110 expand the scope of this docket far beyond the issue before the Commission,
111 which is whether the Company should obtain certification, on the basis of current
112 and future need, to build additional transmission capacity from southern Idaho
113 into Utah. Second, the result of WRA’s recommendation would turn this docket
114 into a full-blown prudency analysis of every aspect of the Populus-to-Terminal

115 project and, even more broadly, the Energy Gateway Transmission project. All
116 one needs to do is to look at all of the additional items that Ms. Kelly
117 recommends must be analyzed in this docket (see Ms. Kelly's Direct, page 7,
118 lines 2-12). While this analysis may be relevant in a prudency determination, it is
119 not appropriate for a certification proceeding. The commission has already
120 correctly determined that this proceeding is limited to addressing the need for the
121 transmission line. Moreover, the result in engaging in this analysis would be a
122 serious delay in a decision in this case and construction of the transmission line
123 which would cause public inconvenience and harm as explained below.

124 **Q. Why do you suggest that WRA is seeking a full prudency analysis?**

125 A. There are two reasons for my conclusion. First, the additional information and
126 analysis WRA proposes be added to the record goes far beyond the question of
127 whether additional transmission capacity is needed from Idaho into Utah. For
128 example, both Dr. Zenger and I commented on the urgent reliability issues
129 associated with strengthening the Company's power grid through additional
130 transmission capacity, yet Ms. Kelly wants an analysis of "what portion of the
131 line is needed by PacifiCorp's retail and wholesale customers and how much will
132 be available for use by others." Such information may ultimately be important in
133 either a prudency review or in the rate design determination in a rate case, but is
134 has nothing to do with need associated with reliability. As I noted in my direct
135 testimony and as I discuss below, a major factor in the decision to build the
136 Populus-to-Terminal line is increased reliability. If, in a worst-case scenario, the
137 failure to build additional transmission facilities ultimately increases the risk of

138 system outages, it will not matter whether the customer is a retail or wholesale
139 customer: an outage will affect both customer classes. All of the other
140 information that WRA feels should be addressed in this proceeding goes to
141 prudence. For example, WRA's request for "a complete assessment of all
142 alternatives considered by the Company" is a prudence question that goes to
143 whether the Company could have met the need for transmission upgrades in a
144 different or more cost effective manner. The Company believes strongly that its
145 decision to build this transmission line will serve its needs for a ten-year planning
146 horizon and is the most prudent action it can take at this time. The Company will
147 be prepared to defend its decision in the appropriate docket.

148 **Q. Do you have another reason to conclude that WRA is seeking to engage in**
149 **full prudence review?**

150 A. Yes, and I reach that conclusion because Ms. Kelly's testimony is clear that WRA
151 wants to turn this docket into a full prudence review. In footnote 5, Ms. Kelly
152 states: "If the Company receives approval for this line, it will spend hundreds of
153 millions of dollars for a project that may turn out not to have been the best option
154 and could have environmental consequences. *Such a situation should be avoided,*
155 *rather than waiting until a rate case for an after-the-fact determination.*"
156 (Emphasis added). In other words, WRA wants to delay this docket by several
157 months or longer to review a host of other data, for the sole purpose of doing the
158 kind of prudence analysis that takes place in a rate case.
159 In an ideal world, the Company would know in advance of building that it will be
160 allowed full rate recovery for its investments in facilities, but the Company knows

161 that that is not the way it typically works in the real world of regulation. Ms.
162 Kelly neither cites legal authority for the proposition that the Commission should
163 make such an up-front prudency determination nor does she present either
164 evidence or legal authority that such a review is proper in a certificate proceeding
165 like this one. The Company recognizes that it is taking a risk in building the
166 facilities in advance of a decision on rate recovery, but, at the same time, the
167 Company is confident that it is making a conservative, prudent decision in the
168 long term best interest of its customers to build this facility now and at the
169 capacity it has chosen. But these are not questions that can be resolved now
170 without incurring significant reliability risk due to project delays.

171 **Q. Are there other aspects of WRA’s effort to broaden the scope of this docket**
172 **that you wish to comment on?**

173 A. Yes. I find WRA’s position to be curious from two other perspectives. First, you
174 would conclude based on Ms. Kelly’s testimony that the Company had provided
175 no justification for building additional transmission capacity from Idaho into
176 Utah. Yet my direct testimony addresses that issue from several perspectives.
177 But instead of challenging the facts that I raised in my direct testimony, WRA
178 chooses to dismiss them because the testimony was short and to the point. The
179 reason the testimony is short is simple. There is a clear current and future need
180 for the additional transmission capacity and it does not require hundreds of pages
181 of testimony to demonstrate so obvious a fact.

182 Second, Ms. Kelly suggests in her footnote 5 that the line may have
183 “environmental consequences,” without bothering to identify what they are or

184 why they are relevant to whether there is a need for additional transmission
185 capacity. She has done nothing to show that these amorphous and undisclosed
186 environmental concerns override the analysis of need or that such considerations
187 are even relevant under the statute governing certificate requests. But, just as
188 importantly, her testimony, instead of being fact-based on this issue, is based
189 solely on unsubstantiated innuendo. I can state categorically that the Company, in
190 its planning and building of the line, intends to comply with all relevant
191 environmental laws, and WRA has not provided a single fact to the contrary.
192 Finally, the WRA does not rebut my testimony, which is supplemented by facts
193 presented by Dr. Zenger, that this transmission capacity is critical to the
194 Company's ability to deliver power from renewable sources of energy, in
195 particular the Company's wind facilities that are being built in Wyoming. These
196 objectives directly align with the WRA's stated mission to facilitate the growth of
197 renewable energy sources. It is certainly strange that WRA would be such a
198 strong advocate for building facilities to create efficient renewable sources of
199 energy and then attempt to stand in the way of authorizing the Company to build
200 the very transmission facilities necessary to deliver that energy to customers.

201 **Q. Please outline the reasons the Populus-to-Terminal transmission line will**
202 **benefit Utah customers of the Company.**

203 A. There are numerous reasons why the Populus-to-Terminal transmission line will
204 benefit customers. I will briefly focus on three of them.
205 First, Path C—the current transmission facilities from Idaho into Utah—is a
206 critical corridor to bring energy into the PacifiCorp system especially during peak

207 demand or for providing backup for generating/transmission outages in Utah. But
208 Path C is now highly constrained today due to lack of parallel transmission lines
209 required to meet reliability standards required by the North American Electric
210 Reliability Corporation and the Federal Energy Regulatory Commission. Path
211 C's capacity cannot be increased without additional infrastructure to carry more
212 energy along the existing path. Operational events in the Wasatch Front have
213 demonstrated that Path C is subject to limitations that can result in outages. For
214 example, on three occasions in the fall of 2007 demand schedules on Path C had
215 to be limited. The result was curtailments of schedules, curtailments of
216 interruptible loads and generation curtailments in order to decrease loading across
217 Path C. All of these events occurred during periods of heavy flow northbound on
218 Path C. The ability to recover from such system disturbances was severely
219 limited due to the lack of transmission capacity. Incidents of this nature are
220 particularly concerning to the Company because they have both up front impacts
221 caused by outages and long usage term effects caused by further negative impacts
222 to the existing ratings of Path C by the Western Electricity Coordinating Council
223 ("WECC") to prevent similar events from occurring again. Any further impacts
224 on this path due to reliability criteria will not only impact load service but will
225 impact the wholesale market as a whole. Thus, expanding the transport capability
226 of Path C offers flexibility in matching resources with loads, improves
227 transmission reliability in the northern part of the transmission network and
228 access to generation reserves. Path C needs to be upgraded to support reliability
229 and peak load service, even in the absence of other transmission projects planned

230 by the Company. A simpler way of saying this is that Path C is at its capacity,
231 that reliability is at risk, and without additional transmission capacity, firm use
232 across Path C will be curtailed during reliability events and during peak periods.
233 Additionally, wholesale market use of this key path will continue to be restricted.
234 The negative consequences of inaction or delay are obvious.

235 The second reason is related to the first. Path C, even at current demand levels, is
236 highly constrained, yet the Company's load and resource studies demonstrate that
237 incremental load demand will continue to increase in northern Utah. The WECC
238 incremental load forecast for Utah is consistent with Company studies. The
239 WECC forecast indicates over 1800 MW of load growth between 2009 and 2017.
240 Given the current constraints on Path C, and totally aside from reliability issues, it
241 will be impossible for the Company to meet increasing demands without
242 substantially bolstering either its generation capacity in Utah or its transmission
243 facilities that will allow transport power from other areas into growing load
244 centers. The Company has determined, for good reasons, that of these two
245 alternatives supplementing transmission capacity through Populus-to-Terminal is
246 the best method of meeting load growth in Utah and providing flexibility for
247 integration of new generation resources both within Utah and outside of Utah as
248 required in the future. Furthermore, the Company's transmission system is
249 integrated so that the Company will have optimal flexibility to meet demand
250 wherever it occurs. Path C is part of the overall grid, and provides a path to
251 export resources as well as deliver them; for example, it is regularly used to
252 transfer energy from base load resources in Utah to the Northwest during off-peak

253 hours taking advantage of diversity of load shapes and increasing the efficiency of
254 the use of the network resource fleet available to PacifiCorp.

255 Third, the Populus-to-Terminal line will facilitate the delivery of future power
256 from wind projects in Wyoming and Idaho. By legislation, the Utah legislature
257 has set aggressive goals for renewable energy over the next few decades, and
258 accessing high capacity factor renewable resources located in Wyoming are the
259 most cost effective way to meet these goals. In order for the Company to have a
260 realistic opportunity to meet those goals, it must be able to deliver the energy
261 from the point of production to customers. This use aligns directly with the
262 WRA's mission to promote a clean energy future for the Interior West that
263 reduces pollution and the threat of global warming.

264 **Q. Does this conclude your rebuttal testimony?**

265 A. Yes.