

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Application of :
Rocky Mountain Power for a Certificate :
of Public Convenience and Necessity : Docket No. 12-035-97
Authorizing Construction of the :
Sigurd-Red Butte No. 2 :
345 kV Transmission Line :

**REBUTTAL TESTIMONY OF
MARSHALL R. EMPEY
ON BEHALF OF
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS**

JANUARY 18, 2013

1 **BACKGROUND OF WITNESS**

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

3 A. My name is Marshall R. Empey. My business address is 155 North 400 West,
4 Suite 480, Salt Lake City, Utah 84103. I am currently employed as Chief
5 Operations Manager for Utah Associated Municipal Power Systems (“UAMPS”).
6 My current duties at UAMPS primarily consist of managing UAMPS Operations
7 Department, which includes, scheduling, planning, power accounting and contract
8 administration functions, managing UAMPS relationships with governmental and
9 regulatory agencies and participating in industry groups and forums, including
10 participation in rate cases and other actions before the Federal Energy Regulatory
11 Commission (“FERC”).

12 **Q. Please describe your education and business experience.**

13 A. I have a Bachelor of Science degree in Economics from Idaho State University
14 and Masters of Business Administration from Westminster College. I have
15 worked for UAMPS since 1986 in the scheduling, billing, contract administration,
16 planning and operations functions. I am currently UAMPS representative to the
17 Northern Tier Transmission Group (“NTTG”), Western Electricity Coordinating
18 Council (“WECC”), and Western Systems Power Pool (“WSPP”). Previously, I
19 have participated in Desert STAR, Grid West and RTO West and various other
20 industry restructuring groups. I have also participated in various task forces and
21 groups sponsored by the Utah Public Service Commission (“Commission” or
22 “PSC”) on industry restructuring issues.

23 **Q. Please describe the UAMPS organization.**

24 A. UAMPS is a Utah interlocal entity and a political subdivision of the State of Utah.
25 UAMPS was established in 1980, pursuant to the applicable provisions of the
26 Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Ann. (1953), as
27 amended and supplemented from time to time (the "Act"). UAMPS' current
28 members include municipalities, cooperatives, joint action agencies, and public
29 utility districts from the states of Utah, Arizona, California, Idaho, Nevada, New
30 Mexico, Wyoming and Oregon. UAMPS' purposes include planning, financing,
31 development, acquisition, construction, improvement, betterment, operation, and
32 maintenance of projects for the generation, transmission, and distribution of
33 electric energy, for the benefit of its members. Thirty-four members of UAMPS
34 are located in the State of Utah.

35 **Q. What is the purpose of your testimony?**

36 A. The purpose of my testimony is to address the direct testimony of Mr. Bela
37 Vastag from the Utah Office of Consumer Services ("OCS") regarding Rocky
38 Mountain Power's ("Company") requested Certificate of Public Convenience and
39 Necessity ("CPCN") for the Sigurd to Red Butte No. 2-345 kV transmission line
40 ("Transmission Line" or "Project"). .

41 **Q. Please summarize Mr. Vastag's testimony.**

42 A. While Mr. Vastag concludes that "the Office does not oppose the granting of a
43 CPCN in this case,"¹ and acknowledges PacifiCorp's current need for the Project
44 based on conformity with North American Electric Reliability Corporation
45 ("NERC") Standard TPL-002, he raises certain issues and concerns that need
46 explanation and clarification/correction. Specifically, Mr. Vastag raises questions

¹ Vastag, Direct Testimony p. 11, line 214.

47 on the timing of the construction of the Project, on UAMPS load forecast, and
48 possible future cost allocation of the Project.

49 **Q. What is Mr. Vastag's issue with the timing of the construction of the Project?**

50 A. Mr. Vastag appears to suggest that the construction of the Project is premature
51 based on load projections, discussed below, and the existence of local generation.
52 Mr. Vastag concludes that OCS does not oppose the granting of the CPCN based
53 on NERC requirements and relatedly the reliability of the transmission system,
54 but he fails to comprehend that providing reliable transmission service through
55 complying with these NERC reliability requirements is the primary reason for the
56 Project. PacifiCorp, UAMPS and Deseret, as well as the local distribution
57 utilities, have undertaken joint planning for the area since the early 1990's. This
58 was mandated by the Commission after disagreements on how to reliably serve
59 the area in the late 1980's. After carefully considering load forecasts, load
60 patterns, local generation and many other factors, the conclusion of this planning
61 group to reliably serve the loads in the area is the construction of the Project as
62 contemplated.

63 **Q. What is the purpose of the local generation?**

64 A. The local generation, owned by the cities of Santa Clara, St. George, Washington
65 and Hurricane, was built to provide reliable electrical service to critical loads such
66 as hospitals, police, and large commercial loads. For the most part, the cities
67 needed to make these investments due to the fact that the transmission service into
68 Washington County was not redundant and lengthy power outages had been
69 experienced and can be anticipated until more transmission is built. The local

70 generation is designed for limited load service and is not able to serve the cities'
71 entire load and can be characterized as emergency generation for power outages
72 caused by the failure of the transmission system.

73 **Q. What is Mr. Vastag's issue with the load forecast for UAMPS?**

74 A. Mr. Vastag states that "the projected average annual growth rate for UAMPS of
75 5.1% appears to be high"² and appears to come to this conclusion based on two
76 criteria: (1) comparison to the load growths from the other two load service
77 entities in Washington County and (2) the projected population growth for
78 Washington County from the Governor's Office of Planning and Budget. While
79 UAMPS does not know what criteria or methods that the other two entities utilize
80 for their load forecasts, UAMPS believes that the primary reason for the
81 difference is that UAMPS loads in the larger municipalities in the area have most
82 of the larger industrial/commercial loads and their residential loads are for the
83 most part larger and have a larger electrical usage pattern. Also, while the
84 population growth for the county may be 2.1%, we believe that a significant
85 portion of that population growth will be located in UAMPS members' load
86 service areas. Population growth is one factor that UAMPS uses, but one has to
87 recognize that the population is not spread evenly across the county and load
88 forecasts need to be more detailed on where the population will live and work.
89 Also, a major factor in the load forecast that was prepared and submitted at the
90 end of 2011 is that the municipalities that UAMPS serves had a large inventory of
91 foreclosed or empty houses and commercial building and that, if the economy
92 turned around more quickly, then our loads would increase quickly. While the

² Vastag, Direct Testimony p. 4, line 59.

93 economy has not rebounded as quickly as we believed at the time, we believe that
94 our forecast was valid at the time of its submittal.

95 **Q. Mr. Vastag states cost allocation should be considered the first time that the**
96 **Company seeks to recover any costs associated with the Project because**
97 **PacifiCorp is building the Project to provide reliable transmission service as**
98 **required by NERC. Mr. Vastag cites FERC's Order 1000 as a basis for his**
99 **position. Is cost allocation and cost recovery of the Project at issue in this**
100 **proceeding and is FERC Order 1000 pertinent in this proceeding or future**
101 **Commission proceedings?**

102 A. No, cost allocation and cost recovery of the Project are not at issue in this
103 proceeding. Additionally, FERC Order 1000 has no bearing on the Commission's
104 decision to grant the requested CPCN, and, furthermore, Order 1000 is not
105 applicable to intra-transmission provider transmission projects such as this
106 Project. As Mr. Vastag acknowledges, a cost allocation determination is not
107 included within the scope of this CPCN proceeding. UAMPS, Deseret and
108 PacifiCorp's retail function all take transmission service under FERC
109 jurisdictional network transmission agreements that have the same service and
110 rate structure. There is no provision for cost allocation to individual entities for
111 network facilities in those network agreements. We believe that Mr. Vastag is
112 bringing up cost allocation based on a misreading of Order 1000. Order 1000
113 applies to regional and interregional transmission planning and cost allocation. It
114 does not apply to intra-transmission provider transmission projects. For our area,
115 the regional entity is NTTG and in the Western Interconnection, there are three

116 other regional entities: Columbia Grid, WestConnect and the California ISO. We
117 do not believe that anything in Order 1000 has any bearing on this Project in this
118 proceeding or future proceedings before the Commission.

119 **Q. Does this conclude your testimony?**

120 **A.** Yes.