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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF ROCKY)	
MOUNTAIN POWER’S APPLICATION)	
FOR APPROVAL OF ADVANCE)	DOCKET NO. 14-035-___
AUTHORIZATION TO TRANSFER)	
SPARE TRANSFORMERS)	
PURSUANT TO A SHARING)	
AGREEMENT)	

**APPLICATION FOR APPROVAL OF ADVANCE AUTHORIZATION TO
TRANSFER SPARE TRANSFORMERS PURSUANT TO A SHARING
AGREEMENT**

Comes now Rocky Mountain Power (“RMP” or the “Company”) respectfully requesting that the Public Service Commission of Utah (the “Commission”) approve advance authorization to transfer spare transformers to other participating utility companies, if required, pursuant to a sharing agreement. In support of its Application, the Company states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power

division in the states of Wyoming, Utah, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 830,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111

3. Communications regarding this filing should be addressed to:

David L. Taylor
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201 South Main Street, Suite 2300
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In addition, Rocky Mountain Power requests that all data requests regarding this application be sent in Microsoft Word or plain text format to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Dave Taylor, Utah Regulatory Affairs Manager at (801) 220-2923.

BACKGROUND

4. On July 18, 2006, the Edison Electrical Institute (“EEI”), on behalf of the then participating utilities, filed an application with the Federal Energy Regulatory Commission (“FERC”) to gain authorization for jurisdictional public utilities to engage in the future transfers of transformers pursuant to a sharing agreement. A copy of the sharing agreement is provided as Exhibit A to this filing. On September 22, 2006, FERC approved the request and noted:

Without the Agreement, utilities would have to purchase substantially more transformers to achieve the same recovery capability incurring substantially higher costs, or experience the inherent time delay associated with finding, negotiating for, ordering, transporting, and testing a replacement transformer. Furthermore, the Agreement establishes the obligation to share spare transformers with Participating Utilities if there is a Triggering Event. Accordingly, we find that the sharing arrangement in the Agreement is prudent.¹

5. EEI’s Spare Transformer Equipment Program (“STEP”) was the result of FERC’s approval. STEP is an electric industry program that strengthens the sector's ability to restore the nation's transmission system more quickly in the event of a terrorist attack. STEP represents a coordinated approach to increasing the electric power industry's inventory of spare transformers and streamlining the process of transferring those transformers to affected utilities in the event of a transmission outage caused by a terrorist attack.

6. Under the program, each participating electric utility is required to maintain and, if necessary, acquire a specific number of spare transformers. STEP requires each participating utility to sell its spare transformers if requested to any other participating

¹ FERC Declaratory Order 116 FERC ¶ 61,280 at ¶ 39

utility that suffers a "triggering event", which is defined in section 1.1 of the sharing agreement as:

an act or coordinated acts of deliberate, documented terrorism, as defined in the Homeland Security Act of 2002, 6 U.S.C. §101(15), as the same may be amended from time to time, resulting in (1) the destruction or long-term disabling of one or more electric transmission substations, and (2) the declaration of a state of emergency by the President of the United States pursuant to the National Emergencies Act, 50 U.S.C. §1601 et seq., as the same may be amended from time to time.

7. The STEP sharing agreement, which was negotiated among more than 50 utilities through a multi-year, industry-wide consensus building process, provides each participating utility with legally-enforceable rights to access readily-available spare transformer capacity that has been committed to STEP. Should a triggering event occur, affected participating utilities are entitled to exercise call rights to acquire any of the spare transformers committed under STEP in the relevant voltage class. Unlike a voluntary mutual assistance program, these call rights are self-executing and are legally enforceable through rights to seek specific performance.

8. On December 6, 2013, the Company entered into the sharing agreement with other participating utility companies across the United States. The Company will not become a full participating member of STEP until the Company can demonstrate receipt of all required state regulatory approvals.²

9. Based on preliminary information provided by EEI, the Company believes that its obligation under the sharing agreement will be two spare transformers. The first transformer rated 500-230 kV and 193 MVA, and the second transformer rated 345-138 kV

² Spare Transformer Sharing Agreement, § 2.3 Required Regulatory Approvals

and 141 MVA. This obligation is subject to adjustment as determined by the commitment formula in the sharing agreement.³ The Company has determined that it will meet the obligation by committing existing available spare transformers that are already maintained by the Company for potential use. The commitment of the two transformers does not prohibit the Company from utilizing the equipment for its own needs so long as the spare transformers are replaced within 18 months.⁴

10. The Company has evaluated the risk of having to sell a spare transformer to another STEP participating utility and believes that the combination of committing existing spare transformers and the low probability of a triggering event occurrence result in an acceptable risk. While the Company takes steps to maintain the safety and security of its substations, it does not believe it is reasonable or economically feasible to amass a spare transformer inventory large enough to allow full system restoration following a worst case scenario terrorist attack. Furthermore, the Company's customers will benefit from the increased access to available spare transformers in the event that the Company experiences a triggering event without the added costs of significant increases in its spare transformer inventory.

11. Because the possible transfer and sale of transformers is executory, appropriate bookkeeping entries will be made at the time of any future transfer and sale of transformers. The allowable purchase price for transformer(s) transferred to a utility experience a triggering event is defined in the sharing agreement.⁵ STEP charges an annual fee, the Company would pay approximately \$5,000, to participate in the transformer

³ Spare Transformer Sharing Agreement, § 1.1 Definitions

⁴ Spare Transformer Sharing Agreement, § 3.3 Obligation to Replace

⁵ Spare Transformer Sharing Agreement, § 4.7 Determination of Purchase Price

exchange program. At this time, the Company does not seek approval of any ratemaking treatment for the sharing agreement fees and any new inventory required by the terms of the agreement.

12. In order to expedite the approval process of this Application, the Company has included both printed and electronic versions of a proposed Notice of Application.

CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission grant advance authorization to transfer spare transformers to other participating utility companies if required pursuant to a sharing agreement.

DATED this 21st day of May 2014.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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