

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 12-035-97

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
Hearing Room 403
160 East 300 South
Salt Lake City, Utah

DATE: Tuesday, March 5, 2013

TIME: 9:03 a.m.

REPORTED BY: Scott M. Knight, RPR

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APPEARANCES

HEARING OFFICER: DAVID R. CLARK

CHAIRMAN: RON ALLEN

COMMISSIONER: THAD LEVAR

FOR DIVISION OF PUBLIC UTILITIES:

PATRICIA E. SCHMID, ESQ.,

ASSISTANT ATTORNEY GENERAL

160 East 300 South, Fourth Floor

Salt Lake City, Utah 84114

FOR OFFICE OF CONSUMER SERVICES:

JERROLD S. JENSEN, ESQ.,

ASSISTANT ATTORNEY GENERAL

160 East 300 South, Second Floor

Salt Lake City, Utah 84114

FOR ROCKY MOUNTAIN POWER:

R. JEFF RICHARDS, ESQ.,

ROCKY MOUNTAIN POWER

201 South Main Street, Suite 2300

Salt Lake City, Utah 84111

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INDEX

WITNESS	Page
AARON GIBSON	
EXAMINATION	6
BY-MR.RICHARDS	
JONI S. ZENGER	
EXAMINATION	16
BY-MS.SCHMID	
BELA VASTAG	
EXAMINATION	21
BY-MR.JENSEN	

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Hearing Proceedings

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March 5, 2013

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PROCEEDINGS

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THE HEARING OFFICER: Before we go on the record, do you have any preliminary matters that counsel want to discuss? Some of you are going to present witnesses, I think.

8

The Applicant?

9

MR. RICHARDS: Yes.

10

THE HEARING OFFICER: The Division?

11

MS. SCHMID: (No audible response.)

12

THE HEARING OFFICER: The Office as well, will you be presenting a witness?

14

MR. JENSEN: (No audible response.)

15

THE HEARING OFFICER: Anyone else? All right, we'll be on the record.

17

I'm Commissioner Clark. With me is Chairman Ron Allen and Commissioner Thad LeVar. This is the time and place duly noticed for hearing in Docket No. 12-035-97 In the Matter of the Pending Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity Authorizing Construction of the Sigurd-Red Butte No. 2, 345- Kilovolt Transmission Line.

24

Let's begin with appearances of counsel.

25

MR. RICHARDS: Jeff Richards on behalf of Rocky

1 Mountain Power.

2 MS. SCHMID: Patricia E. Schmid with the Attorney
3 General's Office on behalf of the Division.

4 MR. JENSEN: Jerrold Jensen on behalf of the
5 Office of Consumer Affairs.

6 THE HEARING OFFICER: Thank you.

7 We're here today to consider the settlement
8 stipulation that's been filed. And I'm unaware of any other
9 matters to be addressed today or--and I see no other parties
10 present beyond those who are proponents of the settlement
11 stipulation.

12 Mr. Richards, how do you propose we proceed
13 today?

14 MR. RICHARDS: Thank you, Commissioner Clark.
15 I'll be calling Aaron Gibson as testimony--or as a witness in this
16 case.

17 THE HEARING OFFICER: Unless there are any
18 preliminary matters that counsel would like to raise, we'll begin
19 with the testimony of Mr. Gibson.

20 MR. RICHARDS: Okay. Thank you. Do you want .
21 ..

22 THE HEARING OFFICER: You can testify from
23 there, Mr. Gibson, if you'd like. Would you please raise your
24 right hand. Do you solemnly swear the testimony you are about
25 to give shall be the truth, the whole truth, and nothing but the

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truth?

MR. GIBSON: Yes.

THE HEARING OFFICER: Thank you.

Counsel?

MR. RICHARDS: Okay. Great.

AARON GIBSON, being first duly sworn, was

examined and testified as follows:

EXAMINATION

BY-MR.RICHARDS:

Q. Please state your name and position with Rocky
Mountain Power.

A. My name is Aaron Gibson. I'm regional
transmission community manager for Rocky Mountain Power.

Q. And what is the purpose of your testimony here
today?

A. I'll briefly give a history of events and key elements
to the stipulation entered into by the three signing parties, which
include Rocky Mountain Power, Utah Division of Public Utilities--
or Public Utilities, and the Utah Office of Consumer Services.

THE HEARING OFFICER: Mr. Gibson, would you
mind pulling that microphone a little closer to you?

THE WITNESS: Is that better?

THE HEARING OFFICER: Thank you.

THE WITNESS: I'll also confirm Rocky Mountain
Power's support of the stipulation and the Company's belief that

1 the stipulation is in the public interest.

2 BY MR. RICHARDS:

3 Q. Mr. Gibson, would you please provide a brief
4 overview of the project.

5 A. The project is a component of the Company's
6 long-term transmission plan and consists of a single 345 kV
7 transmission line that will be built between Sigurd Substation
8 located in Sevier County, which is approximately six miles
9 northeast of Richfield, Utah. And that line will extend to Red
10 Butte Substation west along--west of State Route 18 and to the
11 town of Central in Washington County, Utah.

12 Total length of the project is approximately 160
13 miles. And the alignment for the project was determined
14 through the federal NEPA process, which was--the lead agency
15 on that was the Bureau of Land Management. Forest Service
16 was also involved in the development of the environmental
17 impact statement.

18 All of the required federal, state, and local permits
19 have been acquired and construction of the project will
20 commence upon approval of the CPCN.

21 Q. Okay. And when you say all the local permits have
22 been acquired, what permits were required from local
23 municipalities or governments?

24 A. The permits that have been largely acquired to date
25 have been the conditional use permits. There are a couple of

1 zoning changes that needed to occur, but those have been
2 resolved. There's also some other permits that will be acquired
3 as--as the project moves along by the contractor, which are
4 things such as railroad crossings and road crossings.

5 Q. Okay. But all of the local--requisite local permits
6 have been acquired for the project?

7 A. Correct.

8 Q. Okay. Please provide an overview of why the
9 project is necessary.

10 A. Okay. The transmission is necessary, first of all, to
11 improve the reliability of the Company's existing transmission
12 system. Second, it's necessary to meet both short-term and
13 long-term customer demands for energy. Southwest Utah
14 transmission system--including the Sigurd to Three Peaks to
15 Red Butte No. 1 345 kV transmission line, and then the Red
16 Butte to Harry Allen 345 kV line--cannot currently provide
17 adequate, reliable service under all expected operating
18 conditions and expect future--to meet future--as well as
19 expected future customer demands.

20 Additionally, the existing 345 kV transmission line
21 between Sigurd and Red Butte substations represent the sole
22 transmission connection between major southwest Utah load
23 area and generation sources that are expected to serve this
24 customer load.

25 Today, the loss of the existing line exposes over

1 120,000 electric customers and over 125 megawatts of demand
2 to loss of supply line outages. Load growth in southwest Utah
3 has increased significantly over time, and is forecasted to
4 continue to increase, further surpassing the capabilities of the
5 existing transmission system.

6 New transmission facilities must be constructed to
7 provide reliable capacity for load service. Without the project,
8 peak load in southwest Utah cannot reliably be served during
9 transmission line outages and major substation equipment
10 contingencies.

11 The project will not only improve reliability and
12 support the future growth in southwest Utah but will also
13 improve the ability for Rocky Mountain Power--Rocky Mountain
14 Power's transmission system to transport energy into southwest
15 and central Utah and to high-growth urban areas such as the
16 Wasatch Front, as well as to the Company's eastern control
17 balancing area in general.

18 So in essence, because of the interconnected
19 nature of the transmission--of the Company's transmission
20 system, the project will benefit PacifiCorp's system on a
21 regional basis.

22 Utah's currently one of the fastest growing states,
23 and projections indicate that the growth will continue rapidly for
24 decades. Staying ahead of the expected energy demand is,
25 therefore, critical.

1 Finally, in addition to meeting customers' future
2 energy requirements, this project is key to maintaining the
3 Company's compliance with North American Electric Reliability
4 Corporation and Western Electricity Coordinating Council
5 reliability and performance standards during normal operations
6 and during certain transmission system and generation plant
7 outage conditions.

8 Q. Okay. Thank you. Please recount--
9 recount the relevant events or key events that led up to the
10 agreement that's being presented today.

11 A. Okay. On October--or on September 17th, 2012,
12 Rocky Mountain Power filed an application in accordance with
13 Utah Code in Section 54-4-25 with the Public Service
14 Commission of Utah seeking a certificate of public convenience
15 and necessity for the construction of the 345 kV transmission
16 line to be built between the existing Sigurd substation located in
17 Sevier County and the existing Red Butte substation located in
18 Washington County, Utah.

19 The application was followed by an errata filing on
20 October 22nd, 2012, by parties participating in this matter--the
21 Division of Public Utilities, the Office of Consumer Services,
22 Utah Industrial Energy Consumers, Utah Association of Energy
23 Users, and Utah Associated Municipal Power Systems, or
24 UAMPS.

25 On December 21st, 2013 (sic), the Division and

1 OCS filed direct testimony. On January 18th, 2013--actually,
2 that would have been on December 21st, 2012, that the Division
3 and OCS filed the direct testimony.

4 On January 18, 2013, Rocky Mountain Power and
5 UAMPS filed rebuttal testimony. The other parties in the docket
6 did not file testimony. Subsequent to that date, the parties
7 engaged in settlement discussion, and on February 14th, 2013,
8 the stipulation was filed with the Commission.

9 While only the Commission, the Division, and the
10 OCS have signed the stipulation, the other parties in the docket
11 have indicated that they do not oppose the stipulation.

12 Q. Okay. Thank you. Will you please provide the key
13 terms of the stipulation.

14 A. Yeah. There are four key points agreed upon by
15 the parties. Number one, the Company has obtained all the
16 required conditional use permits, franchises, and authorizations
17 from each of the local governmental entities having jurisdiction
18 over the project. Any other required consents, authorization of
19 permits from other public authorities required for the
20 construction of the project have been obtained or will be
21 obtained during the ordinary course of construction for the
22 project.

23 Two, the Company has sufficient capital to finance
24 the project and a capital structure that renders the Company
25 financially stable.

1 And three, the parties agree that the approval of
2 the CPCN is limited to a determination of the public convenience
3 and necessity of the project and that the cost allocation and rate
4 recovery are not within the scope of the application. Cost
5 allocation and rate recovery will be addressed through a future
6 regulatory process at the appropriate time.

7 And finally, four, the parties agree that the present
8 or future public convenience or necessity does or will require
9 construction of the project, and accordingly requests the
10 Commission issue an order approving the application for
11 certificate of public convenience and necessity.

12 Q. Okay. Thank you. Do you have any final
13 comments on the stipulation?

14 A. Yes. I want to thank all the parties working
15 together to reach an agreement that works for all parties. I
16 restate the Company's support for the stipulation. It was
17 negotiated in good faith by the parties to the stipulation. And I
18 believe this stipulation is in the public interest. I recommend
19 that the Commission approve the stipulation as filed. Thank
20 you. That concludes my comments.

21 THE HEARING OFFICER: Thank you, Mr.
22 Richards.

23 MR. RICHARDS: So--Commissioner Allen and
24 Commissioner Clark, that will be our only witness today.

25 THE HEARING OFFICER: And did you intend to

1 offer the errata, direct testimony, and the rebuttal in evidence?

2 MR. RICHARDS: We do, yeah.

3 THE HEARING OFFICER: And is there any
4 objection to receiving that testimony as filed--previously filed
5 with the Commission in evidence?

6 MR. JENSEN: No objection.

7 MS. SCHMID: No objection.

8 Could we go off the record for just one moment,
9 please?

10 THE HEARING OFFICER: Yes, off the record.
11 On the record, Mr. Richards?

12 MR. RICHARDS: Yeah, on the record. We'll
13 be--through our witness, Aaron Gibson, will be adopting the
14 testimony of Mr. Darrell Gerrard, who has filed--is part of our
15 filing.

16 THE HEARING OFFICER: Yes. And again, any
17 objection to receiving that testimony and the associated
18 exhibits?

19 MS. SCHMID: No objection.

20 MR. JENSEN: No objection.

21 THE HEARING OFFICER: It's received.

22 MR. RICHARDS: Okay. Thank you.

23 THE HEARING OFFICER: Anything further, Mr.
24 Richards?

25 MR. RICHARDS: Nothing further here.

1 THE HEARING OFFICER: Ms. Schmid?

2 MS. SCHMID: Thank you. The Division would like
3 to call Dr. Joni Zenger as its witness. Would Dr. Zenger be
4 sworn?

5 THE HEARING OFFICER: Do you solemnly swear
6 that the testimony you are about to give will be the truth, the
7 whole truth, and nothing but the truth?

8 MS. ZENGER: Yes.

9 THE HEARING OFFICER: Thank you. Please be
10 seated.

11 JONI S. ZENGER, being first duly sworn, was
12 examined and testified as follows:

13 EXAMINATION

14 BY-MS.SCHMID:

15 Q. Could you please state your full name, employer,
16 position, and business address for the record?

17 A. Yes. Joni S. Zenger. I work for the Division of
18 Public Utilities, and am a technical consultant in the energy
19 section.

20 Q. And the business address of the Division, please?

21 A. 160 East Third South, in the Heber Wells Building,
22 Fourth Floor.

23 Q. Thank you. And that's in Salt Lake City?

24 A. Yes.

25 Q. Did you prepare direct testimony with Exhibits No.

1 1--the direct testimony numbered DPU Exhibit No. 1.0D, with
2 exhibits--with no exhibits, and then supplemental direct, which is
3 Exhibit No. 1.0SD with exhibits as noted on the exhibit list? And
4 they appear to be Exhibit No. 1.1SD through 1.8SD?

5 A. Yes.

6 Q. Do you have any changes or corrections to those?

7 A. No.

8 MS. SCHMID: With that, the Division would like to
9 move for the admission of Dr. Zenger's direct and supplemental
10 direct testimony with accompanying exhibits.

11 THE HEARING OFFICER: Any objection?

12 MR. JENSEN: No objection.

13 THE HEARING OFFICER: They're received in
14 evidence.

15 BY MS. SCHMID:

16 Q. Dr. Zenger, do you have a brief summary to give
17 today?

18 A. Yes, I do.

19 Q. Please proceed.

20 A. Thank you. Good morning, Commissioners.

21 THE HEARING OFFICER: Good morning.

22 THE WITNESS: The Division supports the
23 stipulation that is before the Commission today and
24 recommends that the Commission approve the CPCN authorizing
25 Rocky Mountain Power to begin constructing the Sigurd-to-Red

1 Butte Line No. 2, which I'll refer to as SRB-2. The Division
2 determined that that--the construction of the transmission line
3 and its associated facilities is required by the public
4 convenience and necessity and is in the public interest.

5 The SRB Line No. 2 is needed in order for the
6 Company to meet its network service obligation, which is to
7 provide safe and reliable electric service to its current and
8 future network customers. PacifiCorp's network customers
9 include, but are not limited to, those of UAMPS, Deseret
10 Generation & Transmission, or DG&T, as well as PacifiCorp
11 energy customers.

12 According to the Company's OATT, or Open Access
13 Transmission Tariff, on file with the Federal Energy Regulatory
14 Commission, it's PacifiCorp's responsibility to plan, construct,
15 operate, and maintain the transmission system in accordance
16 with good utility practice. And this means that the Company
17 must plan its transmission system to meet the current and future
18 load growth.

19 It also means that the Company must serve its
20 network load wholesale and retail customers reliably in making
21 strict reliability standards with respect to the electric
22 transmission infrastructure and comply with requirements from
23 the Western Electric Coordinating Council, or WECC, and the
24 North American Reliability Corporation, NERC. These standards
25 are mandatory and come with stiff penalties if they're not met.

1 The Division reviewed the Company's application,
2 the file testimonies by Mr. Darrell T. Gerrard, and Mr. Bruce
3 Williams, and data responses submitted by the Company.

4 The Division's review resulted in its determination
5 that there is a lack of system redundancy and SRB Line 2 is
6 needed to resolve this problem and to maintain compliance with
7 the NERC standard labeled TPL-002, as well as WECC
8 reliability and performance standards during normal system
9 operations and during certain system outage conditions.

10 In summary, the Division supports the stipulation
11 because the SRB Line No. 2 is needed to improve the overall
12 reliability of the Company--Company's existing transmission
13 system, particularly with regard to its network load customers,
14 and to meet short- and long-term customer demands for energy.
15 The Division concludes that the stipulation is in the public
16 interest and recommends Commission approve the stipulation
17 and grant the Company's CPCN application.

18 BY MS. SCHMID:

19 Q. I have just one clarifying question: Did the Division
20 also review the direct testimony of Bela Vastag in this docket?

21 A. Yes.

22 MS. SCHMID: Thank you.

23 Dr. Zenger is now available for questions from the
24 Commission.

25 THE HEARING OFFICER: We'll address our

1 questions after all the witnesses have testified, if we have any.
2 We'll treat you as a--as a panel, as we have sometimes done,
3 uncontested settlements are presented.

4 Is there any examination by any party for Dr.
5 Zenger?

6 Okay. Thank you.

7 Anything further, Ms. Schmid?

8 MS. SCHMID: Nothing from the Division.

9 THE HEARING OFFICER: Thank you.

10 Mr. Jensen?

11 MR. JENSEN: We have one witness, Bela Vastag.

12 Would you state your name and position for the
13 record, please?

14 THE HEARING OFFICER: Would you mind if we
15 swear him first, please?

16 MR. JENSEN: I don't mind at all.

17 THE HEARING OFFICER: Do you solemnly swear
18 that the testimony you are about to give shall be the truth, the
19 whole truth, and nothing but the truth?

20 MR. VASTAG: Yes.

21 THE HEARING OFFICER: Thank you. Please be
22 seated.

23 Mr. Jensen?

24 BELA VASTAG, being first duly sworn, was
25 examined and testified as follows:

1 EXAMINATION

2 BY-MR.JENSEN:

3 Q. Would you state your name and position for the
4 record.

5 A. My name is Bela Vastag. I'm a utility analyst with
6 the Utah Office of Consumer Services.

7 Q. Did you file direct testimony in this matter with the
8 Commission?

9 A. Yes, I did.

10 MR. JENSEN: That's Exhibit No. OCS-1D Vastag.
11 We would move for its admission.

12 THE HEARING OFFICER: Any objections?

13 MS. SCHMID: No objection.

14 MR. RICHARDS: No objection.

15 THE HEARING OFFICER: Received.

16 BY MR. JENSEN:

17 Q. Do you have a statement to make, Mr. Vastag?

18 A. Yes, I have a brief statement.

19 Q. Please.

20 A. Very brief statement.

21 Good morning. In this proceeding, the Office
22 issued discovery request, performed some analyses, and filed
23 direct testimony. The Office supports this settlement because
24 the Company has demonstrated that present or future public
25 convenience and necessity does or will require the construction

1 of the Sigurd-Red Butte No. 2 Line.

2 The Office does note that the settlement explicitly
3 acknowledges that cost allocation and cost recovery issues will
4 be addressed in an appropriate future proceeding. The
5 stipulation is in the best interest of ratepayers. The Office
6 recommends that it be approved by the Commission.

7 That concludes our statement.

8 THE HEARING OFFICER: Thank you.

9 MR. JENSEN: No--no questions.

10 THE HEARING OFFICER: Any questions from the
11 party?

12 MR. RICHARDS: No.

13 MS. SCHMID: None from the Division.

14 THE HEARING OFFICER: Any questions?

15 We have no questions for the panel. We
16 appreciate your participation today. Is there anything further
17 before we adjourn this hearing?

18 We're adjourned. Thank you very much.

19 (Proceedings adjourned at 9:24 a.m.)
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