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September 25, 2017

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: **Docket No. 17-035-36** – In the Matter of Glen Canyon Solar A, LLC and Glen Canyon Solar B, LLC's Request for Agency Action to Adjudicate Rights and Obligations under PURPA, Schedule 38 and Power Purchase Agreements with Rocky Mountain Power

Pursuant to Utah Public Service Commission's Order Granting Motion to Amend Procedural Schedule dated August 25, 2017, in the above referenced matter, the Company hereby submits for electronic filing its Written Rebuttal Testimony. The filing consists of the written rebuttal testimonies of Rick A. Vail and Daniel J. MacNeil.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com
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Informal inquiries may be directed to Bob Lively at (801) 220-4052.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

Rocky Mountain Power
Docket No. 17-035-36
Witness: Rick A. Vail

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Rick A. Vail

September 2017

1 **Q. Are you the same Rick A. Vail who presented direct testimony in this proceeding?**

2 A. Yes.

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

4 A. To address certain points raised by the Utah Division of Public Utilities (“Division”)
5 in its direct testimony.

6 **Q. Do you agree with the Division that the payment of transmission interconnection
7 costs by the qualifying facility (“QF”) developer is and has been the requirement
8 in Utah, and there is no fundamental dispute on this point?**

9 A. Yes. I agree that the payment of transmission interconnection costs by the QF developer
10 is and has been the requirement in Utah. As I described in detail in my direct testimony,
11 however, the costs of a QF’s interconnection often increase if a QF sites its project in
12 a constrained area of PacifiCorp’s system because it may be necessary to construct
13 interconnection-related deliverability network upgrades to provide interconnection
14 service to the QF. I believe the core of this dispute is who should pay for those
15 additional, constraint-related interconnection costs: the Glen Canyon QFs or
16 PacifiCorp’s customers.

17 **Q. The Division describes Glen Canyon’s request that PacifiCorp’s merchant
18 function ask PacifiCorp’s transmission function to study Glen Canyon’s
19 interconnection request assuming that PacifiCorp’s merchant function will use its
20 transmission-service redispatch tool as reasonable and innocuous. Do you agree?**

21 A. No. As I discussed in detail in my direct testimony, the following adverse consequences
22 result if PacifiCorp’s merchant function asks PacifiCorp’s transmission function to

23 study Glen Canyon’s interconnection request assuming that PacifiCorp’s merchant
24 function will use its transmission-service redispatch tool:

- 25 • The merchant function’s transmission-service redispatch tool would be expanded
26 beyond the transmission-service study, which would be inconsistent with the scope
27 and terms of the network operating agreement (“NOA”) approved by the Federal
28 Energy Regulatory Commission, and would shift costs to PacifiCorp’s retail and
29 third-party transmission customers;
- 30 • The highly regulated nature of the interactions between a utility’s merchant
31 function and transmission function would be ignored; and
- 32 • Interconnection service and transmission service would be blended into one
33 intermingled request and study process—despite the fact that they are different
34 services that are subject to separate rules and provided to separate customers.

35 **Q. The Division says PacifiCorp’s avoided-cost rate model assumes that PacifiCorp’s**
36 **merchant function will use its transmission-service redispatch tool, so Glen**
37 **Canyon’s interconnection study should include that same assumption to be**
38 **consistent with the avoided-cost rate model. Do you agree?**

39 A. No. As described in detail in the direct and rebuttal testimony of Mr. Daniel J. MacNeil,
40 PacifiCorp’s avoided-cost rate model does not assume PacifiCorp’s merchant function
41 will use its transmission-service redispatch tool.

42 **Q. Whether those assumptions are related to the transmission-service redispatch tool**
43 **or not, should the interconnection study assumptions be identical to the avoided-**
44 **cost rate assumptions?**

45 A. No. The Open Access Transmission Tariff (“OATT”) interconnection study process,

46 not the assumptions used in the avoided-cost rate model, dictate how PacifiCorp
47 transmission studies QF interconnections.

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

49 A. Yes.

Rocky Mountain Power
Docket No. 17-035-36
Witness: Daniel J. MacNeil

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Daniel J. MacNeil

September 2017

1 **Q. Are you the same Daniel J. MacNeil who presented direct testimony in this**
2 **proceeding?**

3 A. Yes.

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

5 A. To address certain points raised by the Utah Division of Public Utilities (“Division”)
6 in its direct testimony.

7 **Q. The Division says PacifiCorp’s avoided-cost rate model assumes that PacifiCorp’s**
8 **merchant function will use its transmission-service redispatch tool, so Glen**
9 **Canyon’s interconnection study should include that same assumption to be**
10 **consistent with the avoided-cost rate model. Do you agree?**

11 A. No. As described in detail in my direct testimony, PacifiCorp’s avoided-cost rate model
12 does not assume PacifiCorp’s merchant function will use its transmission-service
13 redispatch tool. Rather, the avoided-cost rate model includes certain high-level
14 assumptions about transmission rights, and it assumes that those rights will be used to
15 deliver qualifying facility (“QF”) power instead of PacifiCorp’s resources. These are
16 “quintessential” avoided-cost pricing modeling concepts, not new modeling concepts
17 stemming from the network operating agreement (“NOA”) amendment approved by
18 the Federal Energy Regulatory Commission in 2015.

19 **Q. The Division states that “PacifiCorp has suggested darkly that the prices offered**
20 **Glen Canyon under the power purchase agreements (PPAs) it has signed do not**
21 **reflect all of the costs associated with the Company’s transmission function that**
22 **will be incurred by the Company if Glen Canyon interconnects with the**
23 **Company’s transmission system, or in the alternative, that Glen Canyon should**
24 **pay additional costs to interconnect with the Company.”¹ How do you respond to**
25 **this?**

26 A. It is not surprising that avoided-cost prices do not reflect all costs of transmission
27 service or interconnection service. And this is consistent with the approved avoided-
28 cost pricing methodology in Utah, which does not include any costs related to
29 transmission service or interconnection service. Rather, avoided-cost pricing reflects a
30 reasonable price for the *power* provided by the QF, not the costs of interconnecting and
31 delivering that power.

32 As I discussed in detail in my direct testimony, the avoided-cost pricing analysis
33 and an interconnection study analysis are performed during entirely separate processes,
34 with avoided-cost rate modeling focused on generation impacts, and interconnection
35 studies focused on the physical capability of the transmission system to interconnect
36 another generator. Due to the separate nature of these analyses, a QF must: (1) execute
37 a PPA with PacifiCorp’s merchant function; and (2) execute a separate interconnection
38 agreement with PacifiCorp’s transmission function. The separate nature of these two
39 services and contracts leads to the scenario described by the Division: an executed
40 PPA’s avoided-cost rate does not reflect the QF’s interconnection costs because the

¹ Direct Testimony of Charles E. Peterson, Utah Division of Public Utilities, filed August 31, 2017, in Docket No. 17-035-36, ll. 92-96.

41 interconnection costs are appropriately identified during the Open Access
42 Transmission Tariff (“OATT”) interconnection study process and set forth in the QF’s
43 interconnection agreement.

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

45 A. Yes.

CERTIFICATE OF SERVICE

Docket No. 17-035-36

I hereby certify that on September 25, 2017, a true and correct copy of the foregoing was served by electronic mail to the following:

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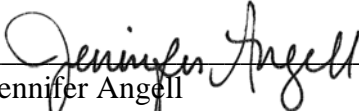
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