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Rocky Mountain Power
Docket No. 17-035-40
Witness: Cindy A. Crane

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Cindy A. Crane

June 2017



24 the value of which is essential to the combined projects' overall economic viability. The
25 Wind Projects and Transmission Projects, as defined and described below, are the
26 cornerstones of PacifiCorp's Energy Vision 2020 strategy. These projects represent an
27 exciting opportunity for PacifiCorp's customers, who we expect to realize
28 approximately \$137 million in benefits over time, with initial rate impacts of less than
29 1.9 percent.

30 My testimony provides an overview of the Company's Application, which
31 includes a request for an order under Utah Code Ann. § 54-17-302 approving the
32 Company's "significant energy resource decision" to construct or procure four new
33 Wyoming wind resources with a total capacity of 860 megawatts ("MW") (collectively,
34 the "Wind Projects"). The Application also includes a request for an order under Utah
35 Code Ann. § 54-17-402 approving the Company's "resource decision" to construct the
36 Aeolus-to-Bridger/Anticline Line and the 230 kV Network Upgrades, as defined and
37 discussed in more detail later (collectively, "Transmission Projects"). I explain why
38 these resource decisions are prudent and in the public interest, and describe the
39 financial ability of the Company to invest in the proposed facilities.

40 **Q. Please summarize your testimony.**

41 A. The Wind Projects and Transmission Projects (collectively, "Combined Projects") are
42 central to the Company's current long-term energy strategy, Energy Vision 2020, under
43 which the Company plans to use the opportunities presented by the extension of the
44 federal PTC to make major resource investments that provide significant savings to
45 customers over the lives of the resources. The Company identified and presented this
46 opportunity in its 2017 Integrated Resource Plan ("2017 IRP").

47 The Transmission Projects and Wind Projects are mutually dependent on one
48 another. The Wind Projects rely on the Transmission Projects for interconnection to the
49 Company's transmission system. In turn, the Transmission Projects are supported by
50 the key economic attributes of the Wind Projects: zero-fuel-cost generation that lowers
51 net power costs and provides ten years of PTCs. The Wind Projects also generate
52 renewable energy certificates ("RECs"), which can be sold in the market and lower net
53 customer costs. The Wind Projects help decarbonize the Company's resource portfolio,
54 mitigating long-term risk associated with potential future state and federal policies
55 targeting carbon dioxide ("CO₂") emissions reductions from the electric sector.

56 The Transmission Projects also provide significant benefits to customers. The
57 Aeolus-to-Bridger/Anticline Line is a sub-segment of the Company's Energy Gateway
58 West transmission project, and is an integral component of the long-term transmission
59 plan for the region. The Company, with stakeholder involvement, has pursued
60 permitting of the Energy Gateway West transmission project, which includes the
61 Aeolus-to-Bridger/Anticline line, since 2008. The Transmission Projects relieve
62 congestion on the current transmission system in eastern Wyoming, provide critical
63 voltage support to the Wyoming transmission network, improve overall reliability of
64 the transmission system, enhance the Company's ability to comply with mandated
65 reliability and performance standards, reduce line losses, and create the potential for
66 further increases to the transfer capability across the Aeolus-to-Bridger/Anticline Line
67 with the construction of additional segments of the Energy Gateway project.

68 Timing is critical for both of these projects. The Combined Projects must
69 achieve commercial operation by the end of 2020 to qualify for the full benefits of the

70 PTCs and maintain favorable economics. Thus, the Company must move quickly,
71 particularly on the Transmission Projects, which will take several years to fully permit,
72 obtain the necessary rights-of-way, and construct. To complete construction of the
73 Combined Projects by December 31, 2020, the Company requests that the Commission
74 adopt the proposed, expedited schedule for review set forth in the Application.

75 Because of the time-sensitivity of the Combined Projects, the Company is
76 conducting its 2017R Request for Proposals ("2017R RFP") process simultaneously
77 with its request for approval of the Wind Projects. Although unusual, this approach is
78 necessary in this case. If the Company waited until the conclusion of the 2017R RFP
79 to seek approval, the Combined Projects could not be completed by the end of 2020,
80 and customers would lose significant PTC benefits. To allow the Combined Projects to
81 move forward, the Company has pursued the Wind Projects, which will be benchmark
82 resources in the 2017R RFP and proxy resources for purposes of this Application until
83 the 2017R RFP is completed.

84 The Company also requests approval of the ratemaking treatment for the
85 Combined Projects. The Company proposes to match the costs and benefits of the
86 Combined Projects through the Resource Tracking Mechanism ("RTM") until the costs
87 and benefits are reflected in base rates. Variances in PTCs would continue to be tracked
88 through the RTM after all other costs and a base level of PTCs are reflected in base
89 rates. This proposed ratemaking treatment will ensure that the costs and benefits of the
90 Combined Projects are properly matched and customers and shareholders are treated
91 fairly while delivering long-term benefits.

