

Cross RMP5

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

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Direct Testimony of Cindy A. Crane

June 2017



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

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

**Q. Please summarize your testimony.**

A. The Wind Projects and Transmission Projects (collectively, "Combined Projects") are central to the Company's current long-term energy strategy, Energy Vision 2020, under which the Company plans to use the opportunities presented by the extension of the federal PTC to make major resource investments that provide significant savings to customers over the lives of the resources. The Company identified and presented this 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 ("CO<sub>2</sub>") 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.

92                   Using medium price and CO<sub>2</sub> assumptions, the Company's economic analysis  
93                   demonstrates a present-value reduction in revenue requirement due to the Combined  
94                   Projects of \$137 million over the life of the projects, with a year-one rate impact of less  
95                   than 1.9 percent.

96   **Q.    What other witnesses will be testifying on behalf of the Company?**

97   A.    In addition to my testimony, the Company's Application is supported by the testimony  
98           of the following witnesses:

99                   **Mr. Chad A. Teply**, Vice President of Strategy and Development, provides a  
100                  detailed description of the Company's proposed acquisition of the Wind Projects.  
101                  Mr. Teply describes the Wind Projects, addresses the impact and timing of PTCs on  
102                  their acquisition, and provides information to respond to the requirements of Utah  
103                  Admin. Code R746-430-2 for the Wind Projects.

104                  **Mr. Rick A. Vail**, Vice President of Transmission, outlines the need for the  
105                  Transmission Projects, and provides a detailed description of the transmission facilities.  
106                  Mr. Vail also addresses the requirements of Utah Admin. Code R746-440-1 for the  
107                  Transmission Projects.

108                  **Mr. Rick T. Link**, Vice President of Resource and Commercial Strategy,  
109                  testifies regarding the economic analysis that supports the prudence of the Combined  
110                  Projects, and describes the customer benefits resulting from the timely acquisition and  
111                  construction of the wind and transmission facilities. Mr. Link explains the planning and  
112                  analysis of the Combined Projects in the Company's 2017 IRP. He also provides  
113                  background on the pending 2017R RFP for the wind resources.