Docket 17-035-39

OCS Questions to RMP for the August 30, 2017 Technical Conference

1. Tax Reform and the Corporate Tax Rate. In the technical conference, we would like the Company to explain the extent to which it has considered possible tax reform. The AICPA has indicated that there is a "window of opportunity" for tax reform between October 2017 and the first quarter of 2018 (after September budget issues and before focus starts shifting to elections). Such reform would likely include a reduction in the federal corporate tax rate. The house is suggesting corporate rate of 20%, while President Trump is suggesting a corporate rate of 15%. If a reduction in the federal rate happens, it would greatly impact the Company's analysis in this docket. We assume the Company has conducted some analyses to date on this issue. Please provide the impacts of lower corporate tax rates on your analysis and the risks associated with the potential tax reform. If the Company has not conducted any such analyses to date, please prepare some high-level analysis of the impact of tax reform to present at the August 30 technical conference.
2. See RMP_TJH-3, Table 1, entitled - Repowering Project Details, Capital Costs, and In-Service dates. The table indicates that the additional capacity that will be added to the PacifiCorp System by repowering the wind generators is [redacted]. The Company's expansions plans are found in the SO Summary files, which were supplied as part of Mr. Link's workpapers (SO Model Summary Reports), which indicate that the Repowering case adds 509 MW more capacity by 2036 than the Status Quo case. Please explain and discuss the reasonableness of the optimization process adding so much additional capacity in the repowering case compared to the Status Quo case.
3. The Company levelizes capital and other amounts including PTC benefits in its economic evaluations that end in 2036. Explain the logic that was used in developing levelized values and ultimately the NPV that is used in the 2036

analysis. Also, please explain why PTCs are levelized using this procedure, but Wind Integration, Wind Production Tax costs are not levelized. (See "IRP Repower LGIA Limit v13 WIC LJ.xlsm" tab: "LJ")

4. With regard to the economic evaluation performed through 2050, the Company neither develops an optimal expansion plan nor conducts production cost modeling to derive net power costs for the 2037 to 2050 time period. Please explain the procedure that the Company performs to derive the net power cost results for this time period.

5. Refer to the Repower Results Direct Testimony.xlsm file, Tab = Price-Policy Annual – PaR, row 51 = Net Change in Repower GWh. For the ten-year period up to 2036, the wind energy difference between the Status Quo case and the Repower case is approximately 550 GWh on average. After 2036 it goes up as high as 3,283 GWh. Please explain the reasonableness of the methodology that computes a benefit based on 550 GWh of wind energy, and then applies that in a linear fashion to calculate benefits for as much as 3,283 GWh.

6. The Office would like to understand how transmission congestion in Wyoming is affecting the current operation of the Company's wind resources (and thermal resources) located in Wyoming. In response to OCS 1.2 in Docket No. 17-035-23, the Company stated:

   The Company's transmission system in southeastern Wyoming is operating at capacity, which limits transfer of existing resources from this area. The transmission system that connects the prime wind region in eastern Wyoming to the more westerly areas of Wyoming consists largely of three 230 kV lines. These lines comprise the Western Electricity Coordinating Council rated Path 37, referred to as TOT 4A. For reference the path definition is the sum of line flows as follows:

   Riverton – Wyopo 230 kV
   Platte – Standpipe 230 kV
   Spence – Mustang 230 kV

   The limitation for this Path varies by outage condition, but in general, is limited by the amount of transmission capacity or "congestion" across this cut plane; the non-simultaneous rating of this path is 1025 MW.

   The Office would like the Company to explain the current capacities of the components of the southeastern Wyoming transmission system and how they

relate to simultaneous peak output of wind resources, dispatch of thermal resources and any curtailments of wind. Please explain if wind resources are the cause of the transmission-limiting congestion across the “cut plane” referenced above. If not, what is the cause?