

October 10, 2017

VIA ELECTRONIC FILING

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

Attention: Gary Widerburg

Commission Secretary

RE: In the Matter of the Application of Rocky Mountain Power for Approval of a Significant

Energy Resource Decision and Voluntary Request for Approval of a Resource Decision

Docket No. 17-035-40

Dear Mr. Widerburg:

Rocky Mountain Power (the "Company") hereby submits for filing its response to the Utah Industrial Energy Consumers' Motion to Stay Proceedings in the above referenced matter.

The Company respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

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Sincerely,

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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of:

THE APPLICATION OF ROCKY
MOUNTAIN POWER FOR APPROVAL
OF A SIGNIFICANT ENERGY
RESOURCE DECISION AND
VOLUNTARY REQUEST FOR
APPROVAL OF RESOURCE DECISION

Docket No. 17-035-40

ROCKY MOUNTAIN POWER'S RESPONSE TO UTAH INDUSTRIAL ENERGY CONSUMERS' MOTION TO STAY PROCEEDINGS

I. INTRODUCTION

In accordance with Utah Admin. Code R746-1-301(1), PacifiCorp d/b/a Rocky Mountain Power ("Rocky Mountain Power" or "Company") submits this Response to the Utah Industrial Energy Consumers' ("UIEC") Motion to Stay Proceedings ("Motion") filed on September 22, 2017, and respectfully requests that the Public Service Commission of Utah ("Commission") deny the Motion for the reasons set forth below. The Company will separately file a reply to the Response to the Utah Industrial Customers' Motion to Stay Proceedings filed by the Office of Consumer Services on October 6, 2017.¹

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¹ See Utah Admin. Code R746-1-301(2) ("Any reply shall be filed within 10 days of the service date of the response.").

UIEC waited two months to intervene in the case, failed to attend the scheduling conference to which it received notice, and now seeks to stay the case claiming that the procedural schedule the Commission adopted on July 27, 2017 ("Scheduling Order") is deficient. Without pointing to any new facts or circumstances, UIEC's motion effectively asks the Commission to reconsider the Scheduling Order, which allows this resource approval case to run concurrent with the solicitation process ("2017R RFP") that is the subject of Docket No. 17-035-23. UIEC's objections to the Scheduling Order are untimely and unpersuasive.

UIEC also fails to show that the Scheduling Order violates the Energy Resource Procurement Act ("Act"). The Act requires that the Commission approve a resource decision after the resource is identified in an approved RFP.² Under the Scheduling Order, the Company will select the winning resources in the 2017R RFP and supplement its filing with those results by mid-January 2018. The Commission will then hold a hearing on the resource decision seven weeks later. This process meets the procedural requirements of the Act because the resource approval follows the conclusion of the 2017R RFP.

The Scheduling Order is also consistent with the Act's public interest requirement.³ The concurrent processes ensure that customers can receive full production tax credit ("PTC") benefits associated with the time-sensitive resource opportunity. If the Company waited to file this case until the conclusion of the 2017R RFP, as UIEC recommends, customers could lose out on substantial PTC benefits.

In addition, the process set forth in the procedural schedule adopted by the Commission allows additional time to review the Company's benchmark resources that will be submitted in the 2017R RFP. If the benchmarks are ultimately selected, parties will have had over eight months to

² Utah Code Ann. §54-17-302(1)(a).

³ Utah Code Ann. §54-17-201(2)(c); Utah Code Ann. §54-17-302(3)(c).

review the resources before hearing. Far from limiting the opportunity for review as UIEC alleges, the concurrent processes allow greater review, while preserving the time-sensitive resource opportunities.

II. BACKGROUND

A. The Company filed for concurrent RFP and resource approval cases, and the Commission approved this request in the Scheduling Order.

On June 16, 2017, the Company filed its application for approval of the 2017R RFP. The application stated that the Company intended to request approval of the significant energy resource decision related to the outcome of the 2017R RFP on June 30, 2017.

On June 30, 2017, Rocky Mountain Power filed its Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision ("Application"). The Application requested approval of a resource decision relating to the Company's decision to construct 500 kV and 230 kV transmission facilities ("Transmission Projects") and procure or construct new Wyoming wind resources with a total capacity of 860 megawatts ("Wind Projects") (together, the "Combined Projects").

The Application explained that the Combined Projects are a time-limited opportunity to obtain cost-effective generation and construct necessary transmission facilities with minimal impact on customer rates.⁴ The Combined Projects are time-sensitive because they must be in commercial operation by the end of 2020 to fully achieve the PTC benefits.

To achieve commercial operation of the Combined Projects by 2020, the Company's Application included a proposed procedural schedule to allow the Commission to approve the Application by March 30, 2018.⁵

⁴ Application at 2, 9-10.

⁵ Application at 13. At the scheduling conference, the Company proposed to move the target date back one week to April 6, 2018.

The Company further explained that because of the time-sensitivity of the Combined Projects, the Company would be conducting its 2017R RFP simultaneously with its request for approval of the Wind Projects.⁶ If the Company waited until the conclusion of the 2017R RFP to seek approval, the Combined Projects could not be completed by the end of 2020, and customers would lose significant PTC benefits.⁷ To allow the Combined Projects to move forward, the Company decided to designate the Wind Projects as benchmark resources in the 2017R RFP and as proxy resources for purposes of the Application until the 2017R RFP is completed.⁸ The proposed schedule, however, ensured that the 2017R RFP process would be concluded before the Commission ruled on the Application, as required by Utah Code Ann. §54-17-302(1)(a).

On July 3, 2017, the Commission issued a notice of scheduling conference in this case setting the scheduling conference for July 12, 2017; counsel for UIEC was included in the distribution of this notice. At that scheduling conference, the parties—the Office of Consumer Services, the Department of Public Utilities, the Utah Association of Energy Users, Utah Clean Energy, and Western Resource Advocates—agreed on a procedural schedule generally consistent with the proposal set forth in the Application. UIEC did not attend the scheduling conference. On July 27, 2017, the Commission adopted this proposal in its Scheduling Order.

The Scheduling Order allows this docket to run concurrent with the 2017R RFP process and sets a deadline for Company supplemental direct testimony in January 2018, following the conclusion of the 2017R RFP. It further allows parties to file responsive testimony in February. The hearing will be held in March 2018. When the Commission decides whether to approve the

⁶ Application at 9-10.

⁷ Application at 6.

⁸ Application at 9-10.

⁹ The Commission circulated the notice of scheduling conference to a wide email list which included counsel for UIEC, as demonstrated in attached Exhibit A.

Application, the Company will have concluded the 2017R RFP and the parties and the Commission will have had an opportunity to review the results of the RFP in this case.

B. The Company issued the 2017R RFP on September 27, 2017, and will meet the milestones in the Scheduling Order.

In UIEC's Petition to Intervene, filed on September 1, 2017, UIEC cites uncertainty around approval of the 2017R RFP as a basis for its contention that the issues in this case are not ripe for decision. The Commission approved the 2017R RFP on September 22, 2017, the same day that UIEC filed its Motion, with a suggested modification that the Company also solicit new solar resources. ¹⁰ The Oregon Commission issued its final approval order on September 27, 2017. ¹¹ The Company issued the 2017R RFP on September 27, 2017, with a schedule that permits the Company to file the results of the 2017R RFP in supplemental testimony on January 16, 2018, consistent with the Scheduling Order. ¹²

Following up on the Commission's suggestion regarding solicitation of solar resources, the Company is now preparing to issue the 2017S RFP in November 2017 with bids due in December 2017. The Company does not intend to submit benchmark resources into the 2017S RFP. This schedule will allow the Company to: 1) evaluate how solar resource bids might impact the economic analysis of bids selected to the final shortlist through the 2017R RFP without delaying the schedule for the 2017R RFP or for this case and 2) proceed with procuring solar resource opportunities that could provide all-in economic benefits for customers.

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¹⁰ Application of Rocky Mountain Power for Approval of Solicitation Process for Wind Resources, Utah PSC Docket No. 17-035-23, Order Approving RFP with Suggested Modification, (Sept. 22, 2017).

¹¹ In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of Final Draft 2017R Request for Proposals, OPUC Docket No. UM 1845, Order No. 17-367 (Sept. 27, 2017).

¹² http://www.pacificorp.com/sup/rfps/2017-rfp.html.

III. ARGUMENT

A. The Commission approved the current procedural schedule knowing that this case would run concurrent with the RFP.

The Company's Application explained the time-sensitive nature of the Combined Projects and described why the Company needed this case to run concurrent with the Commission's review of the 2017R RFP process. The Company proposed a procedural schedule that would allow sufficient review of the Combined Projects by intervenors, allow the Commission to issue a ruling on the Application following the conclusion of the 2017R RFP (as required by the Act), and allow the Transmission Project to move forward so that the Combined Projects could achieve commercial operation by the end of 2020. The parties that participated in the scheduling conference agreed on a schedule that met these goals, and the Commission approved it. All of this occurred with the Commission's full knowledge that this case would run concurrent with the 2017R RFP, and with careful consideration of the legal requirements set forth in the Act.

Nearly two months later, UIEC now argues that this case must be stayed until the conclusion of the 2017R RFP process. ¹⁶ UIEC provides no new information in support of its Motion. Without a change in circumstances, which UIEC does not allege, there is no basis to reconsider the schedule in this case. ¹⁷ Moreover, UIEC provides no explanation for its failure to attend the scheduling conference and its delay in challenging the schedule, and its Motion is untimely. ¹⁸

¹³ Application at 9-10.

¹⁴ Application at 9.

¹⁵ Scheduling Order at 1.

¹⁶ Motion at 11.

¹⁷ See In the Matter of the Application of Hi-Country Estates Homeowners Association for Approval of its Proposed Water Rate Schedules and Water Service Regulations, Docket No. 13-2195-02, Order Denying Mr. Dansie's Request for Rehearing and Reconsideration at 11 (Jun. 25, 2014) (denying motion for reconsideration where the petitioner "fail[ed] to present any new facts").

¹⁸ See In the Matter of the Review of Electric Service Schedule No. 38, Qualifying Facilities Procedures, and Other Related Procedural Issues, Docket No. 14-035-140, Order Denying Motion to Stay and Denying Petition for

B. The RFP will be completed before approval of the resource decisions, as required by the Act.

UIEC claims that the Scheduling Order "violates legal and regulatory requirements" of the Act. ¹⁹ UIEC contends that the Company must conclude the 2017R RFP before the Commission can approve a significant energy resource decision. ²⁰ The Scheduling Order meets this requirement. The Act provides that if the Company "is required to conduct a solicitation process for a significant energy resource," then it "shall obtain approval of its significant energy resource decision after the completion of the solicitation process." Here, the solicitation process will be completed in January 2018—before the Commission decides whether to approve the energy resource decision.

The Scheduling Order requires Rocky Mountain Power to submit supplemental direct testimony on the RFP results in January 16, 2018,²² after which two additional rounds of testimony will follow, and then a three-day hearing beginning on March 6, 2018.²³ At the scheduling conference, the Company proposed a new target date for the Commission order of April 6, 2018.²⁴ By the time that the Commission issues its decision in this case, it will have a complete and robust evidentiary record of the resources that will be procured, as required by Utah Code Ann. §54-17-302(1)(a). Nothing in the Act prohibits overlap of the solicitation and resource approval processes, as long as the solicitation process concludes first, as it does here.

Review and Rehearing at 8-9 (Jul. 21, 2015) (denying as untimely a motion to stay filed after a settlement was reached by an intervenor who had notice of earlier proceedings and chose not to participate); see Utah Code Ann. §63G-4-301(1)(a) (written request for rehearing must be filed within 30 days); see also Utah Code Ann. § 63G-4-204 and PSC R746-1-206 (respondent must respond to filing of application within 30 days).

¹⁹ Motion at 11.

²⁰ Motion at 5.

²¹ Utah Code Ann. §54-17-302(1)(a).

²² The Company's January 16, 2018, testimony will quantify how solar resource bids received through the 2017S RFP might impact the economic analysis of bids selected to the final shortlist through the 2017R RFP so that the Commission and parties will have an opportunity to review comparisons between wind and solar resource bids even though the wind and solar RFPs are separate.

²³ Scheduling Order at 1.

²⁴ Application at 13.

C. Concurrent processes advance the public interest.

The purpose of the Act is to ensure that the selection and acquisition of significant energy resources are in the public interest.²⁵ Here, the concurrent cases are designed to allow customers the opportunity to receive the full PTC benefits associated with the Wind Projects, if they are selected in the 2017R RFP. The concurrent processes also allow sufficient time for parties and the Commission to review the Company's resource decisions.

UIEC claims that it cannot meaningfully review the energy resource decisions at issue here until the 2017R RFP has concluded.²⁶ The Company's inclusion of the Wind Projects in its initial filing was specifically intended to allow parties to review those resources, which will be submitted as benchmark resources in the RFP, before the conclusion of the 2017R RFP. Thus, if the Wind Projects are ultimately selected in the 2017R RFP, parties will have had over eight months of meaningful review before the hearing. Moreover, the Transmission Project is not included in the 2017R RFP, so review of that resource decision is not dependent on the RFP.

UIEC claims that the delay in approval of the 2017R RFP compromises the Commission's and parties' opportunity to review the issues in this case.²⁷ As noted above, the Company issued the 2017R RFP on September 27, 2017, with a schedule that fully aligns with the Scheduling Order.

D. The Act does not require a 120-day review period after the conclusion of the RFP.

UIEC argues that the current schedule deprives the Commission and parties of the full 120-day review "mandated by the Energy Resource Procurement Act." Contrary to UIEC's claims, however, the Act does not require 120 days for review. Rather, the statute requires the Commission

²⁵ Utah Code Ann. §54-17-201(2)(c); Utah Code Ann. §54-17-302(3)(c).

²⁶ Motion at 7-8.

²⁷ Motion at 7.

²⁸ *Id*.

to issue an order *within* 120 days.²⁹ The Scheduling Order calls for the Company to file supplemental testimony on the RFP results on January 16, 2018, so that the Commission can issue a decision by the Company's new proposed target decision date of April 6, 2018, which is 80 days later and within the 120-day limit set forth in the Act.

UIEC further argues that solicitation and approval are "multi-year processes" and therefore compressing both into a single year undermines the protections afforded by the Act.³⁰ UIEC's only basis for this claim is the fact that the solicitation and approval process for Lake Side 2 took several years.³¹ Contrary to UIEC's argument, the timeline set by the Act contemplates that both these processes can be completed well within a calendar year.³²

E. Concurrent processes do not impermissibly shift risks to customers.

UIEC claims that if the Wind Projects really are a time-limited opportunity, Rocky Mountain Power should have sought a waiver of the solicitation requirement.³³ UIEC argues that the Company's decision to not obtain a waiver improperly "pass[es] all risk associated with a rushed decision to Utah customers," in contravention of the Act.³⁴ But the purpose of the Act is to ensure that the selection and acquisition of significant energy resources are in the public interest.³⁵ The Act specifically contemplates that utilities will obtain approval of a resource decision made following a solicitation process, just as the Company has requested. And, as set forth above, the timeline included here is consistent with the review process contemplated by the Act. Following

²⁹ Utah Code Ann. §54-17-302(5)(a) (requiring Commission decision "within 120 days of the day on which the affected electrical utility files a request for approval" unless additional time is required in the public interest).

³⁰ Motion at 9.

³¹ Motion at 8-9.

³² See Utah Code Ann. §54-17-201(2)(f) (approving RFP within 60 days); Utah Code Ann. §54-17-302(5)(a) (approving resource decision within 120 days).

³³ Motion at 10 (citing Utah Code Ann. §54-17-501 allowing waiver).

³⁴ Motion at 10.

³⁵ Utah Code Ann. §54-17-201(2)(c); Utah Code Ann. §54-17-302(3)(c).

the process set forth in the Act cannot violate the legislative intent of the Act or improperly shift risk onto customers.

Moreover, the Company's decision to conduct a solicitation process—even though the Wind Projects are time-sensitive—protects customers by ensuring that the Wind Projects are the least-cost, least-risk resource option available to the Company.

UIEC also argues that the Commission should also delay this case to allow proceedings in Oregon, Idaho, and Wyoming to conclude first to prevent risks to customers resulting from multistate allocations of costs.³⁶ The Company has similar cases pending in Idaho and Wyoming, not in Oregon. The schedules in Utah, Idaho, and Wyoming are now carefully synced, allowing each commission to hear the application in a timely manner, without scheduling conflicts. UIEC's proposal for a stay in the Utah schedule disregards the conscientious efforts of all three commissions and many other parties to process these cases in an orderly manner. In any event, because the Commission's decision is not dependent on the review process conducted in other states, there is no basis for this Commission to stay this case.

F. The Commission's rules do not preclude concurrent processes.

UIEC further argues that the Commission's rules require the Company to complete its evaluation of bids and provide the Commission with a written notice of the selected energy resources before the Company files a request for approval of the resource decision.³⁷ The Scheduling Order calls for the Company to submit supplemental direct testimony after the conclusion of the solicitation process, which will describe the winning bids. Thus, although the solicitation process will not conclude before the initial filing, it will conclude before the Commission makes its decision, as required by the Act.

³⁶ Motion at 8.

³⁷ Motion at 6-7 (citing Utah Admin. Code R746-430-2(2)(a)).

To the extent that the Company's filing does not strictly conform to the requirements of Utah Admin. Code R746-430-2(2)(a), the Commission may waive the requirement that the solicitation process conclude before the filing of the approval request—which it did implicitly in the Scheduling Order.³⁸ As described above, such a waiver is in the public interest.³⁹

IV. CONCLUSION

Rocky Mountain Power respectfully requests that the Commission deny UIEC's Motion on the basis that it is untimely and contrary to the public interest. UIEC has presented no factual or legal basis for the Commission to reconsider its Scheduling Order. Moreover, the concurrent RFP and resource approval cases are not only consistent with the procedural requirements of the Act, the concurrent processes advance the public interest by not jeopardizing the opportunity for customers to receive the full PTC benefits, and better ensure that the Company's acquired resources are least-cost and least-risk.

DATED this 10th day of October, 2017.

Respectfully submitted,

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³⁸ See, e.g., In the Matter of the Application of PacifiCorp, by and through its Rocky Mountain Power Division, for Approval of a Solicitation Process for a Flexible Resource for the 2012-2017 Time Period, and for Approval of a Significant Energy Resource Decision, Docket No. 07-035-94, Commission's Suggested Modifications and Order at 18 (May 23, 2008) (granting waiver of blinding requirement in Utah Admin. Code R746-420-3(10)(a)).

³⁹ Utah Admin. Code R746-1-109 (Commission can deviate from a rule if the "rule imposes a hardship that outweighs the benefit(s) of the rule").

CERTIFICATE OF SERVICE

Docket No. 17-035-40

I hereby certify that on October 10, 2017, a true and correct copy of the foregoing was served by electronic mail to the following:

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