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January 24, 2018

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. 17-035-40
Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision

On January 18, 2018, the Utah Division on Public Utilities and the Utah Office of Consumer Services filed a Motion to Vacate Remaining Schedule and Request for Expedited Treatment in the above referenced matter. The Utah Public Service Commission issued a Notice Setting Deadlines to Respond to the Motion to Vacate Remaining Schedule requesting comments by January 24, 2018. Pursuant to the schedule, Rocky Mountain Power hereby submits its Response to the Motion to Vacate the Remaining Schedule.

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

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of:</p> <p>THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF A SIGNIFICANT ENERGY RESOURCE DECISION AND VOLUNTARY REQUEST FOR APPROVAL OF RESOURCE DECISION</p>	<p>Docket No. 17-035-40</p> <p>ROCKY MOUNTAIN POWER'S RESPONSE TO MOTION TO VACATE REMAINING SCHEDULE</p>
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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 Motion to Vacate Remaining Schedule and Request for Expedited Treatment (“Motion”), filed jointly by the Division of Public Utilities (“DPU”) and Office of Consumer Services (“OCS”) on January 19, 2018.

DPU and OCS argue that the procedural schedule provides insufficient time to evaluate the resource decisions resulting from the Company's 2017R request for proposals ("2017R RFP"), and they request a new schedule with more time for review. The current schedule calls for an expedited review of the 2017R RFP results, consistent with the timelines for resource approval set by the Energy Resource Procurement Act ("Act"). An expedited schedule is necessary to preserve the time-sensitive opportunity to capture production tax credits ("PTCs"), enabling the acquisition of needed energy resources with significant benefits to customers.

The schedule includes supplemental testimony for the results of the 2017R RFP, and the Company's supplemental testimony reflecting these results did not materially change the case as DPU and OCS allege. Several months ago, the Commission rejected a related challenge to the schedule, concluding that the Company's request for approval of its resource decisions "should be granted or denied on the merits, not by a procedural motion[.]"¹

One item not contemplated by the current schedule, however, is the Company's need to complete interconnection studies for the 2017R RFP final shortlist projects and document any resulting changes to the final shortlist. To accommodate this follow-up filing, and to reasonably respond to the concerns of DPU and OCS, the Company agrees to extend the schedule by approximately 60 days, from a target decision date of April 1, 2018, to a target decision date of June 1, 2018. The Company also proposes to move the start date of the hearing in this case by approximately six weeks from March 6, 2018, to either April 18, 2018 or April 24, 2018. The Company has discussed this proposed schedule with DPU, OCS, and other parties.

¹ Order Denying Motion to Stay at 3 (Nov. 7, 2017).

II. ARGUMENT

A. **The Act contemplates an expedited review process, which has already been significantly extended.**

The Act requires the Commission to issue an order on a request for approval of a significant energy resource decision (i.e., the wind projects) within 120 days of the request, and a voluntary resource decision (i.e., the transmission projects) within 180 days of the request.² This expedited review process recognizes that resource decisions are time-sensitive, and the public interest is served by prompt and expeditious review. DPU agrees that the “regulatory process must be nimble enough to permit regulated public utilities to react to time-limited opportunities.”³ The resource decisions in this case are time-sensitive because the customer benefits are driven by expiring PTC benefits, which could be lost if the projects are unreasonably delayed.

The Company filed its Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision (“Application”) on June 30, 2017. If the Commission extends the current schedule by two months as the Company now proposes, until June 1, 2018, the case will span 336 days. Even assuming that the Company’s supplemental filing on January 16, 2018 changed the filing sufficiently to restart the 120-day clock, an end-date of June 1, 2018 meets that timeline and more—136 days to be exact. This schedule reasonably balances the statutory directive for expedited review with the needs of the parties to analyze the Company’s filing.

² Utah Code Ann. §54-17-302(5)(a) (requiring Commission decision for significant energy resource 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); Utah Code Ann. §54-17-402(6) (requiring Commission decision for voluntary resource decision “within 180 days of the day on which the energy utility files a request for approval” unless additional time is required in the public interest).

³ Reply of the Utah Division of Public Utilities to Responses to Utah Industrial Energy Consumers’ Motion to Stay Proceedings at 1-2 (Oct. 16, 2017).

B. The scope of the Company’s supplemental direct testimony is consistent with the procedural schedule.

DPU and OCS claim that the Company’s supplemental direct testimony filed on January 16, 2018, was “not simply an updated analysis of the review of the projects proposed in the Application,” but rather “substantial new information, project selections, and analysis[.]”⁴ DPU and OCS cannot reasonably claim surprise that the supplemental direct testimony presented different projects for approval. The Company has been clear since the initial filing that the wind projects included were proxies that would be updated, and potentially replaced, by projects competitively selected through the 2017R RFP.⁵

The Company’s direct testimony explicitly stated that, “[a]fter the 2017R RFP shortlist is selected, the Company [will] supplement this Application to provide the Commission and intervening parties with detailed information about the winning bid(s).”⁶ Moreover, the Company described the possibility that the benchmark resources would not be selected: “Depending on the outcome [of the 2017R RFP], the results will: (1) identify the Wind Projects as the winning bids and validate their benefits; (2) identify winning wind facilities that are in addition to the Wind Projects and request approval of those projects; or (3) identify winning wind facilities that have been selected instead of one or more of the Wind Projects and request approval of those facilities.”⁷ Contrary to DPU’s and OCS’s argument, the supplemental direct testimony was never intended to simply update the analysis of the projects included in the Application. The Company’s potential selection and presentation of additional resources through the supplemental direct testimony was

⁴ Motion at 2-3.

⁵ Application at 5-6 (“ . . . once the Company identifies the winning bids from the 2017R RFP, it will provide that information as soon as practicable to the Commission. If facilities other than, or in addition to, the Company’s benchmarks provide incremental value and are ultimately selected, the Company will update its filing accordingly.”); *id.* at 9-10; Direct Testimony of Cindy A. Crane at lines 181-185.

⁶ Direct Testimony of Cindy A. Crane at lines 186-190.

⁷ Direct Testimony of Chad A. Teply at lines 146-157.

clear when the Commission established the procedural schedule in this case. It is not a basis to now vacate the schedule.

DPU and OCS overstate the changes resulting from the 2017R RFP. First, the transmission projects included in the Application remain nearly the same. The only new transmission projects are interconnection upgrades related to the wind projects included on the final shortlist. Second, although the 2017R RFP shortlist includes two new wind projects that were not included in the Application, the overall costs for the wind and transmission resources remain substantially the same. The most significant change in the supplemental direct testimony is the fact that the customer benefits increased and became more certain, even after accounting for changes in the federal corporate income tax rate.

C. The basis for approval of the Application remains the same.

1. The wind projects meet the resource need identified in the 2017 IRP.

DPU and OCS claim that the Company’s “new testimony significantly changes the basis for approval of the Application” because the Company now claims that the wind projects are “necessary to meet an identified resource need.”⁸ Far from a novel position set forth for the first time in its supplemental direct testimony, the Company has consistently demonstrated that the wind projects meet an identified resource need. The Company’s direct testimony stated that the wind projects are in the public interest because “they will become an essential element of the Company’s diversified resource portfolio that is *needed* to serve customers.”⁹ For each wind project included in the Application, the Company provided a detailed exhibit that included a

⁸ Motion at 2.

⁹ Direct Testimony of Chad A. Teply at lines 339-341 (emphasis added); *id.* at lines 71-74.

“statement setting forth the *need* for the facility in meeting present and future demands for service in Utah and other states.”¹⁰

In addition, at the September 19, 2017 hearing on approval of the 2017R RFP, the Company testified that the “2017 Integrated Resource Plan shows that there is a resource need in our planning forecast, and the proposed wind projects are a component of our least-cost, least-risk plan to meet that need[.]”¹¹ The Company explained how the proposed wind projects would displace higher cost and higher risk front office transactions that would otherwise be used to meet the resource need identified in the IRP.¹² Following the Company’s explanation, DPU’s witness specifically acknowledged the Company’s position that the wind projects meet a resource need identified in the 2017 IRP.¹³

At the October 11, 2017 technical conference in this case, the Company provided materials to the parties that reiterated that the “proposed Wyoming wind resources are needed to reliably service load and reduce market reliance risk—an area of concern raised by parties during review of the 2015 IRP.”¹⁴ Well before DPU and OCS filed testimony on December 5, 2017—and well before the Company’s supplemental direct testimony—the record was clear that the wind projects meet an identified resource need.

¹⁰ Exhibit RMP__CAT-1 at 12 (“Development of the proposed wind generation facility in compliance with regulatory requirements is the risk-adjusted, least-cost alternative to meet service obligations in Utah and other states as represented in the Company’s testimony and exhibits. The Company’s prospective generation planning activities are further described in the Company’s 2017 IRP in compliance with Commission Rules.”) (emphasis added); Exhibit RMP__CAT-2 at 13; Exhibit RMP__CAT-3 at 14.

¹¹ Docket No. 17-035-23, Hearing Transcript at 52, line 22 to 53, line 1 (Sept. 19, 2017); *id.* at 109, lines 2-8 (“the 2017 [integrated] resource plan shows a need in that, the wind resources [we’re] proposing a part of our least-cost and least-risk plan to fill that need.”); *id.* at 110, lines 6-7 (“we have a need for resources, essentially in the very first years of the IRP.”);

¹² *Id.* at 110, lines 8-24; *id.* at 156, lines 1-21.

¹³ *Id.* at 217, line 12 to 218, line 4.

¹⁴ Load and Resource Balance Sheet Presentation for October 11, 2017, Technical Conference; *see also* *PacifiCorp’s 2017 Integrated Resource Plan*, Docket No. 17-035-16, Response to the Utah Party Comments on *PacifiCorp’s 2017 Integrated Resource Plan* at 8 (Dec. 15, 2017)

2. The wind projects affect the timing of the construction of the Aeolus-to-Bridger/Anticline transmission line, but not the underlying need.

DPU and OCS further claim that the Company “morphed” its justification for the Aeolus-to-Bridger/Anticline transmission line so that the line is now presented as a necessary resource that will be constructed in the future even if the wind projects are not approved.¹⁵ Again, the facts do not support DPU and OCS.

First, the Company has been clear that the Aeolus-to-Bridger/Anticline line is necessary to relieve *existing* congestion on the system.¹⁶ The Company explained that “renewal of the PTCs has created a unique, time-limited opportunity for the Company to construct *critical* transmission facilities in eastern Wyoming, while providing substantial customer savings.”¹⁷ The Company’s direct testimony further described how “NERC’s and WECC’s standards and criteria influenced the need” for the Aeolus-to-Bridger/Anticline line.¹⁸ And at the 2017R RFP hearing, the Company testified that the Aeolus-to-Bridger/Anticline line is necessary to interconnect any additional wind resources in the constrained area.¹⁹

Second, the Company made clear that the Aeolus-to-Bridger/Anticline line has been “an integral component of the long-term transmission plan for the region” long before the wind

¹⁵ Motion at 2.

¹⁶ Direct Testimony of Rick A. Vail at lines 72-75 (“Congestion on the current transmission system in eastern Wyoming limits the ability to deliver energy from eastern Wyoming to the Jim Bridger energy hub. The Aeolus-to-Bridger/Anticline Line will relieve this congestion and increase the transmission capacity across Wyoming by 750 MW.”).

¹⁷ Direct Testimony of Cindy A. Crane at lines 206-08 (emphasis added).

¹⁸ Direct Testimony of Rick A. Vail at lines 448-464 (“Q. How do NERC’s and WECC’s standards and criteria influence the need for the Transmission Projects? A. The mandatory standards, particularly, NERC’s TPL-001-4 standard, require the Company to have a forward-looking transmission plan to reliably serve current and anticipated customer demands under all expected operating conditions, including normal system operations (all system elements in service) and during system contingencies (where elements of the transmission system are out of service), both planned or otherwise. * * * The Aeolus-to-Anticline line is sub-segment D.2 of Gateway West, which, as part of Energy Gateway, has been included in the Company’s annual TPL-001-4 assessment as part of its short- and long-term plans to dependably meet NERC and WECC reliability requirements.”).

¹⁹ Docket No. 17-035-23, Hearing Transcript at 146, line 9 to 148, line 16.

projects were contemplated.²⁰ In fact, the Company's 2015 IRP called for construction of the line by 2024.²¹ The Company's filing makes clear that the opportunity to acquire PTC-eligible wind resources to offset the cost of the Aeolus-to-Bridger/Anticline line means that the line will be constructed *earlier* than previously planned—but the plan to build the line by 2024 is well-known and long-standing.

DPU and OCS further claim that the Company now asserts that the transmission projects are no longer necessary for the wind resources to become eligible to receive PTC benefits.²² The Company's testimony states, however, that a limited delay in the transmission projects will not necessarily jeopardize the PTC eligibility of the wind projects.²³ The testimony was not intended to suggest that the transmission projects are no longer necessary for the wind projects to generate PTCs, and cannot be reasonably interpreted in that manner. In addition, DPU cannot claim to be surprised by this testimony because its own expert witness provided identical testimony.²⁴

III. CONCLUSION

Rocky Mountain Power respectfully requests that the Commission deny DPU's and OCS's Motion to vacate the schedule. Granting the motion could effectively deny the Company's request for approval of the proposed resource decisions. Instead, the Company requests that the Commission reset the hearing to begin either April 16, 2018 or April 24, 2018, reset the target decision date to June 1, 2018, and direct the parties to present a schedule with other necessary, mutually-agreeable milestones.

²⁰ Direct Testimony of Cindy A. Crane at lines 57-67; Direct Testimony of Rick A. Vail at lines 94-99.

²¹ *PacifiCorp's 2015 Integrated Resource Plan* at 57 (describing the scheduled in-service date for Segment D of the Energy Gateway project as 2019-2024).

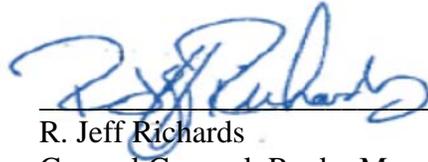
²² Motion at 2-3.

²³ Supplemental Direct and Rebuttal Testimony of Nikki L. Kobliha at lines 117-131.

²⁴ Direct Testimony of Daniel Peaco at lines 846-853.

DATED this 24th day of January, 2018.

Respectfully submitted,



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CERTIFICATE OF SERVICE

Docket No. 17-035-40

I hereby certify that on January 24, 2018, a true and correct copy of the foregoing was served by electronic mail to the following:

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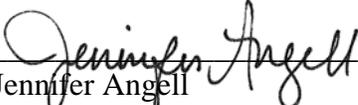
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