

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

APPLICATION OF ROCKY MOUNTAIN POWER)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR THE GATEWAY SOUTH)	DOCKET No 21-035-54
TRANSMISSION PROJECT)	Exhibit No. DPU 1.0 DIR
)	
)	

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

DAVID WILLIAMS

January 25, 2022

1 **INTRODUCTION**

2 **Q: Please state your name and occupation.**

3 A: My name is David Williams. I am a Utility Technical Consultant at the Utah Department
4 of Commerce-Division of Public Utilities (“Division”).

5 **Q: What is your business address?**

6 A: My business address is 160 East 300 South, Heber Wells Building-4th Floor, Salt Lake
7 City, Utah, 84111.

8 **Q: On whose behalf are you testifying?**

9 A: The Division’s.

10 **Q: Please describe your educational and professional experience.**

11 A: I have a Bachelor of Science degree in Nuclear Engineering from North Carolina State
12 University in Raleigh, North Carolina. I have a J.D. from the University of Wisconsin,
13 Madison. I have worked in the energy utility field since 2011. I have been employed by
14 the Division since December 2018.

15 **Q: Please describe your current position responsibilities.**

16 A: My responsibilities include policy and program analysis on a wide range of energy
17 regulatory issues. I am also responsible for the preparation and review of comments and
18 testimony for regulatory matters.

19 **Q: Have you previously testified before this Commission?**

20 A: Yes. I have testified several times before the Commission.

21 **Q: What is the purpose of your testimony?**

22 A: My testimony evaluates the Application of Rocky Mountain Power (“RMP” or the
23 “Company”) requesting an order granting a certificate of public convenience and
24 necessity (“CPCN”) to construct the Gateway South transmission line (“Gateway
25 South”). My testimony evaluates the Company’s arguments for the project’s necessity as
26 the Division understands them, in light of the relevant statute and other considerations.

27 **Q: Would you offer a summary of your conclusions regarding the Application?**

28 A: Overall the Division believes that the granting of CPCN under Utah Code Ann. § 54-4-25
29 (the “CPCN Statute”) is warranted. Given the analysis and recommendations of the 2019
30 and 2021 Integrated Resource Plans (“IRPs”) and the outcome of the 2020 All-Source
31 RFP (“2020AS RFP”), Gateway South meets the requirements of the CPCN statute. The
32 Company’s arguments and circumstances for why the project is necessary are sufficient
33 overall, although there are some particular arguments with which the Division disagrees.
34 The Division also notes that the extent to which “public convenience and necessity”
35 requires the construction of Gateway South is at least partially influenced by the fact that
36 the CPCN application comes very late in the planning process, after many decisions have
37 been made that rely on Gateway South.

38 The Division’s recommendation extends only to the granting of the CPCN—issues
39 regarding prudence and cost allocation are best addressed in another docket.

40 **Q: Please provide your recommendations to the Commission.**

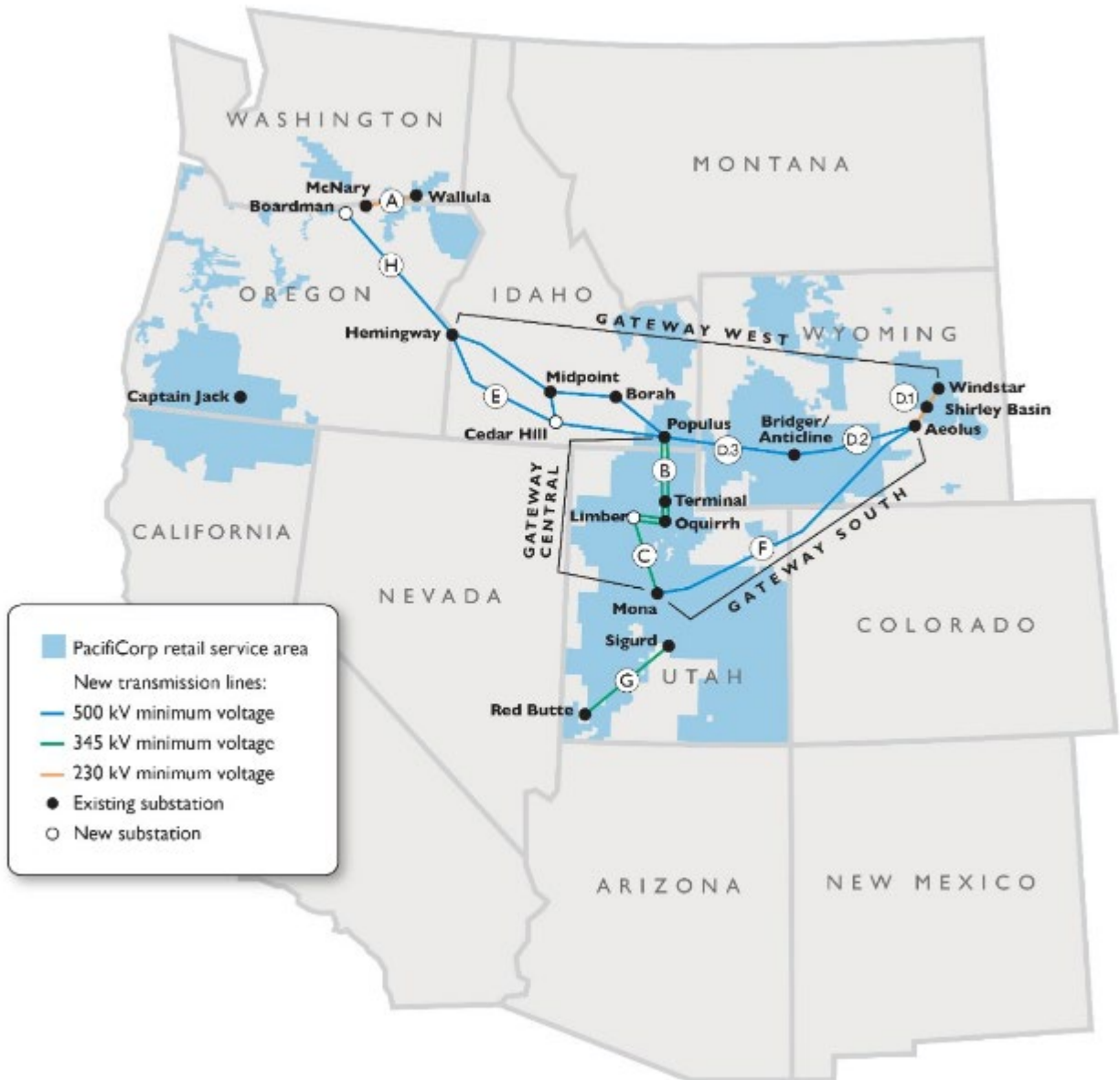
41 A: The Division recommends that the Commission grant the CPCN for Gateway South. The
42 Company has demonstrated that overall, public convenience and necessity, and the
43 Company's unique circumstances, require the construction of Gateway South. An
44 important part of the necessity is that the 2019 and 2021 IRPs, which plan for future
45 resource needs, indicate that Gateway South is necessary for the most cost-effective
46 resources going forward.

47 **Q: Please briefly describe the background of the Gateway South transmission segment.**

48 A: Gateway South is part of the Energy Gateway Transmission Expansion, begun in 2007.
49 The main segments of the Energy Gateway project are pictured below.¹

¹ Taken from Energy Gateway, at <https://www.pacificorp.com/transmission/transmission-projects/energy-gateway.html> (last visited January 12, 2022).

50 Figure 1 Energy Gateway Project



51

55 Aeolus substation) to central Utah (Mona substation).² When analyzing the costs and
56 benefits of Gateway South, the Company included the costs and benefits of proposed
57 Gateway West Segment D.1 (Gateway West D.1), because “together with Gateway
58 South, it [Gateway West D.1] is necessary to the interconnection of the majority of the
59 over 1,600 MW of new wind resources in eastern Wyoming selected in the 2020AS
60 RFP.”³ Together, Gateway South and Gateway West D.1 are referred to in the
61 Application as the “Transmission Projects.” The Company estimates that the
62 Transmission Projects will ultimately result in “1,700 MW of incremental transfer
63 capability from eastern Wyoming to the central Utah energy hub.”⁴

64 Gateway South has been incorporated in the last several IRPs, particularly the 2019 IRP
65 and the 2021 IRP. For example, the preferred portfolio of the 2019 IRP includes Gateway
66 South.⁵ The 2020AS RFP resulted in some bids (including bids that made the final
67 shortlist) that were contingent on the construction of Gateway South.⁶

² Although my testimony mainly discusses the addition of the 500 kV line from Aeolus to Mona, there are numerous substation upgrades and other associated projects that accompany the 500 kV line. See lines 178-394 of the Direct Testimony of Rick Vail (filed with Rocky Mountain Power’s Application for a Certificate of Public Convenience and Necessity for the Gateway South Transmission Project (“Application”), Docket No. 21-035-54, filed October 7, 2021).

³ Application, ¶ 9, p. 7. A Utah CPCN for Gateway West D.1 is not required, since no part of the segment is in Utah.

⁴ Application, ¶ 16, pp. 9-10.

⁵ See 2019 Integrated Resource Plan, Volume 1, October 18, 2019, p. 7. Available at: https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2019_IRP_Volume_I.pdf

⁶ See, e.g., Shortlist Report of Merrimack Energy Group, Inc. to Utah Public Service Commission, PacifiCorp 2020 All Source Request for Proposals, (2020AS RFP), Docket No 20-035-05, filed September 2, 2021, p. 3-4 and Table 12, pp. 54-5. Available at <https://pscdocs.utah.gov/electric/20docs/2003505/320176RdctdRprtIEMerrimack9-2-2021.pdf>.

68 **Q: Please summarize the arguments that the Company made in support of the CPCN**
69 **for Gateway South.**

70 A: The Company puts forth three main arguments why the Transmission Projects are
71 necessary.

72 The first argument is that the Transmission Projects are needed to fulfil the Company’s
73 obligation under its Federal Energy Regulatory Commission (“FERC”) Open Access
74 Transmission Tariff (“OATT”):

75 The Company has executed 13 transmission service and generator
76 interconnection service contracts that list either one or both Transmission
77 Projects as Contingent Facilities. This means that PacifiCorp *cannot*
78 *provide* the contracted services to 13 contractual counterparties without
79 constructing the Transmission Projects.⁷

80 The second argument for the necessity of the Transmission projects is that “the
81 Transmission Projects are a critical component of the Company’s short- and long-term
82 plan to meet its federal reliability mandates.”⁸ The Company notes that the Commission
83 has mentioned reliability when granting previous CPCNs.

84 The third argument is that the 2021 IRP demonstrates the need for additional generation
85 resources and associated transmission, and that the Transmission Projects “provide
86 substantial customer benefits.” The Company states that “[t]he Plexos model selected the
87 Transmission Projects, and the low-cost generation resources enabled by the

⁷ Application, ¶ 23, pp. 12-13 (italicized emphasis in original).

⁸ Application, ¶ 27, p. 14.

88 Transmission Projects, as critical components of the least-cost, least-risk portfolio of
89 resources” for the IRP planning horizon.⁹ The Company also describes other benefits,
90 such as risk mitigation benefits and the possibility of greenhouse gas costs.

91 **Q: Does the Application address the requirements addressed in the CPCN statute**
92 **(Utah Code Ann. § 54-4-25)?**

93 Yes. The general requirement is that a CPCN is required before the Company can
94 “establish, or begin construction or operation” of the Gateway South line. The CPCN
95 indicates that “present or future public convenience and necessity does or will require the
96 construction” of the line.¹⁰

97 The statute also requires in section 54-4-25(4)(a) evidence that the Company “has
98 received or is in the process of obtaining the required consent, franchise, or permit of the
99 proper county, city, municipal, or other public authority.” In Exhibit 1 of the
100 Application, the Company filed a table listing the required permits and consents, and
101 their status.

102 The statute also requires a statement under section 54-4-25(4)(b) that the line “will not
103 conflict with or adversely affect the operations of any existing certificated fixed public
104 utility which supplies the same product or service to the public” and will not extend into

⁹ Application ¶ 33, p. 16.

¹⁰ Utah Code Ann. § 54-4-25(1).

105 the territory of a certificated fixed public utility. The Company makes such a statement in
106 the Application at ¶39 on page 18.

107 This leaves the “public convenience and necessity” standard. The CPCN Statute does not
108 provide details or factors regarding how “present or future public convenience and
109 necessity” is to be determined.

110 **Q: Does the Division agree that the Transmission Projects are needed for present or**
111 **future public convenience and necessity?**

112 Yes. The Division recommends that the Commission grant the CPCN for Gateway
113 South. Generally speaking, costs for new construction of thermal generation resources are
114 rising (or at the very least staying steady), and the costs for renewable resources are
115 falling. Some states are also implementing policies regarding the acquisition of new
116 thermal resources. The trend is clearly towards wind, solar, and co-located storage—and
117 many of these resources will be in places that are relatively remote from Utah population
118 centers. Eastern Wyoming and southern Utah are prime locations for wind and solar
119 projects, respectively, and these areas must be connected to population centers. The
120 circumstances behind the three arguments mentioned above (in lines 70-90), taken as a
121 whole, indicate that Gateway South is needed.

122 **Q: Does the Division have any reservations about the overall approval process of**
123 **Gateway South?**

124 Yes. In a sense, by the time the Gateway South application was filed, it was difficult to
125 propose meaningful alternatives. As mentioned above, the 2019 IRP and the 2021 IRP

126 each assume that Gateway South will be in place. The 2020AS RFP operated under the
127 assumption that Gateway South would be in place. Specifically, the Company states that
128 it “has executed 13 transmission service and generator interconnection service contracts
129 that list either one or both Transmission Projects as Contingent Facilities.”¹¹
130 Furthermore, “[b]oth Transmission Projects are necessary to interconnect the majority of
131 the new low-cost wind resources in eastern Wyoming selected in the 2020 All Source
132 Request for Proposals.”¹² All of this results in the impracticality of implementing
133 alternatives (if any were presented). Even if a party had conducted independent analysis
134 showing that an alternate path would be more cost-effective, it would not be feasible to
135 switch to an alternate plan at this late date. Table 1 of the Application shows the various
136 permits that are required, many of which are already received or are in progress. There is
137 no way an alternate plan could be implemented to achieve operation by the end of 2024,
138 even if another plan were proposed.

139 For example, when discussing an alternative to Gateway South put forward by the
140 Northern Tier Transmission Group (“NTTG”) in its 2018-2019 Regional Transmission
141 Plan, in his testimony Company witness Mr. Rick Vail stated that, separately from cost
142 and capacity issues, “securing permits and rights-of-way for the two proposed 345-kV
143 lines could require an additional 12-to-15 years.”¹³ Since the permit process is so long

¹¹ Application ¶ 23, p. 12.

¹² Direct Testimony of Rick A. Vail, Docket No. 21-035-54, October 7, 2021, lines 42-44, p. 3.

¹³ Direct Testimony of Rick A. Vail, lines 1141-43, p. 56.

144 for a transmission project, the initial proposal (in this case, Gateway South) becomes
145 solidified and other alternatives are not feasible.

146 Furthermore, the Company has designated Gateway South as a “Contingent Facility” for
147 12 executed interconnection agreements, many of which are on the shortlist of the
148 2020AS RFP. These projects have not yet been approved as resource additions in Utah.
149 The Company then in essence argues that because Gateway South is required for these
150 resources, it should be approved. This reasoning is somewhat circular, although given
151 the long lead time for transmission projects, it may be difficult to avoid this circularity.

152 The Division is not alleging the Company has done anything improper—the timing as
153 described in the statute only says the CPCN is needed in order to “establish, or begin
154 construction or operation” of a line. The Company filed the CPCN in a timely manner.
155 However, the Division would like to explore ways in which meaningful alternatives
156 could be seriously considered at an earlier stage in the process. Given the pace of change
157 in western energy supplies and policies, transmission planning and the regulatory systems
158 accompanying it must be more nimble, particularly if the public is to trust that the best
159 alternatives are developed.

160 **Q: Does the Division have any comments about the three arguments put forth?**

161 A: Yes. The Division finds some of the arguments, if taken in isolation, problematic, and
162 questions whether any of the three main arguments on its own would be sufficient to
163 require the granting of a CPCN for Gateway South. Evaluating the circumstances as a
164 whole, and considering the benefits provided, together with the 2020AS RFP and

165 industry trends, the Division recommends that the Commission grant the CPCN.
166 However, the Division takes issue with several arguments within the Application, and
167 would not support their use in other contexts.

168 **Q: Please elaborate. Which aspects of the Company’s arguments in the Application do**
169 **you find unconvincing?**

170 A: First, the Division is not convinced that transmission customers who wish to wheel power
171 across the Company’s territory can force the Company, against its wishes, to install new
172 transmission capacity along a new route, and have Company customers pay for it. In the
173 current case, of course, the Company is also in favor of installing a new transmission
174 route, and so the issue is partially moot. However, the Company does claim that it would
175 be required, from one point-to-point (“PTP”) transmission service request alone, to
176 construct a 230 KV line along the Gateway South route:

177 PacifiCorp’s FERC-approved Attachment K to the OATT makes clear that
178 once a planned transmission project is required to be in service for
179 PacifiCorp to grant an OATT request for PTP transmission service or
180 generator interconnection service, PacifiCorp is obligated to construct the
181 project. ... The Company has executed 13 transmission service and
182 generator interconnection service contracts that list either one or both
183 Transmission Projects as Contingent Facilities. This means that PacifiCorp
184 *cannot provide* the contracted services to 13 contractual counterparties
185 without constructing the Transmission Projects.

186 24. Among these contracts is an executed 500 MW PTP
187 transmission service agreement that requires Gateway South to be in
188 service. If the Company were not planning to construct Gateway South,
189 the Company’s analysis shows that in order to grant only this single PTP
190 transmission service request—and ignoring the other thousands of
191 megawatts of queued service requests—PacifiCorp would be obligated to

192 construct, at a minimum, a 230-kV transmission line at a cost in excess of
193 \$1 billion.¹⁴

194 The implication here is that even if the Company did not have the 12 generator
195 interconnection requests (most or all of which are associated with the 2020AS RFP), the
196 one 500 MW PTP transmission service request on its own would necessitate a 230 kV
197 line along the Gateway South route. The Division’s understanding is that this 500 MW
198 PTP is a wheeling agreement, to get power across the Company service territory to
199 Nevada and California. In a hypothetical in which there were no RFP projects, and only
200 the PTP agreement, it is not clear that the PTP agreement would necessitate a 230 kV line
201 if the Company had no plans to build the line for its own internal operations.

202 The Company cites Sections 28.2 and 15.4 of its OATT, and several FERC decisions, for
203 its claim that it would have to expand its transmission system regardless of the RFP
204 projects (due to the 500 MW PTP project).¹⁵ Section 15.4 of the Company’s OATT state
205 that:

206 If the Transmission Provider determines that it cannot accommodate a
207 Completed Application for Firm Point-To-Point Transmission Service
208 because of insufficient capability on its Transmission System, the
209 Transmission Provider will use due diligence to expand or modify its
210 Transmission System to provide the requested Firm Transmission Service
211 consistent with its planning obligations in Attachment K, provided the

¹⁴ Application, ¶¶ 23-24, pp. 12-13. The Division understands that out of the “13 transmission service and generator interconnection service contracts,” one is the 500 MW PTP contract, and the other 12 are interconnection service requests.

¹⁵ See Application footnotes 9 through 14, pp. 11-12.

212 Transmission Customer agrees to compensate the Transmission Provider
213 for such costs pursuant to the terms of Section 27.¹⁶

214 Section 27 of the OATT states that:

215 Whenever a System Impact Study performed by the Transmission
216 Provider in connection with the provision of Firm Point-To-Point
217 Transmission Service identifies the need for new facilities, the
218 Transmission Customer shall be responsible for such costs to the extent
219 consistent with Commission policy.

220 The Division asked a data request about this hypothetical (the one in which the 500 MW
221 PTP project was the only one at issue). The Company responded by emphasizing the
222 phrase “to the extent consistent with Commission policy” in the language from Section
223 27 quoted above, and stating that “Federal Energy Regulatory Commission (FERC)
224 policy does not permit the cost of network transmission upgrades to be directly assigned
225 to transmission customers.”¹⁷

226 The Division is not convinced that the Company’s response settles the question of
227 whether a new line can be forced upon a utility contrary to its wishes (as we are
228 considering in this hypothetical), and paid for by Company customers.¹⁸ The case cited

¹⁶ PacifiCorp Open Access Transmission Tariff FERC Electric Tariff, Volume No. 11, Updated January 3, 2022, Section 15.4, pp. 58-59. Available at <https://www.oasis.oati.com/ppw/> in the folder “PacifiCorp OASIS Tariff/Company Information.”

¹⁷ Docket No. 21-035-54, PacifiCorp Response to DPU Data Request 2.3, January 12, 2022.

¹⁸ The Company states that for Gateway South:

PacifiCorp assumed retail customers would pay 80 percent of the revenue requirement from the up-front capital cost for the Transmission Projects after accounting for an assumed 20 percent revenue credit from other transmission customers.

See Application, Direct Testimony of Rick T. Link, lines 709-13, p. 33. Although the Company does not explicitly state, the Division assumes that in the case of a 230 kV line caused by the single 500 MW PTP customer, the 80/20 split would also apply.

229 by the Company¹⁹ does not involve a scenario in which a transmission provider is forced
230 to build a new transmission line along a new route to provide wheeling services.

231 Furthermore, the Division’s understanding is that even though costs could not be direct-
232 assigned to the 500 MW PTP project, the Company could still recover the costs from the
233 project at rates higher than the normal PTP rate. The Division understands that using
234 FERC’s “higher of” policy, the Company could charge the 500 MW PTP customer some
235 or all of the cost of the 230 kV line—not in direct assigned costs, but in rates.²⁰ In the
236 Gateway South CPCN docket in Wyoming, a witness stated that the “higher of” policy
237 means that:

238 if the incremental OATT transmission revenues that would be provided by
239 the requested firm point-to-point transmission would be less than the cost
240 for the Network Upgrades necessary to provide the service, RMP can
241 charge the third-party transmission customer the cost of the Network
242 Upgrades instead of RMP’s normal OATT rate in order to protect RMP’s
243 native load customers, including its retail customers in Wyoming, from
244 having to subsidize the cost of those Network Upgrades. This means that
245 RMP’s claim that its retail customers would not be able to avoid the cost
246 of a \$1.4 billion, 230 kV transmission line if Gateway South is not built is
247 not accurate. If RMP does not build Gateway South and the third-party
248 transmission customer who requested the 500 MW of firm point-to-point
249 transmission service that would require the 230 kV transmission line in
250 place of Gateway South still wants to proceed with the requested
251 transmission service, under FERC’s “higher of” pricing policy, RMP
252 could require the transmission customer to pay for the cost of the \$1.4

¹⁹ *Ne. Tex. Elec. Coop. Inc., et al.*, 108 FERC ¶ 61,084, at P. 47 (2004).

²⁰ This policy is described in Direct Testimony and Exhibits of James R. Dauphins, Docket No. 20000-588-EN-20, Record No. 15604, WIEC Exhibit No. 300, November 19, 2021 (“Dauphin Testimony (Wyoming)”).

253 billion, 230 kV transmission line. RMP's retail customers would not be
254 responsible for those costs.²¹

255 The Division requests that the Company address this issue. If this is true, the cost analysis
256 of the NTTG project (as discussed below) should not include the costs of the 230 kV line
257 (see lines 329-346 of my testimony below).

258 The Division reserves the right to evaluate, in other contexts where appropriate, the claim
259 that a wheeling project could force the Company to upgrade its transmission capacity,
260 while passing some or most of the costs to its retail customers, and the Division's
261 recommendation that the CPCN be granted does not necessarily reflect its agreement on
262 this hypothetical.

263 **Q: Do the Company's other arguments present any issues?**

264 The second argument for the necessity of the Transmission projects is that "the
265 Transmission Projects are a critical component of the Company's short- and long-term
266 plan to meet its federal reliability mandate."²² The Division agrees with the claim that the
267 Transmission Projects will improve reliability; however, the evidence for the claim that
268 these particular projects are the best or most cost-effective ways to improve reliability is
269 not robust. The Company claims that "The Transmission Projects, as part of Energy
270 Gateway, have been included in the Company's annual TPL-001-4 assessment as part of
271 its short- and long-term plans to dependably meet NERC and WECC reliability

²¹ Dauphin Testimony, Wyoming Docket No. 20000-588-EN-20, pp. 27-28.

²² Application, ¶ 27, p. 14.

272 requirements for eight years.”²³ Mr. Vail states that “the 2019 TPL-001-4 planning
273 assessment identified three deficiencies on the existing system that are mitigated by the
274 Transmission Projects...”²⁴ The Division has reviewed the 2019 TPL-001-4 Summary
275 Reports, and it is not clear whether Gateway South is simply a solution to these
276 deficiencies, or the best or most cost-efficient solution. The Division is submitting a data
277 request on this matter.

278 **Q: What is your opinion of the Company’s third argument that the Transmission**
279 **Projects “provide substantial customer benefits”?**

280 The Company used Plexos, the same modeling used in its 2021 IRP, to analyze the
281 Transmission Projects. The Company states that:

282 through 2040, the resource portfolio that includes the Transmission
283 Projects is \$128 million lower cost than the comparable portfolio without
284 the Transmission Projects, when examined using a medium natural gas,
285 medium carbon dioxide price-policy scenario. On a risk-adjusted basis,
286 construction of the Transmission Projects is \$260 million lower cost when
287 compared to a portfolio without the Transmission Projects.²⁵

288 These figures are shown in Table 3 of Mr. Link’s testimony: the present value revenue
289 requirement differential (PVRR(d)) of the transmission Projects and the associated new
290 generation represent a benefit of \$128 million in the base case (medium natural gas and

²³ Application, ¶ 28, p. 14.

²⁴ Direct Testimony of Rick A. Vail, lines 948-49, p. 46.

²⁵ Application, ¶ 34, p. 16.

291 medium carbon dioxide prices, or MM), with a risk-adjusted benefit of \$260 million.²⁶

292 That table is reproduced below.

Table 3. PVRR(d) (Benefit)/Cost of the Transmission Projects (\$ million)

Price-Policy Scenario	PVRR(d)	Risk-Adjusted PVRR(d)
MM	(\$128)	(\$260)
LN	\$755	\$670
MN	\$393	\$289
HH	(\$932)	(\$1,100)
SCGHG	(\$2,568)	(\$2,819)

294 As shown in the table above, in scenarios where there is no cost of carbon dioxide (e.g.
295 medium gas and no carbon dioxide price, or MN) the Transmission Projects increase
296 system costs by \$393 million. In a scenario with low gas prices and no carbon dioxide
297 costs (LN), system costs are increased by \$755 million.

298 In scenarios with high costs of carbon (HH and SCHGH), the Transmission Projects
299 show very large benefits. The Company states that “The LN and MN scenarios
300 unrealistically fail to account for the risk that there will be some form of policy action
301 taken to impute a cost or penalty on greenhouse gas emissions over the planning
302 period.”²⁷ Thus the large benefits of the Transmission Projects generally occur under

²⁶ Direct Testimony of Rick T. Link, Table 3, line 719, p. 34.

²⁷ Direct Testimony of Rick T. Link, lines 725-27, p. 34.

303 scenarios that have carbon costs, but if those carbon costs are not enacted, the projects
304 will generally increase system costs.

305 **Q: Should the prudence of Gateway South costs be discussed in this docket?**

306 A: The Division believes that another docket such as a general rate case is more appropriate
307 for a discussion of prudence. This policy has been put forth by the Commission in other
308 CPCN dockets. For example, in the Scheduling Order for Docket No. 08-035-42, which
309 involved the CPCN for the Populus-to-Terminal 345 kV transmission line, the
310 Commission stated “The issues in this proceeding shall be limited to the issue of whether
311 the present or future public convenience and necessity does or will require the
312 construction of the transmission line. This proceeding shall not address the following
313 issues: [siting issues], or prudence issues for ratemaking purposes.”²⁸

314 The Division agrees that this should be the policy in the present docket. However, the
315 Division also notes that to a certain extent, prudence issues are intertwined with the
316 arguments put forth by the Company that Gateway South is required by public
317 convenience and necessity: the Company discusses the costs and benefits of Gateway
318 South, and compares it to alternatives. The Company also states that “Gateway South is

²⁸ In the Matter of the Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity Authorizing Construction of the Populus-to-Terminal 345 kV Transmission Line Project, Docket No. 08-035-42, Scheduling Order, May 20, 2008, p. 2.

319 prudent and in the public interest and is an integral component of the Company’s long-
320 term plans to provide stable, reliable electric service at just and reasonable rates.”²⁹

321 The Division’s position is that, despite the partial tangling of prudence issues in the
322 presence docket, the following points apply to prudence: (1) Agreement by the Division
323 that the CPCN should be issued has no bearing on the Division’s position regarding
324 prudence of any particular cost of Gateway South in future dockets, and (2) the fact that
325 the present CPCN is issued, if it is, should not have any bearing on the merit of future
326 prudence issues, and nor should the fact that Gateway South may be under construction
327 or even completed when its prudence is evaluated.

328 **Q: Did the Company evaluate any alternatives to Gateway South?**

329 The 2019 IRP Order directed the Company to consider other transmission alternatives,
330 such as the one put forth by Northern Tier Transmission Group (“NTTG”).³⁰ Table 5 in
331 Mr. Link’s testimony summarizes the assumptions used for the NTTG Alternative. The
332 in-service capital cost of the NTTG project is listed as \$3.22 billion.

333 **Q: Does the Division have any issues with the NTTG calculation?**

334 The Division’s understanding is that this \$3.22 billion includes the 230 kV line
335 mentioned in paragraph 24 of the Application. This 230 kV line follows the planned path

²⁹ Application pp. 18-19.

³⁰ Order, PacifiCorp’s 2019 Integrated Resource Plan, Docket No. 19-035-02, at p. 22 (May 13, 2020) (“2019 IRP Order”).

336 of Gateway South, but uses a lower voltage, and would cost “in excess of \$1 billion.”³¹
337 The Company claims it is obligated to build this line under all scenarios (even scenarios
338 where the 2020AS RFP projects are not built), due to its FERC obligations to the 500
339 MW PTP project. The Division is not convinced the costs for the 230 kV line should be
340 included in the NTTG costs, for reasons explained in lines 231-257 of my testimony. The
341 Division requests that the Company recalculate the NTTG costs under the assumption
342 that the 500 MW PTP project would bear the costs of the 230 kV upgrade, using “higher
343 of” rates.

344 Furthermore, the Division would like to see the Company’s answers to the questions
345 asked by the Utah Association of Energy Users in its 3rd Data Request to the Company,
346 which among other things asks about the proper baseline cost for the NTTG alternative.

347 **Q: Please provide a summary of your recommendations.**

348 A: The Division recommends that the Commission grant the CPCN for Gateway South.
349 However, the Division has questions regarding the details of some of the Company’s
350 arguments for the granting of the CPCN. For example, the costs of the NTTG alternative
351 may not have been properly calculated, and the Division requests clarification on that
352 issue. The Division also has concerns about the somewhat circular process by which
353 certain Company arguments were made—the Company deemed the Gateway South to be
354 a Contingent Facility in 13 of its transmission service and generator interconnection

³¹ Application ¶ 24, p. 13.

355 service contracts, and then used the fact that those contracts depend on Gateway South as
356 one argument for why the project is required. The Division also believes that the nature
357 of the process tends to mean that the first proposed project (i.e., the Energy Gateway
358 Project) becomes set in stone, and that meaningful alternatives become impractical. The
359 Division would like to hear from stakeholders how this process can be improved.

360 However, on balance, the totality of the circumstances presented by the Company meet
361 the requirements of the CPCN statute. In particular, the 2021 IRP and the 2020AS RFP
362 shortlist that resulted from the IRP Action Plan indicate that “present or future public
363 convenience and necessity does or will require the construction” of the Transmission
364 Projects. The Division recommends that prudency issues be evaluated in another
365 proceeding, and requests that the Commission confirm that the granting of the CPCN
366 does not indicate approval on any prudency issue.

367 **Q: Does this conclude your direct testimony?**

368 **A:** Yes.

CERTIFICATE OF SERVICE

I certify that on January 25, 2022, I caused a true and correct copy of the foregoing Direct Testimony of David Williams to be filed with the Public Service Commission and served by the Utah Division of Public Utilities to the following in Utah Docket 21-035-54 as indicated below:

BY Electronic-Mail:

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