Docket No. 21-035-54

UAE Exhibit 1.1

Rocky Mountain Power Responses to Data Requests Referenced in Testimony

21-035-54 / Rocky Mountain Power
January 14, 2022
UAE Data Request 2.1

UAE Data Request 2.1

Refer to the direct testimony of Rick A. Vail, lines 639-643, which states: "PacifiCorp has executed 13 transmission service and generator interconnection service contracts that list either one or both of the Transmission Projects Contingent Facilities. This means that PacifiCorp cannot provide the contracted services to 13 contractual counterparties without constructing the Transmission Projects".

(a) Please identify the queue positions for each generator interconnection request and transmission service request that list Gateway South as a contingent facility required to provide the requested service.

i. For each request, please provide the most recent interconnection or transmission study that identifies Gateway South as a contingent facility.

ii. For each please identify the cost responsibility, if any, for the generator interconnection request related to the Gateway South project.

(b) Do any of the identified interconnection requests also have an associated request for either Point to Point or Network Integration Transmission Service?

i. If yes, please identify the transmission service request and provide any studies or agreements associated with the transmission service request.

(c) Please confirm that Gateway South is listed as a contingent facility for each of the identified requests. In other words, Gateway South was not identified as a necessary upgrade triggered by any of the above-mentioned generator interconnection requests and transmission service requests, but rather a facility that was planned prior to the submission of the above-mentioned service requests.

i. Please confirm that under the Company's OATT, generator interconnection requests do not have cost responsibility for contingent facilities. If not, please explain.

(d) Please identify the transmission planning study in which Gateway South was determined to be required that caused the proposed project to be listed as a contingent facility in subsequent generator interconnection and transmission service request studies.

i. Please provide documentation of any approvals that were provided with respect to the planned Gateway South project prior to it being listed as a contingent facility.

Response to UAE Data Request 2.1

(a) As indicated in the Table 2 extract from the direct testimony of Company witness, Richard A. Vail, the queue positions of the interconnection studies that identify Energy Gateway South as contingent are as follows:

Table 2

Q#	MW	One or Both Transmission Projects Required
Q409	320	Gateway South
Q713	350	Gateway South, Gateway West Segment D.1
Q719	280	Gateway South, Gateway West Segment D.1
Q783	30	Gateway South, Gateway West Segment D.1
Q784	80	Gateway South, Gateway West Segment D.1
Q785	100	Gateway South, Gateway West Segment D.1
Q789	74.9	Gateway South, Gateway West Segment D.1
Q801	80	Gateway South, Gateway West Segment D.1
Q802	50	Gateway South, Gateway West Segment D.1
Q807	75.9	Gateway South, Gateway West Segment D.1
Q835	190	Gateway South, Gateway West Segment D.1
Q836	400	Gateway South, Gateway West Segment D.1

The queue number for the transmission service request (TSR) is Q2594.

i. Please refer to Attachment UAE 2.1.

ii. No. Energy Gateway South generator interconnection costs are directly assigned to the interconnection projects.

(b) No.

(c) Energy Gateway South was planned prior to the submission of the interconnection requests; however, the planned Energy Gateway South facilities anticipated interconnection of additional renewable resources.

i. PacifiCorp cannot directly assign the costs of the Transmission Projects to interconnection or transmission service customers. In sum, when a Federal Energy Regulatory Commission (FERC) jurisdictional generator causes upgrades on the PacifiCorp system, the generator (i.e. the "Interconnection Customer") is required to *fund the* network upgrades that are required to facilitate the interconnection of the new generator, but those costs are paid back to the customer over time as the costs are included in PacifiCorp's rates that all customers pay. What this means is that the interconnecting generator is made whole for its up-front funding such that the generator <u>does not</u> ultimately bear cost responsibility for the network upgrades; that responsibility remains with the Company's transmission customers. FERC refers to this as its "Crediting Policy". In an advanced proposed rule issued in 2021, FERC explained the history and rationale of this policy (which is now almost 20 years old):

> In Order No. 2003, the Commission established the crediting policy as a requirement of the Commission's interconnection pricing policy. Pursuant to the crediting policy… interconnection-related network upgrades are funded initially by the interconnection customer (unless the transmission provider elects to fund them) and the transmission provider reimburses the interconnection customer through transmission service credits. The Commission reasoned that "it is appropriate for the Interconnection Customer to pay initially the full cost of Interconnection Facilities and [interconnection-related] Network Upgrades that would not be needed but for the interconnection." While the interconnection customer pays for the costs of the interconnection-related network upgrades upfront, the transmission provider must reimburse the total amount that the interconnection customer paid for interconnection-related network upgrades, plus interest, as credits against the charges for transmission service taken with respect to the interconnection customer's generating facility as such charges are incurred. The transmission provider recovers the cost of interconnection-related network upgrades funded under the crediting policy through its embedded cost transmission rates.[1]

In contrast, FERC also has a "participant funding" model that has been adopted in some Regional Transmission Organization ("RTO") regions, but it is not the governing rule in the PacifiCorp's OATT or in many other OATTs of non-RTO utilities throughout the country. FERC has explained this model as follows:

> Participant funding for interconnection-related network upgrades refers to the direct assignment to a particular interconnection customer of the costs of interconnection-related network upgrades that would not be needed but for the interconnection. The Commission has accepted as just and reasonable

[1] Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection, 176 FERC ¶ 61,024 at P 29 (2021).

> various participant funding approaches proposed by RTOs/ISOs as independent entity variations from the pro forma requirements of Order No. 2003.[2]

But FERC has been clear that "the Commission has made exceptions to its policy of prohibiting the direct assignment of Network Upgrade costs in cases where the Transmission Provider is independent of market participants" (i.e. the independent entity exception).[3] PacifiCorp and other vertically-integrated transmission providers do not get the benefit of the independent entity exception.

(d) Generator interconnection study Q0409.

i. It is unclear what "approvals" are being referred to in the request. Transmission planners utilize business practices and engineering judgment when performing interconnection studies to identify transmission facilities that are necessary to maintain system reliability in adherence with North American Electric Reliability (NERC) criteria. There is no criteria that the transmission requirements be "approved" in any manner prior to be identified in an interconnection study.

[2] Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection, 176 FERC ¶ 61,024 at P 29 (2021).
[3] Standardization of Generator Interconnection Agreements & Procedures, Order No. 2003-A, 106 FERC ¶ 61,220 at P 589 (2004).

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Refer to the direct testimony of Rick T. Link, line 907, Table 5, which states:

Table 5. Assumptions in the NTTG Alternative Sensitivity

	CPCN Transmission Projects	NTTG Alternative
In-Service Date	12/31/2024	1/1/2027
In-Service Capital	$2.07 billion	$3.22 billion
Interconnection Capacity	2,030 MW	872 MW
Transfer Capability	1,700 MW from eastern WY to Mona UT	848 MW from eastern WY to Bridger; 562 MW from Bridger to Borah

Please also refer to the NTTG 2019 Economic Study Request (ESR) Report (revised), dated August 28, 2019, page 16, which states as follows:

NORTHERN TIER
TRANSMISSION GROUP

Cost & Benefit Analysis

Capital Cost of the final configuration including the facilities listed at the top of page two, was calculated to be $2,601,920,914 compared to $4,525,329,044 for the Gateway West and South portions of the dRTP configuration[7].

Segment	Miles	Cost/mile	Cost
Wyoming 230 kV Line Segments	147	981,246	144,635,610
Aeolus – Anticline #1	154	2,154,692	331,844,061
Aeolus – Anticline #2	154	2,154,692	331,844,061
Anticline – Bridger	5	2,127,863	10,639,314
Anticline – Populus #1[8]	203	2,358,823	478,841,071
Anticline – Populus #2	203	2,358,823	478,841,070
Populus – Midpoint	152	2,292,848	348,512,922
Midpoint – Hemingway	126	2,001,499	263,197,134
Total	794		2,388,355,243

Table 5 – Capital Cost Summary of ESR Configuration Transmission Lines

Substation	Cost
Windstar, DJ, Heward 230 kV	20,369,890
Aeolus	52,848,571
Anticline	24,596,296
Bridger	4,364,976
Populus	44,438,329
Midpoint	19,759,439
Hemingway	47,188,170
Total	213,565,671

Table 6 – Capital Cost Summary of ESR Configuration Substation Additions

Using the NTTG levelized annual Cost calculator[9], the ESR configuration would result in an annualized construction cost savings of $270,502,236~~395,925,199~~.

(a) Please provide a copy of the draft NTTG 2019 Economic Study Request (ESR) Report (revised), dated August 28, 2019.

(b) Please confirm that NTTG did not revise the estimated cost of the NTTG Alternative from the $2.6 billion estimate that was included in the draft NTTG 2019 Economic Study Request (ESR) Report (revised), dated August 28, 2019.

(c) Please explain in detail how the Company calculated the In-Service capital cost of the NTTG Alternative in this proceeding, as shown in Table 5, to be equal to $3.22 billion.

(d) Please reconcile the difference between the capital cost estimate of $2.6 billion for the NTTG Alternative in the NTTG report and the Company's estimate of $3.22 billion in the instant proceeding. Please explain in detail the reasons for the different estimates in capital cost.

Response to UAE Data Request 3.1

(a) Please refer to Attachment UAE 3.1-1. Note: the Northern Tier Transmission Group (NTTG) no longer exists, and the NTTG web page where documents were held has been disabled. The files attached to this data request include:

- the "NTTG 2018-2019 draft final Regional Transmission Plan Appendix E" that includes the Economic Study.

- the Northern Tier Transmission Group "NTTG 2018-2019 Regional Transmission Plan", refers to the 2018-2019 draft plan for the economic study information.

- the "NTTG 2019 Economic Study Request (ESR) Report (revised)

(b) PacifiCorp has no knowledge if any changes were made to the estimated costs.

(c) Please refer to Confidential Attachment UAE 3.1-2.

- NTTG's cost estimate of $2.60 billion in 2020 dollars (2020$) is shown on row 3.

- PacifiCorp added a 7.96 percent escalation and capital surcharge (row 4) increasing the total cost to $2.81 billion (rows 5).

- Project costs were escalated by 2.28 percent annually from 2020 to the 2026 in-service date (row 6). This results in a 2026 project cost of $3.22 billion (row 7).

(d) Please refer to the Company's response to subpart (c) above.

Confidential information is provided subject to R746-1-601–606 of the Utah Public Service Commission Rules.