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*Attorneys for Rocky Mountain Power*

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**BEFORE THE WYOMING PUBLIC SERVICE COMMISSION**

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IN THE MATTER OF THE APPLICATION OF )  
ROCKY MOUNTAIN POWER FOR SITUS & ) Docket No. 20000-\_\_-EN-20  
NON-SITUS CERTIFICATES OF PUBLIC ) (Record No. \_\_\_\_\_)  
CONVENIENCE AND NECESSITY FOR THE )  
GATEWAY SOUTH TRANSMISSION PROJECT )  
AND THE GATEWAY WEST SEGMENT D.1 )  
TRANSMISSION PROJECT )

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**APPLICATION OF ROCKY MOUNTAIN POWER FOR SITUS AND NON-SITUS  
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR THE  
GATEWAY SOUTH TRANSMISSION PROJECT AND THE GATEWAY WEST  
SEGMENT D.1 TRANSMISSION PROJECT**

PacifiCorp, d/b/a Rocky Mountain Power (the “Company”) respectfully submits this Application to the Wyoming Public Service Commission (“Commission”) under W.S. § 37-2-205, W.S. § 37-2-205.1, and Commission Rule Chapter 3, Section 21. Rocky Mountain Power respectfully requests an order granting situs and non-situs certificates of public convenience and necessity (“CPCN”) to construct the Gateway South 500-kilovolt (“kV”) transmission line

and the Gateway West Segment D.1 230-kV transmission line and accompanying facilities (collectively, the “Transmission Projects”) and for advanced review of the Transmission Projects under the process set forth in the stipulation approved in Docket No. 20000-384-ER-10, Record No. 12702 (“Advanced Review Process”).<sup>1</sup>

The Transmission Projects are necessary for several reasons. First, the Company’s 2019 Integrated Resource Plan (“IRP”) demonstrates the need for additional resources to serve load by 2024, and the Transmission Projects allow the interconnection of an additional 1,920 MW of cost-effective generation resources in eastern Wyoming. Second, time-limited federal tax incentives associated with new renewable generation enabled by the Transmission Projects substantially offset the costs of the Transmission Projects. Third, PacifiCorp is obligated under its Open Access Transmission Tariff (“OATT”) to reliably accommodate nearly 2,500 MW of interconnection and transmission service requests governed by 13 executed contracts that require the construction of one or both of the Transmission Projects. Fourth, the Transmission Projects will improve grid reliability by providing better operational control of the backbone transmission system by interconnecting two areas of the PacifiCorp transmission system that are abundant in two different forms of renewable resources—wind rich eastern Wyoming with the solar rich area of southern Utah. The Transmission Projects also provide critical voltage support to the Wyoming transmission network and enhance the Company’s ability to comply with mandated reliability and performance standards.

The Transmission Projects, and the new generation resources they enable, serve the public interest by providing net benefits to customers in a wide range of price-policy scenarios. This includes present value revenue requirement differential (“PVRR(d)”) customer benefits of \$372 million in the base case (assuming medium natural gas and medium carbon dioxide

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<sup>1</sup> *In The Matter Of The Application Of Rocky Mountain Power For Approval Of A General Rate Increase In Its Retail Electric Utility Service Rates In Wyoming Of \$ 97.9 Million Per Annum Or An Average Overall Increase Of 17.3 Percent*, 20000-384-ER-10, Record No. 12702 (Sept. 2011) (“2010 Wyoming GRC”). At the time, the Commission relied on Wyoming’s innovative ratemaking statute, W.S. 37-1-121, to authorize the Advanced Review Process for out-of-state projects; W.S. 37-2-205.1 now expressly authorizes Wyoming Commission review of non-situs projects.

(“CO<sub>2</sub>”) prices). The PVR(d) benefits range from \$234 million in the low price-policy scenario to \$483 million in the high price-policy scenario.

The Transmission Projects also serve the public interest as an investment of approximately \$2 billion in energy infrastructure, \$915 million of which is located in Wyoming. The Transmission Projects provide economic benefits to local communities and the state of Wyoming, while also ensuring that Wyoming electricity remains affordable and reliable for customers and competitive for attracting new business.

The Transmission Projects have long been recognized as an integral component of the Company’s and the region’s long-term transmission plan. The Company is moving forward with the Transmission Projects at this time because current circumstances make them both necessary and economic. The Company requests CPCNs now so that the Transmission Projects can be constructed and energized by the end of 2023.

To complete the Transmission Projects by 2023, the Company proposes a phased CPCN review process. First, the Company requests conditional CPCNs under W.S. § 37-2-205(f) that allow the Company to: (1) by December 31, 2020, start the process to finalize acquisition of the rights-of-way necessary to construct the Transmission Projects; and (2) by June 1, 2021, commence work on the Transmission Projects on a limited notice to proceed basis. Second, the Company requests completion of the Advanced Review Process and issuance of final CPCNs to allow construction to commence on a final notice to proceed basis by August 1, 2021.

## **I. NAME AND ADDRESS OF APPLICANT**

1. PacifiCorp provides retail electric service under the name Rocky Mountain Power in the states of Wyoming, Utah, and Idaho, and under the name Pacific Power in the states of Oregon, Washington, and California. Rocky Mountain Power is a public utility in the state of Wyoming subject to the jurisdiction of the Commission with regard to its electric service to retail customers in Wyoming. Rocky Mountain Power’s principal place of business in Wyoming is 2840 East Yellowstone Highway, Casper, Wyoming 82602.

2. Formal correspondence and requests for additional information regarding this matter should be addressed to:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail:

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

With copies to:

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Informal inquiries related to this Application should be directed to Stacy Splittstoesser, Wyoming Regulatory Affairs Manager, at (307) 632-2677.

## II. SUPPORTING TESTIMONY

3. Rocky Mountain Power's filing consists of an Application for situs and non-situs CPCN for the Transmission Projects and for approval pursuant to the Advanced Review

Process. The Application is supported by pre-filed written direct testimony and exhibits of the following Company witnesses:

- **Mr. Gary W. Hoogeveen**, President and Chief Executive Officer of Rocky Mountain Power, provides an overview of the Company's Application, outlines the policy considerations supporting the Company's decision to invest in the Transmission Projects, and explains why construction of the Transmission Projects is necessary and in the public interest. Mr. Hoogeveen also describes the financial ability of the Company to invest in the Transmission Projects and how the Company has pursued them in good faith, as required by W.S. § 37-2-205(c).
- **Mr. Rick A. Vail**, Vice President of Transmission, provides in his testimony a detailed description of the Transmission Projects, demonstrates that the Transmission Projects are necessary to meet the Company's obligations as a transmission provider and to improve the reliability of the transmission system. Mr. Vail's testimony also describes how the Transmission Projects will increase both the interconnection capacity in eastern Wyoming and the transfer capability out of eastern Wyoming, which will enable Wyoming to remain one of the critical generation hubs of the Company's system. Mr. Vail explains that PacifiCorp followed the mandatory OATT study process to identify the construction of the Transmission Projects as a prerequisite to reliably providing service in response to nearly 2,500 MW of transmission and interconnection service requests, and then listed the Transmission Projects in multiple Federal Energy Regulatory Commission ("FERC")-jurisdictional executed contracts accordingly. Mr. Vail also addresses certain requirements of Commission Rule Chapter 3, Section 21.
- **Mr. Rick T. Link**, Vice President of Resource Planning and Acquisitions, provides the economic analysis demonstrating that the Transmission Projects are beneficial to Wyoming customers and in the public interest. Mr. Link describes the customer benefits resulting from the timely construction of the Transmission Projects, and explains the need for the Transmission Projects and associated generation resources as

outlined in the Company's 2019 IRP. Mr. Link also explains the status of the Company's 2020 all-source request for proposal ("2020AS RFP"), soliciting cost-effective generation projects enabled by the Transmission Projects.

- **Mr. Roderick D. Fisher**, Principal Project Manager, testifies regarding the extensive permitting process the Company has undertaken so far and certain requirements that the Transmission Projects must meet before they can be built, and summarizes the private rights-of-way acquisition process currently underway.

4. This Application is supported by three exhibits that are incorporated by reference. Exhibit A provides information required by Commission Rule Chapter 3, Section 21(c)(i) and (ii) and the Advanced Review Process in addition to information included in the testimony. Exhibit B is the Company's Proposed Notice of Application. Exhibit C is the Company's Proposed Procedural Schedule.

### **III. OVERVIEW OF THE TRANSMISSION PROJECTS**

#### **A. Description of Transmission Projects.**

##### **Gateway South**

5. Gateway South is a 414 mile, high-voltage 500-kV transmission line that will connect southeastern Wyoming to northern Utah. Gateway South will begin at the Aeolus substation, which is located near Medicine Bow, Wyoming and was recently constructed as part of the Aeolus-to-Bridger/Anticline transmission project that was approved by the Commission in Docket No. 20000-520-EA-17.<sup>2</sup> From the Aeolus substation, the line extends west to Wamsutter, Wyoming, and then generally south to the Colorado border. From there, the line crosses through the northwest corner of Colorado, enters Utah, eventually terminating at the Clover substation near Mona, Utah.

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<sup>2</sup> *In the Matter of the Application of Rocky Mountain Power for Certificates of Public Convenience and Necessity and Nontraditional Ratemaking for Wind and Transmission Facilities*, Docket No. 20000-520-EA-17, Record No. 14781 (April 2018).

6. Gateway South also requires the Company to modify the existing 345-kV transmission infrastructure in the Mona/Clover area.

7. Because of the length of Gateway South, the Company will construct two series compensation substations along the line to reduce net transmission line impedance and improve the power transfer capability of the line. The addition of series compensation substations also improves power flow control, voltage regulation and increases the transient stability margin of the line.

8. Construction of Gateway South will also require modifications to the Aeolus, Anticline, Clover, and Mona substations to accommodate the new line.

#### **Gateway West Segment D.1**

9. Gateway West Segment D.1 includes construction of a new 59-mile high-voltage 230-kV transmission line from the Shirley Basin substation in southeastern Wyoming to the Windstar substation near Glenrock, Wyoming. In addition, the Company will rebuild the existing Dave Johnston – Amasa – Difficulty – Shirley Basin 230-kV transmission line, which runs approximately 57 miles from the Shirley Basin substation to the Dave Johnston substation near Glenrock, Wyoming.

10. Gateway West Segment D.1 also requires construction of a new 230-kV Heward substation that will be sited adjacent to the Difficulty substation, which is owned by Tri-State Generation & Transmission. Gateway West Segment D.1 also requires additions to the Shirley Basin, Dave Johnston, Windstar, and Anticline substations.

#### **B. The Transmission Projects Are Necessary and Economic.**

11. After a decade of planning, the Company now proposes to move forward with construction of the Transmission Projects and complete them by the end of 2023. The Transmission Projects are an important component of the Company's Energy Gateway Transmission Expansion Project ("Energy Gateway"), and Gateway South has long been recognized as a key transmission segment in the region's long-term transmission planning. By

acting now on this time-limited opportunity to develop the Transmission Projects, the Company can provide substantial customer benefits.

12. The Company needs additional resources to serve load by 2024, and the Transmission Projects enable new, cost-effective Wyoming generation resources to fill this need. Specifically, the Transmission Projects allow the Company to interconnect up to approximately 1,920 MW of new resources. While the production tax credit (“PTC”) has been extended to year-end 2024, some bidders in the 2020AS RFP are still seeking to bring their projects online by the end of 2023. In addition, the solar investment tax credit (“ITC”) requires project completion by the end of 2023 to obtain more than a 10 percent ITC. As with the Aeolus-to-Bridger/Anticline line, for which the Commission granted a CPCN in 2018, the tax credits from new renewable generation enabled by the Transmission Projects produce significant benefits that offset costs of the Transmission Projects.

13. As described in more detail in the next section, PacifiCorp followed the OATT process to identify the construction of the Transmission Projects as a prerequisite to reliably providing service in response to nearly 2,500 MW of transmission and interconnection service requests, and the Transmission Projects were listed in multiple FERC-jurisdictional executed contracts accordingly. More specifically, PacifiCorp executed 13 contracts with third-party customers that require construction of one or both of the Transmission Projects, including a transmission service agreement that requires construction of Gateway South to reliably provide 500 MW firm point-to-point (“PTP”) transmission service beginning by the contract start date of January 1, 2024. The Transmission Projects are therefore lynchpins in PacifiCorp’s ability to meet its obligation to grant generator interconnection service and transmission service under the OATT.

14. The Transmission Projects will also enhance the Company’s ability to comply with mandated North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) reliability and performance standards. Congestion on the current transmission system in eastern Wyoming limits the ability to deliver



energy from eastern Wyoming to PacifiCorp load centers in Wyoming, Idaho, Utah, and the Pacific Northwest. The Transmission Projects will increase transfer capability by approximately 875 MW from the Windstar/Dave Johnston area south to Shirley Basin/Aeolus, which, in turn, will support approximately 1,700 MW of incremental transfer capability from eastern Wyoming to the central Utah energy hub.

15. Construction of the Transmission Projects will enable the Company to more efficiently utilize existing generation resources in Wyoming to serve loads in Wyoming, Idaho, Utah, and the Pacific Northwest. The Transmission Projects also better position the Company to interconnect and integrate future resources in southeastern Wyoming and more efficiently serve expected customer load. In addition to increasing the transmission capacity out of eastern Wyoming, the Transmission Projects will also provide critical voltage support to the Wyoming transmission network and enhance the overall reliability of the transmission system by adding incremental new transmission capacity between the Company's existing thermal and renewable facilities and future facilities and other sources of energy in northern Utah. Additional transmission paths will mitigate the impact of outages on the existing system.

**C. The Transmission Projects Fulfill the Company's Obligations under its OATT and Avoid Construction of Less Cost-Effective, Stop Gap Options.**

16. The Company is required to provide reliable transmission and interconnection service in accordance with the rates, terms, and conditions of PacifiCorp's FERC-jurisdictional OATT. Where a request for OATT service cannot be reliably provided on the existing system, the Company's OATT and long-standing FERC policy explicitly require it to construct and expand its system to provide FERC-jurisdictional transmission and interconnection service.<sup>3</sup>

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<sup>3</sup> See PacifiCorp OATT, Sections 28.2 and 15.4 (reflecting verbatim FERC's pro forma tariff established in 1996 and requiring a transmission provider to construct facilities as necessary to reliably provide requested transmission service); *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103 at 767 (2003) (explaining that FERC's pro forma interconnection services "provide for the construction of Network Upgrades that would allow the Interconnection Customer to flow the output of its Generating Facility onto the Transmission Provider's Transmission System in a safe and reliable manner."); *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119 at 814 (2007) (explaining that despite certain policy reforms, transmission providers "will continue to be obligated

17. The obligation to construct transmission facilities in response to transmission or interconnection service requests applies to both newly identified facilities and planned system expansions or upgrades, like the Transmission Projects, when service requests depend on their construction.<sup>4</sup> Under those circumstances, the OATT requires PacifiCorp to identify the requisite upgrades as “Contingent Facilities” in the OATT studies posted to its Open Access Same-Time Information System (“OASIS”) website and ultimately in the FERC-jurisdictional agreement on file with FERC. The Company 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.

18. Among these contracts is an executed 500 MW PTP transmission service agreement that requires Gateway South to be in-service by the end of 2023 in order to provide service by the contract’s January 1, 2024 start date. If the Company were not planning to construct Gateway South, the Company’s analysis shows that in order to grant only this single PTP transmission service request — and ignoring the other thousands of megawatts of queued service requests — PacifiCorp would be obligated to construct, at a minimum, a 230-kV transmission line by the end of 2023, at a cost in excess of \$1 billion.

19. The Company has also executed 12 interconnection agreements that identify one or both of the Transmission Projects as Contingent Facilities. Interconnecting these generators without the Transmission Projects would require the Company to construct

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to construct new facilities to satisfy a request for service if that request cannot be satisfied using existing capacity”).

<sup>4</sup> *California Indep. System Operator*, 133 FERC ¶ 61,224 (2010) (clarifying that the OATT’s obligation to construct attaches to planned facilities identified as necessary to grant interconnection requests, stating that “[t]he fact that CAISO has voluntarily chosen to evaluate a network upgrade in its transmission planning process should not affect the obligation to build these facilities.”).

substantially similar transmission facilities at comparable costs but with fewer financial, interconnection, transmission, and operational efficiencies.

20. The Transmission Projects are cost-effective transmission system upgrades required to allow the Company to meet its OATT obligation to provide transmission and interconnection service. It is unrealistic to assume that, absent the Transmission Projects, the Company would not be obligated to construct *any* transmission system upgrades out of eastern Wyoming to accommodate FERC-jurisdictional requests for OATT interconnection service and transmission service.

**D. The Transmission Projects enable the Company to efficiently satisfy its obligation to comply with mandatory reliability standards.**

21. The Transmission Projects are a critical component of the Company's short- and long-term plan to meet its federal reliability mandates. NERC's TPL-001-4 standard requires 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 multiple elements of the transmission system are out of service), both planned or otherwise. To meet this standard, the Company performs annual reliability assessments to determine whether its transmission system complies with minimum mandatory system performance standards. The Transmission Projects, as part of Energy Gateway, have 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 for eight years. The Transmission Projects' new transmission segments are particularly effective in increasing system reliability under the various multiple contingency categories of the TPL-001-4 standard.

22. The Company could maintain long-term compliance with the TPL-001-4 standard without any new transmission facilities in eastern Wyoming only if the transmission system experienced *no* changes in loads or resources—which is an entirely unrealistic assumption.

**E. The Transmission Projects Provide Substantial Customer Benefits and Advance the Public Interest.**

23. The 2019 IRP identified Gateway South as a time-limited opportunity to add needed transmission and firm generation capacity while also providing significant benefits to customers. In the 2019 IRP, PacifiCorp produced 35 unique resource portfolios to evaluate how the type, timing, location, and volume of new resources and transmission upgrades changed in response to different planning assumptions. The IRP models selected Gateway South to come online by the end of 2023 in 34 out of these 35 resource portfolios – irrespective of assumptions around the early retirement of coal-fired generation resources – and selected it to come online by the end of 2023 in all subsequent resource portfolios developed to refine cost-and-risk analysis for top-performing cases.

24. The Transmission Projects are scheduled to be in operation by the end of 2023 to ensure the new generation resources they enable are eligible for the full ITC expiring at that time, the 60 percent PTC expiring in 2024, to support the Company’s need for additional resources beginning in 2024, and to meet the Company’s obligations as a transmission provider.

25. The Transmission Projects will produce significant customer benefits by enabling new wind resources that will produce PTCs for ten years and new solar resources which will generate ITCs. These resources will produce zero-fuel-cost energy that will lower net power costs (“NPC”) and generate renewable-energy credits (“RECs”), which can be sold to create additional revenues to offset costs.

26. The Company’s updated economic analysis presented here builds on the analysis included in the 2019 IRP, with several important updates. The analysis now includes

Gateway West Segment D.1, which allows greater interconnection of new resources. The Company’s analysis was informed by updated market conditions, the increase in the PTC from 40 percent to 60 percent, and the preliminary information received from bidders in the 2020 AS RFP.

27. Consistent with economic analysis supporting the Energy Vision 2020 transmission and wind resources, the Company’s economic analysis here analyzed the change in revenue requirement due to the Transmission Projects and associated generation using two different modeling tools across three different price-policy scenarios, reflecting high, medium, and low natural-gas and CO<sub>2</sub> price assumptions. The Company prepared a total of four scenarios: MM, MN, HH, and LN. The first letter refers to gas prices (Low “L”, Med “M”, etc.) and the second letter refers to CO<sub>2</sub> (same, but note, “N” refers to none).

28. For each of these scenarios, the Company calculated the PVRR(d) from system revenue requirement forecasts over a 20-year period through 2038, where capital revenue requirement is levelized.

29. The Transmission Projects are expected to generate customer benefits in all price-policy scenarios. Under the base case (the MM price-policy scenario), the stochastic-mean PVRR(d) customer benefit is \$372 million. The stochastic-mean PVRR(d) benefits range from \$234 million in the LN price-policy scenario to \$483 million in the HH price-policy scenario.

30. These benefits conservatively do not assign any value to the renewable energy credits (“RECs”) that will be generated by new resources made available due to the Transmission Projects.

31. The proposed investment of more than \$2 billion in transmission facilities—including \$915 million for Wyoming-based facilities—also furthers the public interest by strengthening Wyoming’s economy through energy resource diversity, new jobs, and revenue at the state and local levels. The Transmission Projects together with the new generation

resources they enable ensure that Wyoming remains a central energy hub for the Company and the region.

#### IV. LEGAL STANDARD

##### A. Situs CPCN

32. Before constructing a transmission line located in Wyoming, W.S. § 37-2-205(a) requires that a public utility obtain a “certificate that the present or future public convenience and necessity require or will require such construction ...” The Commission’s “basic and overriding standard in this case is the public interest and the desires of the utility are secondary to it.”<sup>5</sup>

33. W.S. § 37-2-205(c) provides a three-part standard for deciding whether to issue a CPCN.<sup>6</sup> First, the utility must demonstrate it has the financial ability to construct the facilities, which “may be met through evidence of corporate financial records and the testimony of corporate officers.”<sup>7</sup> Second, the utility must demonstrate good faith, which “may be met by reference to established definitions of good faith, including an honest intention to abstain from taking any unconscientious advantage of another, even though the forms or technicalities of law together with an absence of all information or belief of facts which would render the transaction unconscientious.”<sup>8</sup> Third, the utility must demonstrate the necessity of additional service, which “may be met by evidence that the proposed facility was not duplicative and was in the best interest of the community.”<sup>9</sup>

34. In determining whether a project is necessary and in the public interest, the Commission has often relied on the fact that the proposed resource was identified and

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<sup>5</sup> *In the Matter of the Application of Rocky Mountain Power for Approval of a Certificate of Public Convenience and Necessity to Construct Selective Catalytic Reduction Systems on Jim Bridger Units 3 and 4 Located Near Point of Rocks, Wyoming*, Docket No. 20000-418-EA-12, Record No. 13314, Memorandum Opinion, Findings and Order Granting Application for a Certificate of Public Convenience and Necessity, ¶ 77 (May 29, 2013).

<sup>6</sup> *Id.* ¶¶ 73-74.

<sup>7</sup> *Id.* (internal quotations omitted).

<sup>8</sup> *Id.* (internal quotations omitted).

<sup>9</sup> *Id.* (internal quotations omitted).

supported in the utility's most recent IRP.<sup>10</sup> The Commission has also taken into consideration the utility's previous experience constructing and operating similar plants and considered the facility's positive impact on Wyoming's natural resources, customers, and economy.<sup>11</sup>

35. Here, the testimony of Mr. Hoogeveen demonstrates that the Company has the financial ability to construct the Transmission Projects and is acting in good faith. In addition, as described in Messrs. Vail's and Fisher's testimony, the Company's commitment to complete the Transmission Projects in good faith is further evidenced by the efforts it has undertaken to satisfy the legal requirements of its FERC OATT and work with affected landowners.

36. The testimonies of Messrs. Vail and Link demonstrate that the Transmission Projects are necessary and in the public interest. Mr. Vail's testimony demonstrates the need for the Transmission Projects to meet the Company's obligations as a transmission provider and how improvements of the transmission system benefit customers through improved reliability and the relief of congestion on the transmission system. The Company has extensive experience constructing and operating similar facilities, and the Transmission Projects will benefit Wyoming's economy and enable Rocky Mountain Power to continue to offer low-cost service to its Wyoming customers. Mr. Link demonstrates the substantial customer benefits made available through construction of the Transmission Projects at this time.

## **B. Non-Situs CPCN**

37. Before constructing a transmission line located outside Wyoming, W.S. § 37-

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<sup>10</sup> See, e.g., *In the Matter of the Application of Black Hills Power Inc. for a Certificate of Public Convenience and Necessity for Wygen III, a 100 MW Coal-Fired Generation Facility to be Located in Gillette, Wyoming*, Docket No. 20002-69-EA-07, Record No. 11549, Memorandum Opinion, Findings and Order, ¶ 44 (May 13, 2008); *In the Matter of the Application of Cheyenne Light, Fuel, and Power Co. for a Certificate of Public Convenience and Necessity for Wygen II, a 90 MW Coal-Fired Steam Electric Generating Plant*, Docket No. 20003-EA-05-82, Record No. 9902, Order Granting Application for a Certificate of Public Convenience and Necessity, ¶ 29 (August 19, 2005).

<sup>11</sup> *In the Matter of the Application of Black Hills Power Inc. for a Certificate of Public Convenience and Necessity for Wygen III, a 100 MW Coal-Fired Generation Facility to be Located in Gillette, Wyoming*, Docket No. 20002-69-EA-07, Record No. 11549, Memorandum Opinion, Findings and Order, ¶¶ 44, 46 (May 13, 2008) ("Wygen III benefits from BHP's extensive and successful past experience in constructing and operating similar plants;" proposed facility "will add value to Wyoming's natural resources and will offer distinct advantages to . . . customers and the economy . . . by providing a stable supply of electricity, increasing price stability and decreasing the exposure to the volatility of the wholesale electricity market.")

2-205.1(a)-(b), requires a public utility to obtain a “nonsitus certificate of public convenience and necessity determining that the present or future need for the nonsitus resource is prudent and in the public interest,” if the “nonsitus resource is intended by the public utility to be a capital investment in a plant on which return is earned in Wyoming” and the “capital investment in the nonsitus resource exceeds one percent (1%) of the total capital investment in the plant on which return is earned, that is assigned or allocated to Wyoming customers, based on the public utility’s most recent general rate case determination.”

38. Here, the Transmission Projects will be constructed in Wyoming, Colorado, and Utah. The Company intends to include the Transmission Projects in Wyoming rates and the capital investment exceeds one percent of the Company’s Wyoming-allocated rate base. Therefore, the Company is required to obtain a non-situs CPCN.

39. Because the standard for issuing a non-situs CPCN under W.S. § 37-2-205.1 is generally the same as W.S. § 37-2-205(a), i.e., the Company must demonstrate that the Transmission Projects are “prudent and in the public interest,” the same evidence discussed above demonstrates that the Company meets the requirements for a non-situs CPCN.

### **C. Advanced Review Process**

40. In Rocky Mountain Power’s 2010 Wyoming general rate case, the Commission approved a settlement that created the Advanced Review Process to allow review “generally before construction” of major segments of Energy Gateway (including Gateway South and Segment D.1).<sup>12</sup> The Commission noted that it was “reasonable that the parties would express interest in devising a means to consider the prudence of major capital investments before millions of dollars have already been invested.”<sup>13</sup>

41. Under the Advanced Review Process, the Company agreed to ask the Commission to “rule on whether the proposed construction of the transmission line is reasonable and in the public interest in advance of the line being constructed.”<sup>14</sup> The Company

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<sup>12</sup> 2010 Wyoming GRC Stipulation at ¶13(a)(i).

<sup>13</sup> 2010 Wyoming GRC Order at ¶ 128.

<sup>14</sup> 2010 Wyoming GRC Stipulation at ¶13(a)(ii).



also agreed to provide certain additional information in support of its CPCN application, including a “detailed analysis and quantification of the benefits of the facilities to both the overall PacifiCorp system and to Wyoming customers in particular in terms of increased reliability or relatively lower net power costs, increased generation alternatives and the benefits of generation diversity.”<sup>15</sup>

42. To support the Advanced Review Process, Mr. Vail’s and Mr. Link’s testimony describe the benefits of the Transmission Projects, including the increased reliability and lower net power costs by enabling the acquisition of additional low-cost renewable resources. Mr. Vail’s testimony includes the cost estimate for the Transmission Projects. Mr. Link’s testimony also explains how the Transmission Projects were consistently selected by the Company’s IRP models over potential alternative resource selections. Upon completion of the 2020AS RFP, the Company intends to supplement its filing to replace the proxy resource assumptions with the resources selected in the 2020AS RFP to provide additional evidence supporting approval in the Advanced Review Process.

## **V. PHASED APPROACH**

43. The Transmission Projects must be constructed and in-service by the end of 2023 for the reasons discussed above. To meet this timeline, the Company requests that the Commission bifurcate this proceeding into two phases to allow the Transmission Projects to be placed in-service by the end of 2023.

44. In the first phase, the Company requests that the Commission issue conditional CPCNs no later than December 31, 2020. The conditional CPCNs will allow the Company to finalize acquisition of the rights-of-way necessary to construct the Transmission Projects. In addition, because the Company needs to commence certain limited, pre-construction activities for the Transmission Projects by June 1, 2021 to meet a December 2023 in-service date, the Company requests that the conditional CPCNs authorize the Company to mobilize and prepare for construction of the Transmission Projects on a limited notice to proceed basis.

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<sup>15</sup> *Id.* at ¶13(a)(iii)(3).

45. Under W.S. § 37-2-205(c), the Commission has broad authority to add conditions to a CPCN; the Commission “may attach to the exercise of the rights granted by said certificate such terms and conditions as in its judgment the public convenience and necessity may require.” The Commission’s authority under this statute is broad enough to allow it to grant conditional CPCNs to permit mobilization work on the Transmission Projects on a limited notice to proceed basis. Mr. Vail defines the work that the Company seeks to carry out between June 1, 2021 and August 1, 2021 before receiving a final CPCN and completion of the Advanced Review Process. This includes mobilizing heavy equipment, ground survey work for transmission tower pads and access roads, and pre-construction cultural and biological surveys, as required by the Bureau of Land Management. Additionally, contractors will obtain storm water pollution prevention plan permits, identify sources of water for construction use to meet regulatory stipulations, and will make the necessary pre-construction preparations required by those permits. The only earth-disturbing activities to be undertaken are the rough grading of laydown yards for the purpose of receiving materials. The Company requests conditional CPCNs that limit the Company to this defined scope of work, and make clear that it does not constitute “construction” for purposes of W.S. §37-2-205(a) or Commission Rules, Chapter 1, Section 3(a)(xiii), pending the issuance of final CPCNs in this case.

46. In the second phase, the Company requests that the Commission issue final, unconditional CPCNs by August 1, 2021 to allow full construction of the Transmission Projects to proceed. The second phase will also complete the Advanced Review Process. The customer benefits provided by the Transmission Projects result, in part, from the ability to interconnect additional low cost, tax-incentive-eligible renewable resources that will be used to serve customers. At this time, however, the Company has not completed the 2020AS RFP process and therefore Mr. Link’s economic analysis is based on proxy resources. The 2020AS RFP will be complete and the Company will select the new resources on or around June 1, 2021. With this information, the Company can update its economic analysis and

present those results to the Commission as part of the final CPCN review and Advanced Review Process.

47. By effectively bifurcating this proceeding, the Commission can provide the conditional CPCNs necessary to keep the Transmission Projects on schedule, while reserving judgment in the final CPCN and Advanced Review Process until the customer benefits are confirmed through the final results of the 2020AS RFP.

## **VI. REQUIREMENTS OF COMMISSION RULE CHAPTER 3, SECTION 21 AND ADVANCED REVIEW PROCESS**

48. The Transmission Projects are “major utility facilities,” as defined by Commission Rule Chapter 1, Section 2 because the Transmission Projects include a transmission line that is “more than three miles [and] designed for operation at 69 kV or above.” Thus, the Company provides the information required by Commission Rule Chapter 3, Section 21(c)(i) and (ii). Accordingly, Exhibit A to this Application, hereby incorporated into this Application by reference, sets forth the information and supporting materials in compliance with the Commission’s rules. Exhibit A also provides information on the requirements for the Advanced Review Process.

## **VII. PROPOSED NOTICE OF APPLICATION AND PROCEDURAL SCHEDULE**

49. Exhibit B to this Application is a proposed Notice of Application for the Commission’s Consideration. Exhibit C to this Application is a proposed procedural schedule, consistent with Commission practice. The Company is filing a Petition for Confidential Treatment and draft Protective Order concurrently with this Application. The Company includes these documents in both written and electronic format to facilitate the timely and efficient review of this case, and for the convenience of the Commission.

## **VIII. CONCLUSION**

50. Rocky Mountain Power respectfully requests that the Commission issue an order granting CPCNs to construct the Transmission Projects as described above. The Transmission Projects are prudent and in the public interest and are an integral component of

the Company's long-term plans to provide stable, reliable electric service at just and reasonable rates. The Company also seeks approval of the Transmission Projects through the Advanced Review Process.

51. To expedite the regulatory consideration of this Application by the Commission, the Company has included a printed and electronic copy of a proposed Notice of Application.

Respectfully submitted this 26<sup>th</sup> day of August, 2020.



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