

Rocky Mountain Power
Docket No. 10-035-124
Witness: John A. Cupparo

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of John A. Cupparo

Populus to Terminal Transmission Line

June 2011

1 **Q. Please state your name, business address and present position with**
2 **PacifiCorp dba Rocky Mountain Power (the “Company”).**

3 A. My name is John A. Cupparo. My business address is 825 NE Multnomah Street,
4 Suite 1600, Portland, Oregon. My position is Senior Vice President of
5 Transmission for PacifiCorp.

6 **Qualifications**

7 **Q. Please describe your education and business experience?**

8 A. I have a Bachelor of Science degree in Computer Information Systems from
9 Colorado State University. My experience spans 24 years in the energy industry,
10 including oil and, gas and electric utilities. The majority of my experience has
11 been in information technology supporting natural gas pipelines, energy
12 commodity trading and end-to-end electric utility operations. I have been
13 employed at PacifiCorp since September 2000. Prior to assuming my current
14 position in August 2006, I was Chief Information Officer for PacifiCorp. My
15 responsibilities have covered supporting many aspects of utility operations
16 including; commercial and trading, outage management, customer service,
17 transmission scheduling and regulatory issues. I am responsible for all aspects of
18 PacifiCorp’s main grid transmission investment strategy, customer service, main
19 grid planning, contract administration and tariff management. I am the co-chair of
20 the Northern Tier Transmission Group (“NTTG”), which coordinates
21 transmission planning, transmission expansion, and project reviews with sub-
22 regional and regional planning organizations within the Western Electricity
23 Coordinating Council (“WECC”). I am also an elected class one voting member

24 (transmission owner class) of the WECC Board of Directors. As a member of the
25 Board of Directors, I participate with other WECC members in overseeing
26 WECC's activities, including defining standards and policies to ensure reliability
27 of the western electric grid. I also hold a position on WECC's Transmission
28 Expansion Planning Policy Committee, the Scenario Planning Steering Group,
29 and the Reliability Coordination Committee.

30 **Q. What is the purpose of your testimony?**

31 A. The purpose of my testimony is to rebut the direct testimony of Mr. Dennis E.
32 Peseau, on behalf of Utah Industrial Energy Consumers ("UIEC") in regards to
33 Rocky Mountain Power's ("RMP" or the "Company") Populus to Terminal
34 transmission project (the "Project"). Specifically, my testimony addresses Mr.
35 Peseau's inaccurate and misleading characterization of why the Populus to
36 Terminal project and the balance of Energy Gateway are being built and how the
37 costs for these facilities will be allocated to both retail and wholesale customers.

38 **Q. Would you please summarize your rebuttal testimony?**

39 A. Yes. Mr. Peseau's testimony and recommendations reflect a fundamental
40 misunderstanding of the fact that Energy Gateway—including the Project—has
41 been sized and is being built to meet the needs of PacifiCorp's retail and
42 wholesale customers, as well as the fact that all of these customers pay for use of
43 the transmission system. The "non-retail free rider customers" Mr. Peseau refers
44 to in his testimony—but notably fails to identify or define—simply do not exist.
45 My testimony will explain:

- 46 • how the costs of the Project are allocated to both retail and wholesale
47 customers;
- 48 • how the Project was designed to meet the transmission needs of
49 PacifiCorp’s network customers, the single largest user of which is
50 PacifiCorp Energy for service to the Company’s retail customers, and the
51 importance of protecting the Project’s capacity for the long-term benefit
52 and use of the Company’s retail customers; and
- 53 • how Energy Gateway supports the Company’s Integrated Resource Plan
54 (“IRP”) preferred portfolio and provides the least-cost, long-term solution
55 to meet PacifiCorp customer needs.

56 **Project Cost Approval**

57 **Q. Has the Commission previously reviewed the costs associated with the**
58 **Project?**

59 A. Yes, by an order issued December 21, 2010 resolving two previous major plant
60 addition dockets, which included the Ben Lomond to Terminal transmission line
61 (Docket No. 10-035-13, “MPA I”) and the Populus to Ben Lomond transmission
62 line (Docket No. 10-035-89, “MPA II”), which collectively comprise the Project,
63 the Commission approved settlement stipulations, subject to parties’ reserved
64 positions, which included the costs for the Project. Specifically, the Commission
65 stated, “we find the Stipulation is just and reasonable in result and is in the public
66 interest.”

67 **Q. Was UIEC a party to and signatory of both settlement stipulations?**

68 A. Yes. UIEC, among others, agreed that “the Commission should enter an order

69 pursuant to Utah Code Ann. § 54-7-13.4(4)(a)(ii), approving cost recovery of the
70 MPA II and MPA I Projects.”

71 **Q. Is there also an agreement, pursuant to the settlement stipulations, as to how**
72 **the Company is to recover the costs related to the Project?**

73 A. Yes. UIEC, among others, agreed that the stipulated net revenue requirement from
74 the MPA I docket, of which approximately \$13.8 million is for the Ben Lomond
75 to Terminal segment of the Project, plus the stipulated net revenue requirement
76 from MPA II docket, of which approximately \$27.4 million is for the Populus to
77 Ben Lomond segment of the Project, would be spread among Utah ratepayers and
78 collected through Schedule 40. UIEC, among others, further agreed that Schedule
79 40 would begin January 1, 2011 and terminate upon the effective date of new
80 rates set in this general rate case incorporating the revenue requirement related to
81 the MPA I and MPA II dockets, including the revenue requirement related to the
82 Project.

83 **Project Cost Allocation**

84 **Q. Mr. Peseau accuses the Company of “[abusing] its monopoly position to**
85 **charge only the retail customer of Utah for transmission projects that clearly**
86 **as planned to benefit a multitude of customers” [sic]. Do you agree with this**
87 **statement?**

88 A. Absolutely not. Energy Gateway has been designed and planned primarily to meet
89 the Company’s retail load needs, including those of Utah customers, consistent
90 with the manner in which the Company has historically built its transmission
91 system.

92 With the promulgation of the Federal Energy Regulatory Commission’s
93 (“FERC”) open access rules came the requirement that PacifiCorp plan and build
94 the transmission system for the needs of all of its long-term wholesale customers.
95 Importantly, PacifiCorp’s single largest wholesale customer is itself, via
96 PacifiCorp Energy, which utilizes the transmission system to facilitate retail
97 electric service to PacifiCorp’s 1.7 million retail customers. In terms of
98 comparison, PacifiCorp Energy accounted for 90 percent of the Company’s firm
99 transmission use in 2009, with the remaining 10 percent accounted for by the
100 Company’s third-party wholesale customers. By continuing to plan and build
101 transmission for these interests, PacifiCorp ensures that the load needs of its retail
102 customers will be met.

103 Indeed, as discussed in more detail later in my testimony, prudent
104 planning requires that PacifiCorp use this approach to ensure that the capacity
105 needed to serve present and future retail load needs is protected and preserved.
106 Moreover, to the extent that there are third-party wholesale users of the
107 transmission system, those customers pay for their use of the transmission system
108 through wholesale rates approved by FERC. Therefore, it is simply untrue for Mr.
109 Peseau to suggest that “only” retail customers will be charged for transmission
110 projects or that there are “free riders” on the transmission system. All revenue
111 received from third-party wholesale customers comes back as a dollar-for-dollar
112 credit to retail customers—meaning each customer class pays its share for use of
113 the transmission system, and retail customers are not required to bear the cost
114 associated with third-party wholesale use.

115 **Q. Please elaborate on how retail customers receive credit when third-party**
116 **wholesale customers use the transmission system.**

117 A. Under approved state retail cost allocation rules, total transmission system costs
118 are allocated among the Company's retail jurisdictions and all third-party
119 wholesale revenues resulting from usage of the transmission system are credited
120 back to retail customers to lower retail rates. Revenue crediting treatment of third-
121 party transmission revenues as filed by the Company is consistent with: 1) the
122 Revised Protocol as approved for purposes of setting rates by this Commission in
123 Docket No. 02-035-04; 2) the 2010 Protocol filing made by the Company in
124 Docket No. 02-035-04; and 3) the Rolled-in allocation method approved by the
125 Commission in Docket No. 97-035-04. For further discussion on inter-
126 jurisdictional allocations, please refer to the testimony of Mr. Steven R.
127 McDougall.

128 **Q. How does the Company ensure that wholesale transmission customers pay**
129 **their share of the costs of transmission?**

130 A. PacifiCorp ensures that wholesale transmission customers pay their share of the
131 costs of transmission by following FERC's approved methodologies for
132 developing wholesale rates. The development of wholesale rates at FERC requires
133 that the rates reflect the total cost of all in-service transmission assets, including
134 all capacity associated with such facilities without regard to whether that capacity
135 is presently contractually subscribed. PacifiCorp recently filed an update to these
136 rates at FERC in docket ER11-3643-000. In this docket, PacifiCorp proposes to

137 update its wholesale rates to ensure all transmission customers continue to pay a
138 fair allocation of costs based on current cost data.

139 **Q. Mr. Peseau suggests that retail customers of Utah do not benefit from the**
140 **Project and should therefore not be required to pay for it. Do you agree?**

141 A. No. Mr. Peseau's assertion ignores a critical detail – Energy Gateway, and
142 specifically the Project included in rates in this proceeding, has been designed,
143 planned and is being built primarily for the Company's retail load needs,
144 including those of Utah customers. Notwithstanding this distinction, Mr. Peseau
145 also appears to suggest that electrons flowing through an integrated, networked
146 transmission system can be "color coded" to particular customers and then the
147 costs directly assigned commensurate with the benefit those customers receive, all
148 without losing any of the benefits of the integrated system. This is an overly
149 simplistic view which does not appropriately recognize the benefit that customers
150 receive from a networked transmission grid.

151 As an integrated whole, a networked transmission grid has the capability
152 to respond dynamically and flexibly to changing load needs as well as to
153 reliability events in which the system may be called upon to respond to sudden
154 changes in order to ensure that the lights remain on and that the system operates
155 safely and reliably. As an example, a robust integrated network provides benefits
156 to customers in the form of access to power pool reserve sharing programs which
157 can be fully utilized to minimize costly reserve requirements, including access to
158 purchased reserves during periods of shortfall or during contingency outage
159 events.

160 **Q. Are there other benefits from a properly designed network?**

161 A. Yes. A properly designed networked system provides dispatch flexibility to
162 wholesale customers serving load by providing firm access to system resources
163 such that low cost resources are not stranded by transmission constraints and are
164 available to meet load needs on a least-cost basis. Finally, an integrated network
165 provides benefits to customers by providing access to power markets such that
166 network customers can sell any surplus capacity not necessary for load service
167 during periods of low load levels. Adequate transmission and availability to
168 markets ensures surplus PacifiCorp energy is sold and credited to net power costs,
169 lowering retail customer rates. Conversely, market access provides network
170 customers the ability to purchase energy during periods when economic or when
171 required to supplement resources to serve loads.

172 **Q. Why not do as Mr. Peseau suggests and allocate only a portion of revenue**
173 **requirement to Utah?**

174 A. Mr. Peseau's overly simplistic suggestion is based on several untenable premises,
175 which, if taken to their conclusion, would result in the inability of the Company to
176 ensure reliable service for its retail customers. PacifiCorp's obligation to plan and
177 build its transmission system to ensure sufficient capacity to reliably meet its
178 customers' needs could not be fulfilled if the Company's ability to make the
179 necessary investments was dependent on commitments from third-party wholesale
180 customers. To illustrate, after the initial Energy Gateway project was announced,
181 PacifiCorp received significant interest in additional capacity from third-parties.
182 PacifiCorp's efforts to secure third-party commitment to invest in an "upsized"

183 configuration of Energy Gateway failed to result in any viable commitments,
184 thereby halting plans for this configuration. Specifically, the “upsized”
185 configuration would have required significant upgrades including, but not limited
186 to: 1) a double circuit 500 kV configuration for Gateway West originating at
187 Aeolus substation in Wyoming and running to the Populus substation in Idaho; 2)
188 a double circuit 500 kV line from Aeolus substation in Wyoming to the Mona
189 substation in Utah; 3) a new 500 kV line from Mona substation in Utah to the
190 Crystal substation in Nevada; 4) completion of the 500 kV element from
191 Hemingway to Captain Jack and the completion of the corresponding Gateway
192 West elements proposed by Idaho Power including a second 500 kV line from
193 Populus to Hemingway and the 500 kV Hemingway to Boardman project; and 5)
194 a double circuit 500 kV configuration of the Mona to Oquirrh project. Halting
195 these “upsized” plans was appropriate since the added capacity was not needed
196 for existing PacifiCorp network customers and no third-parties were willing to
197 fund their portion of the cost increase. Reliance on third-party commitments is not
198 appropriate or prudent for planning and building the facilities required by
199 PacifiCorp customers.

200 Moreover, the reliability and load service benefits that come from
201 planning and operating the transmission system as an integrated whole could not
202 be maintained if the Company were forced to parcel and directly assign
203 transmission system costs to third-parties and then hope that those third-parties
204 followed through with the necessary commitments required to move forward with
205 construction and permitting. Mr. Peseau’s suggestion would threaten PacifiCorp’s

206 ability to have sufficient transmission capacity available for retail load service
207 needs.

208 **Q. Mr. Peseau states that “an allocation of 50 percent of the revenue**
209 **requirement of the Populus-Terminal project to retail customers is fair and**
210 **reasonable based on the limited benefit they will receive and the fact that**
211 **they are not the primary cost causers.” Is it true that retail customers are not**
212 **the primary cost causers?**

213 A. No. The primary cost causers for Energy Gateway are PacifiCorp’s network
214 customers, and as explained above, PacifiCorp Energy is the primary network
215 customer and beneficiary of transmission service utilized to facilitate electric
216 service to PacifiCorp’s retail customers.

217 **Q. Mr. Peseau illustrates his “cost causation” principle with an analogy about a**
218 **new highway built through Towns A, B and C in order to serve a new**
219 **shopping center in Town D, suggesting that Towns A-C should not be**
220 **burdened with the cost of the highway since they were not the reason the**
221 **highway was built. How does this apply to the Project?**

222 A. Mr. Peseau’s analogy suggesting PacifiCorp has unfairly allocated costs for the
223 Energy Gateway project is off the mark. Rather, when properly explained, the
224 analogy is supportive of the cost allocation principles applied to the Project. Mr.
225 Peseau concludes that towns A, B, and C (i.e., Utah customers) are unfairly
226 burdened because they were billed for the highway (i.e., the Project), because they
227 had “marginal usage and were not the reason that a highway was built.” There are
228 several reasons why his analogy fails:

229 1) Based on my understanding and belief, the federal highway system was
230 built and funded upon the premise that the creation of interstate highways
231 improves access and brings commerce and prosperity to communities
232 which would otherwise remain isolated or constrained by their locations.
233 As such, the highway system is funded by a collective fund, not by a
234 subset of perceived beneficiaries of the highway. Like the interstate
235 highway system, Energy Gateway is part of an integrated network, and
236 reliability and load service improvements to that network benefit all
237 customers who depend upon it.

238 2) Energy Gateway is not being built for one set of customers over another; it
239 was planned for PacifiCorp's customers as a whole, and is being built to
240 meet forecasted demand growth by improving transfer capability, access
241 to reserves, and to maintain the reliability of the transmission system. Of
242 note, the highest load growth on the PacifiCorp system over the past
243 several years is the economic growth in Utah.

244 3) By stating that "Towns A, B, and C were billed for the highway, even
245 though they only had marginal usage and were not the reason that a
246 highway was built rather than a simple road," (emphasis added) Mr.
247 Peseau implies a "simple road" approach instead of Energy Gateway
248 would have been sufficient to meet customer needs. This is not the case.
249 The Company evaluated multiple alternative configurations for the Project
250 and determined its current configuration was the most cost effective for
251 meeting customers' long-term needs. Alternatives considered are

252 discussed in the Company's 2008 Populus to Terminal analysis paper
253 (provided with Mr. Darrell T. Gerrard's rebuttal testimony as Confidential
254 Exhibit RMP___DTG-1). Had the Company taken the "simple road"
255 approach, to build on Mr. Peseau's analogy, customers would have found
256 themselves sitting in heavy traffic very quickly with little potential for
257 relief.

258 4) Energy Gateway does not provide for mere "marginal use" for retail
259 customers. As explained previously, PacifiCorp Energy's load and
260 resource needs to serve its retail customers represent the vast majority of
261 total wholesale customer demand.

262 In sum, Mr. Peseau's analogy is simply inappropriate, and leads to
263 multiple incorrect conclusions about how transmission projects—and highways,
264 for that matter—are planned, built and paid for.

265 **Project Design and Capacity Benefits**

266 **Q. Why was Energy Gateway undertaken and how do Utah ratepayers benefit**
267 **from this project?**

268 A. Energy Gateway was undertaken to meet current and forecasted customer load
269 growth needs by providing additional transmission capacity to deliver renewable
270 and cost effective resources as identified in the Company's integrated resource
271 plan to loads. The benefit to Utah and all Rocky Mountain Power customers
272 initially is enhanced reliability and improved transfer capability within the
273 existing system. In the future, these investments will also provide benefits by
274 establishing incremental capacity necessary to deliver the resources within the

275 Company's Integrated Resource Plan. Maintaining a stable and reliable system
276 during a variety of operating conditions minimizes potential outages to all
277 customers and financial impacts of having to deliver higher cost resources if
278 required.

279 **Q. Do you agree that, unless the Commission takes action as recommended by**
280 **Mr. Peseau, Utah ratepayers are left unprotected from bearing the cost of**
281 **transmission facilities which do not benefit them?**

282 A. No. One of Mr. Peseau's chief arguments is essentially that Utah ratepayers
283 should not bear the costs of Energy Gateway because they are neither cost causers
284 nor beneficiaries of the majority of the Project, and that this is a result of the
285 absence of "regional transmission organizations regulated by FERC where
286 competitive outcomes can be preserved by regulation." PacifiCorp customers,
287 including Utah customers, are in fact the primary beneficiaries of the project.
288 PacifiCorp, like all federally regulated transmission providers, is required to
289 ensure open, non-discriminatory access to the transmission system by conducting
290 business according to the terms and conditions of its FERC-approved OATT, or
291 else be subject to severe penalties under the Federal Power Act. This includes
292 adherence to the transmission planning procedures required by FERC in Order
293 No. 890, as set forth in Attachment K to PacifiCorp's Open Access Transmission
294 Tariff ("OATT"). In addition, FERC and the OATT require that the Company
295 plan for and expand the transmission system to meet customers' long-term
296 forecasted loads and resources needs.

297 **Q. Has there been a long tradition in the West of joint planning and**
298 **development of transmission resources in a non-RTO environment?**

299 A. Yes. PacifiCorp is a joint owner of several generating assets and associated
300 transmission lines constructed under joint planning and construction principles.
301 These include the Colstrip project in Montana, the Wyodak and Bridger projects
302 in Wyoming, and the Oregon AC Intertie transmission line. Organizations also
303 exist in the West to facilitate planning of the regional transmission system as well
304 as cost allocation. PacifiCorp is a member of NTTG, a sub-regional planning
305 group facilitating a transmission planning process spanning substantial portions of
306 the Pacific Northwest and the Rocky Mountains. NTTG's efforts are directed by a
307 steering committee comprised of transmission providers and representatives from
308 the utility regulatory commissions of Utah, Idaho, Montana, Wyoming and
309 Oregon. These member representatives work in collaboration with stakeholders to
310 increase the efficient use of the grid and to develop the infrastructure needed to
311 deliver new resources to customers.

312 Within NTTG are subcommittees, including a cost allocation committee
313 which is governed by state regulatory authorities, including a representative from
314 the Utah Public Service Commission. Energy Gateway, inclusive of the Project,
315 was submitted to the NTTG cost allocation committee with a recommendation to
316 use PacifiCorp's state-approved cost allocation mechanism. NTTG's cost
317 allocation committee accepted that recommendation in late 2009. PacifiCorp
318 believes this existing governance structure along with the FERC OATT and state

319 regulatory oversight is equivalent to and arguably superior to Mr. Peseau's
320 suggestion that the region should form a regional transmission organization.

321 **Q. Mr. Peseau advocates for allowing “the capacity of the line not used**
322 **by...retail customers [to] be marketed to third parties,” who would be free to**
323 **use the line for non-utility purposes. Do you agree with Mr. Peseau that this**
324 **would be “a good outcome”?**

325 A. Absolutely not. First, and as Mr. Gerrard addresses further in his rebuttal
326 testimony, Path C, which includes the Populus to Terminal lines, is fully
327 subscribed for firm transmission service in the southbound direction directly to
328 the benefit of the Company's retail customers (i.e., no unused capacity).

329 Second, if there was unused capacity on an Energy Gateway project, and
330 the Company's load and resource forecasts showed that capacity would be needed
331 to meet its customers' future needs, it absolutely would not be a “good outcome”
332 for customers to lose it to a third-party customer. To allow this would require
333 future needs to be met with a new project or another higher cost alternative.
334 PacifiCorp recently expressed to FERC its concern that, absent clear regulatory
335 support, a utility's ability to restrict “rollover rights” of third-party transmission
336 customers taking long-term service of at least five years in favor of forecasted
337 network capacity needs is untenable. PacifiCorp is concerned that once a third-
338 party customer acquired critical capacity in the Project or other Energy Gateway
339 segments, there would be no ability to recall it once needed for retail load
340 requirements. It would, in effect, be gone, and the Company would be faced with
341 needing to build a new project, assuming new construction and permitting in the

342 same region would even be possible, or faced with other higher-cost alternatives.
343 As such, PacifiCorp believes it must be able to protect and preserve access to
344 project capacity planned for future load service when future transmission capacity
345 is needed to meet future network customer requirements.

346 **Integrated Resource Plan and Project Sizing**

347 **Q. Mr. Peseau states that “the Company’s proposal leads to excessive retail**
348 **rates.” Has the Company conducted net power cost (“NPC”) studies on the**
349 **Energy Gateway projects?**

350 A. Yes. The Company’s 2011 IRP shows the full Energy Gateway expansion plan
351 along with the preferred resource portfolio provides a 20-year present value
352 revenue requirement savings of approximately \$900 million compared to a
353 minimal Energy Gateway expansion. With the IRP’s preferred portfolio of
354 resources, Energy Gateway is a key component of the least cost alternative to
355 provide the required load service to customers over the next 20 years.

356 Energy Gateway, in effect, provides capacity such that loads can be served
357 with lower cost resources than would otherwise be available. Without this
358 investment, customer rates will actually be higher due to higher cost dispatch of
359 existing generation, construction of localized generation with higher and more
360 volatile fuel cost, and the need for additional market purchases to serve loads. In
361 addition, Energy Gateway improves resource options and access to future
362 generation development sites in resource-rich areas of the Company’s service
363 territory. This transmission investment also acts as a hedge against costs
364 associated with potential future legislative changes relating to carbon regulation,

365 renewable energy mandates, environmental protection agency rulemakings and
366 other potential legislative changes that can impact generation costs required to
367 serve loads.

368 Finally, even if one assumes all new future load growth will be met with
369 localized natural gas-fired generation, there are a limited number of future gas
370 plant locations available in the Utah Wasatch front, simply due to land, water, and
371 air quality issues. The transmission capacity provided by Energy Gateway assures
372 that adequate and optimal generation development sites remain available external
373 to the Salt Lake City area well beyond the 2020 timeframe.

374 Adopting Mr. Peseau's suggestion that the Company sell off this high
375 value asset, which is shown to provide for the future needs of network customers,
376 would be a big mistake.

377 **Q. Mr. Peseau states that the Company is “proposing to construct Energy**
378 **Gateway in anticipation of future development of generation resources, and**
379 **future markets for such resources, despite the 2007-2008 pull back from**
380 **third party subscribers,” and argues that “the attempt now to charge only**
381 **retail customers for this is unfair and does not attribute reasonable cost**
382 **causation.” Please address this in more detail.**

383 **A.** The Company is absolutely constructing Energy Gateway to meet load growth
384 and demand requirements of PacifiCorp's customers. The Company is not
385 constructing the project for any purpose other than to meet its customers' needs.
386 In particular, the transmission is NOT being built to market energy, renewable or
387 otherwise, to wholesale customers in California.

388 The 2011 IRP includes more than 4,000 MW of new generation resources
389 added to the system by 2030, and significant transmission additions will be
390 needed to deliver those resources. As explained in the IRP, delivery of future
391 generation resources is needed in order to continue to provide reliable electric
392 service to retail customers.

393 With regard to the referenced “pull back” from third party subscribers, Mr.
394 Peseau is correct that substantial interest was expressed by third parties in
395 capacity on the Energy Gateway projects, but an important distinction missing
396 from Mr. Peseau’s testimony is that this interest was in additional capacity via an
397 “upsized” version of Gateway, NOT in the core Gateway plan needed to meet
398 PacifiCorp customers’ needs. When PacifiCorp initially posted the Energy
399 Gateway project on its OASIS in 2007, it received a high level of interest in
400 commercial point-to-point service - 39 point-to-point transmission service
401 requests resulting in 4,900 MW of requested capacity across the announced
402 project. To satisfy these requests, PacifiCorp determined that, if financial
403 commitments were made by third-parties, the Company could “upsized” the project
404 by using double circuit 500-kV line construction instead of a single-circuit
405 configuration. However, none of these or subsequent requests resulted in the
406 financial commitments from requestors that would be required to do so. For this
407 reason, the upsized version of Energy Gateway is not being built. As referenced in
408 my earlier testimony, the additional investment needed to meet “upsized” Energy
409 Gateway needs was put on hold and is not being constructed at this time. The

410 Company is moving forward with the necessary investments, including Energy
411 Gateway, to serve its customers' needs.

412 **Q. Does this conclude your rebuttal testimony?**

413 A. Yes.