

Docket No. 20000-520-EA-17  
Witness: Cindy A. Crane

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Supplemental Direct Testimony of Cindy A. Crane

January 2018

1 **Q. Are you the same Cindy A. Crane who previously provided direct and rebuttal**  
2 **testimony in this case on behalf of Rocky Mountain Power (“Company”), a**  
3 **division of PacifiCorp?**

4 A. Yes.

5 **PURPOSE AND SUMMARY OF TESTIMONY**

6 **Q. What is the purpose of your supplemental direct testimony?**

7 A. I support the Company's request that the Wyoming Public Service Commission  
8 (“Commission”) grant conditional certificates of public convenience and necessity  
9 (“CPCNs”) to construct and acquire new wind resources (“Wind Projects”), construct  
10 the Aeolus-to-Bridger/Anticline transmission line and network upgrades  
11 (“Transmission Projects”) (collectively, the “Combined Projects”), and approve the  
12 Company’s proposal for innovative and nontraditional ratemaking to capture the costs  
13 and benefits of these facilities. I provide overall policy support for the Company’s  
14 supplemental direct testimony describing the results of the Company’s 2017R Request  
15 for Proposals (“2017R RFP”).

16 **Q. Please summarize your testimony.**

17 A. The results of the 2017R RFP make the Combined Projects an increasingly attractive  
18 resource opportunity for customers. The benefits are now greater and more certain, and  
19 the risks have decreased. The Combined Projects will provide substantial near-term and  
20 long-term customer benefits and represent the least-cost, least-risk strategy for meeting  
21 the needs of Wyoming customers. The Company’s supplemental direct testimony  
22 demonstrates the Company has recognized and mitigated all potential risks and  
23 concerns.

1 SUPPLEMENTAL DIRECT TESTIMONY

2 **Q. Based on the results of the 2017R RFP and the Company's updated analysis of**  
3 **benefits, costs, and risks, do the Combined Projects satisfy the public interest**  
4 **standard?**

5 A. Yes. The Combined Projects are the least-cost, least-risk path available to serve the  
6 Company's customers by meeting both near-term and long-term needs for additional  
7 resources. Mr. Rick T. Link's supplemental direct testimony and updated economic  
8 analysis demonstrates increased customer benefits of \$177 million in the medium case  
9 through 2050 (as compared to \$137 million in the original filing), and a range of  
10 \$311 million to \$343 million in the medium case through 2036. As described further  
11 by Mr. Link, the treatment of production tax credits (“PTCs”) in the system modeling  
12 scenarios extending out through 2036 has been changed to better reflect how the PTCs  
13 will flow through to customers, which makes the treatment consistent with the nominal  
14 revenue requirement results that extend out through 2050. Moreover, the updated  
15 economic analysis demonstrates the Combined Projects provide net customer benefits  
16 under all scenarios studied through 2036, and in seven of the nine scenarios through  
17 2050.

18 The fact that the Combined Projects will provide customer benefits significantly  
19 in excess of their costs is extraordinary. Customers will gain access to significant new  
20 wind and transmission resources, with important environmental and system reliability  
21 attributes, and still enjoy lower overall costs as a result of this investment.

1 **Q. What evidence is the Company including in the supplemental direct filing to**  
2 **demonstrate that the Combined Projects are in the public interest?**

3 A. In addition to updating the Company's economic analysis, Mr. Link provides  
4 information on the 2017R RFP, which generated robust and competitive responses from  
5 market participants. Mr. Chad A. Teply describes the four Wind Projects, totaling  
6 1,170 megawatts (“MW”), selected for the final shortlist through this solicitation  
7 process: TB Flats I and II; McFadden Ridge II; Cedar Springs; and Uinta. He also  
8 details the Company's extensive and ongoing efforts to minimize technical and  
9 construction risk associated with the Wind Projects. Mr. Rick A. Vail updates the status  
10 of the development of the Aeolus-to-Bridger/Anticline transmission line, and confirms  
11 that the costs of the line (which represents roughly 85 percent of the costs of the  
12 Transmission Projects) remain unchanged. Mr. Vail also updates the network upgrade  
13 and interconnection facilities based on the outcome of the 2017R RFP. Ms. Nikki L.  
14 Koblaha describes the outcome of federal tax reform, and discusses how tax-related  
15 risks have been resolved. Together, this evidence shows that the Combined Projects  
16 satisfy the Commission’s public interest standard.

17 **Q. Is the Company’s supplemental direct filing consistent with the procedure**  
18 **proposed in the Company’s application for conditional CPCNs and in the schedule**  
19 **approved by the Commission?**

20 A. Yes. The supplemental direct filing allows the Company to update its pending  
21 application for CPCNs to reflect the results of the 2017R RFP. This process allows for  
22 full review of the Combined Projects, including review of the results of the 2017R RFP,  
23 by April 2018, a schedule necessary to preserve for customers the time-sensitive

1 resource opportunity presented by the availability of PTCs for the Wind Projects.

2 **Q. Based on the results of the 2017R RFP, what modification is the Company making**  
3 **to its application for CPCNs?**

4 A. The Company's original application sought CPCNs for the construction or acquisition  
5 of four new wind resources—three 250 MW facilities (Ekola Flats and TB Flats I and  
6 II), and a fourth 110 MW facility (McFadden Ridge II)—for a total of 860 MW. These  
7 were the benchmark facilities for the 2017R RFP.

8 Based on the results of the 2017R RFP, the Company is now seeking CPCNs to  
9 construct or procure four new Wyoming wind projects with a total capacity of  
10 1,170 MW, including three of the benchmark facilities (TB Flats I and II, now  
11 combined as a single project, and McFadden Ridge II), and two new facilities (Cedar  
12 Springs and Uinta). Uinta is a build-transfer agreement (“BTA”), totaling 161 MW,  
13 Cedar Springs is one-half BTA and one-half power purchase agreement (“PPA”), for a  
14 total of 400 MW, and TB Flats I and II and McFadden Ridge II are Company-built  
15 facilities, totaling 500 MW and 109 MW, respectively. Thus, the 2017R RFP will result  
16 in 970 MW of Company-owned facilities, and a 200 MW PPA.

17 **Q. Has any aspect of the Aeolus-to-Bridger/Anticline transmission line changed as a**  
18 **result of the 2017R RFP?**

19 A. No. The proposed route and facilities required for the construction of the Aeolus-to-  
20 Bridger/Anticline transmission line have not changed. The only change related to the  
21 line is the fact that the costs are now more certain.

1 **Q. Are there any modifications to the network upgrades included in the Company's**  
2 **initial filing?**

3 A. Yes. In addition to the network upgrades included in the Company's initial filing, there  
4 are additional network upgrades required to interconnect McFadden Ridge II, Cedar  
5 Springs, and Uinta. Mr. Vail provides a detailed description of these network upgrades  
6 in his supplemental direct testimony.

7 **Q. The Company's original filing contained a capital cost estimate of approximately**  
8 **\$2 billion for the Combined Projects. With additional wind resources and network**  
9 **upgrades, have the total costs of the Combined Projects changed?**

10 A. No. The overall capital cost of the Combined Projects remains the same-approximately  
11 \$2 billion. This is true even though the supplemental filing reflects 970 MW of  
12 Company-owned resources, 110 MW more than the original filing. As Mr. Link  
13 explains, the per-unit capital cost for the benchmark wind projects in the initial filing  
14 was \$1,590/kW. As a result of the 2017R RFP, the costs of the Company-owned wind  
15 projects decreased by roughly 17 percent to \$1,320/kW.

16 **Q. Please explain how the Company was able to acquire significant additional wind**  
17 **resources for approximately the same overall cost.**

18 A. The robust response to the 2017R RFP process reduced costs and enabled the Company  
19 to select the optimal projects to maximize customer benefits, as described by Mr. Link.  
20 The Company received 49 bid alternatives for 13 wind projects in Wyoming, totaling  
21 4,624 MW. The Company also received 15 bid alternatives for six non-Wyoming wind  
22 projects, totaling 595 MW.

1 **Q. Has the Company further mitigated customer risks associated with the Combined**  
2 **Projects?**

3 A. Yes. Three key risks associated with the Combined Projects have been either entirely  
4 or substantially mitigated. First, as described by Ms. Koblaha, the uncertainty  
5 surrounding federal tax reform has been resolved. The economic analysis in Mr. Link’s  
6 testimony accounts for the lower federal corporate income tax rate and demonstrates  
7 that the overall cost reduction resulting from the 2017R RFP more than offsets the  
8 impact of the lower tax rate. Moreover, the policy discussions surrounding tax reform  
9 indicate that it is highly unlikely that PTCs will be extended beyond 2020—meaning  
10 that the time to act is now or customers will lose out on substantial savings.

11 Second, the Company has addressed the price risk associated with long-term  
12 forecasting by demonstrating the Combined Projects are expected to provide robust  
13 customer benefits under all scenarios in the economic analysis through 2036, including  
14 the scenario with low natural-gas prices and a zero carbon-dioxide price.

15 Third, the costs and schedule of the Combined Projects are now more certain.  
16 Based on the results of the 2017R RFP and the continued development efforts related  
17 to the Transmission Projects, the Company is confident that it can deliver the expected  
18 customer benefits.

19 **Q. Based on the Company's updated economic analysis, has the Company updated**  
20 **its forecast of the near-term rate impact to Wyoming customers?**

21 A. Yes. As explained in the testimony of Ms. Steward, the first-year revenue requirement  
22 of the Combined Projects is reduced 20 percent from the initial filing. The near-term  
23 rate impact of the Combined Projects is now less than 1.6 percent in 2021, the first full

1 year of operation.

2 **Q. Do the results of the 2017R RFP provide additional evidence supporting the need**  
3 **for the Aeolus-to-Bridger/Anticline transmission line?**

4 A. Yes. Over 4,500 MW of new high-capacity-factor wind projects that bid into the 2017R  
5 RFP are behind the existing transmission constraint, showing the need for new  
6 transmission capacity in southeast Wyoming to give these potential resources a chance  
7 to move forward. The construction of the Aeolus-to-Bridger/Anticline transmission line  
8 is a critical step to allow high-capacity-factor wind resource development in this area.

9 In addition, as explained by Mr. Vail, even without the Wind Projects, the  
10 Company plans to construct the Aeolus-to-Bridger/Anticline transmission line in 2024  
11 because it is an integral component of both the Company's-and the region's-long-term  
12 transmission plan. Thus, the issue is not *if* the Aeolus-to-Bridger/Anticline line will be  
13 constructed, but *when*. Under the proposal here, the Company can construct the line by  
14 2020 and provide all-in net benefits to customers, rather than waiting until 2024 when  
15 PTC-eligible wind is no longer available to subsidize the line.

16 **Q. Does this conclude your supplemental direct testimony?**

17 A. Yes.



BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

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)

AFFIDAVIT, OATH AND VERIFICATION

Cindy A. Crane Affiant being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the President and Chief Executive Officer for Rocky Mountain Power, which is a party in this matter.

Affiant prepared and caused to be filed the foregoing testimony. Affiant has, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant's knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in her official capacity as President and Chief Executive Officer.

Further Affiant Sayeth Not.

Dated this 16<sup>th</sup> day of January, 2018



Cindy A. Crane  
President and Chief Executive Office  
1407 W. North Temple, Suite 310,  
Salt Lake City, UT 84116  
801-220-4609

STATE OF Utah )  
 ) SS:  
COUNTY OF Salt Lake )

The foregoing was acknowledged before me by Cindy A. Crane on this 16 day of January, 2018. Witness my hand and official seal.

Lori Hughes  
Notary Public

My Commission Expires: 10/19/19

