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Attorneys for Rocky Mountain Power

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
ROCKY MOUNTAIN POWER FOR)	
CERTIFICATES OF PUBLIC CONVENIENCE)	Docket No. 20000-____-ET-__
AND NECESSITY AND NONTRADITIONAL)	(Record No. _____)
RATEMAKING FOR WIND AND)	
TRANSMISSION FACILITIES)	

**APPLICATION OF ROCKY MOUNTAIN POWER FOR CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY AND NONTRADITIONAL RATEMAKING FOR
WIND AND TRANSMISSION FACILITIES**

Comes now PacifiCorp d/b/a Rocky Mountain Power (“Rocky Mountain Power” or “Company”) under W.S. § 37-2-205, Wyoming Public Service Commission (“Commission”) Rule Chapter 3, Section 21 and the stipulation approved in Docket No. 20000-384-ER-10, Record No. 12702 (“2010 Stipulation”), with this Application to the Commission. Rocky Mountain Power respectfully requests an order granting certificates of public convenience and necessity (“CPCNs”) to construct or approval to acquire four new Wyoming wind resources with a total capacity of 860 megawatts (“MW”) (collectively, the “Wind Projects”).

The Company also requests CPCNs for the following transmission facilities, significant portions of which are associated with the Company’s Energy Gateway West transmission project: (1) the 140-mile, Aeolus-to-Anticline 500 kV line, which includes construction of the new Aeolus and Anticline substations; (2) the five-mile Anticline-to- Jim Bridger 345 kV line, which includes modifications at the existing Jim Bridger substation to allow termination of the new 345 kV line; (3) installation of a voltage control device at the Latham substation; (4) a new 16-mile 230 kV transmission line parallel to an existing 230 kV line from Shirley Basin substation to the proposed Aeolus substation, including modifications to the existing Shirley Basin substation; (5) the reconstruction of four miles of an existing 230 kV transmission line between the proposed Aeolus substation and the Freezeout substation, including modifications as required at the Freezeout substation; and (6) the reconstruction of 14 miles of an existing 230 kV transmission line between the Freezeout substation and the Standpipe substation including modifications as required at the Freezeout and Standpipe substations (collectively “Transmission Projects”). Items 1-3 above are collectively referred to as the “Aeolus-to-Bridger/Anticline Line,” and items 4-6 above are collectively referred to as the “230 kV Network Upgrades.” The Transmission Projects and the Wind Projects are collectively referred to as the “Combined Projects.”

The Combined Projects are a time-limited opportunity to obtain cost-effective generation and construct necessary transmission facilities with minimal impact on customer rates. The Transmission Projects are necessary to relieve existing congestion and will enable interconnection of the proposed Wind Projects into the Company's transmission system. The Wind Projects produce zero-fuel-cost energy and federal production tax credits ("PTCs"), which provide significant economic benefits for the Company's customers when combined with the Transmission Projects.

The Company also requests approval of its proposed ratemaking treatment for the investment in the Combined Projects, in accordance with W.S. § 37-2-121. The Company proposes to match the costs and benefits of the new resources through the Resource Tracking Mechanism ("RTM"), until the full costs and benefits are reflected in base rates. Variances in PTCs would continue to be tracked after all other costs and a base level of PTCs are reflected in base rates. This proposed ratemaking treatment will ensure that the costs and benefits of the Combined Projects are properly matched and customers and shareholders are treated fairly while delivering long-term benefits overall.

The Company has discussed a schedule for this Application with stakeholders. The Company proposes to bifurcate this proceeding into two phases and address the CPCN request for the Transmission Projects first, with a conditional CPCN order requested by December 29, 2017. A decision granting the CPCNs for the Transmission Projects would be conditioned on the demonstration of the economic benefits of the Wind Projects in the second phase of the proceeding, with CPCNs requested for the Wind Projects by April 16, 2018. The second phase of the proceeding would also address the Company's RTM proposal. While the CPCNs for the Transmission Projects would also be conditioned on acquisition of all necessary rights-of-way,

receiving the order by December 2017 gives the Company additional time to clear this condition and maintain the critical path construction schedule.

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:

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

- **Ms. Cindy A. Crane**, 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 Combined Projects, and explains why the acquisitions are prudent and in the public interest. Ms. Crane also describes the financial ability of the Company to invest in the Combined Projects and how the Company has pursued them in good faith, as required by W.S. § 37-2-205(c).
- **Mr. Chad A. Teply**, Vice President of Strategy and Development, provides a detailed description of the Company's proposed acquisition or construction of the Wind Projects. Mr. Teply describes the Wind Projects, addresses the impact and timing of PTCs on their acquisition, and provides information to respond to the requirements of Commission Rule Chapter 3, Section 21 for the Wind Projects.

- **Mr. Rick A. Vail**, Vice President of Transmission, outlines the need for the Transmission Projects, and provides a detailed description of the transmission facilities. Mr. Vail also addresses the requirements of Commission Rule Chapter 3, Section 21 for the Transmission Projects.
- **Mr. Rick T. Link**, Vice President of Resource and Commercial Strategy, testifies regarding the economic analysis that supports the prudence of the Combined Projects, and describes the customer benefits resulting from the timely acquisition and construction of the wind and transmission facilities. Mr. Link explains the planning and analysis of the Combined Projects in the Company’s 2017 Integrated Resource Plan (“IRP”). He also provides background on the pending 2017R request for proposals (“2017R RFP”) for the wind resources.
- **Mr. Jeffrey K. Larsen**, Vice President of Regulation, explains the Company’s proposal for ratemaking treatment of the costs and benefits of the Combined Projects, including introducing a new tariff, Schedule 97B, Resource Tracking Mechanism, and the inter-jurisdictional allocation of costs.

III. OVERVIEW OF THE COMBINED PROJECTS

4. The Company requests CPCNs for the construction of the Wind Projects, which have a nominal aggregate capacity of 860 MW, along with the construction of the Transmission Projects. The Combined Projects are time-limited opportunities and inextricably linked—the Transmission Projects relieve congestion in eastern Wyoming, and the Wind Projects will rely on the new Transmission Projects for interconnection and allow the Company to realize the benefits of zero-fuel-cost energy and the associated PTCs. In addition to providing significant economic benefits for Rocky Mountain Power’s customers, the Combined Projects provide considerable

economic development benefits to the state of Wyoming.

5. The economics of the Combined Projects rely on PTCs, and the Company must complete all construction by the end of 2020 to fully qualify for the PTC benefit. To achieve operation by 2020, the Company needs all CPCNs from the Commission by April 2018, as set forth in the Company's proposal for a bifurcated schedule, outlined above.

6. To support the critical path schedule of the Transmission Projects, the CPCN process must run concurrently with the Company's 2017R RFP process for wind facilities. The Company anticipates issuing its 2017R RFP to the market in August 2017, and expects to identify the winning bids in January 2018. The Wind Projects will be submitted into the 2017R RFP as Company benchmark resources. The Company requests CPCNs for the Wind Projects so the Company can proceed expeditiously to capture the time-limited opportunity discussed above if they are selected in the 2017R RFP. Once the Company identifies the winning bids from the 2017R RFP, it will provide that information as soon as practicable to the Commission. If facilities other than, or in addition to, the Company's benchmarks provide incremental value and are ultimately selected, the Company will update its filing accordingly.

A. Proposed Facilities.

1. Wind Projects.

7. The Company's 2017R RFP will seek the acquisition of up to approximately 1,270 MW of new wind resources capable of interconnecting to, or delivering energy and capacity across, the Company's transmission system in Wyoming. In this Application, the Company requests CPCNs for four Wind Projects, which are comprised of three nominal 250 MW facilities (referred to as Ekola Flats, TB Flats I, and TB Flats II) and a fourth nominal 110 MW facility (McFadden Ridge II), all located in Wyoming. For each of these facilities, the Company currently either has

control over the site or has secured development and implementation rights.

8. The Wind Projects will be submitted into the 2017R RFP as Company benchmark resources. The Company recognizes, however, that these resources may not ultimately be selected. If these resources are not selected in the 2017R RFP, they will be replaced by an economically superior resource.

9. The Company's assessment of Combined Project benefits has also incorporated known qualifying facilities ("QFs") that hold preferential interconnection queue positions and executed contracts, and are reasonably expected to be in service by year-end 2021.

10. The substantial customer benefits resulting from the acquisition of the Wind Projects assumes those facilities qualify for 100 percent of federal PTCs. Each of the Wind Projects can demonstrate eligibility for 100 percent of the PTC benefits if the Wind Projects (and the Transmission Projects discussed below) are commercially operational by December 31, 2020. To facilitate construction of the facilities, the Company must obtain CPCNs under the Company's proposed schedule, so that equipment and engineering, procurement, and construction ("EPC") contracts can be executed shortly thereafter. The estimated cost for the Wind Projects is outlined in Mr. Teply's testimony.

2. Transmission Projects.

11. The Transmission Projects include the six major elements outlined in the first section of the Application, which comprise the Aeolus-to-Bridger/Anticline Line and the 230 kV Network Upgrades. The Transmission Projects will allow the Company to implement system improvements, relieve existing congestion, and interconnect incremental Wyoming wind resources, including the Wind Projects, to support customer needs and deliver benefits to customers in the most cost-effective way.

12. First, the Transmission Projects will increase transfer capability out of eastern Wyoming. Currently, the Company's transmission system in eastern Wyoming is operating at capacity, which limits transfer of existing resources from eastern Wyoming and precludes the ability to interconnect additional resources east of where the new Anticline substation will be located. The Transmission Projects will increase the transfer capability from east to west Wyoming by 750 MW. When the Transmission Projects are complete, they will allow up to 1,270 MW of incremental wind resources to be interconnected into the system east of the proposed location for the new Anticline substation—including the 860 MW Wind Projects.

13. Second, the Transmission Projects will provide critical voltage support to the transmission system in southeastern Wyoming. Under certain operating conditions, voltage control issues have limited the ability to add additional resources, particularly wind resources. Addition of the Transmission Projects will solve the voltage control issues.

14. Third, the Transmission Projects will increase reliability, relieve congestion, reduce capacity and energy losses on the transmission system, and provide greater flexibility managing existing generation resources. Currently, outages on the existing 230 kV system in eastern Wyoming result in deration of the transfer capacity out of eastern Wyoming and some outage scenarios require significant generation curtailment. The new Aeolus-to-Anticline line will significantly reduce, if not eliminate, many of the impacts caused by the 230 kV outages. Reduced capacity and energy losses on the transmission system have the potential to provide significant cost savings over time. The estimated cost for the Transmission Projects is outlined in Mr. Vail's testimony.

15. As of the filing of this Application, the Company has obtained a federal right-of-way permit from the Bureau of Land Management ("BLM") for the portion of the Aeolus-to-

Anticline line that crosses BLM lands, which covers approximately half of the 140 miles. Because the Company has not acquired rights-of-way for the entire length of the Transmission Projects, the Company requests a conditional CPCN under W.S. § 37-2-205(f). Construction will not begin on any individual segment of the Transmission Projects until the Company has acquired rights-of-way for the individual segment and the Commission has authorized construction of that segment under W.S. § 37-2-205(c).

B. The Combined Projects Provide Substantial Customer Benefits and Advance the Public Interest.

16. The Company's 2017 IRP, which was filed with the Commission April 4, 2017, identified the Combined Projects as least-cost, least-risk resources.¹ The Company's 2017 IRP is designed to ensure, on a long-term basis, an adequate and reliable electricity supply at a reasonable cost and in a manner that is consistent with the long-term public interest. To that end, the IRP's primary objective is to identify the best mix of resources to serve customers over the short- and long-term, based on an analysis of the costs and risk associated with various resource portfolios. The IRP identifies the preferred portfolio as the least-cost, least-risk portfolio that can be delivered through specific action items at a reasonable cost and with manageable risks, while ensuring compliance with state and federal regulatory obligations. The preferred portfolio in the 2017 IRP included the acquisition of additional Wyoming wind resources, like the Wind Projects, and the Transmission Projects.

17. Assuming the Combined Projects are operational by the end of 2020, and thus eligible for 100 percent of the PTC benefits, the Company's economic analysis in support of this Application demonstrates that the Combined Projects will provide substantial customer benefits.

¹The IRP does not identify specific resources. Wind resources in eastern Wyoming, like the Wind Projects, however, were identified in the preferred portfolio as least-cost, least-risk resources.

The Company's economic analysis includes multiple electricity and natural gas price and carbon-risk scenarios, measured over several different time periods. In virtually all cases, the Combined Projects result in significant net customer benefits. For example, with medium natural gas and medium carbon dioxide price assumptions over the life of the facilities, the present-value reduction in the change to revenue requirement due to the Combined Projects is \$137 million. Because the Company did not quantify the added benefits associated with renewable energy credits, the economic analysis is conservative.

18. In the first full year of operation of the Combined Projects, 2021, the rate impact to customers is less than 1.9 percent. While this percentage change reflects the year-one impact to customers, it does not fully reflect the value of the Combined Projects due to costs avoided over time.

19. As outlined in the testimony of Ms. Crane, the Projects also further the public interest by strengthening Wyoming's economy through energy resource diversity, new jobs, and substantial revenue at the state and local levels. The Company estimates that these projects will result in 1,000 to 1,400 new construction jobs in Wyoming, will add approximately \$70 million in tax revenue through construction, and approximately \$11 million of additional property tax revenue annually starting in 2021. In addition, the Wind Projects will provide approximately \$3 million per year in wind production tax revenues starting in 2024.

C. To Meet the 2020 PTC Deadline, the Company is Concurrently Conducting its 2017R RFP Process.

20. The Combined Projects are mutually dependent. The Wind Projects are not economic without the Transmission Projects, which are needed to relieve existing congestion and to interconnect new PTC-eligible wind resources in high-wind areas of Wyoming. The

Transmission Projects are not economic if there are no incremental cost-effective wind resources generating zero-fuel-cost energy and the associated PTCs. This interdependence requires that the Combined Projects be developed together. The lead time for constructing the Transmission Projects is longer than the lead time to construct the Wind Projects, but the Company recognizes the need for review and approval of its competitive market procurement of the Wind Projects and their impact on overall Project economics before it commits to move forward with construction of the Transmission Projects. This dictates the need for the CPCNs as proposed in the schedule proposed in this application.

21. The Company has already initiated the process for obtaining approval or acknowledgment of its 2017R RFP from the states of Utah and Oregon. Following the necessary regulatory approvals, the Company anticipates issuing the 2017R RFP to the market in August 2017. Responses to the 2017R RFP will be due by October 2017, and in November and December, the Company will complete the initial shortlist bid evaluation. The Company plans to complete its final shortlist bid evaluation in early January 2018 and execute contracts in April 2018.

22. To facilitate review of this Application before the conclusion of the 2017R RFP process and the selection of winning bids, the Company has included the Wind Projects, which will be submitted into the 2017R RFP as benchmark resources. Upon completion of the 2017R RFP shortlist determination, the Company will provide the Commission with updated information, as soon as practicable, related to the Wind Projects and the outcome of the solicitation process.

D. Proposed Nontraditional Ratemaking Treatment.

23. The Company proposes the RTM to capture customer benefits resulting from the Projects, and match those benefits with the costs of the new resources until the costs and benefits are fully included in base rates. Once the full costs and benefits are included in base rates, recovery

of those elements would cease through the RTM, with the exception of PTCs. Variances in PTCs would continue to be tracked after all other costs and a base level of PTCs are reflected in base rates. This proposed ratemaking treatment will ensure that the costs and benefits of the Combined Projects are properly matched and customers and shareholders are treated fairly while delivering long-term benefits overall.

IV. LEGAL STANDARD

A. Certificates of Public Convenience and Necessity.

24. Before constructing a line, plant, or system, 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.” *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). W.S. § 37-2-205(c) provides a three-part standard for deciding whether to issue a CPCN. *Id.* ¶¶ 73-74.

25. 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.” *Id.* (internal quotations omitted).

26. 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.” *Id.* (internal quotations omitted).

27. 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.” *Id.* (internal quotations omitted).

28. When previously granting CPCNs, the Commission has relied on the fact that the proposed resource was identified and supported in the utility’s most recent IRP. *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). 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. *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) (“Wygen III benefits from BHP’s extensive and successful past experience in constructing and operating similar plants.”); *id.* ¶ 46 (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.”).

29. Here, the testimony of Ms. Crane demonstrates that the Company has the financial ability to construct or acquire the Combined Projects. The policy testimony of Ms. Crane also demonstrates the Company’s good faith.

30. This Application and the accompanying testimony of Messrs. Teply, Vail, Link, and Larsen demonstrate that the Combined Projects are the least-cost, least-risk resource option for the Company and will provide substantial customer benefits. Indeed, the Projects will save customers money over the long-term. The Company has extensive experience constructing and operating similar facilities, and the Projects will benefit Wyoming’s economy, save Rocky Mountain Power’s Wyoming customers money, and take full advantage of Wyoming’s natural resources.

B. Nontraditional Ratemaking.

31. W.S. § 37-2-121 authorizes a utility to apply for approval of “innovative, incentive or nontraditional rate making methods.” The Commission may approve such proposals if they are supported by substantial evidence and “consistent with the public interest.” W.S. § 37-2-121. The Commission has observed that W.S. § 37-2-121 “provide[s] reasonable latitude for innovation, if the innovation does not work against the public interest and leads to just and reasonable results which are not unjustly discriminatory” and that the statute allows the Commission to approve a “wide variety of innovative regulatory concepts.” *In the Matter of the Application of Kinder Morgan, Inc., For Authority to Amend its Tariffs Related to the Automatic Default Provisions of the Choice Gas Service Program*, Docket No. 30022-GT-04-48, Record No. 9501, Final Order, ¶ 57 (Mar. 11, 2005). The Commission has relied on this authority to approve innovative or nontraditional ratemaking on numerous occasions. *See, e.g., In the Matter of the Application of*

Black Hills Power, Inc. for Authority to Establish the Cheyenne Prairie Generating Station Rider Tariff and Current Recovery of Construction Financing Costs, Docket No. 20002-84-ET-12, Record No. 13336, Order (Nov. 07, 2012) (approving a rate rider to collect the costs of financing the construction of a new generating plant contemporaneous with the construction); *In the Matter of the Application of Rocky Mountain Power For Authority to Implement an Energy Cost Adjustment Mechanism*, Docket No. 20000-368-EA-10, Record No. 12477, Memorandum Opinion, Findings and Order (Feb. 4, 2011) (approving Rocky Mountain Power’s Energy Cost Adjustment Mechanism as nontraditional ratemaking in the public interest); *In the Matter of the Application of Questar Gas Company For Approval to Implement an Increase In the Non-Gas Rates and Charges For a General Rate Increase of \$482,980 and for Approval of a Conservation Enabling Tariff*, Docket No. 30010-94-GR-08, Record No. 11846, Memorandum Opinion, Findings and Order (June 17, 2009) (approving Conservation Enabling Tariff as innovative ratemaking under W.S. § 37-2-121).

32. The Commission has also relied on its authority to approve nontraditional ratemaking to provide approval for large, capital-intensive investments that are comparable to the Company’s proposed facilities. In Rocky Mountain Power’s 2010 rate case, the Commission approved a stipulation that provided for approval of certain major transmission and environmental capital investments. *In the Matter of the Application of Rocky Mountain Power for Approval of a General Rate Increase*, Docket No. 20000-384-ER-10, Record No. 12702, Memorandum Opinion, Findings and Order Approving Stipulation (Sept. 22, 2011). In the stipulation, the Company agreed to a process that would “allow the Commission an opportunity to meaningfully review, generally before construction, whether the proposed expenditures are reasonable and in the public interest and to allow parties to have meaningful input into that process.” *Id.* Appendix A ¶ 13. This approval

process was based on both the Commission’s authority to grant CPCNs under W.S. § 37-2-205, and its authority to approve innovative and nontraditional ratemaking under W.S. § 37-2-121, for facilities that did not require a CPCN. *Id.* ¶ 121 (stipulation “addressed a deep concern for evaluating the prudence of major capital projects by proposing a marriage of revisions to our existing process for granting [CPCNs] with our statutory authority for innovative ratemaking.”).

33. This Application and the accompanying testimony of Mr. Larsen demonstrates how the Company’s proposed ratemaking treatment will ensure that customers receive the full benefits associated with the Combined Projects, including net power cost benefits and the PTCs, while also paying the costs to achieve the benefits. By matching costs and benefits, the Company’s proposed ratemaking treatment provides just, reasonable, and fair rates.

V. REQUIREMENTS OF COMMISSION RULE CHAPTER 3, SECTION 21

34. The Projects are “major utility facilities,” as defined by Commission Rule Chapter 1, Section 2 because the wind resources are an “electric generating plant and associated facilities, utilizing any source of energy,” and 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).

A. Name and Address of the Applicant (Section 21(c)(i)(A)).

35. See page 2 of the Application.

B. Type of Plant, Property, or Facility Proposed to be Constructed or Acquired (Section 21(c)(i)(B)).

36. See pages 5-8 of the Application.

C. Description of the Facilities Proposed to be Constructed or Acquired, Including Preliminary Engineering Specifications in Sufficient Detail to Properly Describe the Principal Systems and Components, and Final and Complete Engineering Specifications When They Become Available. ((Section 21(c)(i)(C)).

37. The Wind Projects consist of four facilities located in eastern Wyoming:

- Ekola Flats--a nominal 250 MW facility that will interconnect to the Company's system at the new Aeolus substation;
- TB Flats I--a nominal 250 MW facility that will interconnect to the Company's system at the existing Shirley Basin-Freezout line;
- TB Flats II--a nominal 250 MW facility that will interconnect to the Company's system at the existing Shirley Basin substation; and
- McFadden Ridge II--a nominal 110 MW facility that will interconnect to the Company's system at the existing Foote Creek substation.

38. Additional details related to each of the Wind Projects is provided in the testimony of Mr. Teply. If the Wind Projects are not selected as winning bids, the Company will supplement this Application, as necessary, after the 2017R RFP shortlist has been determined in early January 2018.

39. The Transmission Projects consist of six major elements: (1) the 140-mile, Aeolus-to-Anticline 500 kV line, which includes construction of the new Aeolus and Anticline substations; (2) the five-mile Anticline to Jim Bridger 345 kV line, which includes modifications at the existing Jim Bridger substation to allow termination of the new 345kV line; (3) installation of a voltage control device at the Latham substation; (4) a new 16 mile 230kV transmission line parallel to an existing 230kV line from Shirley Basin substation to the proposed Aeolus substation, including modifications to the existing Shirley Basin substation; (5) the reconstruction of four miles of an existing 230 kV transmission line between the proposed Aeolus substation and the Freezout substation, including modifications as required at the Freezout substation; and (6) the reconstruction of 14 miles of an existing 230 kV transmission line between the Freezout

substation and the Standpipe substation including modifications as required at the Freezeout and Standpipe substations.

40. The Aeolus-to-Anticline line is a 140-mile long, 500 kV transmission line. Roughly half of the line will be sited on BLM land. The proposed line will begin at the proposed Aeolus substation located approximately 11 miles northwest of Medicine Bow, Wyoming, on a parcel of land owned by the Company and will run through Wyoming's Carbon and Sweetwater Counties to the Company's Jim Bridger power plant, located approximately 24 miles northeast of Rock Springs, Wyoming. The line will largely cross alternating sections of federal and private lands and will cross primarily open rangeland. After leaving the Aeolus substation, the transmission line will run west across the Medicine Bow River past the Hanna Draw and will continue southwesterly to Walcott Junction and then west across the Platte River and south of Sinclair and Rawlins where it will then largely follow an existing 230 kV transmission line to a Company-owned parcel for the proposed Anticline substation, and finally to the Jim Bridger power plant approximately five miles north of the Anticline substation.

41. The Company also proposes construction of a five-mile Anticline-to-Jim Bridger 345 kV line, and installation of a voltage control device at the Latham substation, which is located approximately 12 miles east southeast of Wamsutter, Wyoming.

42. The proposed 230 kV Network Upgrades will begin at the Company's existing Shirley Basin substation, located approximately 1.5 miles east of the south junction of state highways 77 and 487. A new 230 kV line will parallel an existing 230 kV transmission line running southwesterly along the western side of the Freezeout Mountains and will connect into the Aeolus substation. South of Aeolus substation to Standpipe substation, via the Freezeout substation, the 230 kV project is a reconstruction of the existing 230 kV line. The line continues south out of the

Aeolus substation across the Medicine Bow River and connects into the Company's existing Freezeout substation located between the Pine and South Pine Draws. The 230 kV line then continues in a southwesterly direction to the Company's existing Standpipe substation, which is located approximately 2.5 miles southeast of Hanna, Wyoming. All of the 230 kV segments are in Carbon County and will cross areas of mountainous terrain reaching elevations of approximately 7,500 feet. Mr. Vail's testimony provides additional details relating to the Transmission Projects.

D. The Rates, if any, Proposed to be Charged for the Service that will be Rendered Because of the Proposed Construction or Acquisition (Section 21(c)(i)(D)).

43. The impact of the proposed facilities on the Company's revenue requirement and the Company's proposed ratemaking treatment is described in Mr. Larsen's testimony. In addition, the Company will provide service on the Transmission Projects subject to the terms and conditions of its Open Access Transmission Tariff, as described in Mr. Vail's testimony.

E. The Estimated Total Cost of the Proposed Construction or Acquisition (Section 21(c)(i)(E)).

44. The cost of the proposed Wind Projects is described in more detail in Mr. Teply's testimony. Mr. Vail's testimony includes details on the cost of the Transmission Projects.

F. The Manner by Which the Proposed Construction or Acquisition will be Financed (Section 21(c)(i)(F)).

45. The Company intends to finance the Projects through its normal sources of capital, both internal and external, including net cash flow from operating activities, public and private debt offerings, the issuance of commercial paper, the use of unsecured revolving credit facilities, capital contributions and other sources. Although the Combined Projects are a significant investment on the part of the Company, the financial impact will not impair the Company's ability to continue to provide safe and reliable electricity service at reasonable rates. In addition, approval of the Company's resource decision provides important regulatory support for the Company's

current credit rating. Project financing is described in Ms. Crane's testimony.

G. Documentation of the Financial Condition of the Application (Section 21(c)(i)(G)).

46. Section (F) above provides the information to meet this requirement. In addition, Ms. Crane's testimony describes the Company's financial condition and explains that the Company has the financial ability to make these investments.

H. Estimated Annual Operating Revenues and Expenses that are Expected to Accrue from the Proposed Construction or Acquisition, including a Comparison of the Overall Effect on the Applicant's Revenues and Expenses (Section 21(c)(i)(H)).

47. The testimony of Company witnesses Mr. Vail and Mr. Teply provide greater detail on the estimated annual operating revenues and expenses that are expected to accrue from the construction or acquisition of the Projects.

I. Estimated Start and Completion Dates of the Proposed Construction or Date of Acquisition (Section 21(c)(i)(J)).

48. The Company expects to execute EPC contracts for the Wind Projects in April 2018, shortly after receiving the CPCNs from the Commission. The equipment contracts for the Wind Projects are expected to be executed in May 2019, and construction is expected to begin in June 2019.

49. The Company expects to provide a limited notice-to-proceed for the Transmission Projects by the end of 2018, to acquire the necessary rights-of-way by March 30, 2019. The final notices-to-proceed for the Transmission Projects are expected to be issued by April 1, 2019, to initiate construction.

50. The Company expects the Projects to become commercially operational by December 31, 2020. Additional details of the estimated construction timelines for each facility are provided in Mr. Teply's and Mr. Vail's testimony.

J. Description of the Proposed Site, Including the Counties in Which the Resources will be Located, with a Metes and Bounds Description, and a Description of the Terrain where the Resources will be Constructed (Section 21(c)(ii)(A)).

51. Mr. Teply's testimony describes the proposed sites and terrain for the Wind Projects.

A description of the proposed site and terrain for the Transmission Projects is provided in the testimony of Mr. Vail.

K. Geological Report of the Proposed Site, Including Foundation Conditions, Groundwater Conditions, Operating Mineral Deposits Within a One-Mile Radius and a Topographical Map Showing the Area Within a Five-Mile Radius (Section 21(c)(ii)(B)).

52. Mr. Teply's testimony provides a geological report of the proposed sites for the Wind Projects. A geological report of the proposed sites for the Transmission Projects is provided in the testimony of Mr. Vail.

L. Description of and Plans for Protecting the Surrounding Scenic, Historical, Archaeological and Recreational Locations; Natural Resources; Plant and Animal Life; and Land Reclamation (Section 21(c)(ii)(C)).

- 1. General Description of the Devices to be Installed at the Major Utility Facility to Protect Air, Water, Chemical, Biological and Thermal Qualities (Section 21(c)(ii)(C)(I)).**
- 2. Designed and Tested Effectiveness of Such Devices (Section 21(c)(ii)(C)(II)).**
- 3. Operational Conditions for Which the Devices were Designed and Tested (Section 21(c)(ii)(C)(III)).**

53. Mr. Teply's testimony provides a description of and plans for protecting the surrounding scenic, historical, archaeological and recreational locations, natural resources, plant and animal life, and land reclamation geological report of the proposed sites for the Wind Projects. The required description for the Transmission Projects is provided in the testimony of Mr. Vail.

M. Description of Potential Safety Hazards (Section 21(c)(ii)(D)).

54. Mr. Teply's testimony provides a description of the potential safety hazards of the

proposed sites for the Wind Projects. A description of the potential safety hazards for the proposed site of the Transmission Projects is provided in the testimony of Mr. Vail.

N. Description of the Real Property, Fuel and Water Requirements, Including Any Source of Water Along which the Major Utility Facility will be Constructed or From Which it will Obtain or Return Water (Section 21(c)(ii)(E)).

55. Mr. Teply's testimony provides a description of the real property for the proposed sites for the Wind Projects. The Wind Projects do not require fuel or water requirements once they are operational.

56. A description of the real property for the proposed site of the Transmission Projects is provided in the testimony of Mr. Vail. The Transmission Projects will not require fuel or water requirements once they are operational.

O. Acquisition Status, Source and Location of Real Property, Right-of-Way, Fuel and Water Requirements (Section 21(c)(ii)(F)).

57. Mr. Teply's testimony provides a description of the acquisition status, source and location of real property for the sites of the Wind Projects. A description of the acquisition status, source and location of real property for the proposed site of the Transmission Projects is provided in the testimony of Mr. Vail. Mr. Vail's testimony also describes the status of the rights-of-way for the Transmission Project.

P. Proposed Means of Transporting Fuel and Water Requirements (Section 21(c)(ii)(G)).

58. The proposed facilities do not require transportation of fuel or water once they are operational.

Q. Description of All Mineral Rights Associated with the Facility and Plans for Addressing Any Split-Estate Issues (Section 21(c)(ii)(H)).

59. The proposed facilities have no associated mineral rights.

R. Statement Setting Forth the Need for the Facility in Meeting Present and

Future Demands for Service in Wyoming or Other States (Section 21(c)(ii)(J)).

60. In addition to the discussion above, the need for the Wind Projects to meet present and future demands is described in Mr. Link's testimony. The need for the proposed Transmission Projects is described in Mr. Vail's testimony.

S. Description of the Commodity or Service the Facility will Make Available (Section 21(c)(ii)(K)).

61. The proposed facilities will enhance the Company's ability to provide retail electric service to customers in Wyoming, and the other five states in which the Company provides retail service. The Transmission Projects will also allow the Company to provide wholesale transmission service.

T. Statement of the Facility's Effect on the Applicant's and Other Systems' Stability and Reliability (Section 21(c)(ii)(L)).

62. The statement of the proposed facilities effect on system reliability is provided in Mr. Vail's testimony.

U. Status of Satisfying Local, State, Tribal, or Federal Governmental Agency Requirements (Section 21(c)(ii)(M)).

63. The testimony of Messrs. Teply and Vail describe the status of local, state, Tribal, and federal permitting requirements for the wind and transmission facilities.

VI. ADDITIONAL REQUIREMENTS OF 2010 STIPULATION

64. In the 2010 Stipulation, the Company agreed to provide the Commission "an opportunity to meaningfully review, generally before construction, whether the proposed expenditures are reasonable and in the public interest and to allow parties to have meaningful input into that process." 2010 Stipulation, Appendix A at ¶ 13. Thus, the Company agreed that it would request CPCNs before beginning construction on several segments of the Energy Gateway Transmission Project, including the Gateway West Transmission Line consisting of the Windstar-

to-Populus Line Segment and the Populus-to-Hemingway Line Segment. The Aeolus-to-Anticline 500 kV line is a sub-segment of the Windstar-to-Populus transmission project and therefore must meet the requirements in the 2010 Stipulation.

65. In addition to the filing requirements found in the Commission's Rules Chapter 3, Section 21, the 2010 Stipulation also requires that the Company's Application include the following:

A. A description of the proposed facilities.

66. A description of the proposed facilities is set forth above.

B. An estimate of the cost to construct the proposed facilities.

67. An estimate of the costs to construct the proposed facilities is included in the testimony of Messrs. Teply and Vail.

C. A detailed analysis and quantification of the benefits of the facilities both to 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.

68. In addition to the discussion above, the detailed analysis of the benefits of the Combined Projects is provided in the testimony of Mr. Link.

D. A discussion of alternatives to the facilities including but not limited to new generation sited more proximate to load.

69. Mr. Link's testimony describes the alternative facilities that were analyzed in the 2017 IRP and the Combined Projects were included in the IRP's preferred portfolio.

E. A discussion of the impact on access to renewable generation resources.

70. In addition to the discussion above, Mr. Vail's testimony describes how the Transmission Projects will provide greater access to renewable generation resources.

F. A discussion of the proposed allocation of the cost of the facilities between the federal and state jurisdictions.

71. As described in greater detail in the testimony of Mr. Vail, the Transmission Projects will be considered network transmission assets under PacifiCorp's Open Access Transmission Tariff ("OATT"), and Federal Energy Regulatory Commission precedent for ratemaking supports rolling in the costs of these assets into PacifiCorp's transmission rates. Mr. Larsen's testimony describes how by inclusion in the Company's OATT, part of the costs of the Transmission Projects will be recovered from third-party transmission customers and included as an offset in the RTM proposed in this Application, to the benefit of customers.

G. Description of any sage grouse habitat in the vicinity of the facilities.

72 Mr. Vail's testimony, and his accompanying exhibits, describe the sage grouse habitat in the vicinity of the proposed transmission facilities.

VII. PROPOSED NOTICE OF APPLICATION AND PROCEDURAL SCHEDULE

73. A proposed Notice of Application is included for the Commission's consideration. In addition, 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.

74. The Company proposes the following Procedural Schedule, consistent with Commission practice:

June 30, 2017	Application Filed
July 3, 2017	Notice Issued by the Commission
July 17, 2017	Technical Conference in Cheyenne
August 1, 2017	Deadline for Interventions
August 2, 2017	Scheduling Conference

September 1, 2017	Deadline for all Parties to file discovery on RMP direct testimony for the Transmission Projects portion of the Application. All responses to discovery are due within 10 business days of receipt.
September 13, 2017	Deadline for Intervenor to file Pre-filed Direct Testimony for the Transmission Projects.
October 2, 2017	Deadline for all Parties to file Discovery related to Intervenor Pre-filed Direct Testimony for the Transmission Projects portion of the Application. All responses to discovery are due within 5 business days of receipt.
October 9, 2017	Deadline for RMP to file rebuttal testimony and for Intervenor Parties to file Cross-Answer testimony for the Transmission Projects.
October 20, 2017	Deadline for all Parties to file discovery on Rebuttal and Cross-Answer testimony for the Transmission Projects. All responses to discovery are due within 5 calendar days of receipt.
October 23, 2017	Deadline for all parties to exchange exhibits for the Transmission Projects.
October 27, 2017	Deadline for parties to file any pre-hearing reports, pre-hearing motions, any objections to pre-filed testimony and exhibits for the Transmission Projects. Deadline to file exhibits and exhibit index.
November 3, 2017	Pre-hearing conference for the Transmission Projects.
November 6, 2017	Public hearings in Cheyenne for the Transmission Projects.
December 29, 2017	Conditional CPCN Order Issued by Commission for the Transmission Projects.
December 29, 2017	Deadline for all Parties to file discovery on RMP direct testimony for the Wind Projects portion of the Application and the Resource Tracking Mechanism. All responses to discovery are due within 10 business days of receipt.
January 5, 2018	Deadline for Intervenor to file Pre-filed Direct Testimony for the Wind Projects and the Resource Tracking Mechanism.
January 12, 2018	Deadline for all Parties to file Discovery related to Intervenor Pre-filed Direct Testimony for the Wind Projects and the Resource Tracking Mechanism. All responses to discovery are due within 5 business days of receipt.
January 16, 2018	RMP supplemental filing of Wind Projects request for proposal results.
January 26, 2018	Deadline for Intervenor to file supplemental testimony for the results of the Wind Projects request for proposal results.
February 5, 2018	Deadline for RMP to file rebuttal testimony and for Intervenor Parties to file Cross-Answer testimony for the Wind Projects and the Resource Tracking Mechanism.
February 14, 2018	Deadline for all Parties to file discovery on Rebuttal and Cross-Answer testimony for the Wind Projects and the Resource Tracking Mechanism. All responses to discovery are due within 5 calendar days of receipt.
February 14, 2018	Deadline for all parties to exchange exhibits for the Wind Projects and the Resource Tracking Mechanism.

February 16, 2018	Deadline for parties to file any pre-hearing reports, pre-hearing motions, any objections to pre-filed testimony and exhibits for the Wind Projects. Deadline to file exhibits and exhibit index.
February 23, 2018	Pre-hearing conference for the Wind Projects and the Resource Tracking Mechanism.
February 26, 2018	Public hearings in Cheyenne for the Wind Projects and the Resource Tracking Mechanism.
April 16, 2018	Final written Order issued by the Commission.

VIII. CONCLUSION

75. Rocky Mountain Power respectfully requests that the Commission issue an order granting CPCNs to construct or approval to acquire 860 MW of new Wind Projects in eastern Wyoming and an order granting CPCNs to construct the Transmission Projects as described above. These Combined Projects will provide substantial customer benefits and are an integral component of the Company's long-term plans to provide stable, reliable electric service at just and reasonable rates, and serve the public interest. The Company also requests approval of its proposed ratemaking treatment for the investment in the Combined Projects, in accordance with W.S. § 37-2-121.

76. 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 30th day of June, 2017.



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