

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

3 A. My name is Gary W. Hoogeveen. My business address is 1407 West North Temple,  
4 Suite 310, Salt Lake City, Utah 84116. I am the President and Chief Executive Officer  
5 of Rocky Mountain Power.

### 6 **QUALIFICATIONS**

7 **Q. Please summarize your education and business experience.**

8 A. I have a B.S. degree in Physics from the University of Northern Iowa and Masters and  
9 Ph.D. degrees in Space Physics from Rice University. For the last 20 years, I have  
10 worked for the Berkshire Hathaway Energy family of companies. I joined Rocky  
11 Mountain Power in November 2014. Prior to assuming my current position in  
12 November 2018, I was Senior Vice President and Chief Commercial Officer of Rocky  
13 Mountain Power. Prior to joining Rocky Mountain Power, from 2010 until 2014, I  
14 served as President of the Kern River Gas Transmission Company headquartered in  
15 Salt Lake City.

### 16 **PURPOSE AND SUMMARY OF TESTIMONY**

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

18 A. My testimony explains the Company’s proposal to invest approximately \$2 billion in  
19 new transmission facilities to allow for additional interconnection of new Wyoming  
20 generation resources, meet the Company’s obligations as a transmission provider, and  
21 increase the reliability of the Company’s transmission system used to serve customers.  
22 My testimony provides an overview of the Company’s Application, which includes a  
23 request for situs and non-situs certificates of public convenience and necessity

1 (“CPCNs”) and for advanced review under the process set forth in the stipulation  
2 approved in Docket No. 20000-384-ER-10, Record No. 12702 (“Advanced Review  
3 Process”). The Company proposes to construct the Gateway South 500-kV  
4 transmission line and the Gateway West Segment D.1 230-kV transmission line and  
5 accompanying facilities (collectively, the “Transmission Projects”). I explain why the  
6 Transmission Projects are necessary and in the public interest, discuss the Company’s  
7 financial ability to invest in the proposed facilities, and describe how the Company has  
8 pursued them in good faith.

9 **Q. Please summarize your testimony.**

10 A. The Transmission Projects are necessary to cost-effectively meet the Company’s short-  
11 and long-term energy demands, address the Company’s requirements as a transmission  
12 provider, and strengthen the overall reliability of the existing transmission system. The  
13 Transmission Projects, and the resources they enable, serve the public interest by  
14 providing present value revenue requirement differential (“PVR(d)”) net customer  
15 benefits in all of the price-policy scenarios. This includes PVR(d) customer benefits  
16 of \$372 million in the base case (assuming medium natural gas and medium carbon  
17 dioxide (“CO<sub>2</sub>”) prices), and \$234 million in the low case (assuming low natural gas  
18 prices and zero CO<sub>2</sub> prices). In addition, the Transmission Projects constitute an  
19 investment of approximately \$2 billion, \$915 million of which is Wyoming-based  
20 energy infrastructure. The Transmission Projects provide economic benefits to local  
21 communities and the state of Wyoming by providing more than 500 construction jobs  
22 and approximately \$17 million in taxes, while also ensuring that Wyoming electricity  
23 remains affordable and reliable for customers and competitive for attracting new

1 business.

2 **BACKGROUND ON THE TRANSMISSION PROJECTS**

3 **Q. Please provide a brief description of the Company’s operations in Wyoming.**

4 A. Rocky Mountain Power is a major employer, taxpayer, energy producer and provider  
5 in the state of Wyoming. Rocky Mountain Power is the largest electricity provider in  
6 Wyoming, providing service to 43 percent of customers with 57 percent of electricity  
7 sales in the state.<sup>1</sup> The Company has the privilege and opportunity of providing safe,  
8 reliable, and reasonably priced electric service to over 146,000 customers in 15  
9 counties in Wyoming. In doing so, it employs over 1,600 people in the state to operate  
10 and maintain 12 thermal generation units comprising 3,042 megawatts (“MW”) of  
11 capacity,<sup>2</sup> 12 wind generation facilities with 1,577 MW of capacity,<sup>3</sup> the Jim Bridger  
12 mine, and over 11,000 miles of transmission and distribution lines. The Company also  
13 has contracts with a number of independent power producers in the state of Wyoming  
14 that operate facilities representing approximately 1,072 MW of installed capacity.<sup>4</sup>

15 **Q. Why is the Company proposing to construct the Transmission Projects?**

16 The Transmission Projects are key components of the Company’s Energy Gateway  
17 transmission project and have been an integral component of the long-term  
18 transmission plan for the region for a decade. The Company is moving forward with  
19 the Transmission Projects at this time because current circumstances make them both

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<sup>1</sup> U.S. Energy Information Administration - EIA - Independent Statistics and Analysis. (2019, October 1). Retrieved February 24, 2020, from <https://www.eia.gov/electricity/data/eia861>.

<sup>2</sup> *In the Matter of the Filing of Rocky Mountain Power of Its Integrated Resource Plan (IRP) for 2019*, Docket No. 20000-552-EA-19 (Record No. 15192) IRP at Table 5.2 (Oct 18, 2019). PacifiCorp power plants located in Wyoming include Dave Johnston (four coal-fueled units), Jim Bridger (four coal-fueled units jointly owned with Idaho Power Company), Naughton (two coal-fueled units and one unit being converted to natural gas), and Wyodak (one coal-fueled unit jointly owned with Black Hills Power).

<sup>3</sup> *Id.* at Table 5.4.

<sup>4</sup> *Id.* at Tables 5.5 and 5.6.

1 necessary and economic.

2 **Q. What is the construction schedule for the Transmission Projects?**

3 A. The Company seeks to begin finalizing rights-of-way (“ROW”) by the end of 2020,  
4 begin work on a limited notice to proceed basis on June 1, 2021, commence  
5 construction by August 1, 2021, and complete the Transmission Projects by  
6 December 31, 2023.

7 **Q. Why is the Company planning to have the Transmission Projects in service by the**  
8 **end of December 2023?**

9 A. As explained in the testimony of Mr. Rick A. Vail and Mr. Rick T. Link, the Company  
10 needs additional resources to serve load by 2024, and the Transmission Projects enable  
11 new, cost-effective Wyoming generation resources to fill this need. While the  
12 production tax credit (“PTC”) has been extended to year-end 2024, the solar investment  
13 tax credit (“ITC”) requires project completion by the end of 2023 to obtain more than  
14 a 10 percent ITC. As with the Aeolus-to-Bridger/Anticline line, for which the  
15 Wyoming Public Service Commission (“Commission”) granted a CPCN in 2018, the  
16 tax credits from new renewable generation enabled by the Transmission Projects  
17 produce significant benefits that mitigate the overall costs of the new investments.

18 Additionally, PacifiCorp is obligated under its Open Access Transmission Tariff  
19 (“OATT”) to reliably accommodate nearly 2,500 MW of interconnection and  
20 transmission service requests governed by 13 executed contracts that require the  
21 construction of one or both of the Transmission Projects. These executed contracts  
22 include a transmission service agreement that requires the construction of Gateway  
23 South to reliably provide 500 MW firm point-to-point transmission service beginning

1 on the contract start date of January 1, 2024.

2 **THE TRANSMISSION PROJECTS MEET THE REQUIREMENTS FOR A CPCN**

3 **Q. What are the requirements for a CPCN?**

4 A. It is my understanding that Wyoming law requires the Company to demonstrate that  
5 the new facilities are necessary and in the public interest. The Company must also show  
6 that it has the financial ability to construct the facilities, and that it has acted in good  
7 faith.<sup>5</sup>

8 **Q. Why are the Transmission Projects necessary?**

9 A. As explained in the testimony of Mr. Vail and Mr. Link, the Transmission Projects are  
10 needed for several reasons:

- 11 • The Company's 2019 Integrated Resource Plan ("IRP") demonstrates the need  
12 for additional resources to serve load by 2024, and the Transmission Projects  
13 allow the interconnection of an additional 1,920 MW of cost-effective  
14 generation resources in eastern Wyoming;
- 15 • Time-limited federal tax incentives associated with new renewable generation  
16 enabled by the Transmission Projects substantially offset the overall costs of  
17 the new investments;
- 18 • The Transmission Projects are lynchpins in PacifiCorp's ability to meet its  
19 OATT obligation to construct facilities as necessary to reliably provide  
20 requested interconnection and transmission service, as well as to fulfill its  
21 contractual obligations to 13 counterparties under executed interconnection and  
22 transmission service agreements that list the construction of one or both of the

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<sup>5</sup> See W.S. § 37-2-205(c).

1 Transmission Projects as prerequisites to service; and

2 • The Transmission Projects will improve grid reliability by providing better

3 operational control of the backbone transmission system by interconnecting two

4 areas of the PacifiCorp transmission system that are abundant in two different

5 forms of renewable resources—wind rich eastern Wyoming with the solar rich

6 area of southern Utah.

7 **Q. Why are the Transmission Projects in the public interest?**

8 A. As explained by Mr. Link, the Transmission Projects will produce significant customer

9 benefits by enabling new wind resources capable of producing PTCs for ten years and

10 new solar resources that can qualify for ITCs. By qualifying for these federal tax

11 credits, the cost of these new resources, which already have no fuel costs, are greatly

12 reduced relative to other resource options that would otherwise be needed to meet the

13 Company's projected resource needs. These resources will also generate renewable-

14 energy credits ("RECs"), which can be sold to create additional revenues that would

15 offset costs.

16 **Q. Has the Company projected the PVRR(d) benefits of the Transmission Projects**

17 **by comparing costs and benefits with and without the Transmission Projects?**

18 A Yes. Mr. Link has performed this economic analysis under four different price-policy

19 scenarios, all of which result in PVRR(d) net benefits to customers. Under the base

20 case, the Transmission Projects generate PVRR(d) customer benefits of \$372 million,

21 with net benefits of \$234 million in the low case and \$483 million in the high case.

1 **Q. In addition to these customer benefits, do the Transmission Projects benefit the**  
2 **public interest in other ways?**

3 A. Yes. The proposed investment of approximately \$915 million in Wyoming  
4 transmission facilities also furthers the public interest by strengthening Wyoming's  
5 economy through energy resource diversity, new jobs, and substantial revenue at the  
6 state and local levels. The Company estimates that these Transmission Projects will  
7 result in 500 new construction jobs in Wyoming, and will add approximately \$15.7  
8 million in tax revenue through construction and another \$2 million of additional  
9 property tax revenue annually that will boost local and state tax collections at a time  
10 when forecasted tax revenues are falling. In addition, the new generation resources that  
11 the Transmission Projects facilitate will add approximately \$96 million in tax revenue  
12 through construction and over \$10 million in annual property tax revenue.

13 **Q. Do the Transmission Projects have local community support?**

14 A. Yes. As explained by Mr. Roderick D. Fisher, approximately three-quarters of the  
15 Wyoming portion of Gateway South runs through Carbon County, Wyoming. In early  
16 August 2020, the Carbon County Planning Commission voted unanimously to  
17 recommend approval of the construction permit for the Gateway South transmission  
18 line. Among other supporters, a large local ranch owner cited the positive economic  
19 impact the Gateway South transmission line will bring to Carbon County and the  
20 surrounding communities.

21 **Q. Please comment on how the Transmission Projects will impact the market**  
22 **transitions now underway.**

23 A. As Mr. Link describes, in the 2019 IRP, the Gateway South transmission line and

1 associated renewable generation were selected in 34 out of 35 resource portfolio cases  
2 as least-cost, least-risk customer supply solutions, regardless of assumptions around  
3 early retirement for coal plants. Thus, the Transmission Projects are beneficial for  
4 Wyoming customers irrespective of how planning issues for the Company's thermal  
5 plants are ultimately resolved.

6 The Company recognizes the challenges presented in Wyoming at this pivotal  
7 moment as the Company adapts to changing market and economic conditions. The  
8 Company is ready to partner with Wyoming in meeting these challenges by continuing  
9 to serve its customers as it has for over a century with safe, reliable, and affordable  
10 service, and by supporting Wyoming communities. The construction of the  
11 Transmission Projects advances both of these objectives.

12 **Q. Does the Company have the financial ability to construct the Transmission**  
13 **Projects?**

14 A. Yes. The Company intends to finance the Transmission Projects through its normal  
15 sources of capital, both internal and external, including net cash flow from operating  
16 activities, public and private debt offerings, and the issuance of commercial paper, the  
17 use of unsecured revolving credit facilities, capital contributions, and other sources.  
18 Although the Transmission Projects are a significant Company investment, the  
19 financial impact will not impair the Company's ability to continue to provide safe and  
20 reliable electricity service at reasonable rates.

21 **Q. Is the Company acting in good faith?**

22 A. Yes. The Company's development efforts have all been in good faith—the Company's  
23 plans are for the benefit of its customers and the Company has acted reasonably during

1 the course of the development efforts. As Mr. Fisher testifies, the Company has worked  
2 in good faith with affected landowners and has already reached mutually agreeable  
3 ROW terms with many landowners impacted by the Transmission Projects.  
4 Additionally, the Company will act in good faith as it executes all of the contracts  
5 necessary to construct the Transmission Projects.

6 **Q. Are there any other requirements for CPCN applications?**

7 A. Yes. Commission Rule Chapter 3, Section 21(c)(i) and (ii), sets forth the substantive  
8 material that must be included in an application for a CPCN for a major facility, like  
9 the Transmission Projects. The requirements of this rule and the Advanced Review  
10 Process are addressed in detail in the Application and in the testimony and exhibits of  
11 the Company's witnesses.

12 **OVERVIEW OF CPCN APPLICATION**

13 **Q. What specific orders is the Company requesting?**

14 A. The Company requests that the Commission issue conditional CPCNs under Wyoming  
15 Statute § 37-2-205(f). In this case, the Company has not obtained all the required ROW  
16 and therefore requests conditional CPCNs. In addition, the Company requests a non-  
17 situs CPCN under Wyoming Statute § 37-2-205.1 because portions of Gateway South  
18 are located in Colorado and Utah.

19 **Q. Is the Company also requesting that the Commission conduct an Advanced  
20 Review Process for the Transmission Projects?**

21 A. Yes. In the Company's 2010 Wyoming rate case, the Commission approved a  
22 stipulation that addresses review of certain Energy Gateway Transmission Projects,  
23 including both Transmission Projects. In the stipulation, the Company agreed to

1 provide the Commission “an opportunity to meaningfully review, generally before  
2 construction, whether the proposed expenditures are reasonable and in the public  
3 interest and to allow parties to have meaningful input into that process.”<sup>6</sup>

4 **Q. When does the Company need to have conditional CPCNs for the Transmission  
5 Projects?**

6 A. As described by Mr. Vail and Mr. Fisher, to allow the Transmission Projects to proceed  
7 on a normal construction schedule and be placed in-service by the end of 2023, the  
8 Company needs conditional CPCNs no later than December 31, 2020. The conditional  
9 CPCNs will allow the Company to finalize acquisition of the ROW necessary to  
10 construct the Transmission Projects and preserve the option to move forward. The  
11 Company needs to commence work on the Transmission Projects on a limited notice  
12 to proceed basis by June 1, 2021, and secure unconditional CPCNs allowing issuance  
13 of final notice to proceed by August 2021.

14 **Q. Does the Company require completion of the Advanced Review Process by  
15 December 31, 2020?**

16 A. No. The customer benefits provided by the Transmission Projects result, in part, from  
17 the ability to interconnect additional low cost, tax-incentive-eligible renewable  
18 resources that will be used to serve customers. At this time, however, the Company has  
19 not completed its pending all-source request for proposals (“2020AS RFP”), and  
20 therefore Mr. Link’s economic analysis is based on proxy resources. Once the 2020AS  
21 RFP is complete and the actual resources are known (approximately June 1, 2021), the  
22 Company will update its economic analysis and present those results to the

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<sup>6</sup> 2010 Stipulation, Appendix A at 6.

1 Commission to complete the Advanced Review Process and obtain final CPCNs.<sup>7</sup>

2 By effectively bifurcating this proceeding, the Commission can provide the  
3 conditional CPCNs necessary to keep the Transmission Projects on schedule, while  
4 reserving final review until after the customer benefits are confirmed through the  
5 results of the 2020AS RFP.

6 **Q. Does granting CPCNs or approval in the Advanced Review Process guarantee cost  
7 recovery?**

8 A. No. It is my understanding that Wyoming Statute § 37-2-205(j), which governs situs  
9 CPCNs, and Wyoming Statute § 37-2-205.1(d), which governs non-situs CPCNs,  
10 specifically state that issuance of a CPCN “shall not confer the right to recover a  
11 specific amount” and that “[a]ctual costs of the capital investment may be considered  
12 by the commission in a separate rate case determination.” My understanding is that the  
13 Advanced Review Process similarly does not pre-approve the projects for purposes of  
14 ratemaking.<sup>8</sup>

15 **Q. What other witnesses will be testifying on behalf of the Company?**

16 A. In addition to my testimony, the Company’s Application is supported by the testimony  
17 of the following witnesses:

18 **Mr. Rick A. Vail**, Vice President of Transmission, outlines the need for the  
19 Transmission Projects and provides a detailed description of the transmission facilities.  
20 Mr. Vail also addresses certain requirements of Commission Rule Chapter 3, Section  
21 21 and the Advanced Review Process for the Transmission Projects.

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<sup>7</sup> To the extent that the 2020AS RFP selects resources located in Wyoming, the Company will also file separate CPCNs, as necessary, for those resources.

<sup>8</sup> See, e.g., 2010 Stipulation at ¶¶ 86-87, 128.



BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION  
OF ROCKY MOUNTAIN POWER FOR  
SITUS & NON SITUS CERTIFICATES OF  
PUBLIC CONVENIENCE AND NECESSITY  
FOR THE GATEWAY SOUTH AND THE  
GATEWAY WEST SEGMENT D.1  
TRANSMISSION PROJECTS

)  
) DOCKET NO. 20000-\_\_-EA-20  
)  
) (RECORD NO. \_\_\_\_\_)  
)  
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AFFIDAVIT, OATH AND VERIFICATION

Gary W. Hoogeveen (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the President and Chief Executive Officer for PacifiCorp, 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 his official capacity as President and Chief Executive Officer.

Further Affiant Sayeth Not.

Dated this 24 day of August, 2020

Gary W. Hoogeveen  
Gary W. Hoogeveen  
President and Chief Executive Officer  
1407 W. North Temple, Suite 310  
Salt Lake City, Utah 84116

STATE OF Utah )  
) SS:  
COUNTY OF Salt Lake

The foregoing was acknowledged before me by Gary W. Hoogeveen on this 24 day of August, 2020. Witness my hand and official seal.

Candace Dixon  
Notary Public

My Commission Expires: December 19, 2020

