

R. Jeff Richards (#7294)
Yvonne R. Hogle (#7550)
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-4050
Facsimile: (801) 220-3299
Email: robert.richards@pacificorp.com
yvonne.hogle@pacificorp.com

Katherine McDowell
Adam Lowney
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
Telephone: (503) 595-3924
Facsimile: (503) 595-3928
Email: katherine@mrg-law.com
adam@mrg-law.com

Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF SOLICITATION PROCESS FOR WIND RESOURCES</p>	<p>Docket No. 17-035-23</p> <p>APPLICATION FOR APPROVAL OF SOLICITATION PROCESS</p>
--	--

I. INTRODUCTION

In accordance with Utah Code Ann. § 54-17-201, PacifiCorp d/b/a Rocky Mountain Power (“Rocky Mountain Power” or “Company”) submits this Application to the Public Service Commission of Utah (“Commission”). The Company respectfully requests that the Commission issue an order approving the Company’s 2017 Renewable Resources Request for Proposals (“2017R RFP”), seeking up to approximately 1,270 MW of new wind resources capable of interconnecting to, and/or delivering energy and capacity across PacifiCorp’s transmission system in Wyoming. The Company requests an order from the Commission by August 22, 2017, and notes

that August 22, 2017 provides the Commission one additional week from the 60-day statutory timeline under Utah Code Ann. § 54-17-201. The Company proposes a schedule for this docket that follows the general framework of Utah Admin. Code R746-420-1(4)(a), but with shortened comment periods to allow additional time for Commission review and decision.¹ The Company proposes to issue the 2017R RFP to the market by August 25, 2017.

The target date for approval of the 2017R RFP is driven by the need to capture a time-limited resource opportunity arising from the expiration of federal production tax credits (“PTCs”). The Company will procure the proposed wind resources in conjunction with a new 140-mile, 500 kV transmission line and associated infrastructure running from the new Aeolus substation near Medicine Bow, Wyoming, to a new annex substation, Bridger/Anticline, located near the existing Jim Bridger substation (“Transmission Project”). The Transmission Project is necessary to relieve existing congestion, and will enable interconnection and integration of the proposed wind resources into the Company’s transmission system.

The proposed wind projects net of PTC benefits, when combined with the Transmission Project, are expected to provide economic benefits for the Company’s customers. With aligned implementation schedules, the wind resources and Transmission Project must achieve commercial operation by the end of 2020 to qualify for the full value of PTCs. To meet this schedule, on June 30, 2017, the Company plans to file a request for approval of the “significant energy resource decision” related to the proposed wind resources and approval of the “resource decision” to construct the Transmission Project, in accordance with Utah Code Ann. §§ 54-17-302 and 54-17-402, respectively. The Company must establish a final shortlist from the 2017R RFP by early

¹ Under this rule, stakeholder comments are due within 45 days of the RFP’s filing, and comments from the independent evaluator are due within 55 days. Reply comments from the Company, as necessary, are due within 10 days. The proposed schedule in this Application shortens these timelines by 10 days, so that stakeholder comments are due in 35 days, and the other comment periods are adjusted accordingly.

January 2018 to inform the Utah preapproval proceedings, in which the Company will seek a final order by March 30, 2018. The Company will also file applications for a certificate for public convenience and necessity (“CPCN”) with the Wyoming Public Service Commission and Idaho Public Utilities Commission related to the wind resources and Transmission Project, with similar proposed schedules.

The Company has already met several milestones required for approval of the 2017R RFP. On April 17, 2017, the Company filed a 60-day notice of its intent to seek approval of a solicitation process under Part 2 of the Energy Resource Procurement Act, Utah Code Ann. Title 54, Chapter 17, under Utah Code Ann. §54-17-203. On May 31, 2017, the Company held a pre-issuance bidders conference, in compliance with Utah Admin. Code R746-420-1(3)(b-c). In early June 2017, the Commission appointed an independent evaluator (“IE”) for the 2017R RFP.

II. THE APPLICANT

The Company is a public utility providing retail electric service to customers in the six western states of Utah, Wyoming, Idaho, Oregon, Washington and California, and wholesale electric service throughout the Western United States. The Company provides electric service to retail customers in the state of Utah, through its Rocky Mountain Power division. Rocky Mountain Power serves approximately 840,000 customers and has approximately 2,400 employees in Utah.

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

By E-mail (preferred): datarequest@pacificorp.com

By regular mail:

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

With copies to:

Bob Lively
Utah Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
E-mail: bob.lively@pacificorp.com

Yvonne Hogle
Assistant General Counsel
Rocky Mountain Power
1407 W. North Temple, Suite 320
Salt Lake City, Utah 84116
E-mail: yvonne.hogle@pacificorp.com

Informal inquiries related to this Application should be directed to Bob Lively, Utah Regulatory Affairs Manager, at (801) 220-4052.

III. SUPPORTING TESTIMONY

This Application is supported by the pre-filed written direct testimony and exhibits of Rick T. Link, Vice President, Resource and Commercial Strategy. Mr. Link's testimony describes the Company's proposed solicitation process, the relationship between the solicitation process and the 2017 IRP, and demonstrates that the proposed wind resources are in the public interest. Mr. Link's testimony also includes the information required by Utah Admin. Code R746-420-1(1), and demonstrates that the solicitation process will comply with Utah Admin. Code R746-420-1(2) and (3) and R746-420-3. As required by Utah Code Ann. § 54-17-201(2)(b)(ii) and Utah Admin. Code R746-420-1(1)(b), attached to Mr. Link's testimony is the Company's draft 2017R RFP.

IV. BACKGROUND

A. **The Proposed Additional Wind Resources are a Time-Limited Opportunity for Customers, and to Meet the 2020 PTC Deadline, the Company Proposes to Conduct its RFP Process Concurrently with the IRP and Resource Preapproval Processes.**

The Company is committed to low-cost clean energy with the proposed addition of up to approximately 1,270 MW of new wind resources by the end of 2020. These new, zero-emission wind resources will rely on a new 140-mile, 500 kV transmission line segment and associated infrastructure running from the Aeolus substation near Medicine Bow, Wyoming, to a new annex substation, Bridger/Anticline, located near the existing Jim Bridger substation. The Transmission Project is a sub-segment (sub-segment D2) of the Energy Gateway West transmission project.²

While the Company's 2017 IRP preferred portfolio includes 1,100 MW of new wind resources paired with the Transmission Project, the Company estimates that the new transmission line can accommodate up to approximately 1,270 MW of additional wind resources. In its 2017R RFP, the Company proposes to evaluate, based on actual bids submitted, the level of wind procurement that maximizes customer benefits up to approximately 1,270 MW.

The Transmission Project and the new wind resources are mutually dependent. The new wind resources are not economic without the Transmission Project, which is needed to relieve existing congestion and to interconnect and integrate new PTC-eligible wind resources in high-wind areas of Wyoming. The Transmission Project is not economic without incremental, cost-effective wind resources. This interdependence requires developing these projects together.

The lead time for constructing the Transmission Project 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 incremental wind resources and their impact on overall

² For additional information, go to the interactive Gateway project map at <http://www.gatewaywestmaps.com/>.

project economics before it commits to move forward with construction of the Transmission Project. This dictates that the Company establish a final shortlist of bids from the 2017R RFP by early January 2018 to inform the Utah preapproval filing, the CPCN approval process in Wyoming, and related filings in other states. Approval of a conditional CPCN in Wyoming will allow the Company to begin acquiring the necessary rights of way for the Transmission Project. A delay in establishing the final shortlist could impede construction of the Transmission Project and deprive customers of the time-limited opportunity to cost-effectively acquire the proposed wind resources. Thus, the Company cannot wait until the 2017 IRP is acknowledged before issuing the 2017R RFP, although the Commission's decision on the 2017 IRP should precede the filing of the 2017R RFP shortlist in early 2018.

The time-sensitive opportunity presented by the PTCs and the co-dependencies of the new wind resources and Transmission Project necessitate conducting the solicitation process concurrently with the Company's upcoming request for approval of the "significant energy resource decision" of the proposed wind resources, in accordance with Utah Code Ann. § 54-17-302, and approval of the "resource decision" to construct the Transmission Project, in accordance with Utah Code Ann. § 54-17-402. Upon establishing its final shortlist from the 2017R RFP, the Company plans to supplement its Utah preapproval filing with the winning bids. The Company will request that the Commission issue a final order in the preapproval filing by March 30, 2018, so that the new wind resources and the Transmission Project can achieve commercial operation by the end of 2020.

The concurrent nature of the IRP, solicitation, and preapproval processes is both reasonable and necessary because customers will otherwise forgo the significant benefits that can be achieved through the procurement of the proposed wind resources and Transmission Project. If the three

processes were sequential, the Company would not be able to obtain the approvals necessary to construct the Transmission Project in time to have the line in service by the end of 2020. Without the Transmission Project, the wind resources are not economic.

The Commission has consistently recognized that these three processes are distinct. *See, e.g., In the Matter of PacifiCorp's 2006 Integrated Resource Plan*, Docket No. 07-2035-01, Report and Order at 5-6 (Feb. 6, 2008) (“The resource solicitation and acquisition decision approval processes are separate from the IRP acknowledgment process. Therefore, while we may acknowledge the IRP, and may provide guidance on the IRP action plan, any approval of the solicitation and acquisition of specific resources for the implementation of that action plan will be conducted in separate approval processes required under Utah Code §54-17-201 and §54-17-302.”).

Concurrent processes will not harm customers or compromise the integrity of any of the three processes. The solicitation process will be conducted in conformance with the Energy Resources Procurement Act and the Commission’s rules and will provide for a fair and unbiased evaluation of all potential resources and will be overseen by the Commission and an IE. The fact that the IRP and preapproval dockets are running concurrently will not affect the integrity or fairness of the solicitation process.

Although Utah Code Ann. §54-17-301(1)(a) contemplates that the Company would seek approval of its significant energy resource decision to acquire the wind resources after the completion of the solicitation process, the concurrent nature of these two processes is not inconsistent with the intent of that provision. Here, the solicitation process will be completed before the conclusion of the preapproval process, allowing the Company to update the record in the preapproval docket to reflect the winning bid(s) from the resource solicitation. By the time that

the Commission issues its decision in the preapproval docket, it will have a complete record of the resources that will be procured, as required by Utah Code Ann. §54-17-301(1)(a).

B. The 2017R RFP is Aligned with the Resources, Opportunities Identified, and the Modeling Used in the 2017 IRP.

The action plan in the 2017 IRP advances the Company's commitment to low-cost clean energy with the proposed minimum addition of at least 1,100 MW of new wind resources by the end of 2020. The 2017 IRP demonstrates that these wind resources will provide the cost savings necessary to construct the required Transmission Project and provide economic benefits for customers.

The Company's 2017 IRP reflects a resource plan that provides adequate and reliable electricity supply at a reasonable cost and in a manner consistent with the long-term public interest. 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.

Using a range of cost and risk metrics to evaluate multiple resource portfolios in the 2017 IRP, the Company selected a preferred portfolio reflecting a cost-conscious plan that transitions to a cleaner energy future with near-term investments in both existing and new renewable resources, new transmission infrastructure, and energy efficiency programs. The selection of the preferred portfolio was identified after completing more than 200 modeling studies. Each study includes 50 iterations of system performance, which equates to over 10,000 simulations of potential 20-year system dispatch outcomes.

Assuming the new wind and transmission resources are operational by the end of 2020, and thus eligible for 100 percent PTCs, the Company's IRP analysis demonstrates that the Company can make these investments with all-in economic savings for customers. The 2017 IRP

analysis demonstrates that these projects result in base-case present-value customer savings ranging between \$18 million and \$23 million, without accounting for the expected incremental value of the renewable energy credits (“RECs”) that will be generated by the 1,100 MW of new wind.³

In addition to being least-cost, the resource acquisitions described in the preferred portfolio, including the 1,100 MW of new wind by 2020, are also least-risk. Based on current load expectations, portfolio modeling performed for the 2017 IRP shows the resource acquisition path in the preferred portfolio is robust among a wide range of policy and market conditions, particularly in the near-term.

The Company has included the 1,100 MW of additional wind resources in its preferred portfolio as cost-effective system resources, and not as resources necessary for renewable portfolio standard compliance. These resources, however, will also contribute to the Company’s ability to meet state renewable energy targets in Utah, Oregon, Washington, and California.

V. REQUEST FOR APPROVAL OF SOLICITATION PROCESS

Utah Code Ann. § 54-17-201(2)(a) provides that a utility must “conduct a solicitation process that is approved by the commission” before acquiring or constructing a significant energy resource. To obtain approval of the solicitation process, the utility must file a request that includes a description of the solicitation process, a complete proposed solicitation, and the information required by Utah Administrative Code R746-420. Utah Code Ann. § 54-17-201(2)(b). When considering a request to approve a resource decision, the Commission must determine whether the solicitation process is in the public interest, and complies with Utah Code Ann. § 54-17-101 *et seq.* and Utah Administrative Code R746-420, and Utah Code Ann. § 54-17-201(2)(c). As described

³ Present value benefits increase by approximately \$30 million for every dollar assigned to RECs that will be generated by the new wind resources.

below and in the accompanying testimony of Mr. Link, the Company's proposed solicitation process meets these requirements.

A. Description of the Solicitation Process.

The 2017R RFP will specifically target resource procurement consistent with the 2017 IRP analysis showing all-in economic customer benefits when PTC-eligible wind is paired with the Transmission Project. Accordingly, the RFP will seek proposals for up to approximately 1,270 MW of competitively priced new wind projects that can deliver energy and capacity to the Company's transmission system in Wyoming. Bids must demonstrate that proposed projects can achieve commercial operation no later than December 31, 2020. Bidders are encouraged to offer proposals under any of three different structures, including power purchase agreements ("PPAs") with or without a purchase option, build-transfer structures in accordance with the terms of an asset purchase and sale agreement ("APSA"), and bidder-proposed alternative ownership structures.

To ensure a transparent and fair process, the proposed RFP will be conducted under the oversight of the IE already approved by the Commission. In addition, an IE approved by the Public Utility Commission of Oregon ("OPUC") will also oversee the RFP to ensure the process is consistent with the OPUC's competitive bidding guidelines as well as transparent and fair to all involved. *See In the Matter of the Public Utility Commission of Oregon, Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 14-149, Appendix A (Apr. 30, 2014).

The Company intends to propose site-specific, self-build options, referred to as Benchmark Resources, into the 2017R RFP. The Benchmark Resources will ensure there is a sufficient amount of PTC-eligible new wind resource capacity available in the solicitation process, as required to deliver customer benefits identified in the 2017 IRP. All proposals will be evaluated using the same assumptions, modeling, and scoring. The IE will have access to review the reasonableness of all scores, including scores assigned to Benchmark Resources.

The Commission’s RFP rules require that the IE “blind” all bids for the evaluation process. Utah Admin. Code R746-420-3(10)(a). The Company requests a waiver of this requirement, consistent with prior waivers provided by the Commission. *See, e.g., In the Matter of the Application of PacifiCorp, by and through its Rocky Mountain Power Division, for Approval of a Solicitation Process for a Flexible Resource for the 2012-2017 Time Period, and for Approval of a Significant Energy Resource Decision*, Docket No. 07-035-94, Commission’s Suggested Modifications and Order at 18 (May 23, 2008) (granting waiver of blinding requirement after noting that both the IE and the Division of Public Utilities “question the value of blinding bids” because “while the blinding of names of bidders was valuable during the question and answer period, the specific blinding of bids did not have commensurate value given the level of effort.”). Here, blinding bids will provide limited value because the detailed project information included in each bid (*e.g.*, the proposed location of the resource) will effectively identify the bidder. Blinding bids imposes additional burdens on the IE and the Company that will have no impact on the overall fairness of the solicitation process.

Because of the time-limited nature of this resource opportunity, the Company proposes the following schedule for this docket:

Event	Target Date
File RFP with Commission	June 16, 2017
Stakeholder Comments	July 21, 2017
IE Comments	July 31, 2017
Company Reply Comments	August 10, 2017
Commission decision on Final RFP	August 22, 2017
RFP Issued to Market	August 25, 2017
RFP Bids Due	October 13, 2017
RFP Final Shortlist	January 8, 2018

Mr. Link's testimony provides a more thorough description of the proposed solicitation process and schedule. The Company filed for approval of the 2017R RFP with the OPUC on June 1, 2017, and will provide the Washington Utilities and Transportation Commission information on an informal basis through the Company's ongoing IRP process.

B. The Proposed Solicitation Process is in the Public Interest.

To approve a solicitation process, the Commission must determine that it is in the public interest, after considering the following:

- whether the decision will most likely result in the acquisition, production, and delivery of utility services at the lowest reasonable cost to the retail customers of the utility;
- long-term and short-term impacts;
- risk;
- reliability;
- financial impacts on the utility; and
- other factors determined by the Commission to be relevant.

Utah Code Ann. § 54-17-201(2)(c)(ii). *See also* Utah Admin. Code R746-420-3(1)(b)(ii) (setting forth same standard).

This Application and the accompanying testimony of Mr. Link demonstrate that the proposed wind resources are the least-cost, least-risk resource option for the Company and will provide substantial customer benefits, both in the near- and long-term. Moreover, the acquisition of the proposed wind resources will also allow the Company to construct the Transmission Project that will relieve existing transmission congestion and provide additional customer benefits. As discussed above, the wind resources and Transmission Project are mutually dependent and both are integral components of the 2017 IRP's preferred resource portfolio. The proposed wind

resources and Transmission Project will provide significant customer benefits over the long-term. The proposed Transmission Project will also provide substantial reliability benefits.

Mr. Link's testimony further demonstrates that the Company has the financial ability to construct or acquire the proposed wind resources and Transmission Project, and that the procurement of the wind resources will not adversely impact the Company's ability to provide safe and reliable electric service at just and reasonable rates.

The proposed solicitation process is fair and reasonable. Utah Admin. Code R746-420-3(1)(a). The 2017R RFP will be conducted in accordance with the Commission's rules, as described in Mr. Link's testimony. The Commission has approved the selection of the IE. The IE will ensure that the process is transparent, ensure that all bids are treated fairly and scored consistent with the Commission's rules, oversee the bid scoring and evaluation process, independently score and evaluate the Benchmark Resources, and report its findings and conclusions to the Commission. The 2017R RFP will include robust participation by the IE and stakeholder involvement. These facts, coupled with the approvals provided by the Commission throughout the process, will ensure that the 2017R RFP is fair and reasonable.

The proposed RFP process will also be "sufficiently flexible to permit the evaluation and selection of those resources or combination of resources determined by the Commission to be in the public interest," and designed to solicit a robust set of bids. Utah Admin. Code R746-420-3(b)(iii)-(iv). The process will be open to bids offering PPAs, build-transfer structures, and bidder-proposed alternative ownership structures. While the Company will be submitting Benchmark Resources, the process is designed to ensure that those resources are not given an unfair advantage and that every bid is evaluated on the same terms.

The process must also be “commenced sufficiently in advance of the time of the projected resource need to permit and facilitate compliance with the Act and the Commission rules and a reasonable evaluation of the resource options that can be available to fill the projected need” and satisfy the “Commission’s criteria for approving a significant energy resource decision.” Utah Admin. Code R746-420-3(b)(v). As discussed above, the Company is conducting this solicitation process concurrently with its IRP and acquisition preapproval process because of the time-limited opportunity to obtain substantial customer benefits.

C. Compliance with Utah Code Ann. § 54-17-101 *et seq.* and Utah Administrative Code R746-420.

Mr. Link’s testimony demonstrates that the Company’s proposed solicitation process satisfies the requirements of the Energy Resource Procurement Act, Utah Code Ann. § 54-17-101 *et seq.* Specifically, Mr. Link’s testimony includes the material required by Utah Admin. Code R746-420-1(1). Utah Code Ann. § 54-17-201(2)(b)(iii). Mr. Link’s testimony also describes the pre-bid-issuance process, demonstrating that the Company complied with the requirements of Utah Admin. Code R746-420-1(2). Mr. Link’s testimony demonstrates that the solicitation process conforms to the requirements in Utah Admin. Code R746-420-3.

VI. REQUEST FOR RELIEF

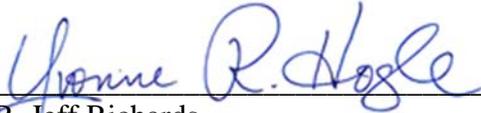
WHEREFORE, the Company requests relief as follows:

That the Commission issue an order by August 22, 2017, pursuant to Utah Code Ann. § 54-17-201, approving the Company’s solicitation process for up to approximately 1,270 MW of new wind resources capable of interconnecting to, and/or delivering energy and capacity across, the Company’s transmission system in Wyoming. The Company also requests that the Commission waive Utah Admin. Code R746-420-3(10)(a) requiring blinded bids.

DATED this 16th day of June, 2017.

Respectfully submitted,

ROCKY MOUNTAIN POWER



R. Jeff Richards

Yvonne R. Hogle

1407 West North Temple, Suite 320

Salt Lake City, Utah 84116

Telephone: (801) 220-4050

Facsimile: (801) 220-3299

Email: Robert.Richards@pacificorp.com

Yvonne.hogle@pacificorp.com

Attorneys for Rocky Mountain Power