



Idaho Public Utilities Commission

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Case Nos: PAC-E-17-06 and PAC-E-17-07

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Rocky Mountain Power seeks PUC approval for wind, transmission projects

BOISE (July 27, 2017) - Rocky Mountain Power has asked the Idaho Public Utilities Commission to approve its plans to build or acquire four wind farms in Wyoming, upgrade 13 existing wind facilities and improve its transmission system.

The projects are expected to cost \$3.13 billion and would significantly boost the utility's capacity to generate wind energy.

Rocky Mountain Power asserts the transmission projects are necessary in order to relieve congestion on the transmission system and improve its ability to manage the intermittent load produced by wind, while providing significant long-term benefits to customers.

The company requested that the Commission allow the projects' capital costs to be incorporated into customer rates, and for approval of Certificates of Public Convenience and Necessity (CPCN) for the new wind facilities and transmission improvements. State law requires a public utility to obtain a CPCN before constructing certain facilities or infrastructure.

The company contends CPCNs are warranted because the projects are in line with its long-term plan, or Integrated Resource Plan (IRP). Its 2017 IRP, filed in April and awaiting Commission approval, identified wind energy as the "least-cost, least-risk resource when compared to other energy sources" for reliably meeting customer demand over a 20-year period.

Rocky Mountain Power also asked the Commission to expedite the approval process to ensure that the projects meet deadlines for federal renewable electricity production tax credits.

The wind projects must be in operation by the end of 2020 in order to achieve the full benefit of the production tax credits.

Rocky Mountain Power provides electric service to approximately 75,400 customers in Idaho. That is approximately 7 percent of its customer base across a service territory that includes Utah and Wyoming.

Idaho Code requires that regulated utilities be allowed to recover prudently incurred expenses and earn a reasonable rate of return as established by the Commission. The burden of proof is on the utility to demonstrate that additional capital investment is necessary to serve customers and, if so, that the expenses were prudently incurred.

The Commission's staff of auditors, engineers, analysts and attorneys will investigate the utility's application. Under state law, the Commission cannot accept or deny the company's proposals without weighing the evidence.

The Commission has set Aug. 8 as the deadline for parties to formally intervene in the case. Intervenors typically represent customer groups. They file testimony and exhibits, and cross-examine witnesses from the company, commission staff and other intervening parties.

The Commission will later announce dates for customer workshops and hearings, as well as deadlines to submit comments.

Rocky Mountain Power's application and exhibits are available on the Commission's website at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case Nos. PAC-E-17-06 and PAC-E-17-07. As the cases progress, testimony and exhibits from commission staff and other parties, as well as customer comments, will be posted to the website.

Here is a breakdown of the proposed projects:

Wind improvements, \$1.13 billion

Rocky Mountain Power's proposal calls for repowering, or upgrading, eight wind projects in Wyoming, four in Washington state and one in Oregon.

The facilities currently represent 999.1 megawatts (MW) of installed capacity, and the project is expected to increase generation between 11 and 35 percent.

Upgrades would include installation of higher-capacity generators and new rotors with longer blades, which produce more energy at lower wind speeds.

In addition to increased energy output, the project's benefits would include greater control of power quality and voltage, which would allow the utility to more efficiently integrate wind energy into its transmission system and enhance the reliability of the electric grid, Rocky Mountain Power said.

The company also noted that the project's benefits can be achieved without the costs and complexity of permitting and constructing new facilities, while extending the facilities' useful life and cutting operating costs.

Rocky Mountain Power asked the Commission to issue its decision on the proposal by Dec. 29 in order to receive the full benefit of the production tax credits.

The current tax credit is \$24 per megawatt-hour. That amount that is adjusted annually but expires 10 years after a facility goes into service. The tax credits for most of the facilities proposed for repowering are set to expire in 2018 and 2019.

Overall, the company said, the repowering projects would lead to customer savings of between \$41 million to \$589 million, with natural gas prices and federal regulations representing the biggest variables.

The economic benefits are derived by a number of factors, including increased energy output, reduced operating costs, extended operational life, requalification for the production tax credits and the sale of renewable-energy credits.

Capital expenses related to the project would be assessed on customer rates through the Energy Cost Adjustment Mechanism, which can be adjusted up or down annually depending on costs incurred, and benefits reaped, by the company.

New wind projects and transmission improvements, \$2 billion

Rocky Mountain's proposal asks for CPCNs for four Wyoming wind projects with a combined capacity of 860 MW. Three have a capacity of 250 MW and one is capable of generating 110 MW.

The proposal also includes the construction of or improvements to several transmission facilities in eastern Wyoming. Most of the improvements are associated with the company's Energy Gateway West transmission project, which calls for the addition of approximately 2,000 miles of transmission lines in order to alleviate congestion on the transmission system, address growth and incorporate new generation sources such as wind.

The projects are mutually dependent, according to the company: The wind projects are not economic without the transmission projects, and the transmission projects are not economic without the wind resources.

The \$2 billion cost estimate would lead to a rate increase of less than 1.9 percent in 2021, which is expected to be the first full year of operation of the new facilities, according to the company. However, Rocky Mountain Power said the work is expected to save \$137 million in avoided costs through 2050, when the wind projects are fully depreciated.

Here are the transmission improvements outlined in the proposal:

- Construction of a 140-mile, 500kV transmission line running from Aeolus to Anticline, along with the construction of two new substations.
- Construction of a 5-mile, 345kV line connecting Anticline and Jim Bridger, near Rock Springs, and modifications to the Jim Bridger substation near Rock Springs.
- Installation of a voltage control device at the Latham substation near Wamsutter.

- Construction of a new 16-mile, 230kV line that would run parallel to an existing line from the Shirley Basin substation to the company's proposed Aeolus substation near Medicine Bow, in addition to modifications to the Shirley Basin substation, which is located near the junction of state highways 77 and 487.
- Reconstruction of 4 miles of a 230kV transmission line between the proposed Aeolus substation and the Freezeout substation, including modifications to the Freezeout substation, located between the Pine Draw and South Pine Draw.
- Reconstruction of 14 miles of a 230kV transmission line between the Freezeout substation and the Standpipe substation, which is near Hanna, including modifications to the two substations as required.