

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING)
CONSTRUCTION OF THE POPULUS-TO-)
TERMINAL 345 KV TRANSMISSION LINE)
PROJECT)

CASE NO. PAC-E-08-03

ORDER NO. 30657

On April 18, 2008, PacifiCorp dba Rocky Mountain Power (“PacifiCorp” or “the Company”) filed an Application for a Certificate of Public Convenience and Necessity (“CPCN”) pursuant to *Idaho Code* §§ 61-526 through 528, IDAPA 31.01.01.111 and 112 seeking authorization to construct a 345 kV transmission line, a/k/a Populus-Terminal Transmission Line, to be located in Bannock and Oneida Counties as well as a new substation to be located in Downey, Idaho (“the Project”).

On April 25, 2008, PacifiCorp filed an Application for a CPCN, pertaining to the portion of the Project to be constructed within the State of Utah, with the Utah Public Service Commission. On September 4, 2008, the Utah Commission issued an Order granting PacifiCorp’s request for a CPCN for the construction and operation of the Project.¹

The Commission established September 16, 2008 as the deadline for submitting comments regarding PacifiCorp’s Application. *See* Order No. 30597. Commission Staff filed comments pertaining to the Company’s Application. The Commission also received public comments.

THE APPLICATION

PacifiCorp is a Utah corporation providing retail electric service to customers in Utah, Wyoming and Idaho. The Company lists its principal place of business as Salt Lake City, Utah. Rocky Mountain Power has filed a Certificate of Assumed Business Name with the Idaho Secretary of State acknowledging PacifiCorp as the Company’s “true name.” PacifiCorp is registered with the Idaho Secretary of State and lists CT Corporation System, 1111 West Jefferson, Suite 530, Boise, Idaho 83702, as its Idaho registered agent for service.

¹ In its Order granting the certificate, the Utah Commission noted that no party to the case opposed construction of the transmission line and concluded that: “public convenience and necessity does or will require the construction and no evidence has been presented to contradict the testimony of the Company.” Utah Docket No. 08-035-42.

PacifiCorp's Application states that the Project would extend from an existing substation located southwest of the Salt Lake City International Airport to a new substation in Downey, Idaho. In the supporting testimony of Mr. John Cupparo, Ms. Sharon Seppi, and Mr. Bruce Williams, the Company explains that, due to significant retail load growth over the past decade and anticipated future load growth, it will be unable to continue to provide the transmission capacity necessary for the delivery of safe, efficient, and reliable electric service to its customers.

The Company states that the Project is necessary in order to meet load growth, add significant incremental transmission capacity between southeast Idaho and northern Utah, and strengthen the interconnection to transmission systems feeding Idaho, Wyoming, and the Northwest in general. The transmission line also fulfills a commitment made by the Company to increase its transmission capacity by 300 MW from southeast Idaho service territory to northern Utah, referred to as the "Path C Upgrade." Case No. PAC-E-05-08.

A new substation (referred to as the "Populus Substation") will be constructed near the existing Jim Bridger 345 kV transmission line corridor in southeast Idaho near the town of Downey. A new double-circuit 345 kV transmission line will be constructed from the Populus Substation to the existing 345 kV Terminal Substation in Salt Lake City, Utah southwest of the Salt Lake International Airport.² The transmission line will also tie into the existing Ben Lomond Substation in Box Elder County, Utah. Initially, only a 345 kV substation yard will be developed at the Populus Substation and the existing Jim Bridger-Borah, Jim Bridger-Kinport, and Ben Lomond-Borah 345 kV lines will be looped in and out of the Populus Substation. However, the Populus Substation will be configured to facilitate the addition of planned 345 kV and/or 500 kV transmission lines. The Ben Lomond Substation and Terminal Substation will be expanded to accommodate the new 345 kV transmission lines and termination points.

PacifiCorp states that the total cost of the Project, including the Utah portion, is approximately \$750 million. The Company estimates that the revenue requirement allocated to Idaho will be approximately 3%. However, the Company does not request rate recovery at this time. The Company states that the Project would be operational beginning in 2010.

² A map showing the route of the transmission line can be found as an exhibit in PacifiCorp's response to data requests and Staff comments; minor adjustments to the route may occur during final design.

STAFF COMMENTS

Based on its extensive review of PacifiCorp's Application, the Company's 2007 IRP, Idaho statutes pertaining to CPCN issuance and other relevant information, Staff recommended that the Commission grant PacifiCorp's CPCN request. Staff believes that the Project complies with the minimum statutory requirements found in *Idaho Code* § 61-526: (1) the present or future public convenience or necessity requires or will require the construction of the Project; and (2) the Project will not interfere with the line, plant or system of another public utility.³

Staff noted that the Project is an integral part of the preferred resource portfolio outlined in the Company's 2007 IRP. PacifiCorp states that, since its IRP filing, its Utah jurisdictional loads have continued to increase, Requests for Proposals ("RFPs") continue to favor lower-cost wind resources in Wyoming and transmission between those resources and the Utah load centers continue to be constrained during peak periods. In addition, the Company's Application states that the Clean and Diversified Energy Advisory Committee of the Western Governors Association, the Rocky Mountain Area Transmission Study (RMATS) group and the U.S. Department of Energy National Transmission Congestion Study have all identified regional and Westwide benefits to transmission upgrades in this area.

Staff believes that the Company's assertion that additional transmission capacity can lead to increased flexibility and reliability is generally correct. However, Staff feels that the benefits of increased reliability are difficult to quantify and that some measure of reliability is often sacrificed when energy resources are located some distance from primary load centers. Staff also questioned the wisdom of constructing transmission lines with the anticipation that: (1) additional resources will be constructed; (2) purchases from lower-cost extra-regional power markets will be made available; and (3) additional transmission lines will come online to allow interconnection.

Thus, Staff believes that the necessity of the Project should be viewed in conjunction with energy resources that are constructed, under way or planned. PacifiCorp elected to undergo a transmission upgrade as part of its preferred resource portfolio of an additional 2,000 MWs of renewable resources by 2013 in the Company's 2007 IRP. A significant portion of these renewable resources will be located in Wyoming. Staff then listed more than 500 MWs of

³ Staff did not address issues relating to the actual siting of the Project. Siting issues fall outside of the jurisdiction of the Commission and fall within the purview of the individual local governmental agencies where the transmission lines and substation are located.

renewable resources that are either under construction or in the final stage of development. In response to a Staff data request, PacifiCorp provided four alternatives that it rejected because the Company did not believe that these would provide sufficient capacity for the new resources. Staff agreed that the Project was necessary in order for the Company to continue to provide reliable service from these new resources to growing load centers.

Staff emphasized that it did not evaluate the overall prudence of the Company's resource plan or the construction of the Project which constitutes a good portion of that plan. Staff goes on to note that recovery of actual costs from Idaho ratepayers will not be assessed until construction of the Project is completed, full disclosure of Project expenses is provided and project utilization is fully quantified.

The Company took several steps to notify landowners adjacent to the transmission corridor including: (1) an information flyer; (2) open house meetings with Company representatives; (3) Project-specific e-mail and telephone number for customer concerns; and (4) regular Project updates posted on the Company's website.

The Commission received 34 comments and complaints from the general public, mostly pertaining to siting and notification issues. PacifiCorp received nearly an equal number of communications from Idaho customers relating to the Project. Staff noted that PacifiCorp responded to one set of complaints from landowners in Oneida and Bannock Counties by relocating the proposed transmission line corridor to lessen impact on the affected landowners. Nevertheless, Staff believes that given the nature and magnitude of the Project, the public would have benefitted from an earlier notification of the Project's commencement. Also, the Company elected to hold open house meetings during December and January 2007 which typically are not conducive to public turnout. Staff opined that establishing communication with local governmental officials as early as possible would also be beneficial because it will allow these officials to be prepared to more adequately address their constituents' concerns.

In summary, Staff based its recommendation supporting the issuance of a CPCN upon the following:

- The Project will facilitate transfer of energy from planned and existing generating resources in Idaho and Wyoming and deliver it to load centers in Utah.

- The Project will improve the reliability of the currently congested transmission system by increasing transmission capacity and the number of transmission pathways.
- The Project will provide flexibility in accessing the most cost-effective resources and regional markets. It will also provide a platform for adding more transmission to increase transfer capacity between east and west control areas in the future.
- The Project will not conflict or affect the operations of any existing certificated fixed public utility providing retail electric service to the public.

COMMISSION DECISION AND FINDINGS

The Commission has reviewed all of the filings in Case No. PAC-E-08-03, including the Company's Application, attached testimony, related filings with the Utah Public Service Commission, Staff comments and public comments. The Commission has also reviewed PacifiCorp's 2007 IRP filing in order to ascertain whether the instant filing is in conformity with the Company's stated intentions to integrate additional energy resources into its system.

As a preliminary matter, the Commission finds that PacifiCorp's Application for a CPCN authorizing the construction of the proposed transmission project is not mandated by statute. As mentioned below, PacifiCorp is recognized as an electric utility subject to the Commission's authority and jurisdiction. *See infra* at 6. As such, the Company is not required to apply for a CPCN for an extension of its existing transmission lines and/or facilities in its established Idaho service territory. *Idaho Code* § 61-526.

Nevertheless, the Commission acknowledges that PacifiCorp's 2007 IRP filing signaled the Company's intent to acquire additional transmission capacity in order to transfer energy from current or planned renewable wind projects located in remote areas of Wyoming and Idaho to load centers throughout PacifiCorp's service territory. It is a reality that a majority of viable wind projects are located some distance from the metropolitan areas that often represent an electric utility's primary load centers. The Commission agrees with Staff's assertion that the proposed transmission project is an "integral part" of the Company's preferred resource portfolio of an additional 2,000 MWs of renewable resources by the end of 2013. The Commission also believes that the Project has the potential to upgrade the Company's overall transmission

capacity and thereby improve the flexibility and reliability of electrical service for Idaho customers during peak demand times.

Finally, the Commission admonishes PacifiCorp to, in future dealings of this sort, consult with local governmental officials as early as practicable. PacifiCorp is to be commended for providing multiple methods of communication for concerned citizens to forward their concerns to the Company. However, such efforts do not eclipse the need for public involvement during the earliest stages of the project planning process. Soliciting public input during the early planning stages of such a large-scale transmission project could go a long way toward satisfying or alleviating some of the questions and concerns which inevitably arise surrounding the alignment and siting of transmission lines on private property.

Based upon our review of the filings and the record in this case, the Commission finds that PacifiCorp's filing satisfies the requirements found in the Commission's Rules of Procedure, *Idaho Code* § 61-526 and *Idaho Code* § 61-528. Thus, we approve PacifiCorp's Application for a Certificate of Public Convenience and Necessity authorizing the Company to construct a 345 kV transmission line, a/k/a Populus-Terminal Transmission Line. In doing so, the Commission emphasizes that this Order does not approve any particular siting or alignment – that is primarily a responsibility of local governments. In addition, this Order does not address issues relating to the propriety or prudence of the actual costs associated with the construction of the transmission project. Issues related to the Company's rate recovery for such costs will be deferred until the Company makes a formal request to the Commission for recovery in its next rate case or in a subsequent proceeding deemed appropriate by the Commission.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues raised in this matter pursuant to the authority granted to the Commission under Title 61 of the Idaho Code. Thus, the Commission concludes that PacifiCorp is an electric utility that has "theretofore lawfully commenced operation" in Bannock and Oneida Counties in the State of Idaho. *Idaho Code* § 61-526.

ORDER

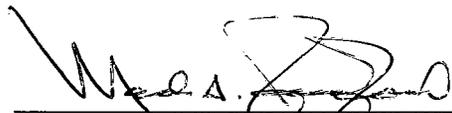
IT IS HEREBY ORDERED that the Application of PacifiCorp dba Rocky Mountain Power for a Certificate of Public Convenience and Necessity authorizing the construction of a

345 kV transmission line, a/k/a Populus-Terminal Transmission Line, to be located in Bannock and Oneida Counties, as well as a new substation to be located in Downey, Idaho, is approved.

IT IS FURTHER ORDERED that a separate Certificate for the substation and the transmission line shall not be issued; these facilities shall be included in the Company's existing Certificate No. 458.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th day of October 2008.



MACK A. REDFORD, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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