

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR)
AUTHORITY TO INCREASE ITS RETAIL) Docket No. 20000-384-ER-09
ELECTRIC UTILITY SERVICE RATES IN) Record No. 12702
WYOMING APPROXIMATELY \$97.9)
MILLION PER YEAR OR 17.3 PERCENT)

SUPPLEMENTAL DIRECT TESTIMONY OF

Bryce J. Freeman

On Behalf of the Wyoming Office of Consumer Advocate

Testimony Filed: May 2, 2011
Hearings Begin: June 20, 2011

1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.**

2 A. My name is Bryce J. Freeman. My business address is 2515 Warren Avenue, Suite 304,
3 Cheyenne, WY, 82002. I am the Administrator of the Wyoming Office of Consumer
4 Advocate (OCA). The OCA is an independent consumer advocacy agency that was
5 created by an act of the legislature in the 2003 general session.

6 **Q. ARE YOU THE SAME BRYCE FREEMAN THAT PRE-FILED DIRECT**
7 **TESTOMONY IN THIS PROCEEDING ON APRIL 11, 2011?**

8 A. Yes, I am.

9 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. It has come to my attention, after the filing of my direct testimony in this case, that my
12 direct testimony contains an oversight. My supplemental testimony will disclose and
13 explain this oversight so that there are no surprises or confusion on the record for the
14 Commission's consideration in the pending Rocky Mountain Power (RMP) rate case
15 proceeding. This issue arises by virtue of the fact that I have served on the Board of
16 Directors of the Wyoming Infrastructure Authority since 2004, as I stated in my pre-filed
17 direct testimony,

18 **Q. WHAT IS THE OVERSIGHT THAT YOU ARE REFERRING TO?**

19 A. At page 56 of my pre-filed direct testimony I make the following statement:

20 I want to be very clear regarding the points raised by Mr. Cupparo in his
21 testimony. The WIA does not now, nor has it ever had, any agreements in
22 place with the Company to jointly develop any of the proposed Gateway
23 segments, either within or without Wyoming.

24 In making that statement I overlooked an agreement among the WIA and other parties
25 that merits further explanation. In August of 2007, the WIA entered into an Interim
26 Agreement with National Grid, Arizona Public Service Company (a subsidiary of
27 Pinnacle West Capital Corporation) and PacifiCorp to "take the initial steps in co-

1 developing transmission projects while, at the same time, examining the key business,
2 regulatory and technical issues that would govern a longer term development
3 relationship.”

4 **Q. PLEASE PROVIDE THE COMMISSION SOME PERSPECTIVE AND**
5 **BACKGROUND REGARDING HOW THIS AGREEMENT CAME ABOUT.**

6 A. Certainly. In 2004, the WIA began development of a transmission project known as the
7 Wyoming West project that would have provided a transmission link between south-
8 central Wyoming, just east of the Jim Bridger generating station, to a planned
9 interconnection in south-west Utah, probably at the Mona substation. The WIA filed
10 siting and permitting documents with the Bureau of Land Management to initiate the
11 preliminary Environmental Impact Statement (EIS) analysis. The planned corridor, in
12 part, would have made use of an existing transmission corridor south of Flaming Gorge
13 reservoir where the Western Area Power Administration (Western) already operates
14 smaller existing transmission facilities. The WIA was working with Western to secure
15 development rights in that existing corridor.

16 In 2006, the WIA was approached by APS and National Grid with a proposed partnership
17 to jointly develop the Trans West Express (TWE) project. The goal of the TWE project
18 was to deliver large amounts of Wyoming wind generation into the desert southwest,
19 particularly in areas served by APS and the Salt River Project. Salt River, a cooperatively
20 owned utility, was interested in the development and availability of Wyoming generation
21 although it never became a party to the Interim Agreement or any subsequent agreements.

22 In May of 2007, PacifiCorp announced its intent to construct the Gateway transmission
23 project which, in partnership with Idaho Power Company, would be comprised of new
24 transmission segments in Wyoming, Utah, Idaho, Oregon and Washington. Part of
25 PacifiCorp’s planned expansion, Gateway South, running generally from south central
26 Wyoming to southern Utah, was in the same general area as the TWE project. Thus, the
27 WIA and its partners agreed to cooperate with PacifiCorp in the development of the
28 Gateway South project, specifically in the areas of environmental analysis and permitting.

1 The WIA and its development partners believed that such cooperation would result in
2 lower costs for environmental compliance and permitting for both projects.

3 **Q. UNDER THIS AGREEMENT DID THE WIA OR ITS PARTNERS UNDERTAKE**
4 **ACTIVE DEVELOPMENT OR SUPPORT FOR THE GATEWAY SOUTH**
5 **PROJECT?**

6 A. No. The agreement was intended only to promote cooperation among the parties, where
7 possible, to lower the cost of delivered energy for all of the parties by cooperating on
8 environmental and permitting issues. In fact, the interim agreement expressly excepted
9 any transmission facilities designed primarily to serve PacifiCorp's native load customers
10 in Wyoming, any improvements to PacifiCorp's existing transmission system,
11 PacifiCorp's proposed Idaho transmission project and PacifiCorp's proposed Mona to
12 Salt Lake City transmission project. From the agreement it is clear that the intent of the
13 parties was to cooperate, where possible, on siting and permitting issues related
14 exclusively to PacifiCorp's Gateway South project.

15 **Q. WAS THE WIA THE OPERATING DEVELOPMENT MANAGER IN THE**
16 **TRANSWEST EXPRESS PROJECT?**

17 A. No. National Grid was designated as the Development Manager under both the Trans
18 West Express development agreement and the Interim Agreement related to PacifiCorp.
19 The agreement itself is confidential, but suffice to say that the WIA had a very small
20 minority funding obligation under the Interim Agreement.

21 **Q. WAS PACIFICORP HAPPY WITH THE INTERIM AGREEMENT?**

22 A. I believe all of the parties to the Interim Agreement saw cooperation as a way to reduce
23 the cost of the environmental and permitting work required by federal law. However,
24 PacifiCorp made it clear that it would protect its own interests and that if its interests
25 diverged from that of the parties developing the TWE project PacifiCorp would make its
26 own decisions in its own best interest and that neither National Grid nor any of the other
27 parties would be making decisions on behalf of PacifiCorp relative to the Gateway South
28 project.

1 **Q. WHAT ULTIMATELY BECAME OF THE INTERIM AGREEMENT?**

2 A. The Interim Agreement was just that, interim. The parties agreed to take the initial steps
3 to cooperate on environmental and siting issues while studying the key business,
4 regulatory and technical issues that would need to be addressed in a more permanent
5 longer term agreement. Due to various exogenous events a longer term agreement among
6 the parties was never contemplated.

7 **Q. WHAT SORT OF EXOGENOUS EVENTS WERE THOSE?**

8 A. In 2008, National Grid determined that it no longer desired to participate in the TWE
9 project. As such, it sought a developer interested in taking over development of the TWE
10 project. The developer which ultimately agreed to continue the TWE development was
11 the Anschutz Corporation. Anschutz is currently in active development of the TWE
12 project. As the project transitioned to the control of Anschutz all of the remaining
13 development partners in the TWE project including the WIA, and APS surrendered their
14 interest in the TWE project. Meanwhile, the Interim Agreement expired, by its own
15 terms, in March of 2008 with no other or further agreement forthcoming to replace it.
16 Control of the TWE project is now fully within the purview of the Anschutz Corporation
17 and to the best of my knowledge there has been no formal agreement for Anschutz to
18 cooperate with PacifiCorp in the development of either the TWE project or the Gateway
19 South project.

20 **Q. DO YOU BELIEVE THE INTERIM AGREEMENT POSES A CONFLICT OF**
21 **INTEREST THAT WOULD PREVENT YOU FROM OFFERING TESTIMONY**
22 **ON BEHALF OF THE OCA IN THIS PROCEEDING?**

23 A. No, I do not. At most the Interim Agreement was an attempt by the parties with an
24 interest in a common corridor to cooperate on environmental and permitting issues to
25 minimize the cost to all parties. It was not an endorsement by the WIA of the Gateway
26 South project, nor was it an endorsement by PacifiCorp of the TWE project. Rather, it
27 was an acknowledgement by all of the parties to the agreement that if both projects were

1 assumed to go forward there could be substantial cost savings to both projects by
2 cooperating on environmental and permitting issues.

3 **Q. DOES THE EXISTENCE OF THE INTERIM AGREEMENT IN ANY WAY**
4 **CHANGE YOUR POSITION WITH REGARD TO THE GATEWAY CENTRAL**
5 **PROJECT PROPOSED FOR RECOVERY IN THIS CASE BY RMP?**

6 A. Not at all. I still believe, based on the investigation and analysis contained in my direct
7 testimony, that RMP's investment in the Gateway Central project (Populus to Terminal)
8 is necessary for the long term delivery of safe and reliable service to Wyoming customers.
9 Further, given the uncertainties associated with state and national energy policies,
10 including the potential retirement of a significant number of base load coal fired power
11 plants in the west and around the country, new transmission capacity will provide
12 utilities, including RMP, the flexibility to access the least cost resources to serve both
13 existing customers and future load growth, no matter where those resources may be
14 located. Finally, new transmission capacity allows utilities, including RMP, to optimize
15 the use of existing facilities through more integrated operation and reserve sharing
16 arrangements which should lower costs to customers throughout the region, including
17 RMP's Wyoming customers. More integrated control of the western system will become
18 increasingly important as more intermittent generation resources are added in the future.

19 **Q. MR. FREEMAN, ARE YOU COMPESATED FOR YOUR WORK ON THE**
20 **BOARD OF THE WYOMING INFRASTRUCTURE AUTHORITY.**

21 A. No. The WIA maintains a paid staff but the board members are not compensated for their
22 work on behalf of the WIA. We are reimbursed for ordinary travel and incidental
23 expenses incurred while attending official meetings and activities of the WIA.

24 **Q. DO YOU HAVE A FINANCIAL INTEREST IN ANY OF THE PROJECTS IN**
25 **WHICH THE WIA IS INVOLVED, OR IN PACIFICORP OR ANY OF ITS**
26 **AFFILIATS?**

27 A. No. I am precluded by law from having an interest in any utility that is subject to the
28 jurisdiction of this Commission in my role as Administrator of the OCA. Further, I do

1 not have a financial interest in any of the transmission projects being developed by any of
2 the transmission developers in this state, or any other state for that matter.

3 **Q. WHY, THEN DO YOU CONTINUE TO PARTICIPATE ON THE BOARD OF**
4 **THE WIA?**

5 A. I am motivated to continue my service on the Board of the WIA for couple of reasons.
6 First, as is stated in the enabling language creating the WIA, I believe that developing
7 ways to add value to the abundant natural resources located in Wyoming, establishing
8 markets for those value added resources and transporting them to market will benefit the
9 citizens of the state. Large scale development of wind, coal and gas generation in
10 Wyoming for transport to markets in other states will create good paying jobs in
11 Wyoming and increase both the local and statewide tax base. I have worked in this
12 business for many years. Over those years I have accumulated a large amount of very
13 specialized knowledge and experience. It is my duty to bring that knowledge and
14 experience to bear on behalf of the citizens of the state of Wyoming in the important
15 work that the WIA is doing, to the best of my ability.

16 Second, I believe that by increasing market awareness of the competitively priced energy
17 resources available in Wyoming, those resources will be more likely to be chosen to serve
18 customers in other states such as California, Oregon and Arizona who have limited
19 indigenous choices of environmentally compliant and affordable energy resources. It is
20 my hope that, through the work of the WIA, customers in those other states will also have
21 access to affordable energy resources that, at least in part, can help offset the impacts of
22 growing loads and more stringent environmental requirements. I believe that developing
23 Wyoming generation resources can help in doing just that and both customers in those
24 other states and the citizens of Wyoming will benefit thereby.

25 **Q. HOW DOES THE WIA ADDRESS CONFLICTS OF INTEREST?**

26 A. I am obligated under the terms of the WIA's conflict of interest policy to disclose any
27 apparent or actual conflict of interest that may arise in my work for either the OCA or the
28 WIA and recuse myself from voting on any matter coming before the WIA where an

1 apparent or actual conflict of interest arises. All members of the Board of the WIA, any
2 of whom may have a conflict of interest from time to time, take this policy very seriously
3 and work very hard to fully disclose any situation that might lead to a conflict of interest.
4 We also rely on the advice and guidance of our legal counsel when addressing potential
5 conflicts of interest.

6 **Q. DOES THAT CONCLUDE YOUR SUPPLEMENTAL TESTIMONY IN THIS**
7 **PROCEEDING?**

8 **A. Yes, it does.**

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AFFIDAVIT, OATH AND VERIFICATION

Bryce J. Freeman (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the Administrator of the Wyoming Office of Consumer Advocate which is a party intervener in this matter pursuant to its Notice of Intervention filed on November 24, 2010.

Affiant prepared and caused to be filed the foregoing supplemental testimony. Affiant has, by all necessary action, been duly authorized to file this supplemental testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant's knowledge, all statements and information contained within the supplemental testimony are true and complete and constitute the recommendations of the Affiant in his official capacity as Administrator of the Wyoming Office of Consumer Advocate.

Further Affiant Sayeth Not.

Dated this 2nd day of May, 2011.

[Handwritten signature of Bryce J. Freeman]

Bryce J. Freeman, Administrator
Wyoming Office of Consumer Advocate
2515 Warren Avenue, Suite 204
Cheyenne, WY 82002
(307) 777-5742

STATE OF WYOMING)
) SS:
COUNTY OF LARAMIE)

The foregoing was acknowledged before me by Bryce J. Freeman on this 2nd day of May, 2011. Witness my hand and official seal.



[Handwritten signature of Betty M. Abernethy]
Notary Public

1-10-2015