

Docket No. 20000-400-EA-11  
Witness: Chad A. Teply

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Rebuttal Testimony of Chad A. Teply

April 2012

1 Q. Are you the same Chad A. Teply who submitted direct testimony in this  
2 proceeding?

3 A. Yes.

4 **Purpose of Testimony**

5 Q. What is the purpose of this testimony?

6 A. The purpose of this testimony is to provide the Commission with updated  
7 information regarding the Company's continued evaluation and analysis of the  
8 pollution control equipment investments, as well as alternative compliance  
9 options, for the Naughton Unit 3 facility undertaken since the Company filed its  
10 Application for a certificate of public convenience and necessity ("CPCN") for  
11 the subject pollution control projects in September of 2011.

12 Q. Please summarize your testimony in this proceeding?

13 A. The Company has continued its evaluation and analysis in light of changing  
14 conditions and best available information, while also addressing the issues raised  
15 by parties in this docket. Based upon the results of the Company's continued  
16 assessment, the Company has arrived at an alternative decision to pursue gas  
17 conversion at the Naughton Unit 3 facility rather than invest in environmental  
18 control technologies as originally proposed in the Application. My testimony  
19 provides background information as to what key drivers and assumptions have  
20 changed since the time of the Application and how they have impacted analysis  
21 results. My testimony will also set forth details supporting the alternate gas  
22 conversion approach that the Company has determined to be in the best interest of  
23 its customers, indentifying key processes that will need to be pursued outside of

1 the CPCN process.

2 **Q. Does the Company believe that this CPCN docket has resulted in the**  
3 **opportunity for customers and stakeholders to meaningfully review the**  
4 **proposed environmental compliance projects?**

5 A. Yes. In accordance with Article 13.b of the Stipulation and Agreement  
6 (“Stipulation”) approved by the Public Service Commission of Wyoming in  
7 Docket No. 20000-384-ER-10 as it pertains to Major Plant Investments, the  
8 Company believes that the Naughton Unit 3 CPCN docket has allowed the  
9 Company and parties to participate in a process that affords the parties and the  
10 Commission an opportunity to meaningfully review, before construction, whether  
11 the proposed capital expenditures for Naughton Unit 3 are reasonable, prudent  
12 and in the public interest. The Company believes that the alternative decision  
13 described herein represents a thoroughly reviewed and favorable result of this  
14 process for customers and stakeholders.

15 **Q. What is the most important factor that has driven the Company’s alternative**  
16 **decision?**

17 A. The most important factor in the Company’s alternative decision is the assumption  
18 of forecast natural gas prices. Since the Company’s original Application filing,  
19 actual forward natural gas market prices have continued to decline and longer  
20 term natural gas price forecasts provided by third party experts have followed  
21 suit. The impacts of this key input assumption will be discussed at length in the  
22 Company’s testimony.