

07-035-94

April 30, 2008

Utah Public Service Commission

Attn: Merilee Livingston

RE: Docket # 07-035-94, Rocky Mountain Power Solicitation Process - Comments  
Provided by the Utah Association Energy Users

UTAH PUBLIC  
SERVICE COMMISSION

2008 MAY -1 A 1 35 151305

Comments Provided by:

RECEIVED

Utah Chapter Sierra Club

Utah Physicians for a Healthy Environment

Dear Commissioners,

Thank you for this opportunity to provide comment to the aforementioned matter. The Utah Chapter of the Sierra Club (SC) and the Utah Physicians for a Healthy Environment (UPHE) are committed to working towards a sustainable energy future with resources that provide ample economic opportunities throughout the state of Utah while not adding to the plethora of environmental and health consequences associated with traditional fossil-based energy sources. We also understand that these traditional resources associated with existing facilities and infrastructure will continue to be a part of Utah's energy portfolio for some time to come, but we also believe that it is imperative that Utah must immediately start the transition away from such resources in order to address those environmental and health impacts if we are to leave a healthy planet for future generations.

The SC and UPHE support Rocky Mountain Power's current RFP in the context that it justifiably disallows bids from any existing or new coal resources. This action demonstrates that the Utility is recognizing the increasing health, environmental, and financial risks associated with building additional coal-based generation, something that is increasingly be repeated all across the U.S. energy markets today.

SC and UPHE are, however, concerned over comments submitted by the Utah Association of Energy Users (UAE) to the Commission regarding Rocky Mountain Power's current solicitation process.

UAE states:

*Coal Resources. (RFP pages 7, 22 and throughout). The RFP categorically excludes coal resources from consideration notwithstanding the fact that the most recent publicly-vetted IRP process identified coal resources as among the most cost effective. UAE believes that coal resources have been eliminated as options by PacifiCorp primarily because of perceived risks stemming largely from expectations and requirements of commissions and stakeholders in other states.*

*UAE disagrees with the categorical exclusion of coal resources. UAE submits that the risks associated with coal resources have been adequately evaluated in the IRP process. Indeed, the IRP identified and evaluated a number of possible cost and risk implications of carbon regulation. Similarly, UAE submits that the Commission can reasonably evaluate the risks of coal resources in this RFP process. Rather than exclude this entire category of resources from consideration, UAE submits that, as a condition to resource pre-approval, PacifiCorp should be required to invite and evaluate all potential resource bids, regardless of fuel source. Only then can the utility and the Commission adequately evaluate all relevant costs and risk tradeoffs associated with available resources and determine that any particular resource is in the public interest.*

These statements appear misguided at best, if not misleading. First, it should be clarified that the IRP in question was completely rejected by the Commission, thereby contradicting the assertion that the IRP was “publicly-vetted.” It should go without saying that a Utility filing that is approved by the commission, either in its original form or even with additional supplementation, would be classified as publicly vetted. Furthermore, the IRP was rejected, in part, due the Utility’s underestimation of the external costs associated with coal-based generation. This directly contradicts UAE’s statement that the “... IRP process identified coal resources as among the most cost effective.”

As previously pointed out, there is a very apparent trend occurring all across the United States, where utilities, cooperatives, and financial institutions are backing away from new coal-based generation. This trend is also escalating.

Two most recent examples: The Yellowstone Valley Electric Cooperative in Huntley, Montana recently withdrew it’s financial support for the proposed 250-megawatt Highwood Generating Station near Great Falls, citing concerns about “the steep cost of compliance with shifting environmental regulations for coal-fired plants, and growing concern the fuel contributes to climate change,” according to an AP article on April 29, 2008. And in Missouri, the Associated Electric Cooperative Inc. recently notified regulators that they were putting on hold indefinitely plans to build a coal-fired power plant, citing concerns over increasing costs of labor and materials along with costly carbon control technologies.

The investment world is increasingly sending market signals that coal is becoming a larger risk with every passing day. As quoted in a recent NY Times article about this very trend:

*Eric Kane, a senior analyst at Innovest Strategic Value Advisors, a research firm that analyzes the effects of environmental, social and*

*governance issues on stocks, also warned that many companies would have to shoulder an increased burden.*

*"It's unlikely these companies will be able to pass all the costs down to consumers," he said. In the end, he said, there will be an effect on shareholders.*

The article goes onto say...

*"I think the time when you can keep your head in the ground is just over," said Hugh Wynne, a senior analyst at Sanford C. Bernstein & Company.*

*Some analysts have begun to evaluate the potential impact of carbon caps on stock prices.*

*"Carbon has been an ongoing issue for the investment community for the last three or four years," said Brian Chin, an equity analyst at Citi Investment Research.*

The health risks associated with coal-based emissions are real and documented. While newer technologies are most certainly reducing the emissions from coal over older generation plants, the risks are still significant. One of those risks is mercury. As most are aware, Utah has an established mercury problem, documented by numerous fish tissue samplings throughout the state. And while there is no certified connection between mercury contamination and autism, there are recent studies that are increasingly showing a link.

Researchers at the University of Texas Health Science Center in San Antonio recently published a study of Texas school district data and industrial mercury-release data. The study in fact shows a statistically significant link between pounds of industrial release of mercury and increased autism rates. This study, for the first time in peer reviewed scientific literature, also shows a statistically significant association between autism risk and the distance from the mercury source. Study highlights according to a recent story in *ScienceDaily*:

#### *Study highlights*

*\* Mercury-release data examined were from 39 coal-fired power plants and 56 industrial facilities in Texas.*

*\* Autism rates examined were from 1,040 Texas school districts.*

*\* For every 1,000 pounds of mercury released by all industrial sources in Texas into the environment in 1998, there was a corresponding 2.6 percent increase in autism rates in the Texas school districts in 2002.*

*\* For every 1,000 pounds of mercury released by Texas power plants in 1998, there was a corresponding 3.7 percent increase in autism rates in Texas school districts in 2002.*

*\* Autism prevalence diminished 1 percent to 2 percent for every 10 miles from the source.*

*\* Mercury exposure through fish consumption is well documented, but very little is known about exposure routes through air and ground water.*

*\* There is evidence that children and other developing organisms are more susceptible to neurobiological effects of mercury.*

We could provide many pages of similar testimony and examples that demonstrates the substantial risk associated with building more coal-based resources. This is not necessary, however. The point is that Rocky Mountain Power is making the correct choice in not allowing any bids for new coal resources at this time. They should instead be investing resources in energy efficiencies, the most cost effective resource, and new renewable technologies that will spur new economic development while protecting our health *and* our environment. We believe that, on the behalf if it's membership and all of Utahns, UAE would be wise to put its unwavering support behind such endeavors.

Thank you for this opportunity.

Respectfully,

Tim Wagner  
Utah Chapter Sierra Club

Dr. Brian Moench  
Utah Physicians for a Healthy Environment