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**BEFORE THE PUBLIC SERVICE  
COMMISSION OF UTAH**

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In the Matter of the Voluntary Request of  
Rocky Mountain Power for Approval of  
Resource Decision to Construct Selective  
Catalytic Reduction Systems on Jim Bridger  
Units 3 and 4

Docket No. 12-035-92

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**PREFILED**

**SURREBUTTAL TESTIMONY OF STACY F. TELLINGHUISEN**

**ON BEHALF OF**

**WESTERN RESOURCE ADVOCATES**

**February 28, 2013**

1 **Q: Please state your name, employer and present position.**

2 A: My name is Stacy F. Tellinghuisen. I am employed by Western Resource Advocates  
3 (WRA), where I work as a Senior Energy/Water Policy Analyst.

4 **Q: Have you previously filed testimony in this docket?**

5 A: Yes. I filed direct testimony on November 30, 2012.

6 **Q: What is the purpose of your current testimony?**

7 A: I am responding to Mr. Teply's rebuttal testimony, which, I believe, demonstrates that the  
8 Company is undervaluing the water used at Jim Bridger Units 3 and 4. By undervaluing  
9 the monetary and environmental benefits of this important, scarce natural resource, the  
10 Company reaches the conclusion that its impact on water resources does not affect its  
11 strategy for controlling pollution at Units 3 and 4 – a fundamentally flawed conclusion.

12 **Q: What position does Mr. Teply take on the value of water used at the Jim Bridger  
13 plant?**

14 A: Mr. Teply's testimony provides a useful summary of the volume and sources of water  
15 used at the Jim Bridger plant and the annual cost for PacifiCorp to use that water. Mr.  
16 Teply concludes that, because the Green River basin is not fully appropriated, the water  
17 has minimal value and does not affect the Company's choice of pollution controls.

18 **Q: How do you respond?**

19 A: While I agree with much of Mr. Teply's testimony, I believe he understates the potential  
20 value of the water. Perhaps most importantly, Mr. Teply's testimony and valuation of  
21 water ignores the public interest or environmental benefits that reducing water use at the

22 Jim Bridger plant could provide. As I described in my direct testimony, the Green River  
23 has important environmental and economic benefits in Wyoming, Colorado, and Utah,  
24 and the State of Utah has invested significant resources in protecting or enhancing flows  
25 in the Green River (particularly below Flaming Gorge Reservoir). While these benefits  
26 are difficult to quantify, they are not zero, and should be considered by the Commission  
27 in this proceeding.

28 **Q. Mr. Teply argues that because the Green River is not fully appropriated, a water**  
29 **market doesn't exist, and the value of Bridger's water rights is uncertain and**  
30 **speculative. Do you agree?**

31 A. No. PacifiCorp's water rights are valuable, regardless of whether the basin is fully  
32 appropriated. As Mr. Teply accurately notes in a later question, "early priority water (i.e.  
33 senior rights) would have a higher value than later priority (i.e. junior rights)" (p. 20,  
34 lines 6-8). In other words, PacifiCorp's 1968 water right would be more reliable and have  
35 a higher value than a water right appropriated today (which would have a 2013 priority).  
36 Despite the fact that the basin is currently not fully appropriated, these older rights are of  
37 higher value than new rights. In addition, as water becomes scarcer, particularly because  
38 of supply reductions due to climate change, senior water rights are likely to become even  
39 more valuable. Finally, Mr. Teply's statement about water markets is not relevant. In most  
40 basins in the West, well-functioning water markets do not exist, yet water rights have  
41 significant value, and are bought or sold on a regular basis.

42 Mr. Teply's testimony also describes four actions the Company could potentially take  
43 with regard to its water rights, if the Bridger plant required less water (p. 21, lines 7 - 16).

44 Under three of the four potential actions, the Company would see some value. While this  
45 value is uncertain, it is not zero, and I would not describe it as speculative. In brief, the  
46 Company could 1) hold the excess water in a no-use status (with administrative  
47 approval); 2) sell its water rights; 3) lease the water; or 4) forfeit or abandon its water  
48 right. Option 1 preserves the Company's ability to use, sell, or lease the water in the  
49 future, and would likely provide a future monetary value. Under Options 2 and 3, the  
50 Company would likely see a direct monetary benefit (and, under Option 3 would, similar  
51 to Option 1, retain its rights to future use, sale, or lease revisions). Option 4 is the only  
52 option that would provide no monetary value, though if the water remains in the Green  
53 River, it could result in environmental benefits.

54 **Q. Is Mr. Teply's estimated cost of the annual "readiness to serve" fee charged by the**  
55 **Wyoming Water Development Commission the only cost for the water?**

56 A. I don't believe it is. Based on Mr. Teply's testimony, I believe PacifiCorp would pay the  
57 annual readiness to serve fee (\$350,000/year) and *an additional cost* for any actual water  
58 used. That cost would be \$61/AF, according to Mr. Teply's testimony, (p. 19, lines 18-  
59 19) or approximately \$1.7 million/year (assuming an average diversion of 25.4 million  
60 gallons/day (Teply, p. 18, line 4), or 28,452 AF/year). A portion of this cost  
61 (approximately half) would be attributed to Units 3 and 4. While the annual cost of water  
62 is not likely to affect PacifiCorp's strategy for reducing pollution at the Bridger plant, the  
63 monetary value of the water rights, in addition to the environmental value of leaving the  
64 water in stream, which I describe in the testimony I filed in November, should weigh in  
65 the Commission's decision.

66 **Q: Does this conclude your testimony?**

67 A. Yes, it does.