

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Voluntary Request)	Docket No. 12-035-92
Of Rocky Mountain Power for Approval)	Surrebuttal Testimony of
Of Resource Decision to Construct)	Cheryl Murray
Selective Catalytic Reduction Systems)	For The Office of
On Jim Bridger Units 3 and 4)	Consumer Services

February 28, 2013

1 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a Utility Analyst for the Office of
3 Consumer Services (Office). My business address is 160 East 300 South
4 Salt Lake City, Utah 84111.

5 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

6 A. The purpose of my surrebuttal testimony is to provide the
7 recommendations of the Office regarding Rocky Mountain Power's
8 (Company) Voluntary Request for Approval of Resource Decision to
9 Construct Selective Catalytic Reductions Systems (SCR) on Jim Bridger
10 Units 3 and 4 (Request).

11 **Q. DOES THE OFFICE HAVE ANY ADDITIONAL WITNESSES
12 PROVIDING SURREBUTTAL TESTIMONY?**

13 A. Yes. Mr. Randall Falkenberg conducted a technical analysis of the
14 Company's filing on behalf of the Office. He will provide surrebuttal
15 testimony based on information received and analysis performed since the
16 filing of direct testimony in this docket. He will also provide
17 recommendations related to modeling requirements and inputs that should
18 be required for future filings.

19 **Q. WHAT IS THE OFFICE'S POLICY REGARDING COMMISSION
20 APPROVAL OF A REQUEST FOR APPROVAL OF A VOLUNTARY
21 RESOURCE DECISION?**

22 A. As stated in our direct testimony "the benefits to be derived from the
23 resource must be clear or pre-approval must be denied." Denial of pre-

24 approval still allows the Company the opportunity to request recovery of
25 costs in a general rate case, which is a more traditional means of cost
26 recovery.

27 **Q. WHAT WAS THE OFFICE'S POSITION IN PRIOR TESTIMONY IN THIS**
28 **DOCKET?**

29 A. In direct and rebuttal testimony it was the Office's position that the
30 Company had not provided adequate evidence and analysis for the Public
31 Service Commission (Commission) to make a determination that the
32 Company's decision to construct Selective Catalytic Reduction systems
33 (SCR) is in the best interest of ratepayers.

34 **Q. HAS THE COMPANY PROVIDED ADDITIONAL EVIDENCE AND**
35 **ANALYSIS SINCE THE OFFICE FILED DIRECT TESTIMONY?**

36 A. Yes, the Company has provided additional information in response to data
37 requests and parties' direct testimonies. Although not all issues raised in
38 our direct testimony have been fully addressed, based on our consultant's
39 analysis the Office is satisfied that the record relating to our modeling
40 issues is now sufficiently developed to enable the Commission to reach a
41 reasoned conclusion. Mr. Falkenberg's surrebuttal testimony will address
42 the supplementary information and the analyses he performed.

43 **Q. DID THE OFFICE ADDRESS ANY ADDITIONAL ISSUES IN REBUTTAL**
44 **TESTIMONY?**

45 A. Yes. In rebuttal testimony the Office addressed a new development with
46 the Environmental Protection Agency (EPA). The United States District

47 Court for the District of Colorado issued an Order to Modify Consent
48 Decree which allows the EPA until March 29, 2013 to issue its proposed
49 action and until September 27, 2013 for a final order.

50 **Q. IF THE EPA'S MARCH 29 DRAFT ORDER IMPOSES STRICTER**
51 **COMPLIANCE REQUIREMENTS COULD THERE BE AN IMPACT ON**
52 **THE COMPANY'S PLANS FOR JIM BRIDGER?**

53 A. Yes, changes to EPA compliance requirements could impact both the
54 measures the Company will need to take to bring Jim Bridger Units 3 and
55 4 into compliance as well as the compliance deadlines. If the EPA draft
56 order includes more stringent requirements than currently proposed it may
57 be necessary for the Company to modify its current plans in order to meet
58 those new requirements. Even if the Company's current plans can meet
59 new EPA requirements with only modest modifications those modifications
60 combined with the impact on operating costs may significantly alter the
61 cost benefit analysis.

62 Depending on the significance of any EPA requirement changes it
63 may also be necessary for the Company to perform additional analysis to
64 ascertain the best options for the future of the plants. Furthermore, those
65 changes may result in the EPA providing a longer time period for the
66 Company to bring Jim Bridger Units 3 and 4 into compliance.

67 **Q. DID THE COMPANY ADDRESS THE EPA ISSUE IN REBUTTAL**
68 **TESTIMONY?**

69 A. Yes. Company witness Chad A. Teply explains that the EPA originally
70 proposed to approve the Wyoming SIP requirements by December 15,
71 2012. The construction of SCRs as proposed in the Company's current
72 Application is meant to satisfy those requirements. Mr. Teply goes on to
73 explain that the new deadlines are "March 29, 2013, for proposed action
74 and September 27, 2013, for final action"¹.

75 **Q. DOES THE COMPANY AGREE THAT A CHANGE IN EPA**
76 **REQUIREMENTS MAY RESULT IN LENGTHENING THE TIME FOR**
77 **COMPLIANCE?**

78 A. The Company does not specifically address the EPA possibly granting an
79 extension in compliance time. Rather, it continues to point to the
80 agreement with Wyoming wherein the Company has agreed to
81 compliance deadlines of December 31, 2015 and December 31, 2016 for
82 Jim Bridger Units 3 and 4, respectively as the relevant legally enforceable
83 obligation. However, in rebuttal testimony Mr. Teply addresses what the
84 Company would do if Wyoming were to amend the compliance deadlines.
85 At page 15, line 30 – 34 and page 16, lines 1 – 4 Mr. Teply states:

86 "Yes. The Company recognizes the planning and review
87 complexity that has been created by the EPA's delayed
88 action on the Wyoming SIP and remains committed to timely
89 and appropriately updating its assessments of Project risks
90 and opportunities associated with our existing state of

¹ Rebuttal testimony of Chad A. Teply, page 14, lines 7 and 8.

91 Wyoming compliance obligations, future actions by the state
92 of Wyoming, future EPA actions, and the competitive EPC
93 market. The Company's primary objective in analyzing and
94 implementing emissions control projects is to determine the
95 most economic means of meeting mandated compliance
96 obligations. The Company will continue to pursue that
97 objective."

98 **Q. WHAT IS THE OFFICE'S VIEW OF THE 2015 AND 2016 DEADLINES?**

99 A. The Office accepts that those dates represent the current deadlines for
100 compliance under the agreement with Wyoming. Although the Company
101 has stated that Wyoming has given no indication it would change those
102 deadlines², the Office believes that unless the Company requests a
103 change we cannot know what Wyoming would be willing to do. In any
104 case, if the EPA's March 2013 draft order modifies the requirements for
105 compliance such that the Company's current plans require significant
106 modification, are no longer adequate to meet compliance, or are not the
107 most cost effective alternative it will potentially be necessary to request a
108 delay from Wyoming. Regardless of the actions in Wyoming, this
109 Commission must focus on whether the current level of evidence and
110 uncertainty justifies a finding of public interest and pre-approval of the
111 Company's request.

² Teply rebuttal testimony, page 14, lines 19 and 20.

112 **Q. DOES THE OFFICE BELIEVE THE COMMISSION HAS ADEQUATE**
113 **INFORMATION TO MAKE A FINDING THAT THE COMPANY'S**
114 **APPLICATION IS IN THE PUBLIC INTEREST?**

115 A. Due to the high level of uncertainty related to the EPA action the Office
116 continues to assert that it is not possible for the Commission to make the
117 determination that the Company is pursuing the least-cost option for
118 compliance. Further, the current situation makes it impossible for the
119 Commission to establish that granting the Company's Application for pre-
120 approval of the Jim Bridger SCRs would be in the public interest.

121 **Q. WHAT DOES THE OFFICE RECOMMEND REGARDING COMMISSION**
122 **APPROVAL OF THE JIM BRIDGER UNITS 3 AND 4 SCRS?**

123 A. The Office recommends that the Commission order three rounds of
124 testimony or comments following publication of the EPA draft order (March
125 29, 2013) as described below:

126 • First, the Company should be required to file testimony or
127 comments providing its interpretation of the draft order; what affect,
128 if any, it will have on the Company's current plans for Jim Bridger
129 Units 3 and 4; if the Company intends to appeal the draft order and
130 how the Company will meet the requirements including any
131 modifications that may have to be made to the current proposal for
132 installation of SCRs on Jim Bridger Units 3 and 4. The Office
133 contends that this may require the Company to conduct additional

134 analysis to determine if a different course of action should be
135 pursued.

136 • Following receipt of the Company's filing parties should be allowed
137 adequate time to review the filing, analyze the data, ask data
138 requests and then to provide responsive testimony or comments.

139 • Finally, all parties should be allowed one final round of comments
140 to respond to what has been filed by others.

141

142 The schedule must balance the needs for a decision on a
143 reasonably quick timeline with the need for due process. The Office
144 believes that if the SCRs as proposed are the least-cost option for
145 compliance, then it would be in the public interest to maintain a timeline
146 that facilitates this work being done during a scheduled outage. However,
147 we will need time for at least one round of discovery in order to
148 understand the Company's response to the EPA draft order and respond
149 in the manner contemplated.

150 The Office asserts that these steps may provide at least a minimum
151 level of comfort against the high level of uncertainty that currently exists.

152 **Q. WHY DOES THE OFFICE ASSERT THIS PROCESS IS NECESSARY?**

153 A. No party to this case knows whether the next EPA compliance
154 requirements will result in minor or significant changes from the
155 requirements on which the Company based its analysis and ultimately its
156 choice to construct SCRs on Jim Bridger Units 3 and 4. It is only through

157 a process such as described above that the Commission will be able to
158 determine whether the Company's plan is in the public interest.

159 **Q. WILL THIS BE A BURDENSOME TASK FOR THE COMPANY?**

160 While the Office understands the Company's desire to move quickly,
161 based on Mr. Teply's rebuttal testimony referenced above, the Office
162 anticipates that when the Company receives the EPA draft order it will be
163 updating its assessments of Project risks and opportunities including any
164 analysis that may be necessary in response to revisions to the current SIP
165 in order ... "to determine the most economic means of meeting mandated
166 compliance obligations"³. Therefore, providing the requested filing should
167 not be overly burdensome and may be the only way to develop a record
168 that will allow the Commission to find granting approval of the Application
169 is in the public interest.

170 **Q. DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

171 A. Yes it does.

³ Teply rebuttal testimony, page 16, lines 2 and 3.