

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

3 A. Yes.

4 **Purpose of Surrebuttal Testimony**

5 **Q. What is the purpose of this surrebuttal testimony?**

6 A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimony of
7 Ms. Cheryl Murray on behalf of the Office of Consumer Services (“OCS”). This
8 testimony will provide a brief update regarding the Company’s efforts to address
9 certain concerns related to the U.S. Environmental Protection Agency’s (“EPA”)
10 delayed action on the Wyoming Regional Haze 309(g) State Implementation Plan
11 (“Wyoming SIP”).

12 **Engineer, Procure, Construct Contract Status Update**

13 **Q. What is the current status of the bidding process and negotiations related to**
14 **the EPC contract for the Jim Bridger Units 3 and 4 SCR Project?**

15 A. The Company’s competitive bidding and negotiations process for the engineer,
16 procure, and construct (“EPC”) contract for the Jim Bridger Units 3 and 4
17 selective catalytic reduction systems (“SCR Project”) remains underway. The
18 Company is currently finalizing its technical and commercial evaluations of short-
19 listed EPC contract proposals received.

20 **Q. What is the current schedule for completion of negotiations with EPC**
21 **contractors and the scheduled contract execution date?**

22 A. The current schedule for completion of negotiation with the short-listed EPC
23 contractors remains the same as presented in my rebuttal testimony in this docket.

1 Negotiations with short-listed EPC contractors to establish final terms and
2 conditions and select the preferred EPC contractor are expected to be complete by
3 a target date of approximately March 31, 2013, or as otherwise required to
4 effectively support the ongoing regulatory processes reviewing the SCR Project.
5 The Company has negotiated bid validity periods with the short-listed EPC
6 contract bidders which allow contract execution no later than May 15, 2013. This
7 timeframe is intended to align with the anticipated worst-case procedural schedule
8 outcomes in the ongoing regulatory proceedings in the states of Wyoming and
9 Utah reviewing the proposed SCR Project, while still supporting the SCR Project
10 critical path implementation timeline in the most cost effective manner.

11 **Q. If the state of Wyoming were to amend its compliance Deadlines for Jim**
12 **Bridger Units 3 and 4, would the Company take the appropriate actions to**
13 **assess and comply with an amended compliance schedule?**

14 A. Yes. As discussed in my rebuttal testimony in this docket, the Company's primary
15 objective in analyzing and implementing emissions control projects is to
16 determine the most economic means of meeting mandated compliance
17 obligations. The Company will continue to pursue that objective.

18 **Q. If EPA action on the Wyoming SIP were to require reduced emission limits**
19 **of 0.05 pounds per million British thermal units (lb/mmBtu) for the Jim**
20 **Bridger Units 3 and 4 SCR Project, has the Company positioned the project**
21 **to meet those more stringent requirements?**

22 A. Yes. As discussed above, the Company remains engaged in competitive
23 negotiations with short-listed bidders for the SCR Project. As such, the Company

1 is competitively positioned to identify any cost and schedule impacts associated
2 with lowering the EPC contract guaranteed NOx emission limit (for both the
3 performance and warranty tests) from the currently proposed guarantee limit,
4 should pursuit of a lower limit become necessary. At this time, the Company has
5 confirmed with short-listed bidders that [REDACTED]
6 implications to lower the performance guarantee limit to support a 0.05
7 lbs/mmBtu permit limit; however, a reduced emissions limit would negatively
8 impact run-rate costs of the SCR systems to the detriment of the Company's
9 customers with imperceptible visibility benefits under the Regional Haze
10 program.

11 **Q. What is the Company's best estimate of the additional initial capital costs**
12 **that would be required to meet this reduced emissions limit?**

13 A. At this time, the Company's best estimate of SCR Project initial capital cost
14 implications for scope modifications required to achieve a 0.05 lbs/mmBtu permit
15 limit [REDACTED] per unit, excluding the addition of a [REDACTED]
16 [REDACTED] The
17 requirement of an [REDACTED] system for each unit remains under review, but is
18 estimated to impact initial capital cost of the project between [REDACTED]
19 [REDACTED] per unit, depending on the design that would be ultimately recommended
20 for implementation, if any. At this time, the Company anticipates that all
21 incremental cost implications, including those for the addition of the [REDACTED]
22 system, fit within the direct costs originally estimated and analyzed for the SCR
23 systems as part of the Company's application in this docket.

1 **Q. What is the Company's best estimate of the additional run-rate costs that**
2 **would be required to meet this reduced emissions limit?**

3 A. At this time, the Company has not yet developed a definitive estimate of SCR
4 Project run-rate cost implications associated with a requirement to achieve a 0.05
5 lb/mmBtu permit limit; however, it is currently anticipated that scheduled catalyst
6 fill / replacement events would cost up to approximately [REDACTED] more and
7 ammonia consumption costs would increase by approximately [REDACTED] over the
8 respective costs for the 0.07 lb/mmBtu permit limit scenario.

9 **Q. Would these incremental run-rate cost estimates be expected to change the**
10 **Company's recommendation regarding installation of the SCR Project?**

11 A. No. Incorporating the incremental run-rate cost estimates described above into the
12 Company's analyses would not change the Company's recommendation regarding
13 installation of the SCR Project.

14 **Q. What action does the Company request the Commission take regarding the**
15 **Company's application?**

16 A. The Company requests that the Commission approve the application based on the
17 information and analyses presented in the case, recognizing that the Company's
18 proposed course of action meets its compliance obligations in a timely and
19 effective manner based upon the best information available to the Company. If
20 the Company's compliance obligations change going forward, the Company
21 remains obligated to reassess its compliance alternatives in the face of then-
22 current information.

23 **Q. Do you have any final comments?**

1 A. Yes. I believe the Company has provided sufficient information for the
2 Commission to enter a finding in this docket to support approval of the Jim
3 Bridger Units 3 and 4 SCR Project investment. The Company's updated base case
4 analysis and various sensitivities discussed in the Company's testimony and
5 supporting exhibits continue to support investment in the Jim Bridger Unit 3 and
6 Unit 4 SCR Project as the least-cost compliance alternative for the Company's
7 and its customers. In addition, the Company's parallel path procurement efforts
8 have allowed the Company to timely address certain uncertainties and concerns in
9 a competitive market environment to position the SCR Project for the most cost
10 effective outcome.

11 **Q. Does this conclude your surrebuttal testimony?**

12 A. Yes.