

**BEFORE THE PUBLIC SERVICE
COMMISSION OF UTAH**

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

**Affidavit of Nancy L. Kelly
Supporting Western Resource Advocates'
Request for Review or Rehearing**

State of Idaho)
) ss.
County of Bannock)

NANCY L. KELLY, Senior Policy Advisor for Western Resource Advocates, upon being
duly sworn according to law, under oath deposes and states:

I am the same Nancy Kelly who prefiled direct testimony in the above captioned
proceeding November 30, 2012; surrebuttal testimony February 28, 2013; and provided oral
testimony at hearing March 7, 2013.

This affidavit updates the Public Service Commission of Utah regarding events that have
arisen since the March 7, 2013 hearing, in support of WRA's Request for Review or Rehearing.

1. Background

During the March 7 hearing, WRA submitted into evidence a term sheet outlining an agreement between the U.S. Environmental Protection Agency(EPA) Region 6, Public Service Company of New Mexico, and the State of New Mexico signed February 15, 2013, addressing pollution control requirements for the San Juan Generating Station under the Clean Air Act's requirements for regional haze. Under the agreement, rather than installing selective catalytic reduction (SCR)systems on all four San Juan units as previously required by EPA, Units 2 and 3 would be retired and their capacity partially replaced with natural gas combustion turbines, and selective non-catalytic reduction (SNCR) controls,which are substantially less costly than SCR,would be installed on Units 1 and 4. The outcome is expected to comply with the Clean Air Act's regional haze requirementsat a lower cost to customers than installation of SCR on all units.

WRA asked the Utah Public Service Commission to withhold PacifiCorp's requested pre-approval of its SCR installation until the Company determined whether a similar outcome might be achieved at the Bridger Plant at lesser cost than SCR. PacifiCorp acknowledged that it did not examine such an alternative because of its belief that such an alternative would not comply with the Clean Air Act. Recent events and reports, however, confirm that such a combination of plant retirement or repowering with gas, along with SNCR controls, is something EPA will consider as compliant with regional haze requirements.

2. Albuquerque Journal Article: EPA Boss Praises San Juan Deal (March 9, 2013)

On March 9, 2013, the Albuquerque Journal reported that the San Juan agreement has become the model for how EPA intends to collaborate with states and utilities to meet the

requirements of the Clean Air Act. Michael Hartranft, Journal Staff Writer, reported that newly appointed Acting EPA Administrator, Bob Perciasepe, expressed that the agreement reached in the San Juan Generating Station is illustrative of the collaborative approach EPA is initiating.¹ The article is attached as Attachment 1.

3. EPA Region 9's Response to AEPCO's Petition for Reconsideration (June 6, 2013)

In early February, Arizona Electric Power Cooperative (AEPCO), owner and operator of the Apache Generating Station, petitioned EPA for reconsideration of its final rule BART designation for Apache Units 2 and 3. AEPCO stated that it believed EPA's visibility objectives could be "substantially met at less cost."² AEPCO proposed to convert one unit to operate on natural gas and install a selective non-catalytic reduction system (SNCR) on the other. EPA granted reconsideration on June 6, 2013. The May 29 Supplement to AEPCO's petition for administrative reconsideration and the June 6 letter to Mr. Eric Hiser, AEPCO's attorney, from EPA Region 9 Administrator, Jared Blumenfeld, granting reconsideration are attached as Attachments 2 and 3.

4. WRA Letter to Newly Appointed Region 8 Director Shaun McGrath (June 10, 2013)

Given EPA's very recent actions, it appears likely it would consider and perhaps approve a similar compliance approach for Bridger. Earlier today WRA submitted a letter to the newly-appointed EPA Region 8 Director, Shaun McGrath, requesting confirmation that EPA would consider such an alternative approach for Bridger. WRA is awaiting a response. WRA's letter to Mr. McGrath is Attachment 4.

¹Michael Hartranft, "EPA boss praises San Juan deal" Albuquerque Journal, March 9, 2013.

²Memo to Robert Perciasepe, EPA Acting Administrator and Jared Blumenfeld, EPA Region 9 Administrator from Eric L. Hiser regarding "Supplement to Petition for Administrative Reconsideration BART for Units 2 and 3, Apache Generating Station 77Fed. Reg. 72512 (Dec. 5, 2012)", page 1. May 29, 2013

Under new leadership, EPA is collaboratively working with states and utilities to find innovative compliance paths that minimize financial burden while achieving the visibility reductions required by the Clean Air Act. In my opinion, the granting of preapproval of the costs of installing SCR systems on Bridger units 3 and 4 is premature when the potentially lower cost and environmentally superior option of retiring or retrofitting one of the two units to natural gas, and installing SNCR on the other, has not been evaluated. Because granting prior approval for PacifiCorp's SCR proposal virtually guarantees the Company cost recovery, if the Commission does not reconsider the outcome of this docket, and deny prior approval, it will have the unfortunate consequence of locking PacifiCorp's customers into an outcome that might unnecessarily cost them millions of dollars.

I affirm that the above stated information is true and correct to the best of my knowledge and belief.

FURTHER Affiant sayeth not.

SIGNED this _____ day of June, 2013.

Nancy L. Kelly

SUBSCRIBED AND SWORN to before me this _____ day of June, 2013

NOTARY PUBLIC, residing in
Bannock County, Idaho

My Commission Expires:
