

1 **Natural Gas Conversion Permits**

2 The Company intends to convert Naughton Unit 3 to 100% natural gas fueling in  
3 lieu of installing a SCR and baghouse. Before doing so, however, the state of  
4 Wyoming must change its Regional Haze SIP and the associated documents to  
5 allow for the natural gas conversion. Also, once EPA issues its final action on the  
6 Naughton Unit 3 portion of the Regional Haze SIP, EPA may need to reopen that  
7 approval and instead agree that the Naughton Unit 3 natural gas conversion meets  
8 regional haze requirements.

9 In the abstract, changing the Wyoming Regional Haze SIP, the supporting  
10 state permitting documents, and EPA’s approval to allow for a gas conversion  
11 should not pose major permitting problems. This is because, as compared to  
12 burning coal with the SCR and baghouse alternative, the natural gas conversion  
13 will result in both lower total emissions (for sulfur dioxide (“SO<sub>2</sub>”), NO<sub>x</sub>,  
14 particulate matter (“PM”)) and reduced visibility impact.

15 The Company’s preferred timing for the conversion is to proceed with the  
16 tie-in work after December 31, 2017 - three years after the December 31, 2014  
17 deadline for installing a SCR and baghouse. The exact conversion commissioning  
18 date, however, has not yet been finalized.

19 On January 28, 2013, the Company submitted a Prevention of Significant  
20 Deterioration (“PSD”) applicability determination to the WDEQ AQD. The  
21 Company sought approval to convert Naughton Unit 3 from a coal fueled unit to a  
22 natural gas fueled unit. The natural gas conversion is proposed as a better-than-  
23 BART alternative to the permit conditions that require the installation of a SCR

24 and baghouse on Naughton Unit 3 by December 31, 2014. The Company also  
25 requested that the natural gas conversion be delayed until after December 31,  
26 2017.

27 On July 5, 2013, the WDEQ AQD completed its final review of the  
28 Company's application to modify the Naughton plant by reducing permitted  
29 emissions from Unit 3 and ultimately converting the unit from a coal fueled unit  
30 to a 100% natural gas fueled unit in 2018. Consequently, the WDEQ AQD issued  
31 Permit MD-14506 to the Company for the natural gas conversion in 2018.

32 Exhibit CAT - 6 illustrates the permitting and regulatory timeline.