



October 29, 2014

Via Electronic Filing and FedEx

Public Utility Commission
Attn: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97308

Re: Docket No. LC 57 Sierra Club's Reply to PacifiCorp's Redesignation of
Workshop Presentation

Please find enclosed the original and five (5) copies of Sierra Club's Reply to PacifiCorp's Redesignation of Workshop Presentation in the above-referenced docket. The confidential version of this document is being filed with the Commission and served pursuant to Protective Order No. 13-095 upon all eligible party representatives via FedEx.

Please let me know if you have any questions. Thank you.

Respectfully submitted,

/s/ Derek Nelson

Derek Nelson
Legal Assistant
Sierra Club Environmental Law Program
85 Second St., 2nd Floor
San Francisco, CA 94105
(415) 977-5595
derek.nelson@sierraclub.org

cc: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 57

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2013 Integrated Resource Plan

SIERRA CLUB REPLY TO
PACIFICORP'S REDESIGNATION
OF WORKSHOP PRESENTATION

In accordance with the Administrative Law Judge ("ALJ") ruling on October 17, 2014, Sierra Club hereby files this reply to PacifiCorp's October 23, 2014 redesignation of confidential information provided in its August 6, 2014 PowerPoint presentation to the Oregon Public Utilities Commission ("Commission") and parties in this docket. Sierra Club appreciates the ALJ's direction to PacifiCorp to comply with the protective order in this docket and Oregon law by limiting its designation of confidential information "in good faith" only to material "that qualif[ies] as a protected trade secret or other confidential research, development, or commercial information."¹

PacifiCorp's updated version of the confidential August 6 PowerPoint presentation is far more reasonable than its prior designation of the entire document. Sierra Club agrees with PacifiCorp that information in the August 6 presentation that would harm PacifiCorp or its customers by placing PacifiCorp at a competitive disadvantage is properly within the scope of ORCP 36(C)(7). Sierra Club does not challenge PacifiCorp's confidential designation in the August 6 presentation of (1) the expected costs to build and install pollution controls at Craig and Hayden, (2) the results

¹ ALJ Ruling, Oct. 17, 2014 (citing OAR 860-00 1-0080(2)(b)).

of PacifiCorp's economic analyses, or (3) the Company's conclusions related to its legal obligations as a co-owner of Craig and Hayden.

Sierra Club does, however, continue to object to some of the confidential designations asserted by PacifiCorp in its updated August 6 presentation. Despite the ALJ's direction, and two prior briefings about the nature of the information in this very same presentation, PacifiCorp has still failed to demonstrate good faith to limit its designations to confidential information. In some cases, PacifiCorp has designated information as confidential that it reveals elsewhere in the presentation. In others, the company continues to claim information that is publicly available elsewhere are the company's trade secrets in Oregon.

Attached as Confidential Attachment 1 is Sierra Club's revised version of the August 6 presentation. Yellow highlighted text is information that Sierra Club does not dispute as confidential. Green highlighted information (also underlined) is information that PacifiCorp designated as confidential but which Sierra Club asserts is either publicly available or does not constitute "a protected trade secret or other confidential research, development, or commercial information."² Attachment 1 also contains an explanation of Sierra Club's challenge to the confidential designations, including in some cases citations to the same information in publicly available documents.

Several of the items designated as confidential by PacifiCorp would redact entire passages or sentences when in fact only the actual results or the dollar amount in the sentence is confidential. For example, on page 14 the first bullet points references the PVRR(d) analysis that PacifiCorp conducted. PacifiCorp acknowledges on page 13 that

² OAR 860-001-0080(2)(b)

the fact that the analysis was done and the nature of the alternatives it compared are not confidential. The conclusion is properly designated to the extent it is not otherwise publicly available. Sierra Club therefore revised the redactions to conceal only the conclusion of the analysis, and not the description of the analysis.

Sierra Club is also troubled by PacifiCorp's repeated practice of designating as confidential information that it provided as public in other forums. Sierra Club includes here as Attachment 2 the October 15, 2014 transcript of PacifiCorp's testimony before the Wyoming Public Service Commission in Docket 20000-446-ER-14. During that proceeding, PacifiCorp witnesses openly discussed in public session information that the Company in Oregon claims to be confidential.³ For example, with respect to the Hayden coal contract, PacifiCorp discussed the term of the coal contract,⁴ the existence of take-or-pay provisions,⁵ and the existence of change-in-law provisions.⁶ PacifiCorp also designated as confidential basic information related to the ownership structure of the Hayden coal plant that it included in publicly filed written testimony in Utah.

PacifiCorp's over-designation of confidential information that is openly available as public information in other forums creates a significant burden for Sierra Club and other parties. Careless or lazy designations in an Oregon proceeding of information that is public in Utah could create a situation similar to the one the parties just went through where a party is accused of disclosing information that in fact is public. Requiring Sierra

³ Notably, the Wyoming Public Service Commission has procedures to close a session if a witness discusses confidential information. That procedure was invoked numerous times during the hearing; however, the discussions cited by Sierra Club here were all made in open session with several PacifiCorp counsel present.

⁴ Attachment 2, Tr. at 538:10 (Durning).

⁵ Attachment 2, Tr. at 558:12 (Teply).

⁶ Attachment 2, Tr. at 559:5-6 (Teply).

Club and other parties to scour the public record in other dockets to verify whether information is actually confidential is time consuming and impractical in the hurried pace of Commission proceedings. The burden of properly designating confidential information is on PacifiCorp, not the other parties in a proceeding. PacifiCorp must demonstrate “good faith” in making designations, and it has not in this case, despite several opportunities to do so.

Sierra Club recommends that the Commission accept Sierra Club’s version of the updated redacted confidential August 6 presentation. Sierra Club further requests that the Commission direct PacifiCorp to comply with Oregon law and the Commission’s regulations and orders when making designations, and clarify that the company cannot designate confidential information that is publicly available in another forum.

Dated: October 29, 2014

Respectfully submitted,



Gloria D. Smith
Senior Managing Attorney
Sierra Club
85 Second St., 2nd Fl.
San Francisco, CA 94105
(415) 977-5532
gloria.smith@sierraclub.org

Attachment 1

OMITTED

Due to confidential material

Attachment 2

1 Q. Would the company be open to the possibility of a
2 formalized version of what you've just discussed going
3 forward?

4 A. I think I would need to understand the details of
5 what a formalized process would look like.

6 Q. I understand that. It is something that the
7 company would consider, however; is that correct?

8 A. I think the company is always willing to sit down
9 and lay out on a confidential basis our options and our
10 strategy. It would have to be highly confidential, which
11 is important for protecting the ratepayers.

12 MR. LEGER: Thank you, Mr. Durning. I have
13 no further questions.

14 MR. BURBRIDGE: Thank you, Mr. Leger.

15 Miss McDonough, do you have any of questions?

16 MS. MCDONOUGH: I have no questions.

17 MR. BURBRIDGE: Mr. Ritchie --

18 MR. RITCHIE: Yes, I do.

19 MR. BURBRIDGE: -- questions of
20 Mr. Durning?

21 MR. RITCHIE: Yes, I do.

22 MR. BURBRIDGE: Please proceed.

23 CROSS-EXAMINATION

24 Q. (BY MR. RITCHIE) Good morning, Mr. Durning.

25 A. Good morning.

1 Q. Travis Ritchie with the Sierra Club. I just have
2 a few questions about the coal supply, fuel supply for the
3 Hayden coal plant in Colorado. Do you know which mine
4 supplies coal to the Hayden plant?

5 A. The 20 Mile Mine is the primary supplier to the
6 Hayden plant.

7 Q. And that's in Colorado, correct?

8 A. Yes.

9 Q. When did the company execute the coal contract
10 that currently governs the fuel supply for the Hayden coal
11 plant?

12 A. I believe that was executed at the end of 2011 or
13 2012. I would need to verify that.

14 Q. Does December 2011 ring true?

15 A. Yeah.

16 Q. And does the company ever review these existing
17 fuel contracts to determine whether the company might
18 benefit through the renegotiation or buyout of any of the
19 agreements before their established expiration dates?

20 A. I think the company will evaluate its options on
21 a routine basis during the term of a coal supply agreement.

22 Q. And when you evaluate those options, do you
23 conduct any type of analysis to compare the economic
24 benefits of sticking with the current contract compared to
25 potentially renegotiating an alternative?

1 A. Yes. A lot depends upon the specific terms of
2 the contract might have, might influence our abilities to
3 procure coal or pursue another option. So each -- you
4 know, it is relative or is specific to each power plant and
5 to each coal supply agreement.

6 Q. So if you're considering an agreement like that,
7 and let's take the Hayden coal plant as an example, would
8 you consider, in reviewing whether to renegotiate a
9 contract for the Hayden coal plant, capital items such as
10 the environmental retrofits that the company sees coming
11 down the line?

12 A. With regards to the Hayden plant, I did not -- at
13 the time that contract was negotiated, I did not have
14 responsibilities for contract negotiations or coal
15 procurement. My responsibilities are on reporting of and
16 determining coal costs and forecasting coal costs.

17 The particulars associated with Hayden at the
18 time the coal supply contract was effective I was not
19 involved in. So with regard to specific -- any specific
20 questions per se with the Hayden coal supply agreement, I'm
21 going to defer to Mr. Teply, the company witness.

22 Q. Fair enough. Are you aware of any other coal
23 supply agreements or contracts where the company has
24 conducted an analysis that considered upcoming capital
25 expenditures coming down the line for the plant?

1 A. I think the company is certainly concerned with
2 potential large capital investments coming down the pike.
3 The company has transitioned over the years to shorter
4 contract terms, contract terms to protect the ratepayers
5 and to protect the company and to preserve our flexibility
6 and optionality.

7 Q. And going back to the Hayden plant and that coal
8 contract, what is the term or what is the expiration date
9 on that coal contract?

10 A. The contract term goes through 2027.

11 MR. RITCHIE: Thank you. I have no further
12 questions.

13 MR. BURBRIDGE: Thank you, Mr. Ritchie.

14 Mr. Nelson, do you have cross-examination of this
15 witness?

16 MR. NELSON: No questions. Thank you.

17 MR. BURBRIDGE: Thank you.

18 Commissioner Brighton, do you have any questions?

19 COMMISSIONER BRIGHTON: I don't. Thank
20 you.

21 MR. BURBRIDGE: All right. Thank you.

22 Deputy Chairman Russell?

23 DEPUTY CHAIRMAN RUSSELL: No questions.

24 MR. BURBRIDGE: Chairman Minier?

25 CHAIRMAN MINIER: I do.

1 MR. WILLIAMS: No, thank you.

2 MR. BURBRIDGE: Thank you.

3 Miss McDonough, do you have cross-examination
4 questions?

5 MS. MCDONOUGH: No questions.

6 MR. BURBRIDGE: Mr. Ritchie, do you have
7 cross-examination of Mr. Teply?

8 MR. RITCHIE: Yes, we do.

9 MR. BURBRIDGE: Please proceed.

10 CROSS-EXAMINATION

11 Q. (BY MR. RITCHIE) Good morning, Mr. Teply.

12 A. Good morning.

13 Q. Travis Ritchie with the Sierra Club.

14 A. Good to see you again.

15 Q. Good to see you. Mr. Teply, Rocky Mountain Power
16 is a minority owner in the Hayden plant; is that correct?

17 A. That is correct. We have ownership in both Units
18 1 and Units 2, Unit 2. We have differing ownership
19 structures between the two units.

20 Q. And what is the percentage ownership for Unit 1?

21 A. For Unit 1, we own approximately -- I believe the
22 number is 24.5 percent. However, there are some nuances
23 for common facilities that tend to move that number a bit
24 depending on how you're separating outcomes.

25 Q. And Public Service Company of Colorado is the

1 operating agent for both units; is that correct?

2 A. They are the operating agent for both units and
3 the majority owner for Hayden Unit 1 at 75 and a half
4 percent.

5 Q. And just for clarity, who is the other co-owner
6 in Unit 2?

7 A. The other owner in Unit 2 is Salt River Project.
8 They actually own 50 percent of Hayden Unit 2. We own 12.5
9 percent of Hayden Unit 2 subject to the nuances on common
10 costs, common facilities costs.

11 Q. And there are no other co-owners besides Rocky
12 Mountain Power and Public Service Company of Colorado for
13 Unit 1; is that correct?

14 A. There are just those two units, yes, that's
15 correct.

16 Q. And in this rate case, Rocky Mountain Power is
17 requesting to add approximately \$20 million to rate base
18 for the SCR pollution controls at Hayden Unit 1; is that
19 correct?

20 A. Subject to check, that sounds to be correct.

21 Q. The precise number for the record, I believe, is
22 19,975,680.

23 A. Okay. Thank you.

24 Q. Now, that is just for Unit 1 SCR controls; is
25 that correct?

1 A. Yes, that is correct.

2 Q. And what is the construction contingency budgeted
3 for the Hayden SCR project?

4 A. I do not have that number off the top of my head,
5 but we could track that number down. Typically for
6 construction projects, contingency can range from 5 to 15
7 percent depending upon the approach being taken under the
8 contract.

9 PacifiCorp doesn't have direct contracts for the
10 SCR installation at Hayden Units 1 and/or 2. So those
11 contract terms would all be subject to -- or would all be
12 directly with PSCco or Xcel as the operator.

13 Q. But, to the best of your knowledge, then, a range
14 of 5 to 15 percent for this plant?

15 A. That's a guess off the top of my head at this
16 point in time.

17 Q. So I'd like to move to Rocky Mountain Power's
18 estimates of the economics of the Hayden SCR installations.
19 Is it correct that Rocky Mountain Power evaluated the
20 forward-looking present value of revenue requirement to
21 install SCR at the Hayden plant in the 2011 IRP?

22 A. We did in as early as the 2011 IRP update for
23 sure. I'd have to go back to the 2011 IRP just to
24 double-check. But in the 2011 IRP update, I believe it
25 was, we filed a PVRR review, present value revenue

1 requirement differential review, of a variety of units,
2 including our Hayden units.

3 Q. And, Mr. Teply, you included that update as an
4 exhibit to your rebuttal testimony; is that correct?

5 A. The IRP update filing, I believe it was, yes.

6 Q. If I could please direct you to your Exhibit
7 Number 10, and that's the rebuttal CAT-7R.

8 A. CAT-7R.

9 Q. This is the IRP update dated March 30, 2012.

10 A. Okay.

11 Q. And if I could please direct you to page 86 of
12 that document. Are you there?

13 A. Yes.

14 Q. Now, Mr. Teply, I'm going to ask a question about
15 a sentence that is designated as confidential. I believe I
16 can ask that question without revealing any confidential
17 information, and I believe that you could answer without
18 revealing confidential information.

19 A. Okay.

20 Q. But to the extent that you do believe that
21 confidential information needs to be addressed, please
22 alert your counsel, and we can take the appropriate
23 procedures.

24 A. Okay.

25 Q. So, Mr. Teply, I'd like to direct you to the

1 final sentence on that page 86. Could you review that
2 sentence, please.

3 A. Sure.

4 Q. Mr. Teply, does that final sentence provide the
5 result of the company's PVRR(d) analysis for installing SCR
6 on the Hayden plant?

7 A. It provides the result that was performed at that
8 point in time, and I believe if we look above on that same
9 page, it also clarifies that that PVRR(d) was compared to
10 front office transactions in lieu of the investment.

11 Q. And so the idea there is that you're comparing a
12 scenario where you make the investment in the SCRs compared
13 to one where you stop receiving power from Hayden,
14 essentially divest from it or retire it, and replace that
15 with front office transactions; is that correct?

16 A. That was the approach that was taken in the 2011
17 IRP update that we're looking at, yes.

18 Q. And this result on page 86 is the result for all
19 of the various gas price scenarios that were considered in
20 this IRP update; is that correct?

21 A. It says -- yes, yes.

22 Q. To the extent that's not confidential, you are
23 the keeper of that, so you may read whatever that is to the
24 extent you believe it is nonconfidential.

25 And, Mr. Teply, directing you to the following

1 page, page 87, please, and again the final sentence of page
2 87, can you please review that.

3 A. Uh-hum.

4 Q. So this is again another result of a PVRR(d)
5 analysis for the Hayden plant under different assumptions;
6 is that correct?

7 A. That is correct.

8 Q. And this is the result for all of the various CO2
9 cost assumptions; is that correct?

10 A. The CO2 cost assumptions utilized for this
11 analysis, yes, that's correct.

12 Q. And that also included a zero dollar CO2 cost
13 assumption; is that correct?

14 A. Yes, it did.

15 Q. When was this 2011 IRP completed? Or, rather,
16 the 2011 IRP update completed?

17 A. I believe it was filed in March of 2012.

18 Q. During the IRP process, are the economic analyses
19 the last component that is completed before the IRP is
20 published?

21 A. It somewhat depends on the scenarios being
22 analyzed as well as the information being requested. As
23 far as the IRP update for this filing, the confidential
24 portion that we're talking about here was actually brought
25 to the table somewhat late in the process as far as an

1 addition to what the company committed to submit to the
2 individual -- well, under the individual state requirement s
3 for the IRP update in response to stakeholder input for an
4 assessment of a variety of units, including the Hayden
5 units that we've discussed.

6 So from a timing perspective, I can't say
7 specifically when the analytics would have been completed,
8 but likely in the very first part of 2012.

9 Q. So you said the very first part of 2012, but
10 you're not certain. Could it have been the end of 2011 as
11 well, and are you able to provide a more precise answer?

12 A. I don't -- I don't process the modeling, so I
13 can't speak specifically to when the data sets would have
14 been pushed through the model to create the results that
15 we've seen here.

16 Q. Fair enough. Now, Mr. Teply, I'd like to refer
17 you to your rebuttal testimony in that same exhibit,
18 page 3.

19 MR. SOLANDER: His rebuttal page 3?

20 Q. (BY MR. RITCHIE) Your rebuttal page 3, yes.
21 Now, just to clarify, on page 3, line 3, this is not
22 confidential, correct? It was not designated as such.

23 A. Correct.

24 Q. So, Mr. Teply, on line 3, you reference a highly
25 confidential memo completed November 21, 2012. Is this the

1 same highly confidential memo that you mentioned in your
2 summary and that was discussed by Dr. Fisher in his
3 testimony?

4 A. It is, yes.

5 Q. And I believe you stated in your summary that
6 this highly confidential memo considered the economic cost s
7 or benefit of installing SCR controls at the Hayden plant,
8 correct?

9 A. It did. And I also mention as on line 4 that
10 that was not the ultimate driver to our decision-making.

11 Q. But it was considered.

12 A. It was created as part of that assessment, but it
13 was not the driver.

14 Q. Was the analysis in the highly confidential memo
15 substantially similar to the type of economic analysis done
16 in the IRP that we just discussed?

17 A. I would say it was similar. We used, obviously,
18 updated information that we would have had available to us
19 at that time, and I would say we took a more detailed
20 review or made a more detailed review of our underlying
21 participation agreement for the resource as well as other
22 long-term contract obligations.

23 Q. If I could please refer you to page 11 of this
24 same rebuttal testimony. And on page 11, lines 5 through
25 12, I believe you're discussing the nature of the highly

1 confidential memorandum. And is it correct that you
2 listed, and I believe you just stated, that the company
3 considered natural gas prices, CO2 prices and long-term
4 coal contract liabilities in your analysis; is that
5 correct?

6 A. Yes. And it goes on to state that this
7 assumption is -- or the analysis is based on the fact that
8 we could make a unilateral decision to shut down the unit,
9 which, obviously, as a minority owner you cannot do. So
10 there's a caveat to clarify what the results of that set of
11 analytics actually presents.

12 Q. In your analysis, which of these three factors
13 had the greatest impact on whether the SCR retrofit was or
14 was not economic?

15 A. I would say I'd have to go back to the analytics
16 to see how the final numbers were presented, but I would
17 say the long-term coal contract definitely created the --
18 I'd say bookends for where the analytics ended up. I would
19 also say that there was not necessarily a midpoint. We
20 were marginally unfavorable to largely favorable dependin g
21 upon what assumptions you make on that coal contract.

22 Q. So with respect to the coal contract and
23 including that as a variable, what are the various
24 assumptions that you considered?

25 A. The coal contract has specific termination

1 provisions with respect to -- and various points in time
2 where decisions that would be made to terminate the
3 contract result in varying obligations for those parties
4 that are parties to the contract, including PSCco and with
5 respect to Hayden.

6 So the decision-making there kind of depends --
7 the data that we utilized aligned with those steps along
8 the way in the contract.

9 Q. So is it fair to characterize the liabilities in
10 those contracts as akin to liquidated damages?

11 A. I would say they're more close to a
12 take-or-pay-type contract depending -- there again,
13 depending on what point in time you would assess the
14 individual damage.

15 Q. And why was this a variable? Is there
16 uncertainty as to whether that take-or-pay provision would
17 apply or not apply?

18 A. From an assessment of the contract, I think the
19 terms are very clear that they would apply. However, with
20 any contract, when that contract was negotiated, there were
21 various -- and here again, it kind of plays back to timing,
22 but there were various steps along the way that --
23 including that the remaining damage could be changed.

24 For example, the contract was signed in late '11,
25 2011. The first reopener for both price and terms under

1 that contract is in 2018.

2 So as you begin to assess a reopener, what we
3 will look at when we approach that point in time under the
4 contract as signed is an assessment of what are the then
5 current laws. There are change in law provisions within
6 the contract that was signed.

7 We will assess what are the then current
8 compliance obligations for the Hayden units, particularly
9 Hayden 1 in this discussion, and you -- theoretically,
10 there isn't a black-and-white, they-would-apply-or-
11 wouldn't-apply answer as much as each step along the way
12 through the duration of a long-term coal contract will have
13 varying results as it would pertain to what your remaining
14 obligation would be.

15 Q. Mr. Teply, prior to that reopener that you
16 mentioned in 2018, to the extent you can say without
17 revealing confidential information, are there any
18 provisions in the coal contract that would allow the
19 company to avoid any other damages you mentioned, such as a
20 force majeure provision or something like that?

21 A. There are force majeure terms, and maybe even to
22 back up a step further. As we negotiated that contract in
23 2011, recognizing that Hayden was subject to an approved
24 Colorado regional haze environmental compliance obligati on,
25 recognizing that Colorado had a Clean Air-Clean Jobs Act

1 that had been enacted in 2010, and recognizing that the
2 Colorado Public Service -- or Public Utilities Commission
3 had already approved Hayden's -- or PSCco's plan for Hayden
4 with respect to Clean Air-Clean Jobs Act compliance, we
5 negotiated into the contract an early -- what I'm going to
6 call early-out provision. And that was based on
7 recognizing that the PSCco team was yet to fully process
8 their way through a CPCN proceeding in Colorado.

9 So the filing had been made, but we had not at
10 that point received an outcome from the regulatory arm in
11 Colorado for PSCco's decision to install SCR.

12 So in the coal contract, the first out provision
13 basically allowed us through a point in time to terminate
14 the contract under no penalty in the event that the CPCN
15 ultimately wasn't approved, and it ultimately was approved
16 So that was our first out.

17 Beyond that, I've mentioned the 2018 reopener.
18 So I'd say beyond the CPCN being approved and prior to the
19 2018 reopener, you would then rely on terms like the force
20 majeure provisions that are negotiated into the contract
21 and the definitions thereunder.

22 Q. Now, turning to the 2018 reopener, how broad was
23 your ability to renegotiate the term of that contract and
24 any potential damages once you reached 2018?

25 A. Well, we're not there yet, but the terms of the

1 contract under the reopener allow the buyer, which is in
2 this case PacifiCorp, PSCco and SRP, who are the parties to
3 the contract, to renegotiate price and terms and conditions
4 in the 2018 reopener. There are subsequent reopeners that
5 are more focused solely on price.

6 Q. Is it correct that the company recently issued an
7 IRP update stating its intent to pursue a strategy to avoid
8 installing SCR at the Cholla coal plant in Arizona?

9 A. Yes, we did. There's a -- the filing was made in
10 the state of Oregon subject to an action item that came out
11 of the Oregon Commission's order in the IRP -- the
12 company's 2013 IRP.

13 And keeping in mind for Cholla, we are a hundred
14 percent owner for that facility. Somewhat unique, though,
15 APS is the operator. So Cholla is positioned differently
16 than Craig Hayden or even our Colstrip units in that we are
17 a hundred percent owner, can effectively make decisions
18 like we've proposed for Cholla to -- on a more, I'd say,
19 unilateral basis for the sake of discussion.

20 Q. And liquidated damages for the coal contract at
21 Cholla was a factor in the decision to pursue a plan to
22 stop burning coal at that unit in Arizona; is that correct?

23 A. Absolutely. If you can develop a strategy that
24 meets the environmental agency's desires with respect to
25 improving emissions in a given time frame and you can also

1 manage your costs and your depreciation schedules for a
2 given asset for a more orderly transition, I'd call it,
3 away from that asset, if that makes sense for customers,
4 that is definitely a decision factor in the assessment.

5 Q. And so what exactly is the plan that PacifiCorp
6 intends to pursue with respect to the date whether or not
7 to install SCR and the date that Cholla would stop burning
8 coal?

9 A. So at this point, we simply have a proposal in
10 front of the environmental agencies, and actually that has
11 not yet been formally submitted, but fundamentally, what
12 we've built our preferred outcome for Cholla around is the
13 termination of a coal contract at the end of 2024.

14 So our proposal is to allow the unit to continue
15 to operate on coal through 2024 and actually into early
16 2025 to mitigate any remaining volume of coal that you
17 would have pursuant to the contract.

18 In the interim, we take reductions in the
19 emissions rate for NOx, nitrogen oxides, which is the
20 driver for the SCR compliance obligation that we're
21 attempting to mitigate.

22 So there is an interim step, and then you're
23 basically taking a unit that had a longer projected
24 remaining depreciable life, bringing that back to an area
25 that we think and we have proposed to the environmental

1 agencies that is plausible and reasonable and founded in a
2 good outcome in our -- for our customers.

3 Q. And the current requirement is to install an SCR
4 in 2018, correct?

5 A. Technically, I think it's December 5th of 2017,
6 subject to check, but I think that's the date.

7 Q. And so PacifiCorp has determined that this
8 strategy of avoiding the SCR at Cholla would be better for
9 ratepayers; is that correct?

10 A. For the assessment that we completed for Cholla,
11 that is what we've proposed.

12 Q. Thank you. So going back to the Hayden Unit 1
13 costs -- or the Hayden Unit 1 SCR, I believe you said
14 before that the SCR costs included in this rate case are
15 only for Hayden Unit 1; is that correct?

16 A. They're only PacifiCorp's share of the Hayden
17 Unit 1 installation costs, yes.

18 Q. Do you anticipate similar costs for Hayden Unit 2
19 and for the Craig plant in Colorado?

20 A. Currently for Hayden Unit 2, it's a -- it's a
21 larger resource, but for Hayden Unit 2, we own less. We
22 own 12 and a half percent.

23 So we would have SCR costs. I can't necessarily
24 compare the numbers. I don't have those accessible to me
25 right here, but on an ownership share, the installation

1 would be assumed to be similar, yes.

2 Q. And do you know when that obligation for SCR at
3 Hayden 2 will come into a rate case?

4 A. As far as when it will come into a rate case, I
5 can't answer that, but from an in-service perspective, the
6 in-service date for Hayden Unit 2 would be spring of 2016.

7 Q. So that's outside of the test period for this.

8 A. Yes, it is.

9 Q. Mr. Teply, I believe you said before that the
10 SCRs at Hayden are part of the Colorado state Clean
11 Air-Clean Jobs Act; is that correct?

12 A. They're actually not part of the Act. The Act
13 required that the operating utilities or operating
14 entities, including PSCco, in the state of Colorado file a
15 compliance plan under the Clean Air-Clean Jobs Act that
16 ultimately would be reviewed and approved by the Commission
17 in that state.

18 So part of PSCco's approved plan ultimately
19 included the Hayden SCRs as required also by the State of
20 Colorado's environmental agency for regional haze as their
21 regional haze compliance project for NOx.

22 Q. So Colorado issued a state implementation plan
23 for the regional haze rule that included the SCRs at
24 Hayden, and then EPA approved that state implementation
25 plan; is that correct?

1 A. Yes, a little over -- almost 18 months later, but
2 yes.

3 Q. Did the company ever pursue a strategy in
4 Colorado with the Colorado regulators or others similar to
5 the Cholla strategy that we discussed above?

6 A. PSCco is -- back to provide a little context.
7 PSCco as a 75 percent owner and the operator of the
8 facility was very clear.

9 Under the participation agreement, there are only
10 so much influence that PacifiCorp actually has with respect
11 to Hayden Unit 1, very little, as to how to propose an
12 alternate -- how to propose an alternate compliance
13 approach.

14 PSCco, through the course as early as 2010 when
15 the Clean Air-Clean Jobs Act was approved, the Colorado SIP
16 was approved in January of 2011 -- sorry, the Colorado
17 regional haze requirement was approved in January of 2011.
18 PSCco was basically supportive of that outcome.

19 So from an alternate proposals perspective,
20 PacifiCorp really doesn't have the bandwidth or the rights
21 to propose a unilateral alternative other than to object
22 under the participation agreement to a proposed investment .

23 And there again, at the point in time where you
24 have a Colorado legal act, a statute, that requires the
25 entities like PSCco to propose a compliance plan, which is

1 then ratified by the regulator, in parallel, the
2 environmental agency has required a compliance obligation
3 When we looked at our participation agreement rights, we
4 can object if the operator is not operating pursuant to the
5 laws of the state of Colorado.

6 And there were very -- there are a number of
7 state level and federal level now requirements for that
8 compliance plan that, for us to argue they're not acting
9 within the law of the state of Colorado and/or federal law,
10 we really don't have an argument for which then to say we
11 object to the proposed compliance outcome.

12 MR. BURBRIDGE: Mr. Ritchie, about how much
13 longer do you expect your cross-examination to take?

14 MR. RITCHIE: It will be a while.

15 MR. BURBRIDGE: Okay. Why don't we take a
16 break, then, now for about 15 minutes, and that will give
17 us another half hour before we break for lunch. Thank you.

18 (Hearing proceedings recessed

19 11:13 a.m. to 11:30 a.m.)

20 MR. BURBRIDGE: It's 11:30. Why don't we
21 go back on the record. I believe we were in the middle of
22 Sierra Club's cross-examination of Mr. Teply.

23 Mr. Teply, I would remind you that you are still
24 under oath for your testimony in this proceeding.

25 THE WITNESS: Okay.

1 MR. BURBRIDGE: Mr. Ritchie, your witness.

2 MR. RITCHIE: Thank you, Mr. Burbridge.

3 First, I would like to confirm I know a couple of folks
4 would like to listen in. Can I confirm that we are
5 streaming at the moment?

6 MR. BURBRIDGE: We are streaming. Thank
7 you. We do not have the phone on. Do I need to -- do we
8 need to dial up the phone?

9 MR. RITCHIE: If folks can listen in over
10 streaming, I think that's sufficient.

11 MR. BURBRIDGE: Please proceed,
12 Mr. Ritchie.

13 MR. RITCHIE: Thank you.

14 Q. (BY MR. RITCHIE) Mr. Teply, when we last -- when
15 we left off before the break, I think we were discussing
16 the Colorado Clean Air-Clean Jobs Act and the Colorado
17 state implementation plan for the regional haze rule. That
18 plan includes several conversions from coal to natural gas
19 for plants in Colorado; is that correct?

20 A. That's my understanding, yes.

21 Q. And is it correct, based on your understanding,
22 that the Cherokee and the Arapahoe plants were slated to
23 convert to burn natural gas in 2017?

24 A. Subject to check -- it's not my plan, but subject
25 to check, that sounds familiar.

1 Q. And does it also sound familiar that the Valmont
2 coal plant in Colorado was scheduled to close under that
3 plan?

4 A. Could very well be.

5 Q. Now, Mr. Teply, before the Clean Air-Clean Jobs
6 Act plan or legislation was passed and before the Colorado
7 State SIP was finalized, did Rocky Mountain Power ever tell
8 Colorado regulators or lawmakers whether or not it would be
9 economic for the company to close Hayden rather than
10 install SCRs?

11 A. I'd have to go back to the timeline there, but my
12 understanding is when the Colorado regional haze
13 requirements were being established, we did attempt -- we
14 did participate in that public process, and our position
15 was in an attempt to avoid SCR.

16 Q. Do you know if you ever specifically proposed the
17 plan similar to the one at Cholla to provide a firm
18 retirement date in exchange for deferring an SCR
19 requirement?

20 A. We would not have proposed that because we don't
21 have the bandwidth under the participation agreement to
22 unilaterally do such a thing.

23 Q. So you relied on Public Service Company of
24 Colorado to take the lead on discussing issues like that?

25 A. They are the operator and the majority holder of

1 Hayden and the rest of their facilities that are impacted
2 by Colorado Clear Air-Clean Jobs.

3 Q. In your opinion and based on your experience
4 during that time, is it fair to say that that discussion in
5 Colorado was politically charged?

6 A. I did not participate in the development of the
7 Colorado Clean Air-Clean Jobs discussion, so I can't tell
8 you whether it was politically charged or not.

9 Q. Fair enough. Mr. Teply, as you consider the
10 issue today, would it have been cheaper for Rocky Mountain
11 Power ratepayers to convert Hayden to run on natural gas
12 compared to installing the SCR controls?

13 A. There again, are you speaking of just
14 PacifiCorp's share of a conversion or some sort of a --

15 Q. If --

16 A. So when we asked PSCco to assess the natural gas
17 conversion alternative, it was not the preferred nor the
18 most economic outcome from their perspective to convert.

19 Q. I am specifically asking from your perspective
20 for your ratepayers and specifically for Wyoming
21 ratepayers.

22 A. So would -- should PSCco have determined, from a
23 regional haze alternative compliance perspective under th e
24 Clean Air-Clean Jobs in Colorado SIP, that pursuit of
25 natural gas conversion was in the best interests of their

1 compliance obligation and presented that to us, inherently ,
2 I would say that would have been a lesser cost to us
3 because of the capital -- just the fundamental differences
4 in capital. We're talking an SCR where you have a
5 significant investment cost up front versus a gas
6 conversion, which is typically significantly less costly
7 from a capital perspective.

8 So the hypothetical that you're presenting, while
9 we couldn't present that necessarily, if that would have
10 been presented to us as the outcome, a preferred
11 alternative compliance approach, I think we would see that
12 as probably -- that probably would have been more economic
13 for us. But having not had that to assess as a compliance
14 alternative, I can't speak definitively to that.

15 Q. Did PacifiCorp ever show Public Service Company
16 of Colorado your economic analysis results for the SCRs at
17 Hayden either from the 2011 IRP or the 2012 highly
18 confidential memo?

19 A. We discussed with the -- all Hayden participants
20 our concerns with the costs. However, I don't know that we
21 specifically shared our economics. We did press them on
22 alternative economics to make sure that we understood, one,
23 what was submitted in their CPCN and, two, that they had at
24 least assessed gas conversion options for their facility.
25 So I wouldn't say that we shared our economics as much as

1 we challenged theirs.

2 Q. So, Mr. Teply, I'd like to turn now a little bit
3 to the sequence and timing of these events that we've been
4 discussing. I believe Mr. Durning said that the coal
5 contract for Hayden, the currently operable contract, was
6 executed in December of 2011; is that correct?

7 A. I've got a little list of dates here. Yes,
8 that's my understanding. December of 2011, yes.

9 Q. And I believe you said that the Clean Air-Clean
10 Jobs Act was passed by the Colorado legislature in 2010.
11 Does April 19, 2010 sound correct?

12 A. That would have been for the Act, not the actual
13 Xcel Clean Air-Clean Air Jobs plan. The Act itself was
14 ratified in that time frame.

15 Q. Do you know when the Xcel plan was put forward?

16 A. The Xcel plan was approved by the Commission in
17 December of 2010. It was then appealed by various parties,
18 and then they denied the appeal, the Commission, Colorado
19 Commission denied the appeals in late January of 2011. In
20 parallel to that, the Colorado regional haze SIP was
21 approved in January of 2011.

22 Q. You anticipated my next question. For clarity of
23 the record, just to make clear, when you say "Xcel," that's
24 the business name for Public Service Company of Colorado,
25 correct?

1 A. Yes.

2 Q. I'm happy to say Xcel. It's easier.

3 So you just said that the Colorado SIP was issued
4 in January 2011, correct?

5 A. That's correct.

6 Q. When did EPA approve the Colorado SIP?

7 A. Let's see. EPA -- it looks like the final action
8 by EPA was in December of 2012.

9 Q. And was that immediately effective or was that
10 delayed until January 30, 2013?

11 A. Usually there's a 30-day period, so I would say
12 January 30th for an effective date of the EPA approval is
13 probably correct.

14 Q. Now, speaking specifically to the compliance
15 obligation of the Colorado SIP, what is the compliance
16 deadline for Hayden to meet the emission requirements that
17 require SCR?

18 A. I'm not sure of the specific date listed in the
19 SIP.

20 Q. Are you aware of whether it's a date listed in
21 the SIP or whether it's a five year -- within five-year
22 implementation plan?

23 A. No, not right off the top of my head, no.

24 Q. Are you generally aware under the regional haze
25 rule that states are required to set a deadline that is not

1 earlier -- sorry. Let me rephrase that. Withdraw and
2 rephrase.

3 Is it a common provision in the regional haze,
4 the state regional haze SIPs to require compliance within
5 five years of EPA approval of the SIP?

6 A. I believe it's something to the effect as early
7 as practicable, not to exceed five years, something to that
8 effect.

9 Q. So now turning now to the date of your own
10 internal economic analyses, we discussed before that the
11 highly confidential memo discussed by Dr. Fisher in his
12 testimony was completed I believe it was November 21st of
13 2012; is that correct?

14 A. That's the date we referenced, yes. I think
15 November 20th or 21st. One of those days.

16 Q. And, Mr. Teply, in your rebuttal testimony you
17 provided two documents. The first was attached as CAT-5R,
18 which you described as a legal analysis of the SCR. What
19 is the date of that memo?

20 A. That memo is dated November 29, 2012.

21 Q. Mr. Teply, the next exhibit, CAT-6R, you
22 characterized as a recommendation memo regarding SCR at
23 Hayden 1 and 2. What is the date of that memo?

24 A. November 29, 2012.

25 Q. And, Mr. Teply, are aware of the date that the

1 owners, the co-owners of the Hayden plant held a
2 coordination committee meeting to decide whether or not to
3 install SCR as Hayden Units 1 and 2?

4 A. It should have been on or shortly after the date
5 of these memos. These memos were prepared as was the
6 initial economics assessment. Those were documented to
7 feed into our decision-making as to whether to support or
8 not support the Hayden request that was placed before the
9 generation side of the business, the operating side of the
10 business for that vote.

11 Q. So, Mr. Teply, this recommendation memo has been
12 designated as confidential. So if you have to go into
13 confidential session, we can perhaps hold this answer, but
14 perhaps you can answer referencing that first sentence, the
15 date of the coordination committee meeting.

16 A. Yes, the 29th of November.

17 Q. So the legal analysis, the memo and the
18 coordination committee were all on the same day?

19 A. Well, the final dates were placed on the memos.
20 These memos were in development for a long time prior to
21 the actual vote date. But yes, the date on the memo and it
22 looks like the meeting itself happened on the same day.

23 Q. Now, Mr. Teply, PacifiCorp issued a request for
24 proposals to purchase the Hayden plant in March 2014; is
25 that correct?

1 A. Yes, we issued a formal request for expression of
2 interest to the market in 2014.

3 Q. Was that your first attempt to transfer your
4 ownership of the Hayden units?

5 A. From a formal request to a broader market, yes,
6 that would have been the first attempt in that regard, but
7 not from a discussion with participants in the plant
8 perspective.

9 Q. Okay. With respect to participants in the plant,
10 when did you first raise the idea of transferring your
11 ownership of the Hayden plant?

12 A. It wouldn't have been necessarily a transfer of
13 ownership, but I'm sure we've discussed since probably 2011
14 or earlier in our regular committee meetings whether there
15 would be interest in other participants in purchasing our
16 share of those facilities.

17 Q. Is it fair to say there was not given that that
18 has not happened?

19 A. Fair to say that what was not?

20 Q. There was not interest in the other participants
21 requiring PacifiCorp's ownership?

22 A. Yes, that would be fair to say.

23 MR. RITCHIE: Mr. Burbridge, I believe the
24 remainder of my testimony requires confidential session.

25 MR. BURBRIDGE: All right.

Attachment 3

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

*** * * * ***

SEMI-ANNUAL PROGRESS REPORT OF)	
PUBLIC SERVICE COMPANY OF COLORADO)	Docket No. 11A-917E
FOR THE HAYDEN EMISSIONS CONTROL)	
PROJECT)	

Semi-Annual Progress Report

Hayden Emissions Control Project

March 17, 2014

INTRODUCTION

The Commission has authorized Public Service Company of Colorado ("Public Service") to proceed with the completion of specific components of its Clean Air Clean Jobs Act ("CACJA") compliance plan, which the Commission approved in Docket No. 10M-245E. An issue of project status reporting arose in some of the CACJA Certificate of Public Convenience and Necessity ("CPCN") proceedings and whether the Company would be willing to provide reports to the Commission and interested parties updating them of the Company's progress towards the completion of these projects. We indicated our willingness to do so and specified the information that we intended to report as we believe that these reports provide useful information and by providing this information now, we may lessen concern in subsequent rate cases regarding the costs of these projects. Although the Commission has declined to require us to provide these reports, the Commission in Decision No. C13-0490 affirmed that status progress reports were not precluded, but that such a filing would not be considered as offering of evidence or comment in Docket No. 11A-917E. As further stated in Decision No. C13-0490, the Docket and its evidentiary proceeding is closed. This report is the fifth semi-annual status report on the Hayden 1 and 2 Emission Controls installation and describes the status of the project as of Dec 31, 2013.

OVERALL PROJECT STATUS

Engineering

Sargent & Lundy has been selected to provide consulting and balance of plant engineering services. Several studies of current operating conditions and impacts of the required new equipment have been completed. It has been determined no additional upgrades to the existing duct or scrubbers is required.

Equipment

The contract for the Selective Catalytic Reduction ("SCR") equipment was awarded to Hitachi Power Systems America, Ltd. Detailed engineering continues and is approximately 92% complete. Initial deliveries are planned to begin in March of 2014.

Upgrades to the existing Induced Draft Fans will be required. Unit 1 will require fan tipping and upgraded motors. Contracts were executed with TLT Babcock for the Unit 1 Fan Tipping and Teco-Westinghouse for the Unit 1 Fan Motor Upgrades. Unit 2 will require new fans and motors. A contract was executed with Howden North America for the Unit 2 Fan and Motor Upgrades.

Requirements for procurement of other equipment including, long lead time electrical equipment and long lead time mechanical equipment have been prepared.

Construction Update

Contracts for Foundation and general construction were executed with The Industrial Company ("TIC"). Construction activities for Unit 1 foundations were completed in December of 2013, with erection of SCR equipment beginning in 2014 and completing in 2015. Construction activities for Unit 2 foundations are being

planned for summer 2014 with erection of SCR equipment beginning in 2015 and completing in 2016.

PROJECT FINANCIAL PERFORMANCE

In our application in Docket No. 11A-917E, we provided cost estimates for the project of \$73.9 million for Unit 1 and \$91.0 million for unit 2 project. The Company revised its budget for both units 1 and 2 reflecting the discussion above for the induced draft fans, which resulted in a slight modification of the estimates for both Units 1 and 2 adjusting the original estimates to \$74.8 million and \$90.5 million respectfully. These revised estimates are reflected in this report in the CPCN Cost Summary, Attachment 1.0. Summary Cost Estimate in Attachment 2.0 shows these values as the “Baseline Budget”. The term “Current Estimate” is the current expected completion cost for each planned contract. As contracts are awarded, the “Current Estimate” includes the actual contract value plus an allowance for changes over the contract lifecycle. However, the “Current Estimate” includes forecasted estimates that are not yet under contract. The term “Spent to date” is the actual costs incurred through Dec 31, 2013.

The budgets shown in Attachment 2.0, Summary Cost Estimate, are divided into direct costs and indirect costs. The direct cost contracts and purchase orders account for approximately 64.7% of Hayden Unit 1 total project costs and 64.2% of Hayden Unit 2 total project costs. The indirect costs account for 35.3% of the total project costs for Unit 1 and 35.8% of total project costs for Unit 2. As of Dec 31, 2013 we have spent \$22,015,609 or 29.8% of the Unit 1 Project budget of \$74,837,000. As of Dec 31, 2013 we have spent \$13,259,009 or 14.6% of the Unit 2

Project budget of \$90,520,000. Company Share: As of Dec 31, 2013 we have spent \$16,621,785 or 29.8% of the Unit 1 Company budget share of \$56,501.935. As of Dec 31, 2013 we have spent \$4,958,869 or 14.6% of the Unit 2 Company budget share of \$33,854,480.

PROJECTED VS. ACTUAL CONSTRUCTION SCHEDULE

The Company included with its supplemental direct testimony a schedule for project completion of December 2016. Attachment 3.0 is the Company's project schedule reflecting current progress.

ATTACHMENTS

- 1.0 CPCN Cost Summary
- 2.0 Summary Cost Estimate
- 3.0 Project Schedule

ATTACHMENT 1.0 CPCN Cost Summary

Exhibit No. JRV-1
Hayden Unit 1 SCR Summary Costs
 Revised 14 Feb 2012

Overall Project Construction Costs – As of September, 2011 x 1000			
Item	Materials	Labor	Total
Owner Furnished Major Equipment	\$13,665	\$13,958	\$27,623
Mechanical Systems	\$7,178	\$6,345	\$13,523
Electrical Systems	\$1,559	\$1,425	\$2,984
Controls Systems	\$0	\$0	\$0
Civil/Structural	\$0	\$0	\$0
Subtotal	\$22,402	\$21,728	\$44,130
Design and Contractor Overheads & Profit	\$2,104	\$2,173	\$4,277
TOTAL - Direct Costs	\$24,506	\$23,901	\$48,407
Allowance for Escalation			\$5,101
Contingency			\$6,267
AFUDC			\$0
Indirect Costs			\$15,062
TOTAL PROJECT COST			\$74,837
Interconnection Costs			\$0
Other Costs			\$0
ALL-IN COST			\$74,837
PSCO Share (75.5%)			\$56,502

Note: Allowance for Funds Used During Construction (AFUDC) is not included in the project construction costs. AFUDC is calculated as a part of the economic and financial analyses and is included in those results.

Exhibit No. JRV-2
Hayden Unit 2 SCR Summary Costs
 Revised 14 Feb 2012

Overall Project Construction Costs – As of September, 2011 x 1000			
Item	Materials	Labor	Total
Owner Furnished Major Equipment	\$15,049	\$17,845	\$32,894
Mechanical Systems	\$9,049	\$7,366	\$16,415
Electrical Systems	\$2,078	\$1,500	\$3,578
Controls Systems	\$0	\$0	\$0
Civil/Structural	\$0	\$0	\$0
Subtotal	\$26,176	\$26,711	\$52,887
Design and Contractor Overheads & Profit	\$2,548	\$2,671	\$5,219
TOTAL - Direct Costs	\$28,724	\$29,382	\$58,106
Allowance for Escalation			\$8,893
Contingency			\$7,326
AFUDC			\$0
Indirect Costs			\$16,195
TOTAL PROJECT COST			\$90,520
Interconnection Costs			\$0
Other Costs			\$0
ALL-IN COST			\$90,520
PSCO Share (37.4%)			\$33,854

Note: Allowance for Funds Used During Construction (AFUDC) is not included in the project construction costs. AFUDC is calculated as a part of the economic and financial analyses and is included in those results.

ATTACHMENT 2.0 Summary Cost Estimate Report



Hayden SCR Unit 1 Summary Cost Estimate

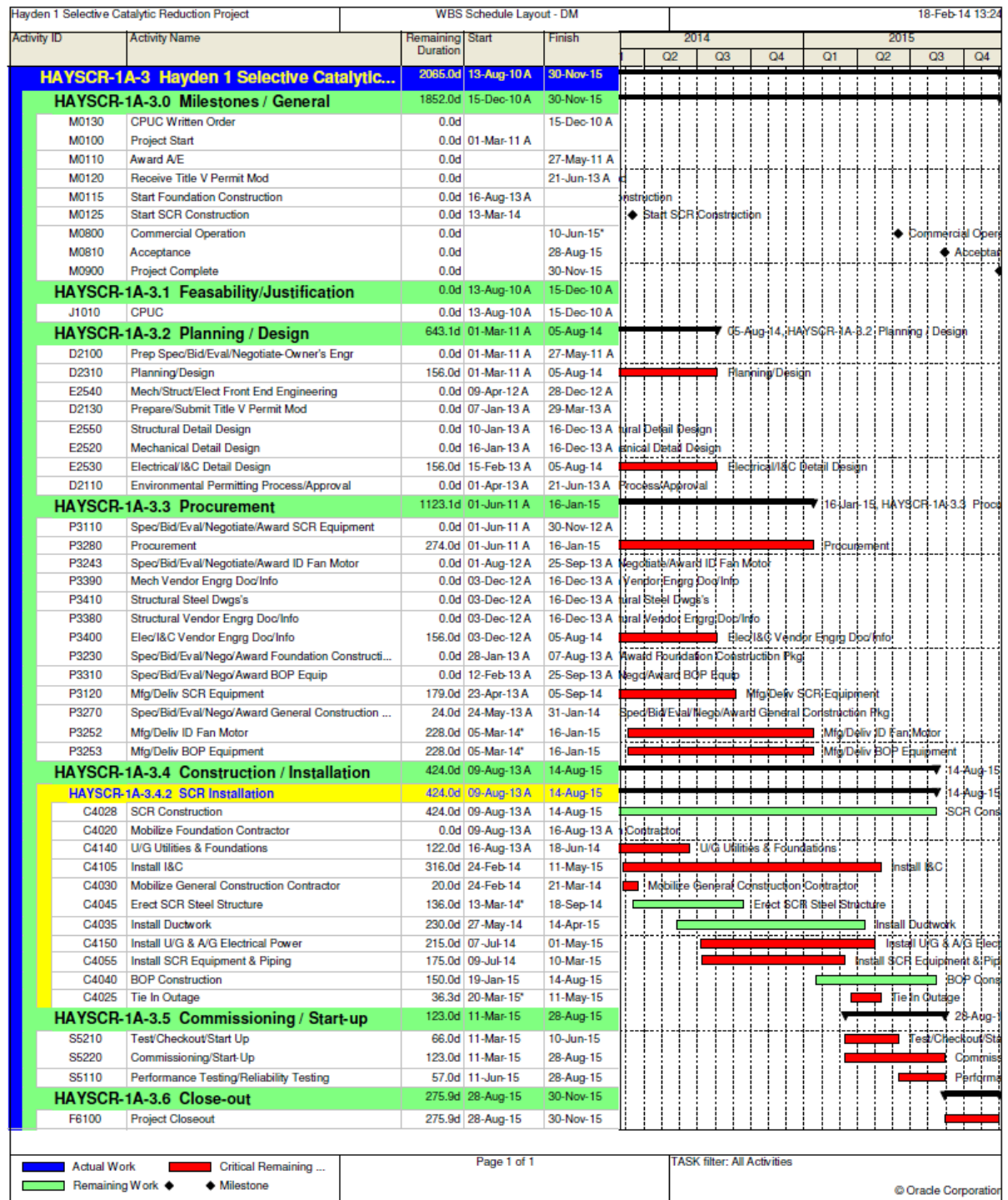
CONTRACT		Baseline Estimate	Estimate	Budget Delta	Spent to-date	
Description		01-Sep-11	30-Jun-13		\$	%
Direct Contracts						
AE	Engineering & Service Contracts	4,277,000	4,021,636	\$ 255,364	2,268,142	56.4%
CC	Construction Contracts	21,728,000	32,936,099	\$(11,208,099)	4,640,307	14.1%
CE	Controls Equipment	0	489,639	\$ (489,639)	219,082	44.7%
EE	Electrical Equipment	1,559,000	0	\$ 1,559,000	0	0.0%
ME	Mechanical Equipment	20,843,000	20,527,416	\$ 315,584	13,158,262	64.1%
Totals		\$48,407,000	\$57,974,790	\$ (9,567,790)	\$20,285,794	35%
Indirects						
ZA	Misc Site P.O.s	445,000	579,066	\$ (134,066)	218,341	37.7%
ZH	Xcel Energy Costs	1,838,000	1,240,000	\$ 598,000	82,399	6.6%
ZL	Xcel Energy Labor	3,018,000	3,610,000	\$ (592,000)	768,701	21.3%
ZS	Staff Augmentation Contracts	9,761,000	6,451,605	\$ 3,309,395	660,374	10.2%
ZZ	Contingency	11,368,000	4,055,539	\$ 7,312,461	0	0.0%
Totals		\$26,430,000	\$15,936,210	\$ 10,493,790	\$1,729,815	10.9%
PROJECT TOTAL		\$74,837,000	\$73,911,000	\$ 926,000	\$22,015,609	29.8%
Energy Supply Total for PSCO Share (75.5%)		\$56,501,935	\$55,802,805	\$ 699,130	\$16,621,785	29.8%



Hayden SCR Unit 2 Summary Cost Estimate

CONTRACT		Baseline Estimate	Estimate	Budget Delta	Spent to-date	
Description		01-Sep-11	31-Dec-13		\$	%
Direct Contracts						
AE	Engineering & Service Contracts	5,219,000	5,035,544	\$ 183,456	2,095,141	41.6%
CC	Construction Contracts	26,711,000	36,421,623	\$ (9,710,623)	10,071	0.0%
CE	Controls Equipment	0	244,819	\$ (244,819)	99,941	40.8%
EE	Electrical Equipment	2,078,000	0	\$ 2,078,000	0	0.0%
ME	Mechanical Equipment	24,098,000	24,825,659	\$ (727,659)	10,088,634	40.6%
Totals		\$58,106,000	\$66,527,645	\$ (8,421,645)	\$12,293,786	18%
Indirects						
ZA	Misc Site P.O.s	529,000	676,751	\$ (147,751)	196,468	29.0%
ZH	Xcel Energy Costs	2,287,000	1,571,000	\$ 716,000	28,496	1.8%
ZL	Xcel Energy Labor	3,081,000	4,468,000	\$ (1,387,000)	403,281	9.0%
ZS	Staff Augmentation Contracts	10,298,000	7,095,203	\$ 3,202,797	336,978	4.7%
ZZ	Escalation & Contingency	16,219,000	10,741,401	\$ 5,477,599	0	0.0%
Totals		\$32,414,000	\$24,552,355	\$ 7,861,645	\$965,222	3.9%
PROJECT TOTAL		\$90,520,000	\$91,080,000	\$ (560,000)	\$13,259,009	14.6%
Energy Supply Total for PSCO Share (37.4%)		\$33,854,480	\$34,063,920	\$ (209,440)	\$4,958,869	14.6%

ATTACHMENT 3.0 Project Schedule



Hayden 2 Selective Catalytic Reduction Project				WBS Schedule Layout - DM				18-Feb-14 13:20											
Activity ID	Activity Name	Remaining Duration	Start	Finish	2014				2015				2016						
					Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
HAYSCR-2A-3 Hayden 2 Selective Catalytic...			3145.0d	13-Aug-10 A	30-Nov-16														
HAYSCR-2A-3.0 Milestones / General			2702.9d	15-Dec-10 A	30-Nov-16														
M0130	CPUC Written Order	0.0d		15-Dec-10 A															
M0100	Project Start	0.0d	01-Mar-11 A																
M0110	Award A/E	0.0d		27-May-11 A															
M0120	Receive Title V Permit Mod	0.0d		21-Jun-13 A															
M0115	Start Foundation Construction	0.0d	29-May-14																
M0125	Start SCR Construction	0.0d	06-Feb-15																
M0800	Commercial Operation	0.0d		26-Jul-16*															
M0810	Acceptance	0.0d		14-Sep-16															
M0900	Project Complete	0.0d		30-Nov-16															
HAYSCR-2A-3.1 Feasibility/Justification			0.0d	13-Aug-10 A	15-Dec-10 A														
J1010	CPUC	0.0d	13-Aug-10 A	15-Dec-10 A															
HAYSCR-2A-3.2 Planning / Design			98.0d	01-Mar-11 A	14-Oct-14														
D2100	Prep Spec/Bid/Eval/Negotiate-Owner's Engr	0.0d	01-Mar-11 A	27-May-11 A															
D2310	Planning/Design	98.0d	01-Mar-11 A	14-Oct-14															
E2540	Mech/Struct/Elect Front End Engineering	0.0d	01-Oct-12 A	28-Dec-12 A															
D2130	Prepare/Submit Title V Permit Modification	0.0d	07-Jan-13 A	29-Mar-13 A															
E2550	Structural Detail Design	0.0d	10-Jan-13 A	16-Dec-13 A															
E2520	Mechanical Detail Design	0.0d	16-Jan-13 A	16-Dec-13 A															
E2530	Electrical/I&C Detail Design	98.0d	15-Feb-13 A	14-Oct-14															
D2110	Environmental Permitting Process/Approval	0.0d	01-Apr-13 A	21-Jun-13 A															
HAYSCR-2A-3.3 Procurement			534.0d	01-Jun-11 A	15-Jan-16														
P3110	Spec/Bid/Eval/Negotiate/Award SCR Equip	0.0d	01-Jun-11 A	30-Nov-12 A															
P3280	Procurement	534.0d	01-Jun-11 A	15-Jan-16															
P3380	Structural Vendor Engrg Doc/Info	0.0d	03-Dec-12 A	16-Dec-13 A															
P3390	Mech Vendor Engrg Doc/Info	0.0d	03-Dec-12 A	16-Dec-13 A															
P3400	Elec/I&C Vendor Engrg Doc/Info	206.0d	03-Dec-12 A	14-Oct-14															
P3270	Spec/Bid/Eval/Nego/Award Foundation Constructi...	0.0d	28-Jan-13 A	07-Aug-13 A															
P3410	Structural Steel Dwgs's	0.0d	29-Jan-13 A	16-Dec-13 A															
P3243	Spec/Bid/Eval/Negotiate/Award ID Fan	20.0d	12-Feb-13 A	27-Jan-14															
P3310	Spec/Bid/Eval/Nego/Award BOP Equip	20.0d	12-Feb-13 A	27-Jan-14															
P3230	Spec/Bid/Eval/Nego/Award General Construction ...	24.0d	24-May-13 A	31-Jan-14															
P3420	Fabricate & Del Structural Steel	160.0d	07-Jul-14	13-Feb-15															
P3120	Mfg/Deliv SCR Equipment	171.0d	15-Sep-14	11-May-15															
P3252	Mfg/Deliv ID Fan	262.0d	15-Jan-15*	15-Jan-16															
P3253	Mfg/Deliver BOP Equipment	262.0d	15-Jan-15*	15-Jan-16															
HAYSCR-2A-3.4 Construction / Installation			566.0d	02-May-14	01-Jul-16														
HAYSCR-2A-3.4.2 SCR Installation			566.0d	02-May-14	01-Jul-16														
C4028	SCR Construction	566.0d	02-May-14	01-Jul-16															
C4020	Mobilize Foundation Contractor	20.0d	02-May-14*	29-May-14															
C4140	U/G Utilities & Foundations	122.0d	30-May-14	17-Nov-14															
C4030	Mobilize General Construction Contractor	20.0d	05-Jan-15*	30-Jan-15															
C4045	Erect SCR Steel Structure	182.0d	06-Feb-15	19-Oct-15															
C4035	Install Ductwork	307.0d	02-Mar-15	03-May-16															
C4055	Install SCR Equipment & Piping	249.0d	21-May-15	03-May-16															
C4150	Install U/G & A/G Electrical Power	243.0d	25-May-15	27-Apr-16															
C4040	BOP Construction	120.0d	18-Jan-16	01-Jul-16															
C4105	Install I&C	72.0d	01-Feb-16	11-May-16															
C4025	Tie In Outage	51.0d	18-Mar-16*	27-May-16															
HAYSCR-2A-3.5 Commissioning / Start-up			84.0d	20-May-16	14-Sep-16														
S5210	Test/Checkout/Start Up	26.0d	20-May-16	24-Jun-16															
S5220	Commissioning/Start-Up	84.0d	20-May-16	14-Sep-16															
S5110	Performance Testing/Reliability Testing	58.0d	27-Jun-16	14-Sep-16															
HAYSCR-2A-3.6 Close-out			54.9d	15-Sep-16	30-Nov-16														
F6100	Project Closeout	54.9d	15-Sep-16	30-Nov-16															

Actual Work

Remaining Work

Critical Remaining ...

Milestone

Page 1 of 1

TASK filter: All Activities

© Oracle Corporation

■ Actual Work
 ■ Critical Remaining ...
 ■ Remaining Work
 ◆ Milestone

Page 1 of 1

TASK filter: All Activities

© Oracle Corporation

Attachment 4



Submitted electronically to www.regulations.gov

September 15, 2014

EPA Docket Center
Environmental Protection Agency
Mailcode 2822T
1200 Pennsylvania Ave., N.W.
Washington, D.C. 20460-0001

Re: Docket ID No. EPA-HQ-OGC-2014-0580; Notice of Proposed Settlement Agreement; 79 Fed. Reg. 47,636 (August 14, 2014); Craig Unit 1

To Whom It May Concern:

In response to the above notice (Settlement Notice), PacifiCorp states its opposition to the proposed settlement (Settlement Agreement) and urges the U.S. Environmental Protection Agency (EPA) to withhold its consent. PacifiCorp does so on the basis that any action by EPA in approving the Settlement Agreement would be “inappropriate, improper, inadequate, or inconsistent with the requirements” of the Clean Air Act (CAA). 42 U.S.C. § 7413(g).

As background, the Settlement Agreement relates to Craig Unit 1 for which the settling parties purport to agree on a new best available retrofit technology (BART) requirement for NO_x of “0.07 lb/MMBtu, calculated on a 30 boiler-day rolling average, and with a compliance deadline of August 31, 2021.” The settling parties have agreed to these requirements even though the BART determination in the Colorado regional haze state implementation plan (SIP), as approved by EPA, requires a different approach. Although not stated explicitly in the Settlement Agreement, the proposed BART requirement likely necessitates the installation of selective catalytic reduction (SCR) equipment at Craig Unit 1 which the state of Colorado has projected will cost in excess of \$200 million.

PacifiCorp opposes the Settlement Agreement, and urges EPA to withhold its consent, for the following reasons among others:

1. PacifiCorp owns 19.28% of Craig Unit 1. Of the five total owners of Craig Unit 1, only Tri-State Generation and Transmission Association, Inc. (Tri-State) is a party to the Settlement Agreement. Tri-State owns 24% of Craig Unit 1 and lacks the requisite authority on its own to enter the Settlement Agreement in order to bind the other Craig Unit 1 owners. ***It is inappropriate, improper and inconsistent with the CAA for EPA to be a party to the Settlement Agreement imposing SCR controls on Craig Unit 1 when Tri-State lacks the requisite authority to bind the other Craig Unit 1 owners.***
2. The Settlement Notice states that the Settlement Agreement reflects an agreement for a new NOx BART requirement for Craig Unit 1, but does not “*alter any emission limit or compliance deadline for Craig Unit 2 or 3.*” As to Craig Unit 2, this is a factual impossibility. The existing Colorado SIP (as approved by EPA) contains a BART alternative requirement that covers **both** Craig Units 1 and 2 **collectively**. The Settlement Notice and Settlement Agreement are based on the false premise that NOx BART for Craig Unit 1 can be changed by Colorado altering its SIP for Craig Unit 1, without also changing the NOx BART requirement for Craig Unit 2. ***It is inappropriate, improper and inconsistent with the CAA for EPA to be a party to the Settlement Agreement under the incorrect assumption that the NOx BART requirement for Craig Unit 1 can be changed without also altering the NOx BART requirement for Craig Unit 2.***

PacifiCorp urges EPA to withhold its consent to the Settlement Agreement.

Sincerely,



Michael G. Jenkins
Assistant General Counsel
PacifiCorp Energy
1407 W. North Temple, Suite 320
Salt Lake City, Utah 84116

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of October, 2014, I caused to be served the foregoing
SIERRA CLUB REPLY TO PACIFICORP'S REDESIGNATION OF WORKSHOP PRESENTATION
upon all party representatives on the official service list for this proceeding. The public version of this
document was served upon parties via email, and the confidential version of this document was served
pursuant to Protective Order No. 13-095 upon all eligible party representatives via FedEx.

Kacia Brockman (C)
Rebecca O'Neill (C)
Diane Broad (C)
Phil Carver
Oregon Department of Energy
625 MARION ST NE
SALEM OR 97301
kacia.brockman@state.or.us
phil.carver@state.or.us
Waive Paper Service

Renee M. France (C)
Oregon Department of Justice
Natural Resources Section
1162 COURT ST NE
SALEM OR 97301-4096
renee.m.france@doj.state.or.us
Waive Paper Service

Melinda J Davison
Tyler C Pepple
Jesse E Cowell
Davison Van Cleve
333 SW TAYLOR - STE 400
PORTLAND OR 97204
mjd@dvclaw.com
tcp@dvclaw.com
jec@dvclaw.com
Waive Paper Service

Lisa D. Nordstrom (C)
Regulatory Dockets
Idaho Power Company
PO BOX 70
BOISE ID 83707-0070
lnordstrom@idahopower.com
dockets@idahopower.com
Waive Paper Service

Lisa F. Rackner (C)
McDowell Rackner & Gibson PC
419 SW 11TH AVE., SUITE 400
PORTLAND OR 97205
dockets@mcd-law.com
Waive Paper Service

Wendy Gerlitz (C)
NW Energy Coalition
1205 SE FLAVEL
PORTLAND OR 97202
wendy@nwenergy.org
Waive Paper Service

Fred Heutte (C)
NW Energy Coalition
PO BOX 40308
PORTLAND OR 97240-0308
fred@nwenergy.org
Waive Paper Service

Sarah Wallace (C)
Dustin T. Till
Pacific Power
825 NE MULTNOMAH ST, STE 1800
PORTLAND OR 97232-2149
sarah.wallace@pacificcorp.com
dustin.till@pacificcorp.com
Waive Paper Service

Oregon Dockets (C)

Pacificorp, DBA Pacific Power
825 NE MULTNOMAH ST, STE 2000
PORTLAND OR 97232
oregondockets@pacificorp.com
Waive Paper Service

Robert Jenks (C)**G. Catriona McCracken (C)****OPUC Dockets**

Citizens' Utility Board of Oregon
610 SW BROADWAY, STE 400
PORTLAND OR 97205
bob@oregoncub.org
catriona@oregoncub.org
dockets@oregoncub.org
Waive Paper Service

Jason W. Jones (C)

PUC Staff - Department of Justice
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
jason.w.jones@state.or.us
Waive Paper Service

Ralph Cavanagh

Natural Resources Defense Council
111 SUTTER ST FL 20
SAN FRANCISCO CA 94104
rcavanagh@nrdc.org
Waive Paper Service

Megan Walseth Decker (C)**RNP Dockets**

Renewable Northwest Project
421 SW 6TH AVE #1125
PORTLAND OR 97204-1629
megan@renewablenw.org
dockets@renewablenw.org
Waive Paper Service

//

//

//

//

Juliet Johnson (C)

Public Utility Commission of Oregon
PO BOX 2148
SALEM OR 97308-2148
juliet.johnson@state.or.us
Waive Paper Service

Patrick G. Hager**V. Denise Saunders**

Portland General Electric
121 SW SALMON ST 1WTC0702
PORTLAND OR 97204
patrick.hager@pgn.com
denise.saunders@pgn.com
pge.opuc.filings@pgn.com
Waive Paper Service

Donald W. Schoenbeck

Regulatory & Cogeneration Services Inc.
900 WASHINGTON ST STE 780
VANCOUVER WA 98660-3455
dws@r-c-s-inc.com
Waive Paper Service

Angus Duncan (C)

Natural Resources Defense Council
2373 NW JOHNSON ST
PORTLAND OR 97210
angusduncan@b-e-f.org
Waive Paper Service

Keith Kueny

Community Action Partnership Of Oregon
PO Box 7964
Salem Or 97301
keith@caporegon.org
Waive Paper Service

Dated this 29th day of October, 2014 at San Francisco, CA.

/s/ Derek Nelson

Derek Nelson
Legal Assistant
Sierra Club Environmental Law Program
85 Second St., 2nd Floor
San Francisco, CA 94105
(415) 977-5595
derek.nelson@sierraclub.org