

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE)
APPLICATION OF ROCKY) CASE NO. PAC-E-21-07
MOUNTAIN POWER FOR)
AUTHORITY TO INCREASE ITS) Direct Testimony of James C. Owen
RATES AND CHARGES IN IDAHO)
AND APPROVAL OF PROPOSED)
ELECTRIC SERVICE SCHEDULES)
AND REGULATIONS)**

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-21-07

May 2021

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1 I. INTRODUCTION AND QUALIFICATIONS

2 Q. Please state your name, business address, and present position with PacifiCorp
3 d/b/a Rocky Mountain Power (“Rocky Mountain Power” or the “Company”).

4 A. My name is James C. Owen and my business address is 1407 West North Temple, Suite
5 210, Salt Lake City, Utah 84116. I am currently employed as Director of
6 Environmental. I am testifying for Rocky Mountain Power.

7 Q. Please describe your education and professional experience.

8 A. I have a Bachelor of Science Degree in Mining Engineering, a Masters of Business
9 Administration Degree, and a Juris Doctorate of Law Degree, all from the University
10 of Utah. I joined the Utah Department of Natural Resources – Division of Oil Gas and
11 Mining in November 2008, and held positions of increasing responsibility within the
12 agency, including responsibilities for environmental permitting, enforcement of
13 environmental compliance, engineering design, oversight of mine reclamation
14 bonding, environmental program management, and legislative and policy management.
15 I joined PacifiCorp in February 2018. My current responsibilities encompass strategic
16 planning, stakeholder engagement, regulatory support, support of major generation
17 resource additions, and direct oversight of major environmental compliance projects.

18 II. PURPOSE OF TESTIMONY

19 Q. What is the purpose of your direct testimony in this case?

20 A. My testimony supports the prudence of certain selective catalytic reduction (“SCR”)
21 retrofit projects installed since the Company's last general rate case. Specifically,
22 I discuss the SCR projects at Craig Unit 2, Hayden Unit 2, and Jim Bridger Units 3 and
23 4, which have been in service since December 2017, August 2016, and December 2015

1 and 2016, respectively. The SCRs at these facilities were installed in accordance with
2 state and federal environmental compliance requirements for the individual units, as
3 well as for continued safe, reliable, and cost-effective operation of the facilities.

4 **Q. Please summarize your direct testimony.**

5 A. My testimony demonstrates that the installation of the SCRs on Craig Unit 2, Hayden
6 Unit 2, and Jim Bridger Units 3 and 4 were prudent and in the public interest. The
7 projects were required to comply with both state and federal environmental laws,
8 namely the Regional Haze Rule, established pursuant to the Clean Air Act by the U.S.
9 Environmental Protection Agency (“EPA”) and administered through state
10 implementation plans (“SIPs”) by the respective state agencies in which the units are
11 located.

12 **III. SELECTIVE CATALYTIC REDUCTION RETROFIT PROJECTS**

13 **Q. What was the Company’s cost to complete the SCR retrofit projects included in**
14 **this proceeding?**

15 A. The cost of the Craig Unit 2 SCR system included in this proceeding is \$37.8 million
16 on a total-company basis. The cost of the Hayden Unit 2 SCR system included in this
17 proceeding is \$9.7 million on a total-company basis. The combined cost of Jim Bridger
18 Unit 3 and 4 SCR systems included in this proceeding is \$218.6 million on a total-
19 company basis. These capital additions are reflected in the revenue requirement and
20 incorporated in the exhibits of Mr. Steven R. McDougal in this rate case.

21 **Craig Unit 2 SCR**

22 **Q. Please describe the Craig facility.**

23 A. The Craig facility is a three-unit coal-fired electrical generating facility located in

1 Moffat County, Colorado. Units 1 and 2, which can generate a combined
2 837 megawatts (“MW”), are jointly owned by Tri-State Generation and Transmission
3 Association, Inc. (“Tri-State”), Salt River Project, Platte River Power Authority, Public
4 Service Company of Colorado (“PSCo”), and the Company. The Company owns
5 19.28 percent of Units 1 and 2. Unit 3 is solely owned by Tri-State. Tri-State operates
6 all units at the facility.

7 **Q. Please provide a general description of the Craig Unit 2 SCR system.**

8 A. The Craig Unit 2 SCR system is primarily comprised of a reactor with multiple catalyst
9 levels; inlet and outlet ductwork; an ammonia reagent system; certain boiler structure
10 and ancillary infrastructure retrofits; electrical and control system installation and
11 integration with the existing plant.

12 **Q. Was the emissions control retrofit project included in this proceeding intended to
13 extend the operational life of Craig Unit 2?**

14 A. No. The Craig Unit 2 emissions control retrofit was required to continue operations in
15 Colorado to meet state environmental compliance requirements.

16 **Q. What was the required timeline for Tri-State to install the SCR system at Craig
17 Unit 2?**

18 A. Installation of the Craig Unit 2 SCR was required by the Regional Haze Rule and
19 Colorado’s associated Regional Haze SIP. These rules required the SCR to be installed
20 by January 30, 2018. Colorado’s Regional Haze SIP was first approved by the Colorado
21 Air Quality Control Commission in January 2011 and was submitted to EPA for review
22 and approval on May 25, 2011.

1 **Q. Did EPA approve the State of Colorado's Regional Haze SIP compliance**
2 **requirements for Craig Unit 2?**

3 A. Yes. EPA published its approval of the Colorado Regional Haze SIP compliance
4 requirements for Craig Unit 2 in the *Federal Register* on December 31, 2012.¹ EPA's
5 final rule became effective January 30, 2013.

6 **Q. Please generally describe the joint ownership governance of Craig Unit 2.**

7 A. The terms and conditions of joint ownership in Craig Unit 2 are governed by a
8 participation agreement (the "Craig Participation Agreement"). The Craig Participation
9 Agreement mandates the installation of capital improvements that are required by
10 applicable law. The Craig Participation Agreement also places an independent
11 obligation on Tri-State, as the operating agent for the unit, to operate Craig Unit 2 in
12 accordance with applicable laws.

13 As operating agent, Tri-State is also responsible for development of operating
14 budgets and capital investment recommendations to be provided for joint owner review
15 and approvals. The Craig Participation Agreement's provisions for approval of capital
16 expenditures require that the proposed expenditures be included in the annual capital
17 expenditure budget prepared by the operating agent and that the annual capital
18 expenditure budget is approved by a majority vote (*i.e.*, greater than 50 percent
19 ownership share) of the joint owners.

¹ See codified regulation at 40 C.F.R 52.320.

1 **Q. Did Tri-State request approval of the Craig Unit 2 SCR capital investment in**
2 **accordance with the terms of the Craig Participation Agreement and was it**
3 **approved by greater than 50 percent ownership share of the joint owners?**

4 A. Yes. Tri-State initially included costs associated with the Craig Unit 2 SCR in the 2013
5 capital expenditures budget for review and approval pursuant to the Craig Participation
6 Agreement. The project was approved by a greater than 50 percent ownership share of
7 the joint owners.

8 **Q. Did the Company independently assess the benefits associated with the Craig Unit**
9 **2 SCR project?**

10 A. Yes. In July 2013, the Company independently assessed the benefits associated with
11 the Craig Unit 2 SCR project using a hypothetical scenario that assumed the Company
12 could unilaterally effectuate an accelerated shutdown of the unit. This hypothetical
13 scenario was not a realistic option because the Company cannot unilaterally effectuate
14 an accelerated shutdown of the Craig units based on the language of the Craig
15 Participation Agreement. The Company's hypothetical assessment did not support the
16 installation of SCRs.

17 **Q. What position did the Company take with respect to the Craig Unit 2 SCR project**
18 **capital budget approval?**

19 A. The Company voted 'no' with respect to the Craig Unit 2 SCR project. As a minority
20 owner, the Company recognized that under the terms of the Craig Participation
21 Agreement, its vote alone would not change the outcome with the other joint-owners
22 voting 'yes,' and the Company remained obligated to pay its share of the Craig Unit 2
23 SCR.

1 **Q. Did the Company also independently assess its legal options with respect to the**
2 **capital expenditures approval process incorporated into the Craig Participation**
3 **Agreement?**

4 A. Yes. In June 2013, the Company engaged external counsel to independently assess the
5 Company's rights under the Craig Participation Agreement with respect to payment
6 options and dispute resolution that may occur with a majority decision on capital
7 expenditures that was not supported by the Company. The ultimate determination of
8 the legal review of the Craig Participation Agreement was that while the Company had
9 the right to challenge the majority's decision through arbitration or litigation, there was
10 little to no likelihood such a challenge would be successful. This was primarily because
11 the project approval process met the requirements under the Craig Participation
12 Agreement, specifically: (i) the project was required by applicable law (the Colorado
13 Regional Haze SIP); (ii) Craig Unit 2 was required to be operated in accordance with
14 applicable law under the Craig Participation Agreement; and (iii) the majority of the
15 Craig Unit 2 joint-owners (in fact all joint-owners other than the Company) voted in
16 support of the project.

17 **Q. Considering the terms and conditions of the Craig Participation Agreement, did**
18 **the Company pursue arbitration or litigation of the Craig Unit 2 SCR project**
19 **decision?**

20 A. No, for the reasons explained above.

21 **Q. What was the Company's cost to complete the Craig Unit 2 SCR system?**

22 A. The cost of the Craig Unit 2 SCR system included in this proceeding is \$37.8 million
23 on a total-company basis with an in-service date of December 2017.

1 **Q. What is the current status of the Craig Unit 2 SCR system?**

2 A. Completion of the Craig Unit 2 SCR system satisfied the compliance deadlines
3 established for the unit, as well as the prescribed emissions reductions. Installation of
4 this major emissions control retrofit project was aligned with scheduled major
5 maintenance outages for the affected unit to mitigate replacement power cost impacts
6 while benefiting from overlapping major maintenance outage time frames. These
7 environmental compliance projects allow the retrofitted facilities to continue to operate
8 as low-cost generation resources for the benefit of customers.

9 **Q. To date, has PacifiCorp received approvals to reflect its Craig Unit 2 SCR
10 investment in rates from state commissions in the jurisdictions that it has
11 requested recovery?**

12 A. Yes. PacifiCorp has received approval from the state commissions in California,
13 Oregon, and Utah to reflect this investment in rates.² In particular, the Public Service
14 Commission of Utah found that the Company should be allowed full recovery of the
15 Craig Unit 2 SCR costs. In doing so, the Commission specifically rejected a proposed
16 disallowance on a portion of the costs. Regarding the Company's Craig Unit 2 SCR
17 investment, the Commission stated that:

18 [Rocky Mountain Power] took every reasonable action to prevent the

² See *In the Matter of the Application of PacifiCorp (U901E), and Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, D.20-02-025 at 34-35 (Feb. 18, 2020); *In the Matter of PacifiCorp, dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 374, Order No. 20-473 at 55 (Dec. 18, 2020); *Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 20-035-04, Order at 43 (Dec. 30, 2020). In Wyoming, during public deliberations on May 18, 2021, the Public Service Commission verbally approved the inclusion of all Craig Unit 2 SCR costs in rates, the final written order is pending. See *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Service Rates by Approximately \$7.1 Million per Year or 1.1 Percent, to Revise the Energy Cost Adjustment Mechanism, and to Discontinue Operations at Cholla Unit 4*, Docket No. 20000-578-ER-20.

1 majority partners in the Craig Participation Agreement from
2 undertaking the SCR project, including conducting an economic
3 assessment of the SCR project compared to an early closure of Craig,
4 and exploring the possibility of legal action to stop or withdraw from
5 participation in the SCR project. Additionally, we may only evaluate
6 RMP's negotiation of the Craig Participation Agreement based on what
7 was known or knowable at the time the agreement was negotiated.³

8 **Hayden Unit 2 SCR**

9 **Q. Please describe the Hayden Facility.**

10 A. The Hayden plant is a 441 MW, two-unit coal-fired electrical generating facility located
11 in Routt County, Colorado. Unit 1 is jointly owned by PSCo and the Company. The
12 Company owns 24.5 percent of Unit 1. Unit 2 is jointly owned by PSCo, Salt River
13 Project, and the Company. The Company owns 12.6 percent of Unit 2. PSCo operates
14 the plant.

15 **Q. Please provide a general description of the Hayden Unit 2 SCR system.**

16 A. The Hayden Unit 2 SCR system is primarily comprised of: reactors with multiple
17 catalyst levels; inlet and outlet ductwork; ammonia reagent systems; certain boiler
18 structures and ancillary infrastructure retrofits; electrical and control systems
19 installation; and integration with the existing plant.

20 **Q. What was the required timeline for the Company to install the SCR system at
21 Hayden Unit 2?**

22 A. Installation of the Hayden Unit 2 SCR was required by the State of Colorado's Regional
23 Haze SIP no later than December 31, 2016.

³ Docket No. 20-035-04, Order at 43.

1 **Q. Did EPA approve the state of Colorado's Regional Haze SIP compliance**
2 **requirements for Hayden Unit 2?**

3 A. Yes. The EPA published its approval of the Colorado Regional Haze SIP in the
4 Federal Register on December 31, 2012.⁴ EPA's final approval made these emissions
5 reduction compliance requirements at Hayden Unit 2 federally enforceable, in
6 addition to being enforceable under state law.

7 **Q. What regulations required the Hayden Unit 2 SCR project to be installed?**

8 A. In December 2010, the Colorado Air Quality Control Commission promulgated new
9 Best Available Retrofit Technology ("BART") determinations and emissions control
10 requirements for the Hayden units in the Colorado Regional Haze SIP. These BART
11 determinations set an emissions limit of 0.07 pounds of nitrogen oxide per million
12 British thermal units ("NO_x/MMBtu") for Hayden Unit 2. Although the BART
13 determinations did not specify how the limit was to be achieved, installation of SCR
14 was the only technically feasible method available.

15 **Q. Was a CPCN acquired for the Hayden Unit 2 SCR system in the state of Colorado**
16 **where the project was constructed?**

17 A. Yes. On January 26, 2011, the Colorado Public Utilities Commission approved the
18 installation of the SCR system on Hayden Unit 2, finding that PSCo had demonstrated
19 that the installation of the project was in the best interest of customers, but still required
20 the filing of a modified CPCN application primarily to elicit more cost information.⁵

⁴ <https://www.epa.gov/sips-com>.

⁵ *In re Public Service Co. of Colorado's Plan in Compliance with House Bill 10-1365*, "Clean Air-Clean Jobs Act", Docket No. 10M-245E, Decision No. C10-1328 at pp. 44-45, 51, 86 (Jan. 26, 2011) (available at: http://www.dora.state.co.us/PUC/DocketsDecisions/decisions/2010/C10-1328_10M-245E.doc).

1 The Colorado Public Utilities Commission approved the CPCN application on July 18,
2 2012.⁶

3 **Q. Please generally describe the joint ownership governance of Hayden Unit 2.**

4 A. Joint ownership in Hayden Unit 2 is governed by a Participation Agreement (the
5 “Hayden Participation Agreement”). The Hayden Participation Agreement mandates
6 the installation of capital improvements that are required by applicable law. The
7 Hayden Participation Agreement also places an independent obligation on PSCo, as
8 operating agent, to operate Hayden Unit 2 in accordance with applicable laws.

9 **Q. What is the current status of the Hayden Unit 2 SCR system?**

10 A. The Hayden Unit 2 SCR system was placed in service in August 2016, following the
11 planned major maintenance overhaul for the units. Completion of the Hayden Unit 2
12 SCR system satisfied the compliance deadline established for the unit, as well as the
13 prescribed emission reduction.

14 The installation of the SCR was aligned with a scheduled major maintenance
15 outage for Hayden Unit 2 to mitigate replacement power cost impacts while benefiting
16 from overlapping major maintenance outage time frames. This project also allows the
17 retrofitted facility to continue to operate as a low-cost generation resource for the
18 benefit of customers.

19 **Q. Was the emissions control retrofit project included in this proceeding intended to
20 extend the operational life of Hayden Unit 2?**

21 A. No. The Hayden Unit 2 emissions control retrofit project was required to continue

⁶ *In re Public Service Co. of Colorado's Application for a Certificate of Public Convenience and Necessity for the Hayden Emissions Control Project*, Docket No. 11A-917E, Decision No. C12-0843 at pp. 1, 6 (July 18, 2012) (available publicly at https://www.dora.state.co.us/pls/efi/EFI_Search_UI.search).

1 operations in Colorado to meet state environmental compliance requirements. In
2 addition, the Hayden Unit 2 SCR was a key component of the NO_x reduction plan
3 submission by PSCo (the operator of Hayden Unit 2) to the Colorado Public Utilities
4 Commission under the Colorado Clean Air Clean Jobs Act. The Colorado Public
5 Utilities Commission approved NO_x reduction plan, including the Hayden Unit 2 SCR
6 on December 9, 2010.⁷

7 **Q. To date, has PacifiCorp received approvals to reflect its Hayden Unit 2 SCR**
8 **investment in rates from state commissions in the jurisdictions that it has**
9 **requested recovery?**

10 A. Yes. PacifiCorp has received approval from the state commissions in California,
11 Oregon, and Utah to reflect this investment in rates.⁸ The Hayden Unit 2 SCR
12 investment was an uncontested issue in both the California and Utah rate case
13 proceedings. Although the matter is still pending in Wyoming, it was also an
14 uncontested issue.⁹

15 **Jim Bridger Units 3 and 4 SCRs**

16 **Q. Please describe the Jim Bridger plant and the operating features of Units 3 and 4.**

17 A. The Jim Bridger plant consists of four coal-fueled units which are two-thirds co-owned
18 by PacifiCorp and one-third co-owned by Idaho Power Company. The plant is
19 maintained and operated by PacifiCorp. Unit 3 began commercial operation in 1976

⁷ http://www.dora.state.co.us/PUC/DocketsDecisions/decisions/2010/C10-1328_10M-245E.pdf.

⁸ See D.20-02-025 at 34-35; Docket No. UE 374, Order No. 20-473 at 55; Docket No. 20-035-04, Order (Dec. 30, 2020).

⁹ See *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Service Rates by Approximately \$7.1 Million per Year or 1.1 Percent, to Revise the Energy Cost Adjustment Mechanism, and to Discontinue Operations at Cholla Unit 4*, Docket No. 20000-578-ER-20.

1 and Unit 4 followed in 1979. Unit 3 and Unit 4 have nominal net (or “net reliable”)
2 generation capacities of 523¹⁰ and 530 MW respectively, of which the corresponding
3 PacifiCorp two-thirds share is 349 and 353 MW. Both units are configured with Alstom
4 (formerly Combustion Engineering) controlled circulation, tangentially fired,
5 pulverized coal boilers and General Electric steam turbine-generators. Nominal steam
6 conditions are 2,400 pounds per square inch gauge pressure at 1,000 degrees Fahrenheit
7 at the turbine-generator throttle valve. Both units are configured with closed loop
8 circulating water cooling systems that include mechanical draft cooling towers and
9 electrostatic precipitators. Unit 4 was originally equipped with a sodium-based wet flue
10 gas desulfurization (“FGD”) system, and Unit 3 was retrofitted in 1985 with a sodium-
11 based wet FGD system.

12 The plant has been, and remains, integral to the Company meeting its charge of
13 providing electrical service to its customers, in all states served by the Company. The
14 Jim Bridger substation is contiguous to the plant and connects six transmission lines.
15 The plant is dispatched on a system-wide basis to serve the Company's customers.

16 **Q. Please provide a general description of the emissions control investments included**
17 **in the Company’s long-term emissions control plan and the benefits gained from**
18 **the investments.**

19 A. The emissions control equipment investments included in the Company’s long-term
20 emissions control plan primarily result in the reduction of SO₂, NO_x and particulate
21 matter (“PM”) emissions from generation facilities subject to federal and state

¹⁰ On February 22, 2012, a Unit 3 re-rating from 530 to 523 MW was executed. The economic evaluation represented herein was based on an assumed Unit 3 total net reliable capacity of 530 MW and accounting for the incremental increase in auxiliary power consumption by the addition of the SCR system on each unit.

1 emissions requirements. The Company's emissions control plan focuses on maintaining
2 a reasonable balance between protecting the interests of customers, meeting the
3 obligation to serve the current and reasonably projected demands of customers, and
4 complying with environmental requirements, all in the face of an uncertain regulatory
5 environment.

6 The Company's environmental control equipment projects are required to
7 comply with the existing Regional Haze Rule, Regional SO₂ Milestone and Backstop
8 Trading Programs, and other applicable environmental requirements. The projects are
9 also required to comply with requirements in state SIPs, BART permits, construction
10 permits, and approval orders enforceable by the laws of the respective states.

11 **Q. Please describe the specific emissions control investments at Jim Bridger Units 3
12 and 4 for which the Company is seeking approval.**

13 A. The Jim Bridger Units 3 and 4 emissions control investments in this filing are SCR
14 systems and associated ancillary equipment for each unit. Each SCR system is
15 comprised of two separate universal reactors, with multiple catalyst levels; inlet and
16 outlet ductwork; a shared ammonia reagent system; an economizer upgrade; structural
17 reinforcement of the boiler and flue gas path ductwork and equipment; and extension
18 of the existing plant distributed control system. An induced draft fan upgrade and an
19 associated auxiliary power system variable frequency drive insertion is required on
20 Unit 4 only.

21 **Q. Why were the emissions control equipment projects at Jim Bridger Units 3 and 4
22 installed?**

23 A. The EPA's Regional Haze Rule, the Jim Bridger facility BART permit issued by the

1 state of Wyoming, a BART appeal settlement agreement with the state of Wyoming,
2 and the Wyoming Regional Haze SIP all required the installation of the SCR on Unit 3
3 by the end of 2015 and on Unit 4 by the end of 2016.

4 **Q. Did the EPA approve the state of Wyoming's Regional Haze compliance**
5 **requirements for Jim Bridger Units 3 and 4?**

6 A. Yes. The EPA proposed approval of the SIP requirements for Jim Bridger Units 3 and
7 4 in the *Federal Register* on June 4, 2012. The EPA subsequently finalized its approval
8 of these requirements in the *Federal Register* on January 30, 2014. EPA's final approval
9 made these retrofit and emissions reduction compliance requirements at Jim Bridger
10 Units 3 and 4 federally enforceable, in addition to being enforceable under state law.

11 **Q. Did the Company file a CPCN for the Jim Bridger Units 3 and 4 SCR systems in**
12 **Idaho?**

13 A. No. However the Company did file a CPCN in Wyoming in 2012, where the Wyoming
14 Public Service Commission found the installation of the SCRs for Jim Bridger 3 and 4
15 to be a public necessity.¹¹ Subsequently, the Company was found to have prudently
16 managed the costs and implementation of the Jim Bridger Units 3 and 4 SCR projects
17 in accordance with the CPCN in the Company's 2015 Wyoming rate case.¹²

¹¹ *In the Matter of the Application of PacifiCorp for a Certificate of Public Convenience and Necessity to Construct Selective Catalytic Reduction Systems on Jim Bridger Units 3 and 4*, Docket No. 20000-418-EA-12 (Record 13314), Memorandum Opinion, Findings and Order Granting Application for a Certificate of Public Convenience and Necessity at 17 (May 29, 2013).

¹² *In the Matter of the Application of Rocky Mountain Power for Approval of a General Rate Increase In Its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million Per Year or 4.5%*. Docket No. 20000-469-EA-15 (Record 14076), Memorandum Opinion, Findings of Fact, Decision at 36 (Dec. 30, 2015).

1 **Q. Did Idaho Power file a CPCN for the Jim Bridger Units 3 and 4 SCR systems in**
2 **Idaho?**

3 A. Yes, and on December 2, 2013, the Idaho Public Utilities Commission approved Idaho
4 Power's application for a CPCN in the investment of SCRs on Jim Bridger units 3 and
5 4.¹³ The Commission found that the SCRs were in the public interest. Rocky Mountain
6 Power did not file for a CPCN in Idaho but is requesting that the Commission find that
7 the decision to install SCRs on Jim Bridger Units 3 and 4 was prudent and in the public
8 interest.

9 **Q. Should the Commission find the SCRs for Jim Bridger Units 3 and 4 prudent?**

10 A. Yes. The SCRs were necessary to satisfy federal and state mandated environmental
11 requirements. The costs and implementation of the Jim Bridger Units 3 and 4 SCR
12 projects included in this case have been prudently incurred and managed, and the
13 project met the established compliance deadlines. As such, the Company requests that
14 the Commission grant the requested recovery of these prudently incurred costs.

15 **Q. Did the Company file a Voluntary Request for Approval of Resource Decision to**
16 **Construct the Jim Bridger Units 3 and 4 SCR systems in the state of Utah?**

17 A. Yes. On August 24, 2012, the Company filed its application requesting the Public
18 Service Commission of Utah to review and approve in advance construction of the Jim
19 Bridger SCR projects.¹⁴ On May 10, 2013, the Public Service Commission of Utah

¹³ *In the Matter of the Idaho Power Company's Application for a Certificate of Public Convenience and Necessity for the Investment in Selective Catalytic Reduction Controls on Jim Bridger Units 3 and 4.* Case No. IPC-E-13-16, Report and Order at 12 (Dec. 2, 2013).

¹⁴ *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. Order (May 10, 2013), Order of Clarification (May 30, 2013).

1 approved the Company's request for a Resource Decision to add the SCR systems on
2 Jim Bridger Units 3 and 4.¹⁵ The costs of the Jim Bridger Units 3 and 4 SCR system
3 investment were incorporated into the Company's Utah rates in its recently concluded
4 Utah general rate case.¹⁶

5 **Q. To date, has PacifiCorp received approvals to reflect its Jim Bridger Units 3 and**
6 **4 SCR system investment in rates from state commissions in the jurisdictions that**
7 **it has requested recovery?**

8 A. Yes. In Wyoming and California, PacifiCorp has received approval from the state
9 commissions for full recovery of the Jim Bridger Units 3 and 4 SCR system
10 investment.¹⁷ In Oregon, PacifiCorp was allowed recovery of the investment with a
11 return on investment limited to its cost of long-term debt.¹⁸ Finally, in Washington,
12 PacifiCorp was allowed recovery of its investment.¹⁹

13 IV. CONCLUSION AND RECOMMENDATION

14 **Q. Please summarize your testimony.**

15 A. The Company prudently managed the analysis and appropriately exercised its rights
16 under the Craig Participation Agreement with respect to the Craig Unit 2 SCR project.
17 The project was completed on time to meet applicable federal and state environmental

¹⁵ Docket No. 12-035-92, Order at 34.

¹⁶ Docket No. 20-035-04, Order (Dec. 30, 2020).

¹⁷ D.20-02-025 at 34-35; In the Matter of the Application of Rocky Mountain Power for Approval of a General Rate Increase in its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million Per Year or 4.5 Percent; Docket No. 20000-469-ER-15 (Record No. 14076), Memorandum Opinion, Findings of Fact, Decision and Order (Dec. 30, 2015), ¶73.

¹⁸ Docket No. UE 374, Order No. 20-473 at 80-81. The Oregon Commission questioned whether sufficient reevaluation of the investment was completed and whether PacifiCorp sufficiently explored alternatives.

¹⁹ *WUTC v. Pacific Power & Light Company*, Docket No. UE-152253, Order 12 at 40 (Sept. 1, 2016). The Washington Commission stated that there was a lack of contemporaneous documentation of the decision-making.

1 compliance deadlines and performance requirements, and was administered by the
2 plant operating agent, and approved by a majority vote of the unit's joint owners, in
3 accordance with the Craig Participation Agreement terms and conditions.

4 The Company's support of the Hayden Unit 2 SCR installations included in this
5 case is in accordance with applicable law and the Hayden Participation Agreement
6 governing that unit. The Hayden Unit 2 SCR project was also completed on time to
7 meet applicable federal and state environmental compliance deadlines and performance
8 requirements.

9 The Company prudently managed the costs and implementation of the Jim
10 Bridger Units 3 and 4 SCR projects to comply with state and federal law. The projects
11 met federal and state environmental compliance deadlines and performance
12 requirements.

13 These environmental compliance projects have allowed the retrofitted facilities
14 to continue to operate as low-cost generation resources for the benefit of the Company's
15 customers.

16 Based on these conclusions, I recommend that the Commission approve each
17 of the projects described in my testimony for inclusion in rates.

18 **Q. Does this conclude your direct testimony?**

19 **A. Yes.**