

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Petition For a Rate Increase Based on a
Modified Commission Basis Report,
Two-Year Rate Plan, and Decoupling
Mechanism

DOCKET UE-152253

COMMISSION STAFF'S
MOTION FOR LEAVE TO
FILE SUPPLEMENTAL
TESTIMONY AND EXHIBITS

I. INTRODUCTION

1 Commission Staff of the Washington Utilities and Transportation Commission
(Commission) submits this Motion for Leave to File Supplemental Testimony and Exhibits
pursuant to WAC 480-07-375(d).

II. RELIEF REQUESTED

2 Commission Staff (Staff) requests that the Commission grant Staff leave to pre-file
supplemental testimony and exhibits based on Staff's analysis of the Bridger Coal Company
(BCC) October 2013 mine plan, which Staff was able to review only after Pacific Power &
Light Company ("Pacific Power" or "Company") filed rebuttal testimony despite Staff
having requested it through discovery.

III. STATEMENT OF FACTS

3 Mr. Jeremy Twitchell filed testimony on March 17, 2016, addressing the prudence of
Pacific Power's decision to install selective catalytic reduction (SCR) at the coal-fired Jim
Bridger plant. To comply with Regional Haze obligations, Pacific Power chose to install
SCR, which was one of several compliance methods that the Company considered

implementing.¹ In his testimony, Mr. Twitchell analyzed a mine plan provided to Staff by the Company via the discovery process. Based on his analysis, he concluded that the Company knew, as of October 2013, that coal costs were increasing yet did not incorporate this information into its analysis of the cost-effectiveness of SCR installation.²

4 During Pacific Power's last general rate case, in Docket UE-140762, Mr. Twitchell learned that there was an October 2013 mine plan for the BCC mine that addressed coal costs.³ In the present case, Mr. Twitchell reviewed the Company's projected coal costs and concluded that a copy of the October 2013 mine plan was necessary for his analysis. While he was on a site visit to review materials that the Company identified as highly confidential, Mr. Twitchell discussed mine plans with Pacific Power staff. During this discussion, Mr. Twitchell learned that the Company only updates its mine plan every few years, and that it updates its coal price projections every two years as part of the IRP cycle.⁴

5 On January 27, 2016, Staff propounded UTC Staff Data Request No. 99 to Pacific Power, which stated as follows:

Re: Bridger Selective Catalytic Reduction

Please provide the Jim Bridger Mine's 2013 Mine Plan, as well as forward-looking costs for the mine's output that were identified in that plan.⁵

Staff received the following response:

Please refer to the Company's response to Sierra Club Data Request 1.8 subpart (a), and the associated Confidential Attachment Sierra Club 1.8 -1 (BCC Production—Operating Cost Schedules (2 unit) and (4 unit) files) for the 2013 Mine Plan.

¹ Twitchell, Exh. No. JBT-1T 13:9-16.

² Twitchell, Exh. No. JBT-1T 8:9-12.

³ Declaration of Jeremy Twitchell (Twitchell Declaration), ¶ 6.

⁴ Twitchell Declaration at ¶¶ 14-15.

⁵ Twitchell Declaration at ¶ 13.

Amounts shown are the 100 percent share; multiply by two-thirds for the PacifiCorp Share.⁶

The undated confidential attachment contained an Excel spreadsheet that Mr. Twitchell understood to be the 2013 mine plan. Mr. Twitchell relied on this mine plan to prepare his recommendation to the Commission regarding the prudence of the SCR installation.⁷ At no time did Pacific Power voluntarily supplement its prior data request response as it is obligated to do under the Commission's rules.

6 On April 7, 2016, Pacific Power filed rebuttal testimony that revealed that the mine plan Mr. Twitchell relied on was dated January 2013 and not, as he had assumed, October 2013. Mr. Dana Ralston testified on behalf of the Company:

[I]t is important to be clear that BCC developed two mine plans in 2013, one in January 2013, which the Company used in the SCR analysis and generally referred to as the "2013 mine plan," and a second mine plan in October 2013.⁸

[. . .]

[T]he Company's SCR analysis relied on the January 2013 mine plan and long-term fueling forecast. Staff's allegation appears to be based on a misunderstanding that *two* mine plans were [in fact] prepared in 2013—the January 2013 mine plan that was included in the comprehensive fueling forecast for the Jim Bridger plant and the October 2013 mine plan.⁹

After reading Pacific Power's rebuttal testimony, Mr. Twitchell realized that all of the numbers and projections that he had believed were as of October 2013 were actually from January 2013.

7 Upon Staff's request, the Company supplied the October 2013 mine plan, and supplied it the day following the request.¹⁰ Staff learned then from the Company that the October 2013 mine plan had been provided earlier during discovery in response to a data

⁶ Twitchell Declaration at ¶ 16.

⁷ Twitchell Declaration at ¶ 17-18.

⁸ See Ralston, Exh. No. DR-1CT 4:5-8.

⁹ Ralston, Exh. No. DR-1CT 5:21 – 6:3.

¹⁰ Twitchell Declaration at ¶ 24.

request from Sierra Club, which had requested copies of Company witness Cindy Crane's testimony and work papers from a rate case docket in Utah.¹¹ Pacific Power's response to the Sierra Club data request included 56 electronic documents, none of which bore a label of "mine plan" and most of which were Excel spreadsheets.¹²

8 Mr. Twitchell has now analyzed the October 2013 mine plan and has determined that its projections of coal costs differ significantly from the assumptions in his testimony.¹³ Because of the complexity of the analysis, and its basis on Excel spreadsheets, it would not lend itself well to being addressed in live examination at hearing.¹⁴

IV. STATEMENT OF ISSUES

9 Whether Staff should be granted leave to file supplemental testimony on evidence that materially affects Staff's analysis of the prudence of the selective catalytic reduction installation and which Pacific Power did not provide in response to Staff discovery until after rebuttal. While Pacific Power did provide the document in response to discovery from another party, it was not labeled such that Staff could ascertain that this document was actually the October 2013 mine plan. Staff's analysis of the October 2013 mine plan is critical to the prudence review of SCR installation because it contains significantly different coal costs than the projections Staff relied on to formulate its response testimony.

¹¹ Twitchell Declaration at ¶ 25.

¹² Twitchell Declaration at ¶ 26.

¹³ Twitchell Declaration at ¶ 29.

¹⁴ Twitchell Declaration at ¶ 30.

V. EVIDENCE RELIED UPON

10 Staff relies on the Declaration of Jeremy Twitchell, with attachment, which is
appended to this motion.

11 Staff further relies on the prefiled response testimony of Mr. Twitchell, Exhibit No.
JBT-1T, primarily at page 8, and at pages 33 through 35.

12 In addition, Staff relies on the rebuttal testimony of Pacific Power witness, Dana
Ralston, Exhibit No. DR-1CT.

VI. ARGUMENT

13 The Commission's administrative rules specifically provide for motions related to
evidence such as "motions requesting authority to file supplemental or additional
testimony." WAC 480-07-375(d). In this case supplemental testimony is appropriate
because Staff did not have the opportunity to incorporate an analysis of the actual October
2013 mine plan into Staff's responsive testimony and this analysis materially affects that
testimony. Staff asked for the 2013 mine plan in discovery, and Pacific Power provided
Staff with one of the mine plans but not both. Nor did it voluntarily supplement its data
request response as required by law.

14 Instead of seeking clarification as to which mine plan Staff was requesting or simply
providing both, Pacific Power provided only one, an undated plan. After Staff filed response
testimony, and the Company made clear in its testimony that it knew Staff had relied on the
wrong mine plan, the Company did not seek to supplement its response and provide the
missing mine plan. Because of the delay in providing Staff with the October 2013 mine plan
in response to Staff's January data request, it is appropriate to allow Staff to now
supplement the record with additional prefiled testimony.

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Mr. Twitchell reasonably assumed that the mine plan that the Company provided in February was the October 2013 mine plan. He had reviewed testimony from the Company in the prior rate case referencing the October 2013 mine plan, and he had learned from his conversation with Pacific Power representatives during his site visit that the mine plans were generally updated only every few years and that projected coal prices were updated every two years. As a result of his conversation, Mr. Twitchell had no reason to even suspect that there might be *two* 2013 mine plans and every reason to believe that there was only one.

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Even though the October 2013 mine plan had been provided to all of the parties in response to discovery from Sierra Club, it would have been very difficult for Mr. Twitchell to know this. The Sierra Club data request, which asked for a Company witness's testimony and exhibits from a rate proceeding in another state, did not indicate anything about a mine plan. Moreover the response, which contained multiple Excel documents, none of which was titled "mine plan" in the electronic file names or in the spreadsheet headers, did not make the inclusion of the October 2013 mine plan evident. Mr. Twitchell cannot be expected to know that one of these Excel documents constituted the October 2013 mine plan, especially when he assumed that he had obtained it through the Company's response to UTC Staff Data Request No. 99.

17

The October 2013 mine plan contains information that is critical to the Commission's prudence review of the SCR installation. Because the projections of coal costs from the BCC mine play an integral role in the analysis of the cost effectiveness of continuing to operate the Bridger plant as a coal-fired resource with SCR, it is important that the record reflect an accurate analysis of what these projections were at the time the Company made its decision to continue with the installation of SCR. Staff's proposed

prefiled supplemental testimony will correct the record regarding the projections of coal costs that were available to the Company.


VII. CONCLUSION

18 Commission Staff requests that the Commission grant its motion for leave to file supplemental testimony and exhibits that incorporate the October 2013 mine plan into Staff's analysis. The October 2013 mine plan was available—but not to Staff—at the time Staff filed its responsive testimony, and it is therefore appropriate to allow Staff to supplement the record and provide the Commission with testimony that is vital for the review of the prudence of the Bridger SCR.

Dated this 25th day of April 2016.

Respectfully submitted,

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