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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF WYOMING

IN THE MATTER OF THE APPLICATION	
OF ROCKY MOUNTAIN POWER FOR	DOCKET NO.
APPROVAL OF A CERTIFICATE OF	20000-418-EA-12
PUBLIC CONVENIENCE AND NECESSITY	(RECORD NO. 13314)
TO CONSTRUCT SELECTIVE CATALYTIC	
REDUCTION SYSTEMS ON JIM BRIDGER	CONFIDENTIAL
UNITS 3 AND 4 LOCATED NEAR	
POINT OF ROCKS, WYOMING	

TRANSCRIPT OF HEARING PROCEEDINGS

Volume I

PURSUANT TO NOTICE duly given to all parties in interest, this matter came on for hearing on the 26th day of March, 2013, at the hour of 8:30 a.m., in the Commission Hearing Room, 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming, before the Public Service Commission, Steve Mink, Assistant Secretary and Counsel, presiding; with Chairman Alan B. Minier and Commissioner William F. Russell also in attendance. Also present were Lori Brand, Assistant Secretary and Counsel; Dave Walker, Michelle Bohanan, Brittney Brinkmeier, Laura Yetter and Perry McCollom, technical advisors to the Commission.

1 (Witness sworn.)

2 MR. MINK: Please be seated.

3 CINDY A. CRANE,

4 called for examination by the Applicant, being first duly
5 sworn, on her oath testified as follows:

6 DIRECT EXAMINATION

7 Q. (BY MR. HICKEY) Good afternoon.

8 A. Good afternoon.

9 Q. For the record, could you please state your name
10 and your business address.

11 A. Okay. My name is Cindy Crane. My business
12 address is 1407 West North Temple, Salt Lake City, Utah.

13 Q. And by whom are you employed, Ms. Crane?

14 A. I am the vice president of Interwest Mining
15 Company as well as PacifiCorp's fuel resources department.

16 Q. And could you please summarize the duties and
17 responsibilities that you hold in that position for
18 PacifiCorp.

19 A. Yes, I can. I have responsibility for the
20 management of PacifiCorp's subsidiary coal mining
21 operations as well as for PacifiCorp's coal fueling for the
22 entire coal generation fleet. So I procure the fuel as
23 well as the mining aspects of the fuel that we mine as well
24 as the transportation responsibilities for delivery to the
25 plants.

1 Q. And have you had an opportunity to file rebuttal
2 testimony in this docket that's now received in evidence as
3 Rocky Mountain Power Exhibit 3?

4 A. Yes, I have.

5 Q. And do you have any additions or corrections to
6 that testimony?

7 A. No, I do not.

8 Q. Have you had an opportunity to prepare a summary
9 of your testimony?

10 A. Yes, I have.

11 Q. Would you please share it with the Commission and
12 the parties.

13 A. Certainly. Thank you.

14 Mr. Chairman, Commissioner Russell and your
15 advisors. I'm here today to address the coal supply update
16 that was made as part of the rebuttal filing as well as to
17 respond to coal-supply-related issues that were raised by
18 intervenors in this case.

19 Regarding the coal supply update specifically, as
20 part of the Bridger mines coal supply agreement, the mine
21 has a contractual obligation with Idaho Power and
22 PacifiCorp which requires them to perform updated life of
23 mine plans, including reclamation plans, every three years.
24 The last detailed update of these plans was completed in
25 2009.

1 So in the original filing in this case, the
2 company utilized the 2011 business plan from the Bridger
3 mine. Unfortunately, the business plan did not have
4 updated reclamation trust fund contribution rates included
5 in it.

6 Subsequent to this initial filing or the original
7 filing in this case, the mine was able to complete all of
8 its regularly scheduled updated life of mine planning. So
9 with the updated and detailed life of mine planning
10 completed, the company was then able to utilize that more
11 current information in the rebuttal filing to ensure that
12 we had the absolute most current information available in
13 this proceeding for the analysis and the decision-making.

14 My rebuttal testimony in this proceeding explains
15 what the changes in the fuel costs from the original filing
16 to the rebuttal were and what drove those between the two
17 filings.

18 In addition, I directly respond in my testimony
19 to issues raised by Sierra Club witness Dr. Fisher. The
20 first issue that Dr. Fisher raised in his direct testimony
21 was a question of whether it was appropriate for the
22 company to include in the Bridger surface mine the shutdown
23 reclamation costs in the gas conversion cases, which
24 Dr. Fisher was claiming would inappropriately burden the
25 decision in the gas conversion cases over the SCR

1 installation cases.

2 Following extensive interrogatories as well as
3 rebuttal testimony in this proceeding by myself and other
4 parties, Dr. Fisher in his cross testimony does now agree
5 that it is appropriate for the company to include those
6 mine reclamation costs in its analysis in the CPCN
7 proceeding.

8 Secondly, Dr. Fisher contends in his direct
9 testimony that the company could take the Bridger surface
10 mine's coal and transport it to other company power plants,
11 thereby avoiding the shutdown reclamation costs that are
12 included in the gas conversion cases.

13 Dr. Fisher in his own direct testimony admits
14 that he cannot definitively support that contention. My
15 rebuttal testimony in this proceeding points out that in
16 Dr. Fisher's analysis that he has in his testimony, he has
17 failed to include any mine capital in that analysis and he
18 is only relying on cash operating costs.

19 Specifically on the company-owned and operated
20 plants that Dr. Fisher references to believe that we could
21 ship this coal to, he fails to take into consideration that
22 those plants do not have any rail lines or even any
23 unloading facilities in order to receive the coal being
24 brought in. In fact, he cites two of those plants being
25 our Utah plants when, in fact, today those Utah plants

1 receive 100 percent of their coal either by conveyor belt
2 directly from the mine or by truck.

3 He also failed to recognize that in our Utah
4 facilities for our plants for the coal supply that we have
5 long-term coal supply agreement commitments which would
6 have significant liquidated damages should the company not
7 meet the minimum requirements under those contracts.

8 Dr. Fisher also contends that we could take some
9 of this coal to two of our joint-owned power plants that
10 are in Colorado, which we are minority owners at these
11 facilities. But, in fact, in both of those plants, they
12 also have long-term coal supply agreements in place, which
13 would result in significant liquidated damages.

14 In addition to that, the company does not even
15 have the authority as a minority owner in those facilities
16 to independently make a decision to bring in a different
17 coal supply source.

18 Lastly, Dr. Fisher contends in his direct
19 testimony that the company could sell the Bridger surface
20 mine coal to others. Dr. Fisher fails to take into
21 consideration that there is already an oversupply, an
22 oversupply situation in the southwest Wyoming coal market
23 area and that, with the upcoming refueling of the company's
24 Naughton Unit 3, the imbalance will even -- will worsen
25 further in that supply area and is likely to cause the

1 shutdown of at least one of the currently operating mining
2 operations in that coal basin.

3 He also disregards that the Bridger surface
4 mine's higher overburden cost structure, so higher strip
5 ratios since it's a surface operation, as well as its lower
6 heat content and its higher ash constituency in the coal
7 quality relative to other coals, it will -- places the
8 Bridger surface coal at a significant disadvantage, as well
9 as that the mine does not have any infrastructure
10 facilities in order to load coal so that it can be
11 transported away.

12 In conclusion, the company operates in all of the
13 western coal markets in order to ensure that we have a
14 portfolio supply to fuel our entire fleet, and we are very
15 much aware of the supply and demand dynamics in these coal
16 basins as well as the coal quality characteristics which
17 determine whether there are markets that exist for specific
18 coals or not.

19 In addition, the company has been very diligent
20 in its mine planning to ensure that we have included in the
21 analysis in this proceeding the absolute most current
22 detailed mine planning data available for the decision
23 relating to the SCR installations.

24 That's the conclusion I my summary. Thank you.

25 MR. HICKEY: Mr. Mink, Ms. Crane is

1 available for examination by the Commission and parties.

2 MR. MINK: Thank you.

3 Mr. Pomeroy.

4 MR. POMEROY: I have no questions of this
5 witness.

6 MR. MINK: Mr. Ritchie.

7 MR. RITCHIE: Yes. A few questions.

8 CROSS-EXAMINATION

9 Q. (BY MR. RITCHIE) Good afternoon, Ms. Crane. How
10 are you?

11 A. Good afternoon. I'm great, thanks.

12 Q. Travis Ritchie with the Sierra Club.

13 A. Yes.

14 Q. Miss Crane, I'd like to start with the statement
15 that I believe you made in your opening summary, and I
16 didn't quite get this right, but please correct me. I
17 believe you said at one point that subsequent to discovery
18 Dr. Fisher now agrees that reclamation costs are
19 appropriate in the CPCN proceeding?

20 A. Yes. In his own testimony, in his cross
21 testimony -- let me get it for you here -- on page 9 of his
22 cross testimony, he does say, "Since the Bridger coal
23 company is a regulated rate base entity of PacifiCorp, the
24 company fully expects to recover the entity's costs either
25 as a fuel expense or in higher capital costs passed through

1 to ratepayers via future rate cases. The company makes the
2 appropriate assumption in this case that if the choice to
3 retire or retrofit the Jim Bridger plant incurs a change in
4 planning," which is specifically what occurs to the Bridger
5 surface mine, "those costs should be subject to analysis
6 within the CPCN."

7 Q. So thank you. And that is the portion of
8 Dr. Fisher's testimony that I was hoping I was going to
9 direct you to if you hadn't already had it ready. So thank
10 you.

11 But you did state that he conditions that
12 assumption on the clause "if the choice to retire or
13 retrofit the Jim Bridger plant incurs a change in
14 planning"?

15 A. That is correct.

16 Q. So you agree that any agreement in Dr. Fisher's
17 testimony is conditioned on that being the case?

18 A. That's what he states.

19 Q. Thank you. I just wanted to make that clear.

20 A. Yes.

21 Q. So, Ms. Crane, if I could direct you to page 13
22 of your rebuttal testimony, please.

23 A. Certainly. Okay.

24 Q. And the question at line 7 asks if the Bridger
25 surface mine can operate at a reduced level in the two-unit

1 scenario. When you say a two-unit scenario, I'm assuming
2 you're talking about shutting down two of the power plant
3 operating units; is that correct?

4 A. That is correct, 50 percent of the level that
5 it's currently operating at today.

6 Q. So your testimony is that the surface mine would
7 shut down if only two Jim Bridger generating units are
8 operating. Sorry. That was answered. I can move on
9 unless you disagree with me.

10 Does the mine plan assume that the surface mine
11 would also shut down if only three of the four Jim Bridger
12 units are operating?

13 A. Yes, it would.

14 Q. Does it matter which units are shut down?

15 A. I don't believe so.

16 Q. So if it was the case that Jim Bridger Units 1 or
17 2 or both 1 and 2 shut down, then you would similarly
18 expect the Bridger surface mine to shut down?

19 A. If the other two units had not previously been
20 shut down. There would be a subsequent effect on the
21 Bridger surface mine if that were an outcome of another
22 proceeding.

23 Q. So to be clear, if 3 and 4 continue to operate
24 but five years from now 1 and 2 either did a gas conversion
25 or shut down, stopped using coal, that you would similarly

1 expect the Bridger mine remediation costs to be incurred
2 similar to this two-unit scenario that you identified in
3 your testimony?

4 A. Yes, we believe you would have the same volume
5 loss effect on the mine.

6 Q. Now, I believe you also stated in your testimony
7 that, compared to the market, Bridger coal is at a
8 significant disadvantage; is that correct?

9 A. That is correct.

10 Q. And that's partly due to some of the costs of the
11 overburden and the strip ratios; is that correct?

12 A. That's correct. It's a high strip ratio mine.

13 Q. And are those costs increasing?

14 A. Depending on which pits get mined, they will.

15 Q. At some point does the cost of the Bridger coal
16 mine exceed the cost of the coal that's available on the
17 market?

18 A. There's the potential, but that is factored into
19 our analysis in our long-term fueling as we look at that.

20 Q. But is it fair to say that if the costs of
21 Bridger coal did exceed the costs that were available to
22 the company on the market, would you expect to shut the
23 surface mine and get coal from the market instead?

24 A. We would certainly look at what the alternatives
25 to manage the best lowest cost portfolio would be.

1 Q. But to be clear in this proceeding, the shutdown,
2 the remediation costs, the accelerated remediation cost
3 that you identified in the two-unit coal scenario, those
4 costs have been attributed to the gas conversion scenario
5 in the comparison for this proceeding; is that correct?

6 A. That's correct because the gas conversion
7 scenarios are causing the drop in the volume, and thus, the
8 shutdown of the Bridger surface operation.

9 Q. And so that assumes that in the gas conversion
10 scenario that Units 1 and 2 are still operating?

11 A. It assumes we maintain a 50 -- a 50 percent
12 volume from where we're at today.

13 Q. Through the timeline of the remediation plan.
14 And similarly, that assumes that you continue to use
15 Bridger coal as opposed to going to the market.

16 A. Yes. We use the Bridger underground coal.

17 Q. I'll move on a little bit, Miss Crane. I'd like
18 to briefly address an issue that came up in the Utah docket
19 but I don't think was addressed as directly here.

20 Is it correct that the mining plan for the two-or
21 three-nit Bridger mine scenario assumes that remediation
22 expenses would begin five years prior to the scheduled 2018
23 mine closure?

24 A. Subject to check on the five years, they do begin
25 prior to the shutdown date, and that's because the mining

1 surface drag lines stop mining, and we move to the more
2 economic low-cost high-wall mining, and therefore, those
3 drag lines immediately go into the remediation activities.

4 Q. And the remediation activities in that scenario
5 continue for a total of nine years; is that correct?

6 A. Subject to check, I believe that's correct.

7 Q. And conversely, in your analysis of the four-unit
8 scenario where four units continue to operate, the
9 remediation expenses begin only two years prior to the
10 expected mine closure of 2037; is that correct?

11 A. I think in actuality, Mr. Ritchie, we have
12 remediation expenses in some volumes as we go. So, you
13 know, it's all about magnitude, but the bulk of the
14 remediation costs for the final shutdown costs do occur at
15 the tail end of the life of the mine, which in the
16 four-unit scenario is nearer to the 2037 date. So I
17 believe they start significantly later, and that's driven
18 because the drag lines are both operating full time, 7 by
19 24 producing coal through that entire period, and
20 therefore, we are still actively mining in those pits.
21 Therefore, they are not at a point in their life to be
22 reclaimed.

23 Q. And just to be clear to finish up that end that
24 pushed out the 2037 scenario, the four-unit scenario, the
25 remediation expenses in that scenario the plan calls for a

1 12-year period for the bulk of those remediation expenses;
2 is that correct?

3 A. Subject to check.

4 Q. Subject to check. Okay. Do you know -- in the
5 company's updated analysis, do you know the total net
6 present value impact that the surface mine remediation case
7 had on the company's updated analysis?

8 A. It would be a confidential number for starters.

9 Q. Well, before I ask what the number is, do you
10 know what it is?

11 A. What I can provide you is that I know what the
12 change in the fuel cost update was from the original filing
13 to the rebuttal filing.

14 Q. But as far as the number, I believe Mr. Teply had
15 stated in confidential as well there's a number that was
16 kind of the final conclusion of what the present-value
17 revenue requirement differential was in this case, and what
18 I'm asking for, because I don't know because I didn't see
19 it in the testimony, is what is the Bridger mine's -- the
20 two-unit scenario Bridger mine's contribution to that total
21 number?

22 A. I would need to chat with Mr. Link being's he's
23 the one that does the holistic modeling in the case. We
24 provided some inputs as it pertains to fuel, but he does
25 the present-value modeling himself.

1 MR. RITCHIE: Fair enough, Miss Crane,
2 thank you. I have no further questions.

3 MR. MINK: Miss Anderson.

4 MS. ANDERSON: I do not have any questions.
5 Thank you.

6 MR. MINK: Mr. Williams.

7 MR. WILLIAMS: I have no questions. Thank
8 you.

9 MR. MINK: Mr. McCollom, do you have
10 questions?

11 MR. MCCOLLOM: No questions. Thank you.

12 MR. MINK: Miss Brinkmeier?

13 MS. BRINKMEIER: No questions.

14 MS. BOHANAN: No questions.

15 MS. YETTER: No questions.

16 COMMISSIONER RUSSELL: No questions.

17 CHAIRMAN MINIER: No questions.

18 MR. HICKEY: Mr. Mink, I'd ask on behalf of
19 Miss Crane that she be excused from the balance of the
20 proceeding. She has some business to attend to in Salt
21 Lake tomorrow.

22 MR. MINK: As you wish.

23 MR. HICKEY: If that's the pleasure of the
24 Commission, I know she would appreciate being excused from
25 the balance of the hearing.