

BEFORE THE  
WYOMING PUBLIC SERVICE COMMISSION

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<b>In the Matter of:</b>	)	
The Application of PacifiCorp for	)	
Approval of a Certificate of Public	)	
Convenience and Necessity to Construct	)	<b>Docket No. 2000-418-EA-12</b>
Selective Catalytic Reduction Systems on	)	
the Jim Bridger Units 3 and 4	)	

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**Direct Testimony of  
Jeremy Fisher, Ph.D.**

**On Behalf of  
Sierra Club**

**February 1, 2013**

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1 Company and Bridger Plant are in fact a single business entity, the appropriate  
2 way to evaluate the impact of future coal prices on Bridger Plant operations is to  
3 use the opportunity cost of coal at the market price.

4 It is my opinion that if the market price for coal is higher than the price currently  
5 charged by Bridger Coal Company to Bridger Plant, that higher price should be  
6 used in the analysis. On the other hand, if the market price for coal is lower than  
7 the projected price that will be charged by Bridger Coal Company to Bridger  
8 Plant in the event of accelerated surface mine reclamation due to Bridger 3 & 4  
9 retirement, then that lower market price should be used in the analysis. As in any  
10 forward looking planning, decisions regarding the future operating strategy for  
11 Bridger 3 & 4 should be based on an analysis using the future market prices for  
12 coal and not the Bridger Coal Company price.

13 **7. REQUIREMENT FOR SCR NOT ENFORCEABLE UNTIL 2018**

14 **Q Does the Company need to move forward with construction of SCR on Jim**  
15 **Bridger 3 & 4?**

16 **A** No. As my testimony above shows, moving forward with construction of SCR is  
17 not in the best interests of ratepayers. However, even if you set aside all of my  
18 previous testimony regarding the lack of economic merit for the proposed  
19 construction, there is no reason for the Company to move forward with the  
20 proposed construction right now.

21 The Company proposes to complete the projects at Units 3 and 4 by December  
22 31, 2015 and December 31, 2016, respectively. The Company filed its application  
23 with the Commission based in part on its requirement to comply with the  
24 Environmental Protection Agency's ("EPA") final BART determination for all  
25 four of the Jim Bridger coal-fired power plant units.<sup>64</sup> When the Company  
26 initiated this proceeding, EPA had already issued a proposed BART

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<sup>64</sup> Direct Testimony of Chad A. Teply, p. 41.

1 determination accelerating the requirement to install SCR on Units 1 and 2 (i.e.  
2 December 2015 and 2016, respectively).<sup>65</sup> The Company believed that EPA  
3 would issue a final BART determination for the Jim Bridger facility by mid-  
4 October of 2012, which would have allowed sufficient time to incorporate EPA's  
5 final rule into the evidentiary record of this proceeding, and presumably would  
6 have allowed the Company and the Commission to consider any additional  
7 economic impacts that would result from accelerating the installation of SCR on  
8 Units 1 and 2. However, in December 2012, EPA requested and received an  
9 extension to a court-ordered deadline to issue a final BART determination for Jim  
10 Bridger and the other Wyoming BART-eligible facilities (the "Consent Decree").

11 **Q Please briefly describe the recent revisions to the Consent Decree governing**  
12 **the schedule under which EPA is required to issue a final rulemaking with**  
13 **respect to BART determinations for Wyoming BART-eligible facilities.**

14 **A** On December 13, 2012, EPA notified the public that it was delaying its final  
15 BART determination for the Jim Bridger facility. Rather than issuing a final  
16 decision in October 2012, EPA will now issue a new proposed BART  
17 determination for Jim Bridger by March 29, 2013, with a final rule to follow by  
18 September 27, 2013. All four of the Jim Bridger units are BART eligible;  
19 therefore, EPA's final BART determination will affect the entire plant. EPA's  
20 proposed rule, now withdrawn, had proposed to approve the state's submittal on  
21 timing and configuration to install SCR at Jim Bridger units 3 and 4, but rejected  
22 the state's plan for units 1 and 2 and accelerated the requirement to install SCR on  
23 those units.<sup>66</sup> The fact that EPA has withdrawn its prior draft rule and will issue a  
24 new draft rule addressing BART-eligible facilities in Wyoming makes it  
25 reasonable to assume that EPA intends to significantly revise its prior proposal.

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<sup>65</sup> 77 Fed. Reg. 33036. June 4, 2012.

<sup>66</sup> 77 Fed. Reg. 33053. June 4, 2012.

1 **Q What impact does the EPA delay have on the Company's timeline for**  
2 **compliance with the Regional Haze Rule?**

3 **A** With the delay in issuing the final BART determination and the withdrawal of  
4 EPA's previous proposal to approve the timing of installation of SCRs as BART  
5 for Bridger Units 3 and 4, the Company's compliance obligations with regard to  
6 the Regional Haze Rule are uncertain. Even assuming EPA does ultimately  
7 approve the SCRs as BART, it is quite possible that the final rule could impose a  
8 more stringent emission limit, which in turn could cost more money. PacifiCorp  
9 acknowledged that it has not factored in these potential cost increases into its  
10 analysis of the proposed SCR projects.<sup>67</sup>

11 In addition, the anticipated federal compliance deadline that the Company  
12 previously relied upon to justify installation of SCRs by the end of 2015 and 2016  
13 will certainly not materialize. Under the Visibility Protection section of the Clean  
14 Air Act, the Company has a maximum of five years from the date of approval of a  
15 plan revision (or, in this case, of promulgation of a plan revision by EPA) to  
16 procure, install, and operate the best available retrofit technology. 42 U.S.C.  
17 7491(b)(2)(A). If the final promulgation of EPA's BART determination for the  
18 Jim Bridger facility will take place on September 27, 2013, assuming the  
19 determination is published immediately, then the new compliance deadline for the  
20 installation and operation of BART controls in Wyoming would be no earlier than  
21 September 27, 2018. This timeframe gives the Company nearly 3 additional years  
22 before controls must be in place, or in the alternative, before replacement capacity  
23 must be procured.

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<sup>67</sup> Rocky Mountain Power's Mem. in Opp'n to Sierra Club's Mot. for a Stay or Continuance Pending Final Action, January 10, 2013 at fn 5.