

**Powder River Basin Resource Council * Sierra Club * HEAL Utah
Snake River Alliance * Idaho Conservation League**

June 21, 2013

Idaho Public Utilities Commission
Utah Public Service Commission
Oregon Public Utility Commission
Wyoming Public Service Commission
Washington Utilities and Transportation Commission
California Public Utilities Commission

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OFFICE OF THE ATTORNEY GENERAL
STATE OF IDAHO

RE: PacifiCorp's 2013 Integrated Resource Plan

Dear Commissioners:

Our organizations are writing to express concerns about the scope of analysis in PacifiCorp's 2013 Integrated Resource Plan (IRP) that the company submitted to you at the end of April. Specifically, we have significant concerns about the scope of PacifiCorp's analysis related to reasonably foreseeable coal plant costs and how those costs relate to electric generation options of the company in both the short and long term.

On May 23, 2013 the U.S. Environmental Protection Agency (EPA), through its regional office in Denver, issued a draft proposal related to implementation of the regional haze rule in Wyoming. The regional haze rule requires Best Available Retrofit Technology (BART) pollution controls at ten PacifiCorp coal units in Wyoming and additional pollution controls at two older coal units as part of the long-term strategy to reduce haze-causing pollution.

We understand the difficulties inherent in assessing yet-to-be-finalized government regulations. However, forecasting liability, such as the liability created by the regional haze rule, is a paramount part of properly being able to select resource choices that will be the least-cost, least-risk for customers.

In the case of the PacifiCorp IRP and its related coal study, the company completely missed the mark. Despite knowing about the range of potential pollution controls that EPA was evaluating as part of its regional haze rulemaking process, PacifiCorp did not consider selective catalytic reduction (SCR) controls for nitrogen oxide emissions at three of its units and selective non-catalytic reduction (SNCR) controls at one other unit in the near term. To help explain the situation, here is what was analyzed versus what will be required:

Coal Unit	NOx Control Technology Analyzed in the IRP	NOx Control Technology Required by the EPA
Naughton Unit 1	No additional controls	SCR in 2018
Naughton Unit 2	No additional controls	SCR in 2018
Dave Johnston Unit 3	SNCR in 2017	SCR in 2018
Dave Johnston Unit 4	No additional controls	SNCR in 2018

Regrettably, PacifiCorp's failure to consider the possibility that these costs would be foreseeable came as a result of willfully ignoring the advice and comments of our organizations. On at least three occasions throughout the stakeholder engagement process, Powder River Basin Resource Council and others asked PacifiCorp to consider a more stringent regional haze scenario where SCR would be required on additional coal units. Organizations told the company that they believed this would be a reasonably foreseeable outcome of EPA's action and should therefore be analyzed. The company refused. Now that EPA has in fact recommended these pollution controls, PacifiCorp's IRP in regards to a significant portion of the coal fleet is fundamentally flawed.

The costs of these pollution controls are important to analyze both in the context of the individual coal units but also in the context of the company's entire coal fleet. Neither the unit specific nor the cumulative economic analysis for these possible expenditures was conducted as part of the company's IRP. As a result, PacifiCorp's IRP does not include an accurate accounting of the likely additional capital investments required to operate these plants.

Our organizations will be participating in the IRP public comment and hearing processes in each of our respective states. However, we wanted to send this joint letter to all of the Commissions to let you know about this serious flaw in the IRP in the hope that you will be able to address it as soon as possible.

To the extent that the timing does not allow for a request for additional analysis from the company, we ask that you take action to not acknowledge any portions of the IRP related to coal plant expenditures and future resource allocation choices until such time as PacifiCorp remedies its analysis.

Thank you for your time and attention.

Sincerely,

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