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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
lnordstrom@idahopower.com

November 4, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-16
Certificate for Public Convenience and Necessity for Jim Bridger Units 3 and
4 – Replacement Pages 19 and 20 to the Rebuttal Testimony of Tom Harvey

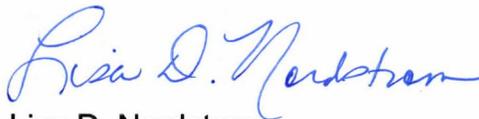
Dear Ms. Jewell:

It has come to the attention of Idaho Power Company (“Company”) that pages 19 and 20 of the Rebuttal Testimony of Tom Harvey contain confidential information that should have been redacted. Therefore, nine (9) copies of Mr. Harvey’s redacted rebuttal testimony are enclosed for filing. Other than the redactions, no other changes have been made to the testimony.

In addition, enclosed in a separate envelope are nine (9) copies of **confidential** pages 19 and 20 to Mr. Harvey’s testimony.

If you have any questions regarding the enclosed documents or this matter, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

LDN:evp
Enclosures
cc: Service List (w/encls.)



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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
lnordstrom@idahopower.com

October 29, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-16
Investment in Selective Catalytic Reduction Controls for Jim Bridger Units 3
and 4 – Idaho Power Company's Rebuttal Testimony

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and nine (9) copies each of the Rebuttal Testimony of Tom Harvey and Michael J. Youngblood. One copy of each witness's rebuttal testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of the aforementioned rebuttal testimony is enclosed for the Reporter.

Sincerely,

Lisa D. Nordstrom

LDN:evp
Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO. IPC-E-13-16
AND NECESSITY FOR THE INVESTMENT)
IN SELECTIVE CATALYTIC REDUCTION)
CONTROLS ON JIM BRIDGER UNITS 3)
AND 4.)
_____)

IDAHO POWER COMPANY

REBUTTAL TESTIMONY

OF

TOM HARVEY

1 Q. Please state your name.

2 A. My name is Tom Harvey.

3 Q. Are you the same Tom Harvey that previously
4 presented direct testimony?

5 A. Yes.

6 Q. What is the scope of your rebuttal testimony?

7 A. My rebuttal testimony will begin by
8 addressing the criticisms of Idaho Power Company's
9 ("Idaho Power" or "Company") Coal Unit Environmental
10 Investment Analysis ("Coal Study"), Exhibit Nos. 5 and 6
11 of my direct testimony, raised by the Industrial Customers
12 of Idaho Power ("ICIP") witness Dr. Reading, Snake River
13 Alliance ("SRA") witness Mr. Miller, and the Idaho
14 Conservation League ("ICL") witness Ms. White. I will then
15 explain how the Company's Integrated Resource Plan
16 ("IRP") is aligned with, and served as the foundation for
17 assumptions in, the Coal Study. Lastly, I will address
18 certain investments that I believe the Idaho Public
19 Utilities Commission ("Commission") Staff ("Staff")
20 witness Mr. Louis inappropriately excluded from his
21 recommendation for pre-approved ratemaking treatment.

22 **I. COAL STUDY CRITICISMS**

23 Q. How would you characterize each party's
24 conclusions with regard to the Company's Coal Study?

25

1 A. After a thorough review of the Company's
2 Coal Study and all of its inputs through several rounds
3 of discovery and a number of on-site visits, the Staff
4 concluded that the Company's Coal Study methodology is
5 reasonable and the conclusions reached by the study
6 support investment in the Selective Catalytic Reduction
7 ("SCRs") controls at issue in this case. Dr. Reading,
8 Mr. Miller, and Ms. White were critical of Idaho Power's
9 analysis and cited perceived deficiencies related to the
10 modeling of uncertainty in carbon regulation. However,
11 Dr. Reading, Mr. Miller, and Ms. White failed to provide
12 any substantive analyses or alternative inputs that could
13 correct the perceived deficiencies. In other words, they
14 critiqued isolated parts of the Company's Coal Study
15 methodology, but, practically speaking, they were unable
16 to propose a better model for evaluating the Company's
17 options.

18 Q. Does the Company believe there is
19 uncertainty related to coal regulation?

20 A. Yes, the Company agrees that coal regulation
21 uncertainty exists, but its recommendation to install the
22 SCRs was made based upon what is known today and what can
23 be reasonably foreseen or modeled. Waiting for perfect
24 knowledge before taking action is not an option that will
25 ensure reliable service to customers.

1 Q. How did Ms. White support ICL's view that
2 the Company's Coal Study analysis failed to model the
3 uncertainty?

4 A. On pages 4 and 5 of Ms. White's testimony,
5 she provided excerpts from a report published by the
6 Edison Electric Institute and the McKinsey Global
7 Institute ("McKinsey"), which describe the uncertainties
8 facing utilities related to "disruptive forces"; however,
9 she provided no analysis or recommendations regarding how
10 she believes these uncertainties should or could have
11 been addressed in the Company's analysis.

12 Q. Do you agree with Ms. White's contention on
13 pages 4 and 5 of her testimony that energy storage
14 technology should or could have been considered as part
15 of the Company's Coal Study?

16 A. No, I do not. At this point in time, it is
17 neither appropriate nor prudent to develop a resource
18 procurement strategy that relies upon an energy storage
19 technology that is not currently technically nor
20 economically viable at a utility scale. There is no
21 question that advancement of storage technology would be
22 a major breakthrough in the energy world. In particular,
23 I agree with the McKinsey report, referenced by Ms.
24 White, in that advanced battery storage systems would
25 help with integration of solar and wind power. The

1 McKinsey report clearly describes the transformative
2 potential of energy storage. With continued
3 technological advancement, energy storage is likely to
4 decrease in cost over time. However, there is simply too
5 much uncertainty around when and to what extent cost
6 decreases will occur for the variety of storage
7 technologies described in the McKinsey report to be
8 modeled and included in Idaho Power's Coal Study.

9 Q. On page 7 of her testimony, Ms. White
10 maintains that the Company focused its Coal Study
11 analysis on how to maintain nameplate capacity rather
12 than how to best serve future customer energy needs. Is
13 this a correct characterization of the Company's
14 analysis?

15 A. No. The Company's analysis was focused on
16 determining the least-cost and lowest-risk option for
17 compliance with environmental regulations that would
18 still provide the Company with a baseload resource that
19 would continue to reliably and economically meet
20 customers' electricity needs.

21 Q. Do you agree with Mr. Miller's contention,
22 on page 24 of his testimony, that the Company's annual
23 generation by fuel type is the correct presentation of
24 Idaho Power's portfolio diversity?

25

1 A. No. Mr. Miller's testimony responds to Ms.
2 Grow's description of Idaho Power's resource portfolio as
3 being among the most diverse, and therefore secure in the
4 nation. Nameplate capacity is the industry standard for
5 describing the maximum output capability of a resource.
6 In its Coal Study, the Company considered resource
7 nameplate capacity as well as capacity factor, a measure
8 of the annual production capability of a resource. This
9 provides for a fair comparison between available baseload
10 generation resource options. Baseload resources like the
11 Jim Bridger plant must operate at relatively high
12 capacity factors to successfully meet energy demands
13 throughout the year. Because the Coal Study analysis was
14 intended to identify cost-effective ways to meet the
15 loads currently served by the Jim Bridger plant, only
16 dispatchable resources with similar nameplate capacities
17 were appropriately considered. Thus, while Idaho Power
18 agrees with Mr. Miller that supplied energy mix is an
19 appropriate reflection of pollution emissions, the focus
20 of Ms. Grow's testimony and Idaho Power's Coal Study was
21 on capacity.

22 Q. On pages 8 and 9 of Dr. Reading's testimony,
23 he points to the single scenario in the Coal Study in
24 which the SCR is not the lowest cost. Please describe
25 the other scenarios included in the Coal Study.

1 A. Eight of the nine sensitivities in the Coal
2 Study identified the SCR investments as being the lowest
3 present value cost alternative. It is only under the
4 unlikely event that a low gas price future is coupled
5 with a high carbon adder future that the SCR investments
6 would result in a higher present value cost than
7 replacing Jim Bridger Units 3 and 4 with a Combined Cycle
8 Combustion Turbine ("CCCT"). The other eight analyzed
9 combinations of natural gas and carbon futures support
10 the installation of SCR controls.

11 Q. Did the Company analyze a reasonable range
12 of future environmental control costs in its Coal Study?

13 A. Yes. The Company utilized available
14 information related to future environmental control costs
15 when it performed the Coal Study analyses and
16 subsequently filed this request for a Certificate of
17 Public Convenience and Necessity ("CPCN"). What the
18 Company knew at the time it filed the Application was
19 that the Environmental Protection Agency ("EPA") proposed
20 approving sections of the Wyoming State Implementation
21 Plan ("SIP"), including the parts pertaining to the SCRs
22 at Jim Bridger Units 3 and 4, which will make compliance
23 with the Wyoming SIP by the stated deadlines federally
24 enforceable. As the future of carbon regulation is not
25 known, the Company included a "carbon adder" in its Coal

1 Study that represents those future costs of regulation
2 that are not currently known but assumed to occur in some
3 fashion in the future. This is the same carbon adder
4 that was used in the Company's 2013 IRP which is intended
5 to capture future unknown costs associated with carbon
6 regulation.

7 Q. Mr. Miller stated on page 12 to 13 of his
8 testimony that Idaho Power omitted analysis of other
9 pollution control regulations in its Coal Study. Is Mr.
10 Miller's statement accurate?

11 A. No. The Coal Study conducted by the Company
12 included the anticipated impacts of other existing,
13 proposed, or expected regulations. These include the
14 Clean Water Act requirements for existing coal-fired
15 power plants; Coal Combustion Residuals ("CCRs"),
16 National Ambient Air Quality Standards ("NAAQS"), and
17 Mercury and Air Toxic Standards ("MATS"). The
18 Application for the CPCN simply focuses on the
19 environmental regulations that directed the Company to
20 install SCRs on Jim Bridger Units 3 and 4.

21 Q. Why did the Company not include the
22 compliance costs for the MATS rule in its CPCN request as
23 Mr. Miller suggests on page 19 of his testimony?

24 A. Because the Company is required to comply
25 with the MATS rule, Idaho Power included the cost of

1 compliance with MATS in the Coal Study. The Coal Study
2 results indicated that it is cost-effective to install
3 SCRs at the Jim Bridger plant even with the additional
4 costs associated with MATS compliance. However, the
5 costs of compliance with MATS regulations are not nearly
6 of the same magnitude as the SCR investments. The
7 Company views the anticipated investments related to MATS
8 compliance to be more routine in nature and not of the
9 magnitude or type of investment justifying the regulatory
10 treatment associated with a CPCN.

11 Q. On page 8 of Ms. White's testimony she
12 states that the Company's minority interest in its Jim
13 Bridger plant exposes customers to risk. Do you agree?

14 A. I think there are risks unique to being both
15 a minority shareholder and a majority shareholder of a
16 plant like Jim Bridger. Idaho Power's counsel works to
17 minimize that risk through the terms of the Company's
18 operating agreements. Additionally, the Company actually
19 benefits from partnering with another utility that is
20 similarly aligned in a fiscal and regulatory sense as
21 well as having significant operational experience.
22 Partnering in a plant also reduces the scale of
23 investment required by each company and subsequently
24 recovered in rates.

25

1 Q. Do you agree with Mr. Miller's
2 characterization of the Coal Study as a "high-level
3 preliminary planning document, not a conclusive basis for
4 investment decisions"?

5 A. No. The quotations on pages 10 through 12
6 of Mr. Miller's direct testimony that attempt to
7 establish that the Company's Coal Study is simply a
8 "high-level" planning document are actually statements
9 included in the analysis performed by the Company's
10 outside consultant SAIC. The statements made in the SAIC
11 analysis are primarily "safe-harbor" statements, much
12 like the Company's identification of risks that it
13 includes in its U.S. Securities and Exchange Commission
14 ("SEC") filings, which is discussed next in my testimony.
15 The results of the SAIC analysis served as independent
16 third-party planning recommendations regarding the three
17 investment alternatives to be used in the Company's
18 comprehensive total portfolio resource cost analysis (the
19 Coal Study). The Company utilized the results from the
20 dynamic Coal Study to inform its decision on the SCR
21 investments.

22 Q. Did the statements in the Company's 2011
23 Annual Report on Form 10-K filed with the SEC indicate
24 that the Company lacked sufficient information needed to
25 invest in coal plants with the intent of extending their

1 lives, as Mr. Miller suggests on page 16 of his
2 testimony?

3 A. It is my understanding that risk factor
4 disclosures are a required part of the SEC report and serve
5 to inform the investors of potential risks a company may
6 face in its operating environment. Risk factor disclosures
7 also serve as an important protection for the Company
8 against claims of material omission or non-disclosure by
9 purchasers and sellers of its publicly-traded securities.
10 The form of disclosure that satisfies both of these goals
11 includes a discussion of not only those risks that are
12 known to exist and/or have measureable outcomes, but also
13 those that are speculative in nature, both in the
14 probability of occurrence and in the ultimate impact on the
15 Company's operations and financial condition. The risks
16 SRA quotes from the Company's 2011 Annual Report on Form
17 10-K did not say the Company lacks the information needed;
18 rather, it provides caveats that the Company does not have
19 perfect knowledge on the future of coal regulation and, in
20 fact, no one knows the outcome of future coal regulation.

21 Q. Would it have been reasonable, as Mr. Miller
22 suggests on page 21 of his testimony, for the Company to
23 attempt to negotiate an early shutdown of Jim Bridger
24 with the EPA as modeled as an option in its Coal Study
25 scenario assumptions?

1 A. No. Lisa Grow testified on page 8 of her
2 direct testimony, "The Jim Bridger Plant not only
3 provides highly valuable capacity during periods of peak
4 demand, but also low cost and dependable baseload
5 energy." Ms. Grow goes on to state, "The Jim Bridger
6 Plant has the lowest dispatch cost of Idaho Power's
7 entire thermal generation fleet." At the time the state
8 of Wyoming decided to require the SCRs at Jim Bridger
9 Units 3 and 4, it would not have been reasonable for the
10 Company to consider the shutdown of the Jim Bridger
11 plant, its lowest variable cost thermal resource, as an
12 economically viable alternative.

13 **II. IRP ASSUMPTIONS AND ANALYSIS IN THE COAL STUDY**

14 Q. Are the four risks covered by the IRP
15 "cursory" in nature, as suggested by Ms. White on page 11
16 of her testimony?

17 A. No. For Idaho Power, the conditions
18 encountered which significantly affect operating costs
19 and system reliability relate to water supply, operating
20 costs for thermal (gas and coal) resources, carbon
21 regulation, and customer demand. The IRP risk factors
22 were selected to capture the effects of these conditions,
23 recognizing that extreme levels for any one of these
24 conditions can cause operating costs for a resource
25 portfolio to markedly deviate from normal cost levels.

1 The selected risk factors allow the Company, as a
2 resource planner, to ask meaningful "what ifs." For
3 example, what if the cost to operate fossil fuel
4 resources increases greatly as a result of carbon
5 regulations? Or, what if natural gas costs soar? What
6 if water supply reaches critical levels? And, finally,
7 what if customer demand is much greater than expected?
8 What if all these occur at the same time? The Company's
9 objective is to predict how the IRP resource portfolios
10 perform under a spectrum of possible futures. Through
11 sampling of the four risk factors considered—natural gas
12 price, customer load, hydroelectric variability, and the
13 carbon adder—the IRP stochastic risk analysis considered
14 102 possible futures.

15 The risk analysis included in the IRP, notably the
16 selection of cost-of-carbon scenarios, was thoroughly
17 discussed with the IRP Advisory Council ("IRPAC")
18 (including ICL), and was not devised by Idaho Power
19 unilaterally. The Company views risk analysis as a vital
20 component of informed and prudent decision making.

21 Q. Ms. White claims on pages 8 and 9 of her
22 testimony that the Application did not characterize
23 current and future demand needs nor did it identify an
24 adequate range of compliance alternatives.

25

1 Did Idaho Power consider demand needs and
2 compliance alternatives as part of its consideration of
3 the SCR investments?

4 A. Yes. This analysis was done as part of the
5 IRP process and memorialized in the 2013 IRP, Attachment
6 4 to the Application. The selection of the IRP preferred
7 portfolio is the culmination of a lengthy and transparent
8 process involving input from the IRPAC and public
9 participants at monthly IRPAC meetings. Notably, this
10 process has included portfolio design workshops as a
11 forum for the IRPAC and the public to offer resource
12 suggestions. For the 2013 IRP, IRPAC members
13 representing ICL and Boise State University ("BSU")
14 requested a special meeting with the Company to propose a
15 coal alternative resource portfolio. The product of this
16 collaboration with ICL and BSU IRPAC representatives is
17 Resource Portfolio 6, which provides for complete coal
18 retirement by year-end 2020.

19 The studied resource portfolios are then evaluated
20 through a rigorous stochastic risk analysis, which I
21 described earlier in my testimony. With respect to a
22 coal-fired plant such as Jim Bridger, a critical risk
23 factor included in the analysis is the carbon adder. The
24 carbon adder for the study took on three levels—a low
25 case of \$0 per ton CO₂, a planning case of \$14.64 per ton

1 CO₂, and an upper case of \$35.00 per ton CO₂. The three
2 carbon adder cases were developed collaboratively with
3 the IRPAC. While there is currently no regulation
4 imposing costs for carbon emissions from existing fossil
5 fuel plants, the Company recognizes the importance of
6 understanding the effects of potential carbon-emission
7 costs on operating costs for the IRP resource portfolios.

8 Q. What affect did the carbon adder, which is
9 intended to be a surrogate for a future carbon tax, have
10 on portfolio operating costs?

11 A. The results of the stochastic risk analysis
12 definitively show the carbon adder has the effect of
13 increasing portfolio operating costs. Of the 102 total
14 stochastic futures studied, the highest portfolio
15 operating costs predominantly correspond with the 34
16 futures for which the upper case carbon adder is
17 selected. Conversely, the 34 futures having a low case
18 carbon adder largely comprise the set of futures for
19 which portfolio operating costs are lowest.

20 The total portfolio costs, which include both
21 fixed and variable costs, for the IRP preferred resource
22 portfolio are the lowest for all 102 futures, including
23 the 34 futures having upper case carbon adder costs
24 imposed.

25

1 Q. How does the preferred resource portfolio
2 from the IRP perform in this analysis?

3 A. The preferred resource portfolio, consisting
4 of a blend of the Boardman to Hemingway transmission line
5 ("B2H") and demand response, outperforms the other
6 resource portfolios for all 102 futures. This means that
7 even for the worst set of conditions, the preferred
8 portfolio's costs are the lowest. This outcome is a
9 testament to the balanced nature of the existing resource
10 portfolio coupled with B2H. While it is hard to consider
11 a resource decision as having zero risk, the 2013 IRP's
12 stochastic analysis results described on page 104
13 (Attachment 4 to the Application) suggest a very slim
14 likelihood of encountering a future for which the
15 preferred resource portfolio would be regrettable
16 compared to the alternative portfolios.

17 Q. Do you agree with Mr. Miller (page 15) and
18 Ms. White (pages 7-9) that the Company omitted
19 replacement resources such as energy efficiency and
20 renewable resources as an alternative for replacing coal-
21 fired generation?

22 A. No, I do not. To put this recommendation
23 into context, it is important to review the deficit
24 positions that result when the coal fleet is assumed
25 retired, as occurred in the 2013 IRP's Resource

1 Portfolios 6 and 7. Charts with the deficit positions
2 for these portfolios are provided as Figure 8.6 and
3 Figure 8.7 on pages 93 and 94, respectively, of the 2013
4 IRP (Attachment 4 to the Application). Without coal,
5 summertime deficits, reaching nearly 1,900 megawatts
6 ("MW") by the end of the planning period, tend to produce
7 the greatest alarm and receive the most attention.
8 However, not to be overlooked, are wintertime deficits
9 which reach nearly 700 MW. While the benefits of energy
10 efficiency are not to be ignored, deficits of this
11 magnitude cannot cost-effectively be met with energy
12 efficiency or renewable generation. The Company resists
13 the characterization of a resource decision as a *bet* as
14 Ms. White does in her testimony. However, solely for the
15 sake of illustrating a principle, the Company believes a
16 safer bet to meet wintertime deficits is to rely on
17 dispatchable thermal resources rather than renewables.

18 Betting on renewable resources such as wind and
19 solar to meet summertime deficits is not much safer than
20 it is betting on them during wintertime. While the sun
21 is at least shining during peak summer power demand, peak
22 demand is often hours past solar's peak energy output.
23 In fact, the Commission Staff in Case No. GNR-E-11-03
24 performed an analysis that found peak summer customer
25 demand for power has occurred as late as hour ending 8:00

1 p.m. (MDT) (Staff Comments, p. 5). Clearly, the amount
2 of installed solar capacity necessary to meet peak power
3 demand extending to 8:00 p.m. is staggering, and, of
4 course, solar capacity installed to meet peak summer
5 demand contributes very little to meeting peak winter
6 customer demand.

7 Relying on wind is also risky. Given that peak
8 customer demand for power, during winter and summer
9 alike, ordinarily occurs during periods where the weather
10 is dominated by large stable blocking patterns (i.e.,
11 high-pressure ridges), the likelihood of high wind
12 production coinciding with peak power demand is low. In
13 short, wind is quite clearly an energy resource and not a
14 capacity resource.

15 For this reason, I believe the generating
16 resources to be considered in replacing coal-fired
17 generation are those which realistically allow the
18 Company to maintain reliable service.

19 Q. Did Idaho Power consider energy efficiency
20 as an alternative to continued operation of its coal-
21 fired plants?

22 A. Yes. Energy efficiency has been a primary
23 low-cost resource since 2002 and the Company has reduced
24 average system loads by more than 100 average megawatts
25 ("aMW") between 2002 and 2012 through energy efficiency.

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1 To help maintain these savings levels and prepare for the
2 2013 IRP, the Company contracted with a third-party
3 consultant to provide a credible and transparent assessment
4 of energy efficiency potential in Idaho Power's service
5 area. The Idaho Power Energy Efficiency Potential Study
6 ("Potential Study") performed by EnerNOC Utility Solutions
7 Consulting was included in the Demand-Side Management 2012
8 Annual Report, Supplement 2: Evaluation, filed in Case No.
9 IPC-E-13-08. The Potential Study resulted in a forecast of
10 achievable potential that included all cost-effective
11 energy efficiency taking into consideration current and
12 future market conditions, customer preferences for
13 efficient technologies, and expected program participation.
14 The Company included the forecast achievable potential from
15 the Potential Study into the IRP planning process as the
16 first and lowest cost resource to meet future loads. Idaho
17 Power added additional amounts of forecast energy
18 efficiency outside of the Potential Study to account for
19 future savings from several large load customers and to
20 account for program changes occurring after the study was
21 completed. A total reduction of 261 aMW of system energy
22 reduction was accounted for over the 2013 IRP 20-year
23 planning horizon.

24
25

1 Idaho Power does not consider the energy efficiency
2 potential identified in the Potential Study as a ceiling to
3 energy efficiency and the Company will continue to pursue
4 all cost-effective energy efficiency.

5 Q. Can the Company's coal-fired generation be
6 replaced solely by alternative resources?

7 A. Although Mr. Miller and Ms. White suggest that
8 the Company's 351 MW of coal-fired generation from Jim
9 Bridger Units 3 and 4 can be replaced by alternative
10 resources like energy efficiency, it would not be
11 reasonable to add unsubstantiated amounts of incremental
12 energy efficiency beyond the 261 aMWs already identified
13 and included in the 2013 IRP 20-year planning horizon.

14 **III. REQUIRED INVESTMENTS SHOULD BE INCLUDED IN PRE-**
15 **APPROVED RATEMAKING**
16

17 Q. On pages 26 to 28 of his testimony, Staff
18 witness Mr. Louis recommended that certain cost estimates
19 be excluded from the pre-approved ratemaking treatment
20 because the costs are not known and measureable at this
21 point in time. Are these investments Staff has excluded
22 necessary to complete the SCR upgrade?

23 A. Staff excluded the following investments from
24 the Company's cost estimate: the boiler and air pre-heater
25 reinforcement [REDACTED], the economizer upgrade
26 [REDACTED], the flue gas reinforcement project [REDACTED]

1 [REDACTED], the spare parts allowance [REDACTED], and
2 other cost expense [REDACTED].

3 The economizer upgrade is needed to control the
4 temperature of the flue gas exiting the boiler and entering
5 the SCR catalyst. If the temperature is not controlled,
6 early deterioration of the catalyst will be inevitable.

7 The boiler and air pre-heater reinforcement project
8 and the flue gas reinforcement project are necessary to
9 comply with the National Fire Protection Association
10 ("NFPA") 85 Boiler and Combustion Systems Hazards Code
11 ("Code") requirements. The boiler and air pre-heater
12 casings and existing flue gas equipment and ductwork from
13 the air pre-heater outlet through the chimney will be
14 structurally reinforced to meet Code.

15 The spare parts allowance will be used to minimize
16 the duration and magnitude of outage and derate events.
17 Certain capitalized "critical" spare parts will be
18 purchased and stored on-site. These capitalized critical
19 spare parts are recommended and priced by the original
20 equipment manufacturers and represent components that have
21 long or extended delivery durations and will extend outage
22 or derate events if replacement spares are not immediately
23 available.

24

25

1 Other cost expense includes project engineering and
2 consultant support; initial fills of lubricants and ammonia
3 reagent; contracted site construction management and
4 inspection services; cost of PacifiCorp internal labor
5 charged to the project; PacifiCorp travel expenses related
6 to the SCR project as plant operator and project manager;
7 cost for removal and disposal of existing hazardous waste
8 materials encountered; cost of supplementary plant security
9 and communication features; additional plant perimeter
10 security costs expensed to the project for extended
11 security resource during on-site construction; plant
12 operating data historian integration; and any additional
13 special tools determined to be essential to maintain and
14 operate the incremental equipment. While the level of
15 expense is uncertain, it is certain that expenses will be
16 incurred in those categories.

17 Q. Does that conclude your testimony?

18 A. Yes, it does.

19
20
21
22
23
24
25

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29th day of October 2013 I served a true and correct copy of the within and foregoing Rebuttal Testimony of Tom Harvey, upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kris.sasser@puc.idaho.gov

Industrial Customers of Idaho Power

Peter J. Richardson
Gregory M. Adams
RICHARDSON ADAMS, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonadams.com
greg@richardsonadams.com

Dr. Don Reading
6070 Hill Road
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email dreading@mindspring.com

Idaho Conservation League

Benjamin J. Otto
Idaho Conservation League
710 North Sixth Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email botto@idahoconservation.org

Snake River Alliance

Dean J. Miller
McDEVITT & MILLER LLP
420 West Bannock Street (83702)
P.O. Box 2564
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email joe@mcdevitt-miller.com

Ken Miller, Clean Energy Program Director
Snake River Alliance
P.O. Box 1731
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kmiller@snakeriveralliance.org



Elizabeth Paynter, Legal Assistant