

June 24, 2020

VIA ELECTRONIC FILING AND EMAIL

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-1166

Re: UE 374—PacifiCorp Errata Filing

Consistent with the decision of Administrative Law Judge Alison Lackey on June 18, 2020, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) hereby submits the attached Errata to the Direct Testimony (PAC/800) of Mr. Chad A. Teply in the above-referenced docket.

This Errata provides clarification for Mr. Teply's testimony on page Teply/46, lines 21 and 22, and Teply/47, line 1, as PacifiCorp previously proposed on June 11, 2020, in the Company's Response to Sierra Club's Motion to Compel. The Errata clarifies that PacifiCorp's decision not to challenge the majority decision to invest in the Craig Unit 2 selective catalytic reduction project was based on PacifiCorp's own analysis. Mr. Teply, however, is no longer employed by PacifiCorp. Mr. Dana Ralston will be adopting the sections of Mr. Teply's testimony included in this Errata.

For convenience, both a red-line and clean version of the corrected testimony are enclosed. The confidential pages are being provided under separate cover. Please direct informal questions to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,



Michael Wilding
Director, Net Power Costs & Regulatory Policy

Enclosure

UE 374

CLEAN VERSION

ERRATA PAGES 46-47

**DIRECT TESTIMONY OF CHAD A. TEPLY
(PAC/800)**

Redacted

1 **Q. Did PacifiCorp independently assess the benefits associated with the Craig Unit**
2 **2 SCR project?**

3 A. Yes. In July 2013, PacifiCorp independently assessed the benefits associated with the
4 Craig Unit 2 SCR project against a hypothetical wherein PacifiCorp could unilaterally
5 effectuate an accelerated shutdown of the unit. This hypothetical was not a realistic
6 option because PacifiCorp cannot unilaterally effectuate an accelerated shutdown of
7 the Craig units based on the language of the Participation Agreement. PacifiCorp's
8 hypothetical did not support the installation of SCRs.

9 **Q. What position did PacifiCorp take with respect to the Craig Unit 2 SCR project**
10 **capital budget approval?**

11 A. The Company voted no with respect to the Craig Unit 2 SCR project. PacifiCorp
12 recognized that under the terms of the Participation Agreement its no vote alone
13 would not change the outcome with the other joint-owners voting yes, and PacifiCorp
14 remained obligated to pay its share of the Craig Unit 2 SCR.

15 **Q. Did PacifiCorp also independently assess its legal options with respect to the**
16 **capital expenditures approval process incorporated into the Participation**
17 **Agreement?**

18 A. Yes. In June 2013, PacifiCorp engaged internal and external counsel to
19 independently assess PacifiCorp's rights under the Participation Agreement with
20 respect to payment options and dispute resolution that may occur with a majority
21 decision on capital expenditures that was not supported by PacifiCorp. PacifiCorp's
22 ultimate determination was that PacifiCorp had the right to challenge the majority's
23 decision, but there was little to no opportunity to successfully challenge the project

1 through arbitration or litigation. PacifiCorp reached this determination primarily
2 because the project met the requirements under the Participation Agreements,
3 specifically: (i) the project is required by applicable law (the Colorado Regional Haze
4 SIP); (ii) Craig Unit 2 is required to be operated in accordance with applicable law
5 under the Participation Agreement; and (iii) the majority of the Craig Unit 2 joint-
6 owners (in fact all other than PacifiCorp) voted in support of the project.

7 **Q. Considering the terms and conditions of the Participation Agreement, did**
8 **PacifiCorp pursue arbitration or litigation of the Craig Unit 2 SCR project**
9 **decision?**

10 A. No, for the reasons explained above.

11 **Q. What was the Company's cost to complete the Craig Unit 2 SCR system?**

12 A. The cost of the Craig Unit 2 SCR system included in this proceeding is [REDACTED]
13 on a total-company basis, or approximately [REDACTED] on an Oregon-allocated basis
14 with an in-service date of December 2017.

15 **Q. What is the current status of the Craig Unit 2 SCR system?**

16 A. The Craig Unit 2 SCR system was placed in service in December 2017, following the
17 planned major maintenance overhaul for the unit. Completion of the Craig Unit 2
18 SCR system satisfied the compliance deadlines established for the unit, as well as the
19 prescribed emissions reductions.

20 In each case, installation of these major emissions control retrofit projects
21 have been aligned with scheduled major maintenance outages for the affected units to
22 mitigate replacement power cost impacts while benefiting from overlapping major

UE 374

REDLINED VERSION

ERRATA PAGES 46-47

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22 PacifiCorp's ultimate determination ~~of the internal and external legal reviews of the~~
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CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of the confidential pages of PacifiCorp's **Errata to Chad Teply's Direct Testimony** on the parties listed below via electronic mail and/or or overnight delivery in compliance with OAR 860-001-0180.

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Dated this 24th day of June, 2020.



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