

**BEFORE  
THE OHIO POWER SITING BOARD**

In the Matter of the Application of **ROLLING** )  
**HILLS GENERATING, LLC** for an Amendment of )  
a Certificate of Environmental Compatibility and ) Case No. 12-1669-EL-BGA  
Public Need for the Rolling Hills Generating Station, )  
Combined-Cycle Conversion Project, Vinton County )

**DIRECT TESTIMONY OF**

**Jeffery K. James**

**on behalf of**

**Rolling Hills Generating, LLC**

**February 1, 2013**

1       **1. Please state your name.**

2           My name is Jeffery K. James.

3       **2. Please give your business address.**

4           My business address is 1044 North 115<sup>th</sup> Street, Suite 400, Omaha, Nebraska 68154.

5       **3. By whom are you employed?**

6           I am employed by Tenaska, Inc.

7       **4. What is your position?**

8           I am Vice President of Tenaska Capital Management, LLC and the lead developer for the  
9           Rolling Hills Generating Station, Combined-Cycle Conversion Project (“Rolling Hills”)  
10          located in Vinton County, Ohio. This original project was granted a certificate in Case  
11          No. 00-1616-EL-BGN on June 18, 2001. Tenaska Capital Management, LLC is the  
12          manager of TPF II, L.P., TPF II-A, L.P. and TPF II-B, L.P., which are related private  
13          equity funds that purchase and develop assets in the power and energy sectors in North  
14          America (collectively, “TPF II”).

15       **5. What is your role in this application before the Ohio Power Siting Board?**

16          I have been responsible for supervising the preparation by Rolling Hills of the  
17          Application for an Amendment to its existing Certificate of Environmental Compatibility  
18          and Public Need. I am responsible for managing the project, including retaining  
19          consultants and coordinating the conversion of Rolling Hills from a simple-cycle  
20          combustion turbine to a combined-cycle combustion turbine facility, including associated  
21          ancillary facilities.

22       **6. What is the purpose of your pre-filed testimony?**

23          I will provide a brief background on this conversion project at Rolling Hills and also  
24          elaborate on the stipulation process and give reasons why I believe the stipulation should  
25          be adopted.

I will also recommend two minor clarifications to the Staff Report, concerning content unrelated to the Staff Report conditions.

**7. Please provide the background concerning the conversion of the Rolling Hills Generating Station from a simple cycle to a combined cycle facility.**

The Rolling Hills Generating Station was originally granted a certificate on June 18, 2001 in Case No. 00-1616-EL-BGN to build and operate an 800 MW peak power plant that operated in simple-cycle mode. The applicant was the same Rolling Hills Generating, LLC but at that time it was an ultimate subsidiary of Dynegy Corporation. In 2008, TPF II purchased Rolling Hills Generating, LLC from Dynegy Corporation. After careful study, Tenaska Capital Management, LLC determined that there is a need for a base load generating station and began the planning for the conversion of the existing plant to a combined cycle combustion facility in which four of the five simple-cycle turbines will be converted into two combined-cycle power blocks with one turbine retained for simple-cycle operation. When completed, the project will generate 1,414 MW of electricity. Though the current generating plant itself can be expanded on land currently owned by Rolling Hills, the conversion facility will require additional electrical, water and wastewater facilities as well as two 16-mile water and wastewater pipelines that will stretch from the current generating facility to the Ohio River. The Ohio River will supply the additional water required for the combined-cycle operation and accept the wastewater from the project. Our planning schedule would have the conversion project completed in the second quarter of 2016, but equipment procurement, financing, mobilization of construction workforces will take approximately 12 months before the on-site construction can begin.

**8. Please provide the background concerning the discussion leading to the stipulation.**

Aside from the Staff, there are no other parties in this case. The Staff investigation process was very smooth and professional. During the investigation phase, there were several meetings with the Staff on site and throughout this process, our company representatives gained great respect for the Staff and their work. When the Staff Report was issued a few weeks ago, we had very few items with which we disagreed. After we reviewed the Staff Report, we communicated our concerns and the reasons behind them to the Staff and set a meeting to discuss the stipulation. At the meeting, we settled some, but not all of the issues and subsequently had several telephone conferences that ultimately led to the final stipulation which is being presented today. Those involved in the meetings and conferences included both Staff and Rolling Hills subject matter specialists as well as the team leader for the Staff and the project leader for the Applicant. Thus the discussions were among knowledgeable people who were committed to resolving the issues we had between us. We exchanged additional information and documentation in between the meetings and conferences. Without the seriousness, the respectfulness and the knowledge of the parties' representatives, I do not believe a stipulation could have been reached

**9. Why do you believe the stipulation should be accepted?**

In my opinion, all of the negotiations were held in good faith with legitimate concerns being expressed by the parties. The Applicant believes that the stipulated conditions make our responsibilities more clear and also clarify some of the processes that are to be followed as we move forward to construction and operation.

71 Because of the cooperation of the Staff, we believe that the conditions set forth in the  
72 stipulation represent an improvement in some of the conditions originally presented in the  
73 Staff Report. We think both the public and the project will be better served through the  
74 approval of the conditions set forth in the stipulation today. The converted facility will  
75 provide economic benefits to the community in addition to the current economic benefits  
76 of the existing plant. Currently Rolling Hills employs eight full time personnel. The  
77 conversion facility will require an additional 25 full time skilled employees bringing the  
78 total position to 33. During the approximately 30-month construction period,  
79 construction trade jobs will be required. Approximately 410 workers will be required at  
80 peak construction. Rolling Hills is currently the largest taxpayer in Vinton County Local  
81 School District. In 2010, it provided more than \$1 million in support of the school  
82 district, Vinton County and Wilkesville Township. Through salaries and payments to  
83 vendors under the current plant configuration, more than \$2 million per year is currently  
84 added to the area economy. The conversion will likely result in an increase to these local  
85 benefits. Finally, the project has been warmly received in the community.  
86 On behalf of Rolling Hills, I can say that we appreciate the Staff's receptivity to our  
87 concerns and their willingness to work out satisfactory solutions. The Staff and  
88 Applicant have agreed that the conditions in the stipulation are reasonable and that they  
89 are the product of good faith negotiation among knowledgeable parties. Therefore the  
90 stipulating parties recommend the conditions as well as the entire stipulation to the Board  
91 for its approval.

92 It is my understanding that although a stipulation is not binding upon the Board,  
93 stipulations are given careful scrutiny and consideration, particularly where no party is  
94 objecting to the stipulation.

95 **10. What clarifications do you want to make to the Staff Report?**

96 Entirely unrelated to the Staff Report conditions, I have two minor clarifications for the  
97 Staff Report. First, on page 13, the report states that the facility is not within a flood  
98 zone. It is correct that the portion of the project located on the 182 acres is not in a flood  
99 zone. However, it should be noted that the pump house for the water pipeline will be  
100 located in a flood zone along the Ohio River, approximately sixteen miles south of the  
101 main part of the project. This is the only part of the facility located within a flood zone.  
102 Second, on page 16, the Staff Report indicates that the plant elevation is 800 feet above  
103 sea level. However, the grade is closer to 720-725 feet above sea level. The highest part  
104 of the hill to be graded is at 792 feet above sea level. I offer these clarifications so that  
105 the record will be as accurate as we can make it.

106 **11. Does this conclude your testimony?**

107 Yes, it does.

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing Testimony was served upon the following parties of record via regular electronic mail this 1<sup>st</sup> day of February 2013.



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**Case No(s). 12-1669-EL-BGA**

Summary: Testimony of Jeffery K. James electronically filed by Teresa Orahood on behalf of Rolling Hills Generating, L.L.C.