

BEFORE THE OHIO POWER SITING BOARD

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

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PROCEEDINGS

Before Mr. Kerry Sheets, Administrative Law
Judge, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Columbus, Ohio,
Hearing Room 11C, on Wednesday, February 6,
2013, at 10:00 a.m.

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APPEARANCES:

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright
Section Chief and
Mr. Thomas G. Lindgren
Public Utilities
180 East Broad Street
Columbus, Ohio 43215

On behalf of the Staff of the Ohio
Power Siting Board.

Bricker & Eckler, LLP
By Ms. Sally W. Bloomfield
100 South Third Street
Columbus, Ohio 43215

On behalf of the Applicant.

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1 Wednesday Morning Session,
2 February 6, 2013.

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4 ALJ SHEETS: The Ohio Power Siting
5 Board has called for hearing at this time and
6 place Case No. 12-1669-EL-BGA being in the
7 matter of the application of Rolling Hills
8 Generating, LLC, for an amendment to their
9 certificate for the combined-cycle conversion
10 project in Vinton County.

11 My name is Kerry Sheets. I'm an
12 Administrative Law Judge for the Board. And at
13 this time let's start by taking the appearances
14 of the parties please, starting with Rolling
15 Hills.

16 MS. BLOOMFIELD: Your Honor, on
17 behalf of Rolling Hills Generating, LLC, the
18 Applicant in this proceeding, my name is Sally
19 W. Bloomfied. I'm with the law firm of Bricker
20 & Eckler, LLP, 100 South Third Street, Columbus,
21 Ohio 43215.

22 ALJ SHEETS: Thank you. Staff?

23 MR. WRIGHT: Yes, thank you, Your
24 Honor. Good morning. Appearing on behalf of
25 the Staff of the Siting Board, Ohio Attorney

1 General Mike DeWine. My name is William Wright,
2 W-r-i-g-h-t, and I'd also like to put in the
3 appearance for Tom Lindgren, L-i-n-d-g-r-e-n,
4 180 East Broad Street, 6th Floor, Columbus, Ohio
5 43215.

6 ALJ SHEETS: Thank you. It's my
7 understanding the parties have docketed a
8 stipulation.

9 MS. BLOOMFIELD: Yes, Your Honor, we
10 have, and we are prepared to put the stipulation
11 in, although it was filed on February 4, I
12 believe. And in addition, would it be
13 appropriate at this time to mark the Company
14 exhibits?

15 ALJ SHEETS: Go ahead and mark them,
16 I guess.

17 MS. BLOOMFIELD: Well, I have
18 previously given to you and to the Court
19 Reporter a copy of Exhibits 2 through 5. The
20 Company Exhibit 1 is typically the application
21 which, by precedence, we just show that we have
22 it but it has been filed some time ago and
23 usually is not something that is offered again
24 at the hearing.

25 ALJ SHEETS: Okay. So it will be

1 Rolling Hills Exhibit 1.

2 MS. BLOOMFIELD: Yes.

3 ALJ SHEETS: Okay. Were there two
4 subsequent filings?

5 MS. BLOOMFIELD: Yes. And if I could
6 go through that, Your Honor. So Company Exhibit
7 2 would be the proofs of publication showing
8 that the case was noticed in the various papers,
9 and those were filed on July 19 of 2012.

10 Company Exhibit 3 are the first of
11 two supplements that were filed in this case and
12 one of them on October 11. That would be
13 Company Exhibit 3.

14 Company Exhibit 4 would be the
15 supplement that was filed by the Company on
16 November 21, 2012.

17 And then Company Exhibit 5 is a copy
18 of the proof of service of the application. The
19 service was actually made on June 4 of 2012 but
20 we did not put the proof of service in until
21 January 14. So those are the first five
22 exhibits of the Company.

23 In addition, today we would like to
24 put Mr. James on the stand, and I have a copy of
25 his testimony which was prefiled on February 1,

1 but we can mark that, with your permission, as
2 Company Exhibit 6.

3 ALJ SHEETS: Okay. Those exhibits
4 will be so marked.

5 (EXHIBITS HEREBY MARKED.)

6 MS. BLOOMFIELD: And then I assume at
7 the conclusion of the hearing -- Well, Mr.
8 Wright, would you like to mark the Joint
9 Stipulation as Joint Exhibit 1 at this time?

10 MR. WRIGHT: That's fine.

11 MS. BLOOMFIELD: Okay. The Joint
12 Stipulation was also submitted earlier. I
13 believe it was on February 4. And that will be
14 Joint Exhibit 1.

15 ALJ SHEETS: Okay. Does Staff have
16 an exhibit?

17 MR. WRIGHT: Would you like us to
18 mark them at this time? Okay, Your Honor. Yes,
19 we will have two exhibits this morning. What I
20 would like to have marked as Staff Exhibit 1 is
21 the Staff Report of Investigation that was
22 prepared and submitted on January 14, 2013.
23 We'll be putting Mr. Strom on the stand briefly
24 to talk about that.

25 And then Staff Exhibit No. 2 will be

1 the prefiled testimony of Mr. Strom that he'll
2 be supporting on the witness stand this morning.

3 ALJ SHEETS: Very good.

4 MR. WRIGHT: I've already provided
5 copies to the Reporter. Thank you.

6 ALJ SHEETS: Shall we proceed with
7 your witness?

8 MS. BLOOMFIELD: Certainly, Your
9 Honor. At this time I would like to call Mr.
10 Jeff James to the stand.

11 (EXHIBITS HEREBY MARKED.)

12 ALJ SHEETS: Raise your right hand.

13 - - -

14 JEFFERY K. JAMES
15 called as a witness on behalf of the Applicant,
16 being first duly sworn, testified as follows:

17 DIRECT EXAMINATION

18 By Ms. Bloomfield:

19 Q. Mr. James, would you state your name
20 for the record, please.

21 A. Jeffery K. James.

22 Q. And by whom are you employed?

23 A. I'm employed by Tenaska.

24 Q. What is your position with respect to
25 the Applicant who has filed the amended

1 application in this proceeding?

2 A. I'm the Vice-President of Tenaska
3 Capital Management, LLC, and the lead developer
4 for the Rolling Hills Conversion Project.

5 Q. Are you the same Jeff James who
6 previously filed testimony on February 1, this
7 year?

8 A. Yes, I am.

9 Q. And do you have or would you like me
10 to hand you a copy of your testimony which has
11 been previously marked as Company Exhibit 6?

12 A. I have a copy. Thank you.

13 Q. Do you have any additions,
14 corrections, or deletions to your testimony?

15 A. I do. I would like to delete
16 Question and Answer 10.

17 Q. That is on page --

18 A. Page 6.

19 Q. -- page 6 of your testimony.

20 MR. WRIGHT: That would be Lines 95
21 to 105?

22 THE WITNESS: That is correct, yes.

23 Q. And if I ask you the same questions
24 today as are in your prefiled testimony, would
25 your answers be the same?

1 A. Yes, they would.

2 Q. And so that the record will be clear
3 about the nature of the Amended Application,
4 would you, in your own words, briefly describe
5 the project.

6 A. Sure. We purchased the project from
7 Dyneegy in 2008, and it was originally developed
8 and constructed as a peaking facility in the
9 Wilkesville, Ohio area. A couple years ago,
10 with all the announced coal retirements in the
11 State of Ohio, we saw the up-coming need for
12 additional base load capacity in the State of
13 Ohio and started to make efforts to look at
14 developing and converting this project to a
15 combined-cycle facility that will be a more
16 efficient project to run and compete against
17 base load generation, and hopefully will replace
18 some of the coal-fired generation that's being
19 retired in the State.

20 So what we will do is take four of
21 the combustion turbines -- four of the five
22 combustion turbines at the plant and convert
23 those to combined cycle and leave the remaining
24 combustion turbines operating in peaking mode.
25 We believe this combined cycle conversion will

1 help replace the coal capacity in Ohio that's
2 being retired.

3 Along with the conversion there will
4 also have to have some upgrades at the switch
5 yard to facilitate the electrical
6 interconnection of the facility and we'll also
7 have to have a 16 mile water and waste water
8 pipeline going over the Ohio River to provide
9 water to the conversion project.

10 Q. And what will be the megawattage when
11 the conversion is complete?

12 A. The output of the plant will be 1,414
13 megawatts.

14 Q. On February 4 a letter was filed in
15 docketing by Joseph F. White, Clerk Treasurer of
16 the Village of Wilkesville. Did you have an
17 opportunity to see that letter?

18 A. Yes, I did.

19 Q. And Mr. White references a baseball
20 field. Can you describe exactly where the field
21 is located.

22 A. Yes. The field is located across the
23 highway from the project site.

24 MS. BLOOMFIELD: I have another
25 exhibit. Your Honor, I have handed Mr. James a

1 photograph which has been marked Company Exhibit
2 7.

3 (EXHIBIT HEREBY MARKED.)

4 Q. Mr. James, did you take the photo
5 that is now marked as Company Exhibit 7?

6 A. I did. I took it on March 15 of
7 2012.

8 Q. And where is this -- did you say
9 where is the field located?

10 A. It's located across the highway from
11 the Rolling Hills Generating Facility.

12 Q. And in your position as developer of
13 this project, did you have occasion to check
14 with the manager of the Rolling Hills Generating
15 Station about his knowledge concerning the usage
16 of the field?

17 A. I did. We actually talked with the
18 plant staff, plant manager last spring when we
19 were putting together our application that we
20 filed with the Ohio Power Siting Board, and then
21 yesterday, since this letter kind of came out of
22 left field on me, I called the plant manager
23 yesterday morning, I guess it was, and asked him
24 again is this field used and he says he's been
25 there since August of 2008 and he hasn't seen

1 the field utilized once by a ball team.

2 Q. Mr. White also mentions alternative
3 ways to acquire water for the project. He
4 mentions a couple things, for example, a mine
5 and wells. How does the Company -- or would you
6 discuss those suggestions of Mr. White.

7 A. Sure. Back when we first started to
8 think about converting the Rolling Hills Project
9 to a combined-cycle plant, we knew we were going
10 to have to have a larger supply of water, and
11 one of the first things we did was hire Stantec,
12 an engineering consulting firm here in Columbus,
13 to do a study for us, and they actually studied
14 a 50-mile radius of the plant site looking at
15 all potential water sources, from well water to
16 lake water to river water to brine water from
17 waste water facilities, fresh water facilities,
18 any source you could imagine, and they did come
19 across this mine that's referenced in the
20 letter.

21 It was determined that first there
22 was insufficient water volume at the mine, and
23 also the water quality was not going to be --
24 was very poor and would require excessive
25 treatment by the project to be of proper water

1 quality. So we ended up going for the Ohio
2 River.

3 Q. Okay. And as your testimony
4 indicated, you are supporting the stipulation in
5 this case, and I'd like to ask you a couple
6 questions about the stipulation.

7 Would you provide some information
8 about why you think the stipulation meets the
9 first prong of the three-part test endorsed by
10 the Ohio Supreme Court in the 1992 case of
11 Consumer Counsel versus Public Utilities
12 Commission of Ohio, and the first prong states
13 that a stipulation should be a serious
14 bargaining -- reflect rather, serious bargaining
15 among knowledgeable and capable parties in a
16 cooperative process to resolve all the issues.

17 A. Yes. As indicated in my testimony,
18 the Staff and the Company had several meetings
19 to work out our differences. The conference
20 participants included Mr. Ray Strom from Ohio
21 Power Siting Board Staff as the project lead and
22 either me as project lead for the Company or one
23 of the Company's subject matter experts.
24 Sometimes other Ohio Power Siting Board Staff
25 members who participated in the Staff

1 investigation were also in the meetings, and the
2 counsel for the Staff and also counsel for the
3 Company were present in each of the
4 conferences. I consider all the meeting
5 participants very knowledgeable about this
6 amended application and certainly there were
7 serious bargaining.

8 The company had several issues that
9 we wished to change but conceded to the Staff's
10 viewpoints.

11 Q. Okay. A second prong of the test
12 states that a stipulation should benefit
13 ratepayers and the public interest. Would you
14 give comments about why you think the second
15 prong is met?

16 A. Of course, there's no direct
17 ratepayers for the Rolling Hills Generating
18 Facility, but when electricity is sold in the
19 wholesale market, it will be sold at favorable
20 rates due to the efficiency improvements of the
21 conversion project and also the business of the
22 low cost shale gas that's in the area.

23 Furthermore, natural gas is a clean fuel and,
24 therefore, meets the public interest test.

25 In addition, the economic benefits

1 that I mentioned in my testimony to the
2 community are very substantial, such as we'll be
3 increasing the employment of the facility from
4 eight full-time skilled laborers to 33, and also
5 at peak construction there will be 410 workers
6 on site.

7 Q. And lastly, the third prong states
8 the stipulation should not violate any
9 regulatory principle or precedent. Do you have
10 some comments as to why this is the case?

11 A. The stipulation accepted nearly all
12 the original conditions proposed by the Staff.
13 There were few changes. The few changes are
14 more in the order of refinements rather than
15 substantive changes to the conditions. The
16 company has agreed in principle to all the
17 substandard conditions proposed by the Staff.
18 Many of the conditions the parties have agreed
19 to are routinely imposed on similar applicants,
20 and those that pertain uniquely about this
21 project were fully supported by the amendment to
22 the application and investigated thoroughly by
23 the Staff. Thus, I believe the stipulation
24 which accepts the conditions meets the last part
25 of the three-prong test.

1 Q. And does this conclude your
2 testimony?

3 A. Yes, it does.

4 MS. BLOOMFIELD: Do you have any
5 questions?

6 MR. WRIGHT: We have no questions,
7 Your Honor.

8 ALJ SHEETS: You're excused.

9 MS. BLOOMFIELD: At this time, Your
10 Honor, I would move the admission of Company
11 Exhibits 1 through 7.

12 ALJ SHEETS: Any objections?

13 MR. WRIGHT: Your Honor, we have no
14 objection. I would caveat we agree to the
15 admission of Mr. James' pre-filed testimony with
16 the deletion that he offered on the stand this
17 morning.

18 ALJ SHEETS: I'll admit those into
19 evidence.

20 (EXHIBITS HEREBY ADMITTED.)

21 MS. BLOOMFIELD: Thank you.

22 ALJ SHEETS: Call your witness.

23 MR. WRIGHT: Yes. Thank you, Your
24 Honor. At this time we would call Ray Strom to
25 the stand.

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RAYMOND STROM

called as a witness on behalf of the Board,
being first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. Wright:

Q. Good morning, Mr. Strom. How are
you this morning?

A. Good. How are you.

Q. I'm fine. Thank you. Would you
please state your full name for the record.

A. Raymond W. Strom, S-t-r-o-m.

Q. And what is your position with the
Siting Board?

A. Well, I am the Chief of the
Efficiency and Renewables Division. I have
worked on power siting cases for over ten years
now.

Q. And am I correct that you were
responsible for preparation of the Staff report
in this case?

A. That's correct. I am responsible for
managing the preparation, overseeing the work
product and various Power Siting Board Staff
members.

Q. You previously this morning heard me

1 mark as Staff Exhibit 1 the Staff Report of
2 Investigation. Is that, in fact, the report
3 that you were just referring to?

4 A. That is.

5 Q. Do you have any changes that need to
6 be made to that report?

7 A. No, I do not.

8 Q. You also prepared prefiled testimony
9 in this case, did you not?

10 A. I did.

11 Q. And that was submitted on February 1
12 and we previously marked that as Staff Exhibit
13 2. Do you have that in front of you?

14 A. Yes, I do.

15 Q. Do you have any changes to that
16 testimony?

17 A. No, I do not.

18 Q. As we sit here this morning,
19 Mr. Strom, is it your testimony that the Staff
20 report and your prefiled testimony are
21 supportive of the Joint Exhibit No. 1, the
22 Stipulation and Recommendation?

23 A. Yes. The Stipulation and
24 Recommendation essentially adopts the Staff
25 report recommendations, and those

1 recommendations were designed to uphold various
2 principles and policies and practices of the
3 Power Siting Board over the years, and I believe
4 that the stipulation maintains those
5 recommendations as they were intended to be
6 administered by the Staff.

7 MR. WRIGHT: Your Honor, I have no
8 further questions of Mr. Strom.

9 ALJ SHEETS: Any questions?

10 MS. BLOOMFIELD: No questions, Your
11 Honor.

12 ALJ SHEETS: You're excused.

13 MR. WRIGHT: We would, Your Honor, at
14 this time we would move the admission of Staff
15 Exhibits 1 and 2.

16 MS. BLOOMFIELD: No objections, Your
17 Honor.

18 ALJ SHEETS: I'll admit those into
19 evidence at this time.

20 (EXHIBITS HEREBY ADMITTED.)

21 MS. BLOOMFIELD: Then should we
22 jointly move the stipulation, Joint Exhibit 1 at
23 this time?

24 MR. WRIGHT: We would concur with
25 that.

1 ALJ SHEETS: All exhibits are
2 admitted into evidence at this time.

3 (EXHIBIT HEREX ADMITTED.)

4 MS. BLOOMFIELD: Thank you, Your
5 Honor.

6 ALJ SHEETS: Is there anything else
7 to bring up?

8 MR. WRIGHT: I don't believe so, Your
9 Honor.

10 MS. BLOOMFIELD: No.

11 ALJ SHEETS: Thank you all for
12 coming.

13 MS. BLOOMFIELD: Thank you, Your
14 Honor.

15 MR. WRIGHT: Thank you.

16 - - -

17 Thereupon, at 10:20 a.m. the hearing
18 was concluded.

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CERTIFICATE

I do hereby certify that the foregoing
is a true and correct transcript of the
proceedings taken by me in this matter before
the Ohio Power Siting Board on Wednesday,
February 6, 2013.

Iris I. Dillion
Registered Professional
Reporter.

- - -

This foregoing document was electronically filed with the Public Utilities

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in

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

Summary: Transcript in the matter of Rolling Hills Generating, LLC hearing held on 02/06/13 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Dillion, Iris I. Mrs.