

1 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

2 Prefiled Direct Testimony of

3 **Starla Lacy**

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5 **SECOND AMENDMENT TO NPC'S 2006 IRP**

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8 **1. Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**  
9 **ADDRESS.**

10 A. My name is Starla Lacy. I am the Director of Environmental Services for Sierra  
11 Pacific Resources, Nevada Power Company ("Nevada Power") and Sierra  
12 Pacific Power Company ("Sierra") (together, the "Companies"). My business  
13 address is 6226 West Sahara Avenue, Las Vegas, Nevada, 89146.  
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16 **2. Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS THE DIRECTOR**  
17 **OF ENVIRONMENTAL SERVICES.**

18 A. I am responsible for all aspects of compliance, permitting and regulatory  
19 strategy pertaining to environmental matters for Nevada Power and Sierra.  
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22 **3. Q. PLEASE DESCRIBE YOUR EXPERIENCE IN ENVIRONMENTAL**  
23 **MATTERS FOR REGULATED PUBLIC UTILITIES.**

24 A. Prior to joining Sierra Pacific Resources in April 2006, I was employed by  
25 Dynegy, Inc. in Houston, Texas where I last held the position of Senior Director,  
26 Environmental Policy, Compliance Assurance and Auditing. During the period  
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1 of my employment with Dynegy, I was responsible for various environmental  
2 matters pertaining to Dynegy subsidiary Illinois Power Company, a regulated  
3 entity, as well as other non-regulated electric generating assets owned by  
4 Dynegy.  
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7 **4. Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**  
8 **PROCEEDINGS?**

9 A. Yes. While at Dynegy I testified before the Virginia State Corporation  
10 Commission, Division of Energy Regulation, in support of a certificate to  
11 construct and operate an electric generating facility in Charles City County  
12 (Chickahominy Power, LLC). I also prepared or assisted in the preparation of  
13 various written materials in support of regulatory proceedings in the States of  
14 Illinois, North Carolina and California while employed by Dynegy.  
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17 **5. Q. WHAT IS THE PURPOSE OF YOUR PREFILED DIRECT TESTIMONY**  
18 **IN THIS PROCEEDING?**

19 A. I support the request for approval to expend approximately \$60 million in  
20 environmental upgrades at the Clark Station.  
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23 **6. Q. WHY ARE ENVIRONMENTAL UPGRADES NECESSARY AT THE**  
24 **CLARK STATION?**

25 A. The Clark Station upgrades are necessary to resolve a dispute with the  
26 Environmental Protection Agency (“EPA”) regarding application of certain  
27 provisions of the Clean Air Act. Although NPC does not agree with EPA’s  
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claims, Nevada Power has offered to resolve the matter and substantially reduce emissions from its generating units, rather than litigate the dispute with EPA. Specifically, Nevada Power has agreed in principle to upgrade CT Units 5-8 at Clark Generating Station with new ultra-low emission burners. A timeline of events leading to the dispute is included in the technical appendix included with the Amendment.

7. **Q. WILL THE INVESTMENT OF \$60 MILLION IN NEW ULTRA-LOW EMISSION BURNERS RESOLVE THE DISPUTE WITH THE EPA?**

A. Yes. Under federal law we must negotiate a consent decree with the EPA which must then be approved by a federal court in order to conclude a settlement and finally resolve the dispute. However, we have reached an agreement in principle with EPA on the key terms of the settlement. The centerpiece of the agreement in principle is the Company's commitment to install new ultra low-emission burners at Clark CT Units 5-8. The technical specifications of the new ultra low-emission burners are described in the Amendment and in Mr. Lescenski's prefiled direct testimony. An outline of the central elements of the agreement in principle is set forth in the Confidential Technical Appendix.

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**8. Q. HAS THE COMPANY PERFORMED AN ECONOMIC ANALYSIS  
COMPARING THE INVESTMENT OF \$60 MILLION IN UPGRADES  
AT THE CLARK STATION WITH ALTERNATIVE SOURCES OF  
SUPPLY?**

A. Yes. As Mr. Pottey describes in his testimony, an economic analysis of the Clark upgrades has been performed and confirms that investment in new ultra low-emission burners is justified.

**9. Q. DOES THIS COMPLETE YOUR TESTIMONY?**

A. Yes, it does.

**STARLA S. LACY**  
Sierra Pacific Resources  
6226 West Sahara Avenue  
Las Vegas, NV 89146  
(702) 367-5644  
slacy@nevvp.com

Ms. Lacy joined Sierra Pacific Resources in April 2006 as Director, Environmental Services. She has over 16 years experience in the environmental field with a focus on the electric and natural gas utility business. She holds a Masters of Science Degree in Environmental Management and an undergraduate degree in Economics.

### **PROFESSIONAL EXPERIENCE**

#### **DIRECTOR, ENVIRONMENTAL SERVICES SIERRA PACIFIC RESOURCES**

**APRIL 2006 TO PRESENT**

- Directs a department of environmental staff located in Las Vegas, Reno and in various generating facilities. Primary focus of this position is to lead activities aimed at proactive and cost-effective environmental compliance for operating power plants and transmission/distribution facilities as well as the timely procurement of permits and other regulatory approvals for new construction. This position is also responsible for implementation of strategies to address emerging environmental issues through participation with industry trade groups and state/federal regulatory decision-makers.

#### **SR. DIRECTOR, ENVIRONMENTAL POLICY, AUDITING AND COMPLIANCE DYNEGY INC., Houston, TX**

**1998-2006**

- Lead multi-disciplinary staff who supported the commercial development, site selection, economic analysis, due diligence, and contract negotiations for Dynegy's power generation projects in the U.S. and Europe. Successfully obtained permits within critical project deadlines to construct and operate over 10 power plants, including negotiation of innovative pollution controls, phased "step-down" of pollutant concentration limits as well as provided testimony in public forums and regulatory hearings. Demonstrated a successful negotiation and resolution track record for facility compliance violations.

#### **SENIOR ENVIRONMENTAL ANALYST TRANSCANADA PIPELINES Calgary, Alberta, Canada**

**1995-1998**

- Obtained permits, directed consultant work product, performed due diligence for acquisitions, and supported project development of pipeline and mid-stream gas assets in Canada, the U.S., Thailand and Mexico. Managed environmental permitting and compliance activities for four electric cogeneration power plants in Canada and two plants in the U.S. Chaired the Canadian Energy Pipeline Association's Greenhouse Gas Subcommittee (1997/1998). Formulated and implemented industry guidelines for consistent reporting of performance indicators associated with Canada's Federal climate change program and initiatives.

**ENVIRONMENTAL SCIENTIST/PROJECT MANAGER**

**STANLEY ENGINEERING**, Calgary, Alberta, Canada

**1993-1995**

- Permitting, construction, operation, risk assessment and environmental compliance consulting to petrochemical, petroleum production and refining projects across Canada and the U.S.

**ENVIRONMENTAL MANAGER, S.W. REGION**

**AMERICAN INTERNATIONAL GROUP (AIG)**, Houston, Texas

**1990-1993**

- Led professional team in environmental risk assessment, safety and loss control consulting for major petrochemical, refining, power generation and manufacturing facilities across the US.

**EDUCATION**

**B.A./Economics**; University of Texas-UTPB/Texas Tech University-1983  
**M.Sc/Environmental Management**; University of Houston-Clear Lake-1990

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AFFIRMATION

STATE OF NEVADA        )  
  ) ss.  
COUNTY OF CLARK        )

I, STARLA S. LACY do hereby swear under penalty of perjury the following:

That I am the person identified in the attached Prefiled Direct Testimony in the application and that such testimony was prepared by me or under my direct supervision; that the answers and information set forth therein are true to the best of my knowledge and belief; and that if asked the questions set forth therein, my answers thereto would, under oath, be the same.

*Starla S. Lacy*  
\_\_\_\_\_  
STARLA S. LACY

Subscribed and sworn to before me  
this 2<sup>nd</sup> day of January 2007.

*Nancy M. Barker*  
\_\_\_\_\_  
NOTARY PUBLIC

