

1 **SURREBUTTAL TESTIMONY OF GARY COX**

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3 Q. Please state your name?

4 A. My name is Gary Cox. I have submitted pre-filed testimony in this matter on
5 behalf of IBEW Local 57 for whom I am an Assistant Business Manager. My
6 background is set forth in that testimony.

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8 Q. What is the purpose of your testimony at this time?

9 A. It is surrebuttal on issues going to manpower and plant outages, addressed by
10 RMP and CCS in their rebuttal testimony, resulting in excessive power costs and
11 a need for maintenance to avoid such unreasonable costs.

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13 Q. Are you proposing dollar adjustments to the revenue requirement and cost of
14 service which the Company has filed?

15 A. Only indirectly, insofar as my evidence supports adjustment identified by other
16 parties as imprudent power cost. However, I do believe the Company should be
17 required to actually make maintenance expenditures, especially in generation, in
18 amounts no less than those which ultimately form the basis of the cost of such
19 service, as determined in the proceeding. This, at a minimum, is necessary to
20 begin to rectify the Company's continued failure to prudently maintain and staff
21 the generation plants, leading to excessive unplanned outages and unreasonable
22 costs and other waste. The cost effective way to insure such spending occurs, is
23 by filling essential apprentice and journeyman skilled staff positions which is
24 absolutely necessary in generation and in the best interest of the Company, its

25 ratepayers, employees and the public. The vacancies exists and have been
26 budgeted for. In this respect, my testimony supports the Company's revenue
27 requirement for staffing. This investment in labor toward these plants is long
28 overdue and small compared to actual power costs.

29

30 Q. Did the Company adequately rebut your testimony and the testimony of CCS
31 witness Randall Falkenberg in regard to your contentions that its unplanned
32 outages are unacceptable?

33 A. No it did not. It made no effort to rebut my testimony, which is consistent with
34 Mr. Falkenberg's testimony. The Company, through Mr. Mansfield and Mr.
35 Duvall, did submit rebuttal testimony of CCS testimony regarding outages. I do
36 agree with some of Mark Mansfield's testimony on this issue, but not all, and I
37 disagree with his conclusions based on this evidence and other factors.

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39 Q. Are you familiar with Mr. Mansfield and his reputation?

40 A. Yes. He was Plant Manager at Naughton when I was an I & C Technician there
41 before MEHC took ownership. I also worked with him extensively in my capacity
42 as a union representative in dealing with maintenance and operations issues in the
43 plants. He is known as a well meaning and responsible manager. I have a great
44 deal of respect for Mr. Mansfield and his knowledge of the plant. I understand as
45 of this year, in his new position, he will no longer have responsibility for the
46 budget, and is no longer involved in day to day operations as plant mangers will
47 no longer report directly to him.

48 Q. What testimony of Mr. Mansfield do you concur with.

49 A I certainly agree with Mr. Mansfield at page 1 and 2, lines 20-29 of his testimony,
50 that the Company's unplanned outage rates have substantially increased over the
51 past decade as Mr. Falkenberg asserted. I also agree with him that by operating at
52 higher capacity factors, PacifiCorp can provide greater benefit to its customers by
53 supplying low cost fuel, at page 4 lines 70-72. I do not dispute that PacifiCorp has
54 less planned outages than the peer group at NERC, as he demonstrated at page 6
55 and 7 lines 102-111, but this is not good for ratepayers under current practices.

56

57 Q. Do you agree with Mr. Mansfield that the comparable equivalent factors he sets
58 forth for Pacificorp's plant fleet and NERC is a reliable figure showing its relative
59 improvement to justify requested rates?

60 A. No. To say that PacifiCorp's fleet has a higher equivalent availability factor than
61 other comparable plants, is to say that its plants are running more often but this is
62 not necessarily desirable. One reason for this is that the Company has a low
63 generation reserve. Another reason for this is that the Company is substantially
64 extending scheduled planned plant outages for a major overhaul of a unit (turbine
65 and boiler) from a 3 year cycle under UPL, a 4 or 5 year cycle under Scottish
66 Power, to a 7 or more years per unit. Patches are no substitute for an overhaul
67 and only lead to more breakdowns requiring replacement power when the cost is
68 much higher, as unscheduled outages typically occur during peak periods of
69 demand and load. Mr. Falkenberg found PacifiCorp's experienced a tripling of
70 error unplanned outages since 1990 and they are three times the National average.

71 See page 72 and Figure 4. While Mr. Falkenberg focuses on a high rate of outages
72 at Bridger, due to quick fixes, the same high rates and trends are also reflected on
73 his Figure 4 for all coal plants of PacifiCorp. See also CCS 4.12 and Falkenberg
74 testimony at page 69. As long as major overhauls are put off, failures at all plants
75 are just as likely. The situation is getting worse now because the skilled
76 manpower to maintain the plants continues to decline below levels which are
77 already unacceptable.

78

79 Q. Did the Company challenge your testimony regarding the imminent loss of older
80 skilled plant workers and the dire need now to start filling replacing them, and
81 training and hiring more skilled staff in generation.

82 A. No. Nor did any other party. Management is quite aware of the demographic
83 problems. No one in the industry seriously disputes the substantial problems we
84 now face in replacing the current skilled workforce, ready to retire, from our
85 succeeding generations who have fewer skills and numbers to do this kind of
86 work. It is harder and harder to find qualified employees. Just last month, April
87 2008, the Company's contractor was short needed boilermakers on a scheduled
88 maintenance at Naughton, and the Company had to send 12 mechanics up from
89 other Local 57 plants. In 2007 at Dave Johnson plant a similar situation occurred.

90

91 Make no mistake, these are skilled employees. The Company and Local 57 have
92 Memorandums of Agreement (MOA) providing for testing non-journeyman
93 employees and outside applicants for journeyman positions as an electrician, I and

94 C Tech and Mechanic. As a member of the Joint Power Supply Apprentice
95 Committee, I am involved in screening applicants and see first hand how difficult
96 it is to find qualified people. These positions require solid background in
97 academics and on the job experience, or to have been through a certified
98 Apprenticeship program. See Exhibit 1, attached hereto, being these MOA's.
99 They are hard to find and place, especially in remote locations.

100

101 Q. Do you agree with CCS witness Helmut Schultz at page 4 of his testimony, that
102 the Company overstated the number of Full Time Employees (FTE's), by 58
103 positions it is unlikely to fill?

104 A. No. Especially not if the Company would agree to hire skilled employees or
105 apprentices to maintain and operate its plants. The Company needs these extra
106 positions now.

107

108 The number of FTE's for non-exempt employees, represented by Local 57 in
109 Utah, Idaho and Wyoming, do vary. In 2005 we had 1,821 employees, in 2006 we
110 had 1863, in 2007 it dropped to 1,795. However by February 2008 it was up to
111 1864 employees. This included 16 employees hired in October of 2006 for
112 Lakeside. These figures are based on the monthly enrollees in the health plan and
113 accounts for everyone. See my Exhibit 2.

114

115 I do disagree with the Company's rebuttal of Mr. Schultz by Mr. McDougal at
116 page 39 that "there is a normal number of vacancies at any given time" as regards

117 plant operations and maintenance. I'm not sure what normal is. We have seen
118 vacancies in generation stretched out more and more since MEHC took over. And
119 there are only 2 apprentice I&C Techs in training. It is harder to find qualified
120 people. The Company must agree to ramp up its efforts now to meet the
121 challenges it faces this year.

122

123 Based on current vacancies, there is an immediate need in generation for a
124 minimum of 17 skilled workers in maintenance and operation within Local 57's
125 jurisdiction, that is 3 Electrician, 5 Mechanics, 3 I & C Techs and 6 operators. All
126 operators assist in maintenance work. Just to maintain present levels, which are
127 understaffed, based on expected retirements in the near future (1 to 5 years) an
128 additional 30 FTE's, that is 5 in Hydro, 7 control room operators, 6 I and C Tech,
129 3 computer Tech, 2 Communications Techs, 7 electricians. Local 57 desires to
130 supplement this testimony after receiving responses to its Fifth Data Request,
131 relative to these numbers. Filling these jobs is crucial.

132

133 Q. Why is this so crucial?

134 A. Many reasons. The Company contends in its rebuttal that its levels of overtime
135 should be allowed because of tight manpower. It is harder and harder on
136 employees to work these hours and implicates safety and performance. It takes
137 years to train good people. They can't be found in the marketplace. The know
138 how of departing personnel cannot be replaced for many years.

139

140 The cost of replacement power is only going to get higher, regardless of how
141 models to account for it in rates, or how NERC's relative capacity figures show
142 how poorly other utilities are performing. Current Company practices are a waste
143 of energy and highly inefficient. As late as the early 90's we used to have heat
144 rate improvement teams in each plant. They spent half their time looking for leaks
145 and sources of lost energy and they would fix it. Today we see the Company
146 urging customers to tighten up on the demand side, and reduce unnecessary loads.
147 In its May 20, 2007 Biennial Electric Integrated Resource Plan, docket 05-035-54,
148 the Company cited PURPA amendments which "include a requirement that each
149 electric utility develop and implement a 10 year plan to increase the efficiency of
150 its fossil fuel generation plants," and further that it agreed with the Utah Public
151 Service staff for existing plants to report heat rates. See page 53.

152

153 The Company should practice what it preaches. The existing plants are going to
154 be around for a while and it does not take a 10 year plan to start making efforts
155 now to contain heat loss. RMP in its March 17, 2008 comments to the Chair of the
156 Western Climate Initiative (WCI) stated described the difficulties of transitioning
157 to a low carbon economy, and placed measure that "it should undertake
158 *now*"(italics added), including "policies to encourage efficiency at existing
159 facilities." Page 2, by Kyle L. Davis, PacifiCorp Director of Environmental
160 Policy and Strategy. Document located at
161 <http://www.westernclimateinitiative.org/ewebeditpro/items/O104F16320.pdf>

162 Utah is a partner in the WCI. Nothing could be easier to implement or more cost
163 effective then plugging the leaks in your own plant. The money is already there, it
164 should be dedicated toward that purpose. The bias against increasing these
165 employment levels is irresponsible.

166

167 Q. Does this conclude your testimony?

168 A. Yes.