Q. Please state your name, business address, and present position with PacifiCorp dba Rocky Mountain Power ("the Company").

A. My name is Dana M. Ralston. My business address is 1407 West North Temple, Suite 320, Salt Lake City, Utah 84116. My present position is Vice President of Thermal Generation. I am responsible for the coal, gas and geothermal resources owned by the Company.

Qualifications

Q. Please describe your education and business experience.

A. I have a Bachelor of Science Degree in Electrical Engineering from South Dakota State University. I have been the Vice President of Thermal Generation for PacifiCorp Energy since January 2010. Prior to that, I held a number of positions of increasing responsibility with MidAmerican Energy Company for 28 years within the generation organization including the plant manager position at the Neal Energy Center, a 1,600 megawatt generating complex. In my current role, I am responsible for operation and maintenance of the thermal generation fleet.

Purpose and Overview of Testimony

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to respond to proposed generation plant outage adjustments recommended by Mr. Philip Hayet and Mr. Danny A. C. Martinez in their direct testimony on behalf of the Utah Office of Consumer Services ("OCS") and by Mr. Kevin C. Higgins in his direct testimony on behalf of the Utah Association of Energy Users Intervention Group ("UAE"). In doing so, I explain and support the actions taken by the Company that demonstrate the costs related to

the Chehalis, Craig, and Colstrip outages were prudent.

Summary of Testimony

Q. Please summarize the Company's response to the adjustments pertaining to the Chehalis, Craig, and Colstrip outages as proposed by OCS and UAE.

A. Mr. Hayet proposes adjustments related to the outage at Chehalis indicating that it was avoidable. He testifies that there was information available to the Company showing past problems with the Chehalis plant that could have been used to prevent the failure that occurred in 2013. My testimony demonstrates that the Company did not ignore any of the available information and, in fact, used all such information to support prudent decisions like taking additional steps to install equipment monitors and working with outside experts and the Original Equipment Manufacturers ("OEMs") of the equipment in question.

Second, in the case of the Craig outage, while an oversight of an operational procedure caused the outage, it is important to note that the Company is not the plant's operator. A disallowance of replacement costs related to the Craig outage would inappropriately penalize the Company based solely on the fact that it is a minority owner of the Craig plant. Under these circumstances, it is appropriate to view the outage in conjunction with the Company's entire generating fleet's equivalent availability ("EA") performance, which demonstrates that the Company prudently operates its generation fleet to our customers benefit.

Third, in the case of the Colstrip outage, Mr. Higgins' testimony does not go far enough in describing the findings of the root cause analysis which was performed by an independent third party. Specifically, the report states that the

Company's actions were consistent with standard industry practice and that nothing the Company did or could have done could have prevented the failure.[1] Nevertheless, Mr. Higgins notes that "while the report did not find RMP at fault", it is not reasonable for customers to bear the costs - apparently on the sole basis that it was an extended outage. It appears that Mr. Higgins' recommendation was based solely on the high costs of the replacement power. The evidence shows that the Colstrip outage was not a result of imprudent actions taken by the Company and that, in fact, the Company's actions were consistent with industry standards. Under these circumstances, there is no justification or basis for disallowing the Colstrip outage replacement power costs and Mr. Higgins' recommendations should be rejected.

Chehalis Outage

Q. How do you respond to Mr. Hayet's testimony related to the Chehalis outage?

A. Mr. Hayet concludes in the case of the Chehalis outage the Company could have prevented the 2013 failure by using the information from the 2006 and 2011 failures as well as available monitoring data.

Based on information available to the Company at the time of the purchase of Chehalis Plant, there was no reason to believe further action was required as a result of the 2006 failure. Furthermore, in a subsequent report issued by NGK after the 2011 failure, NGK identified the most likely root cause of the 2006 event as

[1] Root Cause Analysis Report on PPL Montana Colstrip 4 Core Failure Event, page 42, provided in response to UAE Data Request 2.4.

damage to the bushing assembly during initial installation, not a design defect or deficiency.

Despite a thorough investigation, a definitive root cause for the bushing failure in 2011 was never determined. The bushing manufacturer believed it was a transformer assembly issue and the transformer manufacturer suspected it was a bushing issue. ABB Inc. believed the failure was due to an internal bushing failure, but whether that was a manufacturing or installation related defect was not determined**.**

Mr. Hayet's testimony omits that there was no conclusive determination of the cause of either of the first two failures known at the time of the third failure. Because a definitive root cause was never determined, a resolution and the costs of the resolution of the issue would have been based on speculation, not driven by fact.

Q. What actions did the Company take in the absence of the definitive root cause of the failures?

A. Due to the uncertainty of whether this was an anomaly or a widespread issue with the transformer or bushings, the Company proactively installed online dissolved gas analyzers and bushing monitoring equipment on the remaining transformers in 2011 and 2012, respectively.

Q. Was the new monitor data reviewed and considered by the Company in its decision to continue to operate the transformer prior to the failure?

A. Yes. Although the data was not available "in real time" as the 2013 report recommends, the data was reviewed routinely.

Abnormal conditions were immediately reported to Chehalis Plant personnel from the bushing monitoring equipment. The statements made in the 2013 report were improvements which have since been implemented. Mr. Hayet mentions that an "after-the-fact" review of the data was completed. While that is true, it suggests that the Company did not review the data prior to the event, which is incorrect. The Company conducted routine reviews of the data prior to the event, and when abnormal condition notices were sent to the Company the OEM was contacted for discussion. An abnormal condition was previously reported to the Company and found to be a false indication after discussions with the OEM. It was discovered that the OEM had incorrectly commissioned the equipment. This issue was corrected prior to the 2013 failure. The Company, through consultation with the OEM, monitored bushing health values carefully and was prepared to remove the transformer from service if the values reached critical limits. On the day of the failure, the bushing health monitor did not report values in either the non-critical or the critical alarm ranges.

Q. Are there other concerns with the bushing monitors?

A. Yes, as the 2013 Root Cause Analysis report states, "Some concerns remain about the validity of the measurements or the viability of the monitoring system." All bushings deteriorate over time, but do not require immediate replacement. The Company was monitoring the situation using all of the information available at the time and the assumption by Mr. Hayet that the referenced 2013 Root Cause Analysis report recommendation would have changed the failure outcome is

incorrect because no alarm values existed on the day of the failure until the actual failure occurred.

In addition, the bushing monitors are not typical of transformer installations and in fact these are the only monitors in the entire Rocky Mountain Power fleet. The monitors were installed with the expectation they would provide valuable data to the Company but, as has been mentioned, the data accuracy has been questionable, causing false indications. The Company and the OEM continue to work to resolve these issues to improve the value of the system.

Q. Did PacifiCorp implement the recommendation referenced by Mr. Hayet from the 2013 Root Cause Analysis?

A. Yes. The Company implemented those recommendations after the report was issued.

Q. What were the Company's options in 2011 without a definitive root cause of the failure?

A. Because there was no root cause identified and the transformer and bushing manufacturer asserted each of their designs was sound, the Company had two options: 1) install additional monitoring equipment to see if a failure mode and imminent failure could be identified, or 2) replace both remaining transformers at a cost of over eight million dollars, not including the associated outage time required to procure and install the transformers.

Q. What did the Company do after the 2013 failure to prevent future failures?

A. In conjunction with bushing suppliers and insulation experts, the Company installed higher rated bushings on unit 2 (the only remaining FUJI transformer) from a

different supplier and custom modified the bushing shields. Based on the engineering review by the insulation experts, we believe this will provide a superior design compared to the original design.

Q. Do you believe the Company used all available information prudently to minimize risk of future failure?

A. Yes. Based on the full battery of tests, the involvement in the root cause analysis of the transformer and bushing OEM, outside experts, and the PacifiCorp subject matter experts, the Company was diligent in attempting to find the root cause. Without definitive root cause and because the failure modes were identified as being different in 2006 and 2011, the Company took prudent and proactive actions to monitor the issue and did not just replace the equipment in question at a cost of over eight million dollars. The Commission should reject Mr. Hayet's recommendation for removal of the outage costs for the Chehalis event.

Craig Outage

Q. How do you respond to Mr. Hayet's testimony related to the Craig outage?

A. Mr. Hayet is technically correct on the root cause but has ignored PacifiCorp's lack of control and responsibility in the matter. First, PacifiCorp does not operate the Craig plant. Tri-State Generation and Transmission Association, Inc. is the operator of the plant. Consistent with good utility practice, Tri-State's management has developed operating procedures that employees are expected to follow, and Tri-State trains its employees to follow these procedures. It is inevitable for human error to occur, such as overlooking an operating procedure when managing the large amount of information and alarms that occur during a unit trip event as in the case

of the Craig event. In this specific case, Tri-State's operating procedures, if they had been followed, would have prevented the extended outage at Craig. However, it is unreasonable to penalize PacifiCorp for a third party's performance when PacifiCorp has no contractual ability to seek recourse from the third party. In this case Mr. Hayet is suggesting that because a mistake was made by the operator of the Craig plant, the mistake should be imputed to the Company, solely because it is part (minority) owner of the plant. Under these circumstances, it would be appropriate to review how the Company's operating statistics compare to industry standards. In addition, the processes and procedures were in place to effectively manage the issue showing that prudent steps were taken and that a human error was the cause of the incident.

Q. Do you agree with the review of the outages Mr. Hayet performed?

A. The Company believes that reviewing outages is a good practice. However, the Company believes that in evaluating the outages, total generating fleet performance should be taken into account. Prudence is not the same as perfection. It is inevitable that some outages may occur and that in some cases human error may have contributed to them. However, if, even taking them into account, the Company is performing at a better than average level, this indicates that the Company is operating its generation assets prudently. By penalizing the Company for a specific problem (in particular a problem that was not caused by the Company), but not giving it credit for above standard performance, Mr. Hayet is imposing higher than a prudence standard.

In 2013 the average EA for the PacifiCorp thermal fleet on an ownership basis was 90.65 percent, while the 2012 NERC average for a comparable fleet was 82.60 percent. This is over eight percent better than the industry average and a significant benefit to our customers even with the outages Mr. Hayet identifies included. The amount of possible MWHs available in the eight percent improvement over the industry average using the same methodology Mr. Hayet uses for calculating losses shows our customers are receiving a significant benefit and Mr. Hayet's recommended adjustments should be rejected. In addition the adjustments proposed by Mr. Martinez are based on Mr. Hayet's testimony so they too should be rejected.

Colstrip Outage

Q. How do you respond to Mr. Higgins' testimony regarding the Colstrip outage?

A. Mr. Higgins testifies that "[w]hile the report did not find RMP at fault for the outage it notes that the insulation problem was "most likely caused during the prior outage by rotor insertion, skid pan damage or air gap baffle installation." Mr. Higgins does not suggest the Company should have done anything differently yet still recommends a disallowance of prudently incurred costs. The root cause report was conducted by a third party. The third party reported:

> [i]n our opinion, PPL did everything according to standard industry practice such as hiring the OEM (Siemens) to perform the maintenance, performing El Cid testing on the core, operating their unit according to industry practice, (since there was no indication of mis-operation), and protecting the unit with adequate relay protection. Nothing they did or could have done, could have prevented this failure.

Based on the processes that were in place, based on the fact that the root cause report did not find fault by the RMP and that RMP could not have done anything to prevent the failure, Mr. Higgins' adjustment should be summarily rejected. The Company managed this prudently and no evidence has been presented that shows the Company was not prudent.

Q. Is there other evidence that demonstrates the Company's prudent practices as they relate to operating plants?

A. Yes, the Company's total generating fleet performance should be taken into account as evidence of the Company's prudent practices in regards to operating plants. In addition, prudence is not the same as perfection. The Company is performing at a better than average level, which indicates that overall the Company is operating its generation assets prudently. By penalizing the Company for a specific problem that even the third party report found could not have been prevented, and ignoring the Company's excellent operational performance, Mr. Higgins is imposing a higher than prudence standard.

Q. What do you mean by "excellent" operational performance?

A. In 2013, the average EA for the PacifiCorp thermal fleet on an ownership basis was 90.65 percent. The 2012 NERC average for a comparable fleet was 82.60 percent. This is over eight percent better than the industry average and a significant benefit to our customers. The number of possible MWHs available in the eight percent improvement over the industry average using the same methodology Mr. Higgins uses for calculating losses shows our customers are receiving a significant benefit.

For the foregoing reasons Mr. Higgins recommended adjustment should be rejected.

Q. Does this conclude your rebuttal testimony?

A. Yes.