

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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<b>In the Matter of the Application of</b>	)	<b>Docket No. 09-035-15</b>
<b>Rocky Mountain Power for Approval</b>	)	
<b>of its Proposed Energy Cost Balancing</b>	)	<b>Surrebuttal Testimony of</b>
<b>Account Mechanism</b>	)	<b>Philip Hayet for the</b>
	)	<b>Utah Office of</b>
	)	<b>Consumer Services</b>

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December 15, 2016

**I. INTRODUCTION AND SUMMARY**

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**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, TITLE AND COMPANY.**

A. My name is Philip Hayet, and my business address is 570 Colonial Park Drive, Suite 305, Roswell, Georgia, 30075. I am Vice President of J. Kennedy and Associates, Inc. (Kennedy and Associates).

**Q. PLEASE STATE ON WHOSE BEHALF YOU ARE TESTIFYING.**

A. I am appearing on behalf of the Office of Consumer Services (“Office”).

**Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS DOCKET?**

A. Yes, I filed direct testimony on September 21, 2016, and rebuttal testimony on November 16, 2016 on behalf of the Office.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. My testimony responds to two matters that PacifiCorp (also referred to as “Rocky Mountain Power” or “the Company”) witness Mr. Michael Wilding addresses in his rebuttal testimony. The first matter concerns his support for the Division’s recommendation to extend the annual EBA procedural schedule. The second matter concerns his opposition to the Division’s recommendation concerning imprudent forced outages.

**II. EVALUATION OF MR. WILDING’S POSITIONS****Procedural Schedule**

**Q. PLEASE BRIEFLY DESCRIBE THIS ISSUE CONCERNING THE DIVISION’S RECOMMENDATION TO EXTEND THE ANNUAL EBA PROCEDURAL SCHEDULE.**

24 A. In his direct testimony, Mr. Peterson recommended that the annual EBA procedural  
25 schedule should be extended. In my rebuttal testimony, I supported the extension of the  
26 procedural schedule, which would allow the DPU to have more time to conduct its audit  
27 of the Company's annual EBA filing. The Office continues to support Mr. Peterson's  
28 proposal, except for his recommendation to include interim rates, which the Office believes  
29 is unnecessary. I will not rehash my arguments in favor of rejecting interim rates, as I  
30 discussed those at length in my rebuttal testimony; however, I do want to address one of  
31 Mr. Wilding's statements related to his support to extend the EBA procedural schedule.

32 **Q. WHAT DID MR. WILDING HAVE TO SAY REGARDING EXTENDING THE**  
33 **EBA PROCEDURAL SCHEDULE?**

34 A. Mr. Wilding supported the Division's proposal to extend the EBA procedural schedule.  
35 However, Mr. Wilding also stated that if the Commission adopts the Company's proposal  
36 to reset Base NPC in the EBA as the solution to the "mismatch issue", there would need to  
37 be a revision to Mr. Peterson's proposed EBA schedule to allow Base NPC to be effective  
38 January 1 of each year.

39 **Q. DOES THE OFFICE AGREE THIS WOULD BE NECESSARY?**

40 A. Not necessarily. Further, if the mismatch issue were addressed by resetting rates annually  
41 on January 1 of each year, which is the start of the EBA calendar year, this would directly  
42 conflict with the Division's proposal for extending the EBA procedural schedule. Mr.  
43 Wilding did not address this conflict in his testimony. The problem is that Mr. Peterson's  
44 proposal to extend the EBA procedural schedule calls for a hearing to be held in February  
45 and rates to become effective in March, while Mr. Wilding states that because of the  
46 mismatch issue, the rates would have to become effective in January. To meet Mr.  
47 Wilding's January 1 effective date schedule, the hearing date would have to be advanced a

48 few months before February, which essentially would defeat the purpose of Mr. Peterson's  
49 goal of extending the procedural schedule.

50 **Q. WHAT DOES THE OFFICE RECOMMEND TO RESOLVE THIS CONFLICT?**

51 A. If the Commission were to make multiple changes to the structure of the EBA that result  
52 in conflicts, the Office recommends that those issues should be addressed in a technical  
53 conference process that the Commission would establish.

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55 **Imprudent Forced Outages**

56 **Q. PLEASE EXPLAIN THE DIVISION'S INITIAL RECOMMENDATION**  
57 **CONCERNING IMPRUDENT FORCED OUTAGES, AND PLEASE EXPLAIN**  
58 **THE OFFICE'S POSITION.**

59 A. Mr. Thomson recommends "that the Commission should specifically clarify that ratepayers  
60 should not pay outage-related expenses for imprudent outages, whether the imprudence is  
61 due to the Company's direct actions or the actions of its agents or contractors." The Office  
62 supports the Division's recommendation.

63 **Q. HOW DID THE COMPANY RESPOND TO THE DIVISION'S REQUEST?**

64 A. The Company agrees "...that it can only recover prudently incurred costs and that the  
65 determination of prudence in the case of plant outages should be considered based on the  
66 unique circumstances of each outage on a case-by-case basis."<sup>1</sup> Mr. Wilding asserts  
67 therefore that a statement clarifying that customers should not pay for costs related to  
68 imprudent outages is not necessary.

69 **Q. DO YOU FEEL THAT THE COMPANY ADEQUATELY ADDRESSED THE**  
70 **CONCERNS THE DIVISION RAISED?**

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<sup>1</sup> Michael Wilding Rebuttal Testimony, at line 315.

71 A. No I do not. The Division may have other concerns about the Company's position,  
72 however the Office believes the Commission should issue a clarification that relates to  
73 outages caused either by a third-party contractor or by another operator of a jointly owned  
74 unit. It seems that whenever an intervenor finds that an outage was caused by the  
75 imprudent behavior of a third party, PacifiCorp claims it had no responsibility since the  
76 third party caused the outage. The Office recommends the Commission clarify that while  
77 there may be other facts and circumstances that result in an outage being considered  
78 prudent, the mere fact that the outage was caused by a third party should not be sufficient  
79 reason to consider the outage prudent. Again, the Office believes it is important that the  
80 Commission should consider all facts and circumstances associated with the outage, but it  
81 does not believe that the Company should be shielded from responsibility just because a  
82 third party caused the outage. The Division's recommendation, and the Office's support,  
83 reflect this distinction. The Office wants to ensure that rate-payers are not harmed by the  
84 imprudent actions of the Company or its agents, considering the specific circumstances of  
85 the outage events.

86 **Q. DOES THAT COMPLETE YOUR TESTIMONY?**

87 A. Yes, it does.