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January 11, 2018

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: **Docket No. 17-035-01 - Application of Rocky Mountain Power to Decrease the Deferred EBA Rate through the Energy Balancing Account Mechanism**

Rocky Mountain Power hereby submits for filing its rebuttal testimony in the above referenced matter. As requested by the Commission, Rocky Mountain Power is also providing seven (7) printed copies of the filing via overnight delivery.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

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Sincerely,

Joelle Steward
Vice President, Regulation

cc: Service List

Rocky Mountain Power
Docket No. 17-035-01
Witness: Dana M. Ralston

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of Dana M. Ralston

January 2018

1 **Q. Are you the same Dana M. Ralston who previously submitted response testimony**
2 **in this proceeding on behalf of PacifiCorp d/b/a Rocky Mountain Power (“the**
3 **Company”)?**

4 A. Yes.

5 **Q. What is the purpose of your rebuttal testimony?**

6 A. My rebuttal testimony responds to the direct testimony of Ms. Michele Beck for the
7 Office of Consumer Services (“OCS”) and the direct testimony of Mr. Neal M.
8 Townsend of Energy Strategies, LLC on behalf of the Utah Association of Energy Users
9 (“UAE”). Both Ms. Beck and Mr. Townsend support the adjustment proposed by
10 Daymark Energy Advisors (“Daymark”) on behalf of the Utah Division of Public
11 Utilities (“DPU”), which is an entire disallowance of the Joy longwall abandonment
12 and recovery costs.

13 **SUMMARY OF TESTIMONY**

14 **Q. Please summarize your testimony.**

15 A. My testimony:

- 16 • Reiterates the observations detailed in the root cause analysis (“RCA”)
17 investigative report prepared by Bridger Coal Company (“BCC”);
- 18 • Demonstrates that the allegations made by OCS and UAE that the Company was
19 imprudent in the management of the Jim Bridger mine are unfounded.

20 **Q. Please explain the basis for the recommendation by the OCS and UAE to disallow**
21 **all costs associated with the Joy longwall.**

22 A. The OCS and UAE base their recommendation primarily upon the Daymark audit
23 report and largely repeat Daymark’s observations and conclusions. In my response

24 testimony to Daymark and the DPU, I refute all of the contentions from the Daymark
25 report and correct a number of errors in the report. In addition, the Daymark report
26 picked certain items from the Company's root cause analysis of the Joy longwall
27 incident and did not portray the report in its entirety. Neither the OCS nor UAE provide
28 any additional or independent support for their recommendations to disallow the costs.

29 **Q. Why did the Company and BCC investigate the circumstances surrounding the**
30 **abandonment of the Joy longwall and perform a root cause analysis investigation?**

31 A. As stated in my response testimony, the Company considered it important to understand
32 the events and issues that resulted in the abandonment of the Joy longwall and to
33 develop actions to prevent a future occurrence. The in-depth root cause analysis,
34 attached as Confidential Exhibit RMP___(DMR-1Rb), was conducted in a diagnostic
35 manner with a critical view to continuously improve operations. The RCA report does
36 not conclude that imprudent or careless actions occurred. The report identifies
37 enhancements to existing processes at the underground mine to improve operational
38 processes. Notably, the Company has operated the underground mine successfully for
39 over 10 years before this event.

40 **Q. Please summarize the factors that led to the longwall event.**

41 A. As stated in previous testimony describing the RCA, a combination of factors
42 contributed to the event; most notably employees encountered unexpected and complex
43 geologic conditions that consisted of a coal seam that thinned to approximately six and
44 a half feet combined with an unknown rapid mid-face multi-dimensional structural roll
45 in the floor. In addition, the hard sandstone floor thinned in the crown area of the
46 structural roll leaving the floor less than one foot thick. While employees attempted to

47 alter the angle of the mining horizon with the shearer, the combination of the thinning
48 seam, thinning sandstone floor, and the severity of the structural roll exceeded the
49 capacity of the shearer to maneuver through the coal face without trimming into the
50 roof and hard sandstone floor. As the crews struggled to navigate through these difficult
51 conditions, the crown was cut, which exposed the incompetent claystone under the hard
52 sandstone floor. The longwall shields then began to sink into the soft claystone floor
53 and tilt.

54 The normal roof and floor convergence and the lack of a hard structure for the
55 shields resulted in roof caving that in turn introduced groundwater from the overburden.
56 The groundwater further compromised the soft weak claystone floor producing flowing
57 clay below the shields. Production delays related to decreased workforce availability
58 due to union employee vacation and holidays and unforeseen equipment downtime
59 stopped the steady retreat of the longwall exacerbating the situation.

60 The report also identified other factors such as inconsistent operating practices
61 and communication, the absence of written procedures for cutting the hard sandstone
62 floor and catching top rock, and the fact that operating the Joy longwall in the unique
63 geological conditions at BCC was new to all employees. The report highlights areas for
64 improvement not imprudent actions and does not conclude that if all the improvements
65 had been in place the event would not have occurred. There is no evidence the outcome
66 of the Joy incident would have been any different. The issues associated with the severe
67 unexpected geologic roll were beyond the capability of the Joy longwall and would
68 have certainly been beyond the operating capability of the DBT longwall.

69 **Q. Please describe the performance of the Joy longwall before December 2015.**

70 A. The Joy longwall was outperforming operational productivity expectations and was
71 consistent with projected coal quality. From September 2015 through November 2015,
72 the operation of the Joy longwall exceeded all metrics for production volume while
73 heat content and ash quality of the coal were within projections. The fact that the Joy
74 longwall lost advancement capability less than four months after it was acquired does
75 not “indicate that the Company’s planning and operation with respect to longwall
76 operations was imprudent.”¹

77 **Q. Please reiterate why the eight items listed in the “Methods to Prevent a**
78 **Reoccurrence” section of the root cause analysis report were improvements to**
79 **existing procedures.**

80 A. As described in prior testimony, most of the items discussed in the “Methods to Prevent
81 a Reoccurrence” section highlight ways to improve current practices or further
82 document procedures as opposed to an absence of procedures.

83 1. Written longwall standards. Formal written longwall procedures have been in-place
84 since longwall operations began at the underground mine in March 2007. In
85 addition, the BCC Longwall Standards document was developed and formalized in
86 August 2017 and standards continue to be refined as needed.

87 2. Additional geologic training. Geologic longwall reports have been developed and
88 provided to management employees since longwall operations began at BCC as
89 well as at other mines operated by the Company. Maps identifying geological
90 features have also historically been provided to all longwall section employees

¹ UAE Exhibit 1.0, Townsend pp. 7-8.

91 along with verbal training and instructions given by supervisors. The written
92 Longwall Standards document developed after the Joy longwall event now requires
93 all longwall section employees to meet directly with Company geologists for
94 training and document their attendance.

95 3. Expanded geologic operating plans. Operating plans have always existed and been
96 discussed with longwall section employees and mine management personnel based
97 on discussions and input from Company geologists. However, the Longwall
98 Standards document formalizes the communication process between longwall
99 employees and geologists.

100 4. Shearer operator communication. The head gate and tail gate longwall shearer
101 operators have always verbally communicated with each other, foreman and
102 geologists regarding operational issues. However, the Longwall Standards
103 document formalized the communication process to be both verbal and written.

104 5. Shift change communication. Historically, longwall operators have verbally
105 communicated operational and geological conditions to the on-coming shift and
106 supervisors prepared written production reports. The written production reports
107 were typically reviewed by on-coming shift supervisors. The Longwall Standards
108 document now requires operators and supervisors to provide written reports which
109 include operating and maintenance information to on-coming crews to ensure
110 complete and accurate information is provided to shift supervisors.

111 6. Supervisor documentation. Historically, supervisors have evaluated changing face
112 conditions, made operating adjustments and verbally communicated changes to
113 other longwall employees. The Longwall Standards document now requires

114 supervisors to fully document changing conditions in production reports.

115 7. Mechanical availability. The Company recognized that not having a specific spare
116 part contributed to several hours of downtime during the longwall event. The
117 Company has reviewed and updated the critical spare longwall parts list to mitigate
118 mechanical delays and the Longwall Standards document requires all longwall
119 employees to immediately report mechanical problems to maintenance personnel
120 to ensure timely repairs occur.

121 8. Adequate staffing levels. The Company followed call-out procedures from the
122 collective bargaining agreement, but union represented employees declined to work
123 unscheduled shifts. Historically, operating shifts at the mine were reduced from two
124 to one per operating day during extended holiday periods. This practice did not
125 create operational issues prior to the Joy longwall incident. The Company is now
126 scheduling additional employees to work during holiday periods when conditions
127 warrant and attempts to manage coal production activities to avoid longwall moves
128 over extended holiday periods. In addition, the Company signed a Memorandum of
129 Agreement with the union to provide enhanced workforce coverage during
130 longwall move periods.

131 **Q. Do you agree the Company “should not have scheduled critical work to have been**
132 **performed until manpower levels were more appropriate”²?**

133 A. No. During longwall mining, it is critical that a longwall regularly move or retreat while
134 mining the panel to avoid or minimize convergence and unstable roof conditions. The
135 assumption that the Company could have prudently stopped longwall mining mid-panel

² OCS – 1D, p. 5.

136 during the holiday period is incorrect. Based upon the geologic reports, the Company's
137 management was not anticipating the geological conditions encountered in late
138 December 2015. When conditions deteriorated, additional employees were called to
139 supplement the operation but due to the holiday period, an insufficient number of
140 employees were available. The staffing levels were appropriate for the expected
141 conditions.

142 **Q. Do you agree that the Company prudently managed the operation of the Jim**
143 **Bridger mine and the Joy longwall?**

144 A. Yes. The Company has demonstrated in this testimony and prior testimony that it
145 diligently evaluated and managed the purchase, installation, and the operation of the
146 Joy longwall. The Company was prudent in the operation of the Jim Bridger
147 underground mine, it's evaluation of the anticipated mining conditions, the training of
148 Company employees, and the efforts to retrieve the longwall using several techniques
149 and outside resources. The Company has also demonstrated the events that led to the
150 longwall incident resulted from two unknown geological features that occurred
151 simultaneously, a mid-panel coal seam thinning trend and a severe geologic structural
152 roll in the floor which exceeded the capacity of the longwall to maneuver through the
153 area. In addition, the Company has successfully operated the underground mine for
154 over 10 years before this event. When all information about the Joy longwall event is
155 considered, the Company's actions before and after the incident were prudent and
156 consistent with industry practice. Therefore, the inclusion of the Joy longwall expenses
157 should be permitted.

158 **Q. Does this conclude your testimony?**

159 **A. Yes.**

REDACTED

Rocky Mountain Power
Exhibit RMP____(DMR-1Rb)
Docket No. 17-035-01
Witness: Dana M. Ralston

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Rebuttal Testimony of Dana M. Ralston

Joy Longwall 14th Right Root Cause Analysis

January 2018

**THIS EXHIBIT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER
SEPARATE COVER**

CERTIFICATE OF SERVICE

Docket No. 17-035-01

I hereby certify that on this January 11, 2018, a true and correct copy of the foregoing was served by electronic mail and/or overnight delivery to the following:

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