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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

| | |
|---|---|
| IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER TO INCREASE THE DEFERRED EBA RATE THROUGH THE ENERGY BALANCING ACCOUNT MECHANISM. | **ROCKY MOUNTAIN POWER'S POST-HEARING BRIEF**<br><br>Docket No. 18–035–01 |

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## INTRODUCTION

This Brief responds to the Public Service Commission of Utah's ("Commission") request for briefing on the legal standards that should govern prudence determinations where outage expenses, including but not limited to replacement power costs, arguably result from actions taken by a third-party plant operator or an independent contractor. Of the seven outages identified by the Division of Public Utility's ("DPU") expert witness Philip DiDomenico for which he recommends a disallowance of replacement power costs, two involve situations where a third-party plant operator or contractor's actions may have contributed to the outage. *See* Exhibit DPU 2.3.

As set forth in more detail below, Utah law generally requires the Commission to "focus on the reasonableness of the expense resulting from *the action of the public utility* judged as of the time the action was taken." Utah Code Ann. § 54-4-4(4)(a) (emphasis added). Outage expenses do not fall under any different standard. Consequently, the Commission should not hold the Company strictly liable for replacement power costs whenever the actions of third-party plant operators or contractors are alleged to be involved, as suggested by Mr. DiDomenico. Rather, the law requires the Commission to analyze whether expenses were reasonably incurred from the *perspective* of the Company at the time incurred, and "determine whether a reasonable utility, knowing what the utility knew or reasonably should have known at the time of the action, would reasonably have incurred all or some portion of the expense, in taking the same or some other prudent action." Utah Code Ann. § 54-4-4(4)(a)(iii).

In other words, was the Company prudent in entering into that contract or joint ownership agreement and did it provide proper oversight given its contractual rights? The standard is not to penalize the Company for events outside of its control. While it is true customers also did not

cause the outages, there are numerous circumstances (weather events, vandalism, etc.) when customers' costs are increased due to external events beyond the control of the Company. Accordingly, in regard to the plant outages at issue, the evidence demonstrates that (1) Rocky Mountain Power's actions as a minority-plant owner of the Craig Unit 2 plant were consistent with how a "reasonable utility" would have acted in the same situation, and (2) Rocky Mountain Power prudently selected and managed the contractors that performed maintenance and repair work on the other plants at issue. For these reasons, the Company respectfully requests that the Commission approve the Application as submitted and allow the Company to recover the costs identified in the Application.

## ARGUMENT

### I. THE PRUDENCE STANDARD THAT GOVERNS PLANT OUTAGES IS WELL SETTLED.

Under Utah law, the Commission must: (1) "focus on the reasonableness of the expense resulting from *the action of the public utility* judged as of the time the action was taken;" and (2) "determine whether a reasonable utility, knowing what the utility knew or reasonably should have known at the time of the action, would reasonably have incurred all or some portion of the expense, in taking the same or some other prudent action." Utah Code Ann. § 54-4-4(4)(a)(ii), (iii) (emphasis added).[1] With regard to replacement power costs incurred as a result of "forced outages," the Commission has held that "a final determination on outages can only be made on a case-by-case basis with consideration of the factual evidence presented." *In re Application of Rocky Mountain Power for Approval of Its Proposed Energy Cost Adjustment Mechanism*, No. 09-035-15, 2017 WL 661346, at *10 (Utah Pub. Serv. Comm'n Feb. 16, 2017).

[1] The Commission also has discretion to "find an expense fully or partially prudent, up to the level that a reasonable utility would reasonably have incurred." Utah Code Ann. § 54-4-4(4)(b).

"One of the critical prudence considerations when evaluating [forced outages] is to not apply the perspective of hindsight, but rather to consider the actions in light of the conditions and circumstances as they existed at the time they were taken." *In re Pub. Serv. Co. of N.H.*, 87 N.H.P.U.C. 876, *12 (N.H Pub. Utilities Comm'n Dec. 31, 2002); *see also Ill. Commerce Comm'n on Its Own Motion*, No. 95-0119, 1998 WL 34302078 (Ill. Commerce Comm'n Nov. 5, 1998) ("A utility's decision [regarding a forced outage] is prudent if it was *within the range of decisions* reasonable persons might have made.") (emphasis added); *Ill. Commerce Comm'n on Its Own Motion*, No. 84-0395, 1987 WL 1377200 (Ill. Commerce Comm'n Oct. 7, 1987) ("Where human beings are involved, no safeguards and procedures are outage-proof.").

## II. A THIRD–PARTY PLANT OPERATOR'S ACTIONS CANNOT BE IMPUTED TO THE COMPANY IF THE COMPANY ACTED PRUDENTLY.

In the context of jointly-owned plants, a majority owner's actions cannot be "imputed" to the minority owners because all prudence determinations must be evaluated from the "standpoint" of the utility whose actions are being evaluated. *See, e.g., Re New England Power Co.*, 31 FERC ¶ 61047, at 61,085 (1985) ("We do not think it fair, equitable, or logical to conclude that all of [the minority owner's] . . . costs are imprudent simply because a State commission has found that from the standpoint of [the majority owner] . . ., those costs were imprudently incurred.").

In regard to joint venture agreements, other public service commissions have held that it is not unreasonable for minority-plant owners to vest control in the majority owner because "it makes sense to vest control in the party with the greatest stake, since that interest will be a powerful inducement to manage the job prudently." *In re Tariff of Cent. Vt. Pub. Serv. Corp.*, No. 5030, 1986 WL 327575 (Vt. Pub. Serv. Bd. Feb. 18, 1986). It is also "reasonable utility" practice for minority owners to waive a majority owner's potential liability for damages arising

from plant outages. *See, e.g., Violet v. FERC*, 800 F.2d 280, 283 (1st Cir. 1986) (minority owner was not imprudent for entering into contract that waived the majority owner's liability for negligence and any rights to indemnification because there was "no evidence in the record of industry practice, or from industry experts, tending to show that a reasonably prudent utility, before taking a minority position in such a joint venture, could or would have insisted upon greater rights of indemnification"); *see also In re Application of Rocky Mountain Power to Increase Rates by $17.1 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 & to Increase Rates by $3.7 Million Pursuant to Tariff Schedule 93*, No. 20000-447-EA-14, 2015 WL 301443, at *9 (Wyo. Pub. Serv. Comm'n Jan. 15, 2015) (Wyoming Public Service Commission recognizing that it is "standard" in "joint ownership agreements" for minority owners to waive their rights to recover replacement power costs arising from plant outages).

The Wyoming Public Service Commission recently addressed whether Rocky Mountain Power could recover replacement power costs in a situation involving the same plant operator that is at issue in this matter, Tri-State Generation and Transmission ("Tri-State"). *See In re Application of Rocky Mountain Power to Increase Rates by $17.1 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 & to Increase Rates by $3.7 Million Pursuant to Tariff Schedule 93*, 2015 WL 301443. Specifically, the Wyoming Public Service Commission was asked to decide the following question:

> ii. Should the Commission decrease the replacement power costs allowed fo[r] the Company's outage at the Craig plant by $326,628 ***when the outage resulted from operator error and could have been avoided*****?** Should RMP's management be held accountable to its ratepayers for the economic, safe, and reliable operation of the plant irrespective of the percentage of its ownership share?

*Id.* at *5 (emphasis added). After acknowledging that Rocky Mountain Power lacked "contractual ability through its participation agreement with Tri-State to seek recourse from the third-party operator for replacement power costs for the outage," the Commission held that "RMP did not act imprudently in its minority ownership of the plant operated by Tri-State, though the extended outage was caused by human error of Tri-State employees." *Id.* at *9, *13.

Therefore, when evaluating whether a minority owner reasonably incurred replacement power costs arising from plant outages, the Commission must evaluate whether the utility acted prudently in its position as a minority owner of the plant at issue.[2]

## III. A CONTRACTOR'S ACTIONS CANNOT BE IMPUTED TO THE COMPANY IF THE COMPANY ACTED PRUDENTLY.

Identical to how the DPU has argued previously,[3] Mr. DiDomenico has contended that "the Company is responsible for the actions of its contractors." Exhibit DPU 2.0, Rebuttal Testimony of Philip DiDomenico, at lines 38-39. This is not the law. Rather than holding the Company strictly liable for the actions of its contractors, the Commission must analyze plant outages from the perspective of the Company and whether "the action of [the Company]" such as its management of contractors was prudent "as of the time the action was taken." Utah Code Ann. § 54-4-4(4)(a).

With regard to the management of contractors, the Commission has previously held that "management of a contract includes administration, monitoring, and any necessary oversight" of the Company's contractors. *In re Application of Rocky Mountain Power for Approval of Its*

[2] As explained by Mr. Dana Ralston during cross examination by the UAE, the DPU's position that plant operators should contractually indemnify all co–owners and their customers for any unplanned expense would result at best in vastly increased operations costs (as operators seek reimbursement for costly E&O insurance) and at worst a complete lack of operators and managers willing to take on such a risk. *See* Hearing Tr. at 103:22 - 104:20.

[3] The DPU has previously argued that the Company should be held responsible for plant outages "whether the imprudence is due to the Company's direct actions or the actions of its agents or contractors." *See* Direct Testimony of David Thomson, Exhibit DPU 6.0 DIR at 9, lines 184-185, filed September 21, 2016.

*Proposed Energy Cost Adjustment Mechanism*, 2017 WL 661346, at *10. Other public service commissions have similarly held that utilities cannot be held liable for the imprudent actions of contractors where the utility acted prudently in the selection and management of the contractors. *See, e.g., re Consumers Power Co.*, 84 P.U.R. 4th 389 (Mich. Pub. Serv. Comm'n 1987) (Michigan Public Service Commission holding that utility could not be held liable for error committed by its contractor because "there [was] no evidence to suggest that [the utility] acted improperly in selecting the [contractor] or in monitoring that [contractor's] activities"); *Application of S. Cal. Edison Co. (U338E) for a Comm'n Finding That Its Procurement-Related & Other Operations for the Record Period Jan. 1 Through Dec. 31, 2015 Complied with Its Adopted Procurement Plan; for Verification of Its Entries in the Energy Res. Recovery Account & Other Regulatory Accounts; & for Refund of $0,082 Million Recorded in Two Memorandum Accounts*, No. 16-04-001, 2018 WL 4037387, at *12 (Cal. Pub. Utilities Comm'n Aug. 9, 2018) (California Public Utilities Commission holding that a utility's costs are recoverable "as long as the utility demonstrates that it acted prudently," including in its "selection" and "management" of contractors); *Verified Petition of Duke Energy Ind., Inc. Seeking (1) Approval of an Ongoing Review Progress Report Pursuant to Ind. Code ss 8-1-8.5 & 8-1-8.7; (2) Auth. to Reflect Costs Incurred for the Edwardsport Integrated Gasification Combined Cycle Generating Facility ("Igcc Project") Prop. Under Constr. in Its Rates & Auth. to Recover Applicable Related Costs Through Its Integrated Coal Gasification Combined Cycle Generating Facility Cost*, No. 43114 IGCC 4S1, 2012 WL 6759528 (Ind. Util. Regulatory Comm'n Dec. 27, 2012) ("[The utility company] had an obligation to prudently manage its contractors and the terms of the contractual arrangements are a component of the means to accomplish such management.").

Similar to co–owners, contractors, if contractually forced to indemnify customers for all unplanned expenses, would charge exorbitant prices—if they would be willing to take on the work at all. Contracts with such clauses would fail the cost–benefit analysis that Mr. DiDomenico conceded he failed to undertake, but admitted utilities must undertake.

## IV. MR. DIDOMENICO'S OPINIONS SHOULD BE DISREGARDED BECAUSE HE FAILED TO APPLY THE CORRECT PRUDENCE STANDARD.

Mr. DiDomenico's opinions regarding the seven outages at issue should be disregarded because his opinions are fundamentally flawed in a number of respects. First, Mr. DiDomenico admitted that utilities must weigh the costs of mitigation practices against the risks of outages when making decisions in the real world, yet Mr. DiDomenico failed to perform this analysis when forming his opinions:

> **Q. You -- you recall when you were asked, is cost something that you took into consideration?· And I heard -- understood you to essentially say, not really. I just looked at "should this have happened or that have happened." I wasn't considering costs, right?**
>
> A. That's correct.
>
> **Q. But you also agreed that a utility, in the real world, when it needs to make decisions, it has to balance cost with risk. Is that correct?**
>
> A. I would agree.
>
> **Q. And so the recommendations that you have made about prudence, of course, are not necessarily the same that a company would make, because while you are saying, "I made these determinations without considering costs," of course, this utility or any utility must consider cost, correct?**
>
> A. Correct.[4]

As a consequence, Mr. DiDomenico's opinions are not useful to the Commission because they do not comply with the "reasonableness" standard set forth under Utah Code Ann. § 54-4-4(4)(a).

[4] Hearing Tr. at 178:8-24.

Second, Mr. DiDomenico's testimony clearly demonstrates that he applied a "strict liability" standard rather than the prudence standard required under Utah Code Ann. § 54-4-4(4)(a). For example, in regard to the Craig Unit 2 outage, Mr. DiDomenico concluded that the Company was imprudent for no reason other than a "plug" came out of its seal, no matter the cause:

> **Q. Can you explain to me what it is that in Daymark's view was imprudent about this particular outage?**
>
> A. [abbreviated] In this case bolts don't fall out for no reason. They fall out because somebody didn't do what they needed to do. It's a summation. I don't have facts to support that, but all I know is that the bolt was not there, and that -- and that is a cause for concern.[5]
>
> **Q. So the logical conclusion is, if something goes wrong, anything goes wrong in a plant anywhere, somebody didn't do their job because bolts or cables or lines or things, things don't just happen, right?**
>
> A. Most of the time that is correct.[6]

Third, Mr. DiDomenico's opinions regarding outages are based upon incorrect assumptions about the Company's practices. For example, in regard to the Dave Johnston Unit 3 outages, Mr. DiDomenico incorrectly assumed that the Company had failed to adopt a recommendation from its metallurgist that the Company consider using low velocity detonation cord for deslagging, but in actuality, the Company implemented this practice beginning in at least 2011:

> **Q. Okay. And not just what you have written here, but the times that you have said today here sitting in that chair about how the company was repeatedly warned by its metallurgist and didn't comply, that was also incorrect, wasn't it?**
>
> A. Yes. Based on the most recent testimony, it's true [abbreviated].[7]

[5] *Id.* at 155:9 - 156:23.
[6] *Id.* at 180:13-17.
[7] *Id.* at 187:2-12.

Fourth, Mr. DiDomenico was unable to describe how the Company could have even feasibly avoided the outages at issue. For example, in regard to the Craig Unit 2 outage, Mr. DiDomenico had no "specific recommendations" regarding how the Company could have avoided the outage:

> **Q. Okay. And -- and how would -- how should the company have managed the risk in this -- in this case in your view?**
>
> A. Well, you know, unfortunately in this -- in this case, to do a proper root cause investigation would require you being on-site and interviewing the principals involved. Right now, **the information I have available to me doesn't really allow me to make any specific recommendations**, other than a general recommendation that greater oversight needs to be provided. That's not terribly helpful, but it -- but it requires more intervention, more active involvement in what's going on.[8]

Nor could Mr. DiDomenico opine on the issue of how frequently the Company should test certain equipment, such as the damaged cables that may have caused the Jim Bridger Unit 3 outage:

> **Q. Are you able to cite for us today any industry standard that says, utilities should go and test their electric cables, even though they are operational, every X period of time, just in case something's going on that we can't see?**
>
> A. I can't point to anything specific, no.[9]

Fifth, Mr. DiDomenico could not identify *any* industry standards that the Company had failed to adopt. For example, in regard to the dissimilar weld issue that caused the Huntington Unit 1 outage, Mr. DiDomenico fully admitted that his opinion that the Company should have resolved the issue earlier was not based upon any industry standard:

> **Q. There was one failure in around 2008, 2011, whenever, and then nothing really changes between No. 3 and No. 4. But then all of a sudden at No. 4, the company moves into action. And I guess my question to you is, is that a**

[8] *Id.* at 157:23 - 158:11 (emphasis added).
[9] *Id.* at 194:17-22.

**mistake? Is that an error? Is there a reason why -- is there some industry standard that you can refer us to that says you should do it at incident No. 3 not incident No. 4?**

A. There is no industry standard to that effect. [abbreviated].[10]

Sixth, Mr. DiDomenico was unable to opine on whether any of his recommendations would have prevented the outages at issue. For example, in regard to the dissimilar weld issue that caused the Huntington Unit 1 outage, Mr. DiDomenico was unable to say whether his recommendation of earlier "testing" would have prevented the outage:

**Q. Would you agree with me, before we move on from this point, that even if the company had done that and had scheduled a 20 -- this to be part of the 2018 outage, none of that would have prevented the 2017 outage that occurred?**

A. That's correct.[11]

In short, Mr. DiDomenico's opinions are fundamentally flawed and unreliable; consequently, the Commission should disregard them when deciding whether the Company acted prudently in this matter.

## V. THE EVIDENCE DEMONSTRATES THAT ROCKY MOUNTAIN POWER'S ACTIONS WERE PRUDENT.

Two of the seven outages identified by Mr. DiDomenico for which he recommends a disallowance of replacement power costs involve situations where a third-party plant operator or contractor's actions may have contributed to the outage. *See* Exhibit DPU 2.3. In both instances, the evidence demonstrates that Rocky Mountain Power's actions were prudent; therefore, the Company's replacement power costs should not be disallowed.[12]

[10] *Id.* at 189:10-19.
[11] *Id.* at 193:10-15.
[12] With regard to the other five outages identified by Mr. DiDomenico, the evidence similarly demonstrates that Rocky Mountain Power's actions were prudent. Mr. Ralston's testimony supports the actions taken by the Company, whereas Mr. DiDomenico failed to submit any evidence showing that a "reasonable utility" would not "reasonably have incurred all or some portion of the expense, in taking the same or some other prudent action." Utah Code Ann. § 54-4-4(4)(a)(iii).

### A. Craig Unit 2 Outage

On May 23, 2017, Craig Unit 2 was brought offline because of a hydrogen leak discovered near the #5 and #6 bearings. *See* Exhibit DPU 2.3, at 24. A 1/4" plug is believed to have vibrated out of the channel seal on the collector end of the generator. *Id*. Mr. DiDomenico argues that the fact that the plug came out "indicates a procedural failure;" and thus, the Company's replacement power costs should be disallowed. *See id.* Mr. DiDomenico's opinion is unsupported for several reasons.

First, Mr. DiDomenico mischaracterizes General Electric and APM as "the Company's" contractors. *See, e.g.*, Hearing Tr. at 148:11-14 ("Though the company's partner GE admitted fault, the company should still be held accountable since they are responsible for ensuring risk mitigation measures are established and followed by their partners."). To the contrary, "Tri-State hired General Electric ("GE") as the contractor who in-turn hired sub-contractor APM (millwrights) to remove/install the plugs." *See* Response Testimony of Dana Ralston, at 51-52. This is a critical misassumption. Because Tri–State hired the contractors, the Commission's focus is on whether the Company was prudent in its conduct as a minority co–owner, not whether the operator's contractors were negligent.

Second, the undisputed facts demonstrate that APM followed established industry practices when it installed the plugs. Dana Ralston, Rocky Mountain Power's Senior Vice President of Thermal Generation and Mining, testified that after APM installed the plugs they "pressure-tested" each plug to verify their seal integrity. Then, APM performed further testing to ensure that the plugs were properly installed:

Following this maintenance, Craig Unit 2 generator was pressurized to 48 psi which maintained pressure for 24 hours with no indication of leaks. The generator was put into service where it ran for 24 hours before any indication of a hydrogen leak. During inspection to identify

the cause of the hydrogen leak, it was discovered that one of the plugs was missing and is believed to have vibrated out after the unit was returned to service.[13]

In response to this testimony, Mr. DiDomenico was unable to identify *any* reasonable utility practice that was not followed in regard to the installation of the plugs:

> **Q. Yes, but are you able, as you sit here today, to articulate, "here is the procedure that wasn't followed [regarding installation and testing of the plugs]?"**
>
> A. No.[14]

Third, Mr. DiDomenico's belief that the Company can somehow dictate to Tri-State how to operate the plant, including deciding what contractors must be used and how those contractors perform their work, is incorrect and shows a lack of understanding of joint ownership agreements. *See* Exhibit DPU 2.3, at 28. Under the controlling Participation Agreement, Tri-State is contractually entitled to make decisions regarding the "daily operations" of the plant, and "PacifiCorp, as a minority owner (19.28 percent ownership in both Unit 1 & Unit 2, 12.86 percent ownership in the common facilities), does not have unilateral authority to force Tri-State" to operate the plants as the Company sees fit. *See* Response Testimony of Dana Ralston, at 82-90. As set forth above in Section II, it is reasonable utility practice for minority owners to vest operating control in the majority owner. *See In re Tariff of Cent. Vt. Pub. Serv. Corp.*, 1986 WL 327575 ("[I]t makes sense to vest control in the party with the greatest stake, since that interest will be a powerful inducement to manage the job prudently.").

Finally, Mr. DiDomenico admitted that he could not identify *any* imprudent actions taken by the Company:

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[13] *See* Response Testimony of Dana Ralston, at 57-60.
[14] Hearing Tr. at 182:9-12.

**Q. And so what I am saying is, you cannot, as you sit here, point to a point in that timeline and say, right there is where the utility, Rocky Mountain Power, messed up [regarding the installation of the plugs], right?**

A. Agreed.[15]

Instead, Mr. DiDomenico appears to believe that Rocky Mountain Power should be held strictly liable for the errors of Tri-State and its contractor. *See, e.g.*, Exhibit DPU 2.3, at 24 ("The lack of a root cause analysis or any follow-up corrective actions taken by ***Tri-State*** suggests a general lack of concern with avoiding a repeat event, which is unacceptable and cause for a disallowance recommendation.") (emphasis added). This is clearly improper because as set forth in Section II above, a plant operator's errors are not "imputed" to a minority owner. *See, e.g., re New England Power Co.*, 31 FERC ¶ 61047, at 61,085. The Commission should disregard Mr. DiDomenico's opinion regarding the Craig Unit 2 outage.

**B. <u>Dave Johnston Unit 4 Outage</u>**

On March 17, 2017, a planned outage was scheduled, which included the replacement of a Control Rotor Main Oil Pump Impeller. *See* Exhibit DPU 2.3, at 27. The outage was extended because the Company's contractor Mechanical Dynamics and Analysis ("MD&A") had installed the wrong impeller and the control rotor had to be sent back to the MD&A shop to be re-worked. *Id.* Mr. DiDomenico claims that the installation of the wrong impeller "is indicative of a procedural failure which is entirely avoidable, warranting a recommendation for disallowance." *Id*. at 28. This claim is unsupported for multiple reasons.

First, the undisputed evidence demonstrates that the Company followed reasonable industry standards when selecting and managing MD&A to install the impeller. Both Mr. Ralston and Mr. DiDomenico testified that MD&A is a well-respected contractor in the industry,

[15] *Id.* at 184:18-22.

not a "fly by night type of outfit."[16] Prior to the impeller issue, the Company had used MD&A for "well over 20 years" without prior incident.[17] As evidence of its prudent processes, MD&A discovered the impeller issue "during a secondary check" before the machine was assembled, and MD&A resolved the issue on an "expedited basis."[18]

In response to Mr. Ralston's testimony, Mr. DiDomenico was unable to offer any testimony reflecting imprudence by the Company:

**Q. Are you aware of any evidence that would indicate that this company, Rocky Mountain Power, failed to administer the contract that it had with MD&A properly?**

A. I, I have no information either way.

**Q. Are you aware of any information that indicates that it failed to monitor the activities of its contractor?**

A. Again, no information.

**Q. Okay. Are you -- and you provide no evidence that they failed to provide oversight there at the job site where the contractor was performing the work, right?**

A. I -- I have no evidence to that effect, no.

**Q. In fact, when the piece of equipment actually shows up at the plant is when there is an inspection and it's discovered, "we got the wrong piece of equipment," right?**

A. Right. Yes, correct.[19]

Second, Mr. DiDomenico admitted that he could not identify *any* good utility practice or process that the Company failed to follow with respect to its management of MD&A:

**Q. And so you, again, cannot point to any specific process or procedure that Rocky Mountain Power did that did not meet industry standard?**

[16] *Id.* at 173:12-14.
[17] *Id.* at 111:13-14; Surrebuttal Testimony of Dana M. Ralston, at 221:222.
[18] Response Testimony of Dana Ralston, at 332-335.
[19] Hearing Tr. at 195:12 - 196:1.

A. I can't point to anything specific there, no.[20]

In fact, Mr. Domenico openly admitted that the only way that the Company could have prevented the impeller issue was to "literally" have a Company employee stand over the MD&A employee and watch his or her every move:

**Q. And so the only way that the power company could have prevented this is literally if it had been back at MDA's factory watching the guy put [the] impeller in [the] box that he mailed out; is that right?**

A. Yes, to a degree that's correct. [abbreviated].[21]

While employing such a practice would obviously reduce the number of errors committed by contractors, there can be no dispute that asking utilities to staff up to perform this level of monitoring would not be economical, nor would it be prudent.

Finally, Mr. DiDomenico's opinion failed to account for the Company's efforts to collect liquidated damages from MD&A under its contract.[22] Not only were those funds "credited" back to the capital project, thus reducing Rocky Mountain Power's revenue requirement,[23] but these efforts demonstrate the Company's prudent management of the MD&A contract. Therefore, the Commission should disregard Mr. DiDomenico's opinion regarding the Dave Johnston Unit 4 outage.

## CONCLUSION

Therefore, Rocky Mountain Power respectfully requests that the Commission approve the Application as submitted and allow the Company to recover the costs identified in the Application.

[20] *Id.* at 196:19-22.
[21] *Id.* at 196:2-10.
[22] *Id.* at 75:25 - 76:7.
[23] *Id.* at 75:21-24.

DATED March 1, 2019.

*/s/ D. Matthew Moscon*
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## CERTIFICATE OF SERVICE

I certify that on March 1, 2019, a true and correct copy of the foregoing **ROCKY MOUNTAIN POWER'S POST-HEARING BRIEF** was served via email on the following:

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