

December 17, 2019

***VIA ELECTRONIC FILING***

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

Attention: Gary Widerburg  
Commission Administrator

RE: **Docket No. 19-035-01 - Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism**

Rocky Mountain Power hereby submits its response to the audit report and direct testimony of the Utah Division of Public Utilities filed on November 14, 2019. 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:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
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Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,



Joelle Steward  
Vice President, Regulation

cc: Service List

Rocky Mountain Power  
Docket No. 19-035-01  
Witness: David G. Webb

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Direct Testimony of David G. Webb

December 2019

1 **Q. Please state your name, business address and present position with PacifiCorp,**  
2 **dba Rocky Mountain Power (“the Company”).**

3 A. My name is David G. Webb and my business address is 825 NE Multnomah Street,  
4 Suite 600, Portland, Oregon 97232. My title is Manager, Net Power Costs.

5 **Q. Have you previously testified in this proceeding on behalf of the Company?**

6 A. No. But I am adopting the direct testimony, exhibits and workpapers of Mr. Michael  
7 G. Wilding from March 2019, which are identified as Exhibits RMP\_\_(MGW-1)  
8 and RMP\_\_(MGW-2).

9 **QUALIFICATIONS AND PURPOSE OF TESTIMONY**

10 **Q. Please describe your education and professional experience.**

11 A. I received a Master of Accountancy degree from Southern Utah University in 1999  
12 and a Bachelor of Science degree in Business Management from Brigham Young  
13 University in 1994. I am a Certified Public Accountant licensed in the state of  
14 Nevada. I have been employed by PacifiCorp since 2005 and have held various  
15 positions in the regulation, finance, fuels, and mining departments. I assumed my  
16 current role managing the net power cost group in 2019.

17 **Q. What is the purpose of your response testimony?**

18 A. My testimony responds to certain issues raised by the Utah Division of Public  
19 Utilities (“DPU”) in its energy balancing account (“EBA”) Audit Report and by  
20 Daymark Energy Advisors (“Daymark”), on behalf of the DPU. Specifically, I  
21 address the replacement power costs calculated by Daymark for the proposed  
22 adjustment related to generating plant outages and the system overhead (“SO”)   
23 allocation factor used to determine Utah’s share of the Incremental Non-Fuel FAS  
24 106 Savings.

25 **Q. Are any other Company witnesses also filing testimony in response to issues**  
26 **raised by the DPU and Daymark?**

27 A. Yes. Company witness Mr. Dana M. Ralston provides testimony responding to the  
28 proposed disallowances for three outages. Mr. Ralston explains that the Company  
29 was prudent in its operations and management of its thermal generation plants.

30 **Replacement Power Costs**

31 **Q. Please describe the proposed adjustments related to replacement power costs**  
32 **associated with the three plant outages.**

33 A. Daymark recommends reducing net power costs by \$681,889 on a Utah-allocated  
34 basis attributed to the three plant outages, which it claims were imprudent. This  
35 adjustment consists of \$646,755 for the replacement power costs and \$35,134 in  
36 interest.

37 **Q. Does the Company agree with these adjustments?**

38 A. No. Company witness Mr. Ralston responds to Daymark's recommendation and  
39 provides support for the Company's position that the Company's plant operations  
40 were prudent and the proposed disallowances are without merit.

41 **Q. Notwithstanding the Company's objection to the proposed disallowances, does**  
42 **the Company agree with Daymark's calculation of the replacement power costs?**

43 A. Yes. The methodology used by Daymark to calculate the replacement power costs is  
44 reasonable.

45 **Incremental Non-Fuel FAS 106 Savings**

46 **Q. Please describe the adjustment to the Incremental Non-Fuel FAS 106 Savings**  
47 **proposed by the DPU.**

48 A. The Incremental Non-Fuel FAS 106 Savings is related to the settlement of the Deer  
49 Creek Retiree Medical Obligation and the resulting reduced expense. This expense  
50 reduction is allocated to Utah using the SO allocation factor. In its initial filing, the  
51 Company used the SO factor for the 12 months ended June 30, 2018 from the Results  
52 of Operations report. Similar to prior years, the DPU recommends updating the Utah  
53 allocation of the cost savings by using the calendar year 2018 SO allocation factor,  
54 which is now available. This adjustment reduces the company's request by \$22,320.

55 **Q. Does the Company agree with the DPU's characterization of this adjustment as**  
56 **an error?**

57 A. The Company used the most current SO allocation factor that was available at the  
58 time of filing. DPU witness Mr. David Thomson's direct testimony characterizes this  
59 change as an error when it is really an update to the final 2018 SO allocation factor  
60 that was not available at the time of the initial EBA filing in March 2019. The  
61 Company will continue to use the most recently available SO allocation factor in  
62 future filings where applicable. Moreover, the need to update the SO allocation factor  
63 for the Deer Creek Retiree Medical Obligation settlement will end after the Company  
64 files its next general rate case and any remaining Deer Creek items become part of  
65 base rates.

66 **Q. Does this conclude your response testimony?**

67 A. Yes.

Rocky Mountain Power  
Docket No. 19-035-01  
Witness: Dana M. Ralston

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Direct Testimony of Dana M. Ralston

December 2019

1 **Q. Please state your name, business address and present position with PacifiCorp,**  
2 **dba Rocky Mountain Power (“the Company” or “PacifiCorp”).**

3 A. My name is Dana M. Ralston. My business address is 1407 West North Temple, Suite  
4 210, Salt Lake City, Utah 84116. My title is Senior Vice President of Thermal  
5 Generation and Mining.

6 **Q. What is the purpose of your response testimony in this proceeding?**

7 A. I respond to the direct testimony of Mr. Philip DiDomenico and Mr. Dan F. Koehler of  
8 Daymark Energy Advisors, Inc. (“Daymark”) and to the Energy Balancing Account  
9 Audit for Rocky Mountain Power for Calendar Year 2018 (“Audit Report”), filed on  
10 behalf of the Utah Division of Public Utilities (“DPU”). Specifically, I explain and  
11 support the actions taken by the Company that demonstrate its prudence with respect  
12 to the generation plant outages identified in the Audit Report.

13 **Q. Have you previously submitted direct testimony on behalf of Rocky Mountain**  
14 **Power in this proceeding?**

15 A. No.

## 16 **QUALIFICATIONS**

17 **Q. Briefly describe your education and professional experience.**

18 A. I have a Bachelor of Science Degree in Electrical Engineering from South Dakota State  
19 University. Prior to assuming my current position as PacifiCorp's Senior Vice President  
20 of Thermal Generation and Mining in November 2017, I was the Vice President of Coal

21 Generation and Mining since March 2015, and Vice President of Generation from  
22 January 2010 to March 2015. For 29 years before that, I held a number of positions of  
23 increasing responsibility within Berkshire Hathaway Energy's Generation  
24 organization, including the plant manager position at the Neal Energy Center, a 1,600  
25 megawatt generating complex. In my current role, I am responsible for operating and  
26 maintaining PacifiCorp's coal- and gas-fired generation fleet, coal fuel supply, and  
27 mining.

28 **Q. Have you testified in previous regulatory proceedings?**

29 A. Yes. I have testified in proceedings before the utility commissions in Utah, Oregon,  
30 Washington, California, and Wyoming.

31 **SUMMARY OF TESTIMONY**

32 **Q. Please summarize your testimony.**

33 A. My testimony demonstrates that the Company was prudent in managing its plant  
34 resources, and that the adjustment for the outages identified in the Audit Report is  
35 unwarranted and should, therefore, be rejected.



36

## GENERATION PLANT OUTAGES

### 37 Dave Johnston Unit 1 Outage - April 20, 2018

38 **Q. Please summarize the April 20, 2018 outage at Dave Johnston Unit 1 and**  
39 **Daymark's conclusion regarding the outage.**

40 A. On April 20, 2018, Dave Johnston Unit 1 was brought offline due to a major oil fire  
41 that occurred at the turbine bearing. It was quickly determined that pressurized Lube  
42 Oil ("LO") was feeding the fire, making it impossible to extinguish. The unit was  
43 tripped and the LO system immediately shut down, which damaged the turbine  
44 bearings.

45 A Root Cause Analysis ("RCA") was prepared on the outage by a third party,  
46 N-Tec Services. In addition to its analysis of the events and circumstances surrounding  
47 this outage in the RCA, N-Tec Services listed several additional observations. Daymark  
48 points to these additional observations in its claims that, although it is difficult to  
49 quantify the specific impacts of each of the listed deficiencies on the duration and  
50 causal implications for this outage, they collectively point to "a systemic lack of  
51 stringent oversight and focus by the Company, which likely contributed to both the  
52 initial cause and ultimate duration of this outage."<sup>1</sup>

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<sup>1</sup> See DPU Exhibit 2.3 DIR (Conf), p 29.

53 **Q. Do you agree with the Daymark's review and recommendation related to the Dave**  
54 **Johnston Unit 1 Outage on April 20, 2018?**

55 A. No. As noted in the RCA's conclusion performed by N-Tec Services, the root cause for  
56 this incident cannot be confirmed. The process for identifying a root cause included N-  
57 Tec Services evaluating eight different potential failure scenarios. Each of the eight  
58 potential failure scenarios were investigated in depth for evaluation on potential  
59 impacts to the root cause. Even with this in-depth evaluation, the true root cause of the  
60 fire cannot be confirmed.

61 **Q. How did Daymark arrive at its conclusion?**

62 A. Daymark relies on several additional observations listed in the RCA for the basis of its  
63 recommendation rather than on the detailed evaluation of the RCA where the eight  
64 potential failure scenarios and investigation findings were discussed. Along with  
65 determining the root cause, a best practice during an RCA investigation is to identify  
66 items and provide feedback that could improve plant operation even when the feedback  
67 does not directly correspond to the root cause of the outage being investigated. The  
68 items in the additional observations section were not root causes and had minimal to  
69 no influence on the outcomes of the eight potential failure scenarios. These six items  
70 were identified during the investigation as ways to continuously improve operations  
71 going forward and are listed **after** the main body and conclusion sections in the RCA.

72 **Q. Do you agree with Daymark's recommended disallowance?**

73 A. No. As explained above, Daymark references the six additional observations that are  
74 opportunities for improvement and not evidence that the Company was imprudent. As  
75 shown in the RCA investigation, PacifiCorp acted prudently in the operation of the  
76 Dave Johnston plant. Therefore, I respectfully recommend that the Commission reject  
77 the adjustment proposed by Daymark.

78 **Lakeside 1 Unit 1 Outage - August 2, 2018**

79 **Q. Please summarize the August 2, 2018 outage at Lakeside 1 Unit 1 and respond to**  
80 **Daymark's conclusion regarding the outage.**

81 A. On August 2, 2018, Lakeside 1 Unit 1 was brought offline due to a steam leak that was  
82 observed near a high-pressure steam bypass valve. Further inspection revealed cracking  
83 on the high-pressure side of the bypass valve where the inlet cone was welded to the  
84 main valve body. Due to its severity and corresponding potential safety issues,  
85 immediate weld repair was necessary. The Company hired a third-party contractor to  
86 perform repair and weld maintenance on the valve involved in this outage. In response  
87 to DPU Data Request 6.14 subpart (a), PacifiCorp stated that the apparent root cause,  
88 according to a third-party contractor hired by the Company, Laron, and verbally  
89 communicated to the plant manager, was that the welds from the factory did not meet  
90 the weld specifications and were incorrect. The Company subsequently reached out  
91 to the valve manufacturer for a final root cause determination. On October 7, 2019

92 PacifiCorp provided a supplemental discovery response to the DPU that included a  
93 copy of the final significant event report ("SER") and RCA on the outage with the root  
94 cause. Daymark, nevertheless, recommended a disallowance due to the claimed lack of  
95 official root cause for this outage.

96 **Q. Do you agree with the Daymark review and recommendation related to the**  
97 **Lakeside 1 Unit 1 Outage that the Company demonstrated a lack of prudence?**

98 A. No. As I stated, PacifiCorp provided a response and updated SER to DPU Data Request  
99 6.14 on October 7, 2019. The SER determined that the failure was likely the result of a  
100 combination of thermal and simple fatigue. The valve manufacturer has since  
101 confirmed that the valve was designed and constructed per the applicable standards.  
102 The SER provided an explanation of information gathered as well as outcomes from  
103 discussions with Laron, who performed weld repairs on the bypass valve, Control  
104 Component, the original equipment manufacturer, along with Lake Side plant  
105 personnel, and the PacifiCorp generation support subject matter expert.

106 **Q. Please explain how the Company's actions were prudent.**

107 A. The Lakeside 1 Unit 1 outage was the result of a combination of thermal and simple  
108 fatigue of the HP bypass valve. The valve operated approximately 500 times annually  
109 for 11 years during startups, during shutdowns, and trips at large temperature changes  
110 between 1050°F (hot restarts) and 40°F (cold startups). The weld was repaired in  
111 accordance with applicable codes and regulations to return the unit to service as quickly

112 as possible. The root cause and corrective actions (additional evaluations were on-  
113 going while the valves were in-service) have been performed. Daymark's statement  
114 that an official root cause is missing is incorrect as the SER provided on October 7,  
115 2019 shows the root cause and actions taken. Therefore, I respectfully recommend that  
116 the Commission reject the adjustment proposed by Daymark.

117 **Blundell Unit 2 Outage - December 26, 2018**

118 **Q. Please summarize the December 26, 2018 outage at Blundell Unit 2 and**  
119 **Daymark's conclusions of the outage.**

120 A. On December 26, 2018, Blundell Unit 2 was brought offline due to an over speed event  
121 that caused damage to the generator and turbines. Daymark states that since the  
122 Company failed to demonstrate the prudence of its actions because the official RCA  
123 for this outage had not been provided at the time of Daymark's filing, it recommends a  
124 disallowance of the replacement power costs.

125 **Q. Do you agree with the Daymark's review and recommendation related to the**  
126 **Blundell Unit 2 Outage on December 26, 2018?**

127 A. No. The Company was prudent in pursuing a diligent analysis of the root cause of the  
128 outage. The Company's internal electrical engineering team attempted to determine  
129 what the problem was and attempted to investigate it themselves; however, they quickly  
130 determined that the event was beyond their scope and expertise and hired a third-party  
131 vendor, Controls Concepts. After beginning their investigation, Control Concepts was

132 acquired by Case RMC, which delayed the RCA process. The final RCA results  
133 completed by Case RMC were inconclusive. PacifiCorp hired a different third party,  
134 Veizades & Associates, Inc., who has a well-known history working with Ormat Energy  
135 Converter (“OEC”) units, to perform a new RCA. PacifiCorp and Veizades worked  
136 together on a number of potential causes which led to an in-depth programmable logic  
137 review. Ethos Energy (consultant) was hired to review and compare the current unit  
138 logic against the logic that was installed during the commissioning. The final RCA was  
139 received on December 12, 2019, and was supplied as a supplemental data request on  
140 December 17, 2019. Responsive and corrective actions have been put in place to help  
141 ensure the event does not reoccur.

142 **Q. Did Daymark base its recommendation regarding this outage on any other issues**  
143 **other than its claim that a RCA was not available at the time of its filing?**

144 A. No.

#### 145 **CONCLUSION**

146 **Q. Do you have any closing remarks with respect to Daymark’s recommended**  
147 **changes?**

148 A. PacifiCorp has operated its thermal fleet in a prudent manner over the years which is  
149 evident with industry-leading unit availability and low cost energy production. Our  
150 SER process has continually improved. Due to the complexity of the generating units,  
151 some events can require longer timelines, with multiple consultants, before final root

152 cause conclusions can be made. Daymark's recommendations are not reasonable and  
153 punitive because Daymark blames the Company for the delay in obtaining RCAs.  
154 While the Company strives to be efficient and timely it is more important to be accurate  
155 with the root cause of the event to ensure that similar events do not occur in the future  
156 and in some cases this takes a significant amount of time.

157 **Q. Does this conclude your response testimony?**

158 **A. Yes.**

**CERTIFICATE OF SERVICE**

Docket No. 19-035-01

I hereby certify that on December 17, 2019, a true and correct copy of the foregoing was served by electronic mail to the following:

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Mary Penfield  
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