

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)	DOCKET NO. 19-035-01
APPLICATION OF ROCKY)	
MOUNTAIN POWER TO INCREASE)	Exhibit DPU 2.0 R
THE DEFERRED EBA RATE)	
THROUGH THE ENERGY)	Testimony
BALANCING ACCOUNT)	Philip DiDomenico
MECHANISM.)	and
)	Dan F. Koehler

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

**REDACTED
Rebuttal Testimony of**

**Philip DiDomenico
and
Dan F. Koehler**

January 8, 2020

REDACTED

Docket No. 19-035-01

Exhibit DPU 2.0 R

Rebuttal Testimony of Philip DiDomenico and Dan F. Koehler

TABLE OF CONTENTS

I. Introduction 1

II. Ralston Response Testimony..... 2

1 **I. Introduction**

2 **Q: Please state your name, business address and title.**

3 A: My name is Philip DiDomenico. I am employed by Daymark Energy Advisors, Inc
4 (“Daymark”) as a Managing Consultant. My business address is 370 Main Street, Suite
5 325, Worcester, Massachusetts, 01608.

6 My name is Dan F. Koehler. I am employed by Daymark as a Managing Consultant. My
7 business address is 370 Main Street, Suite 325, Worcester, Massachusetts, 01608.

8 **Q: On whose behalf are you testifying?**

9 A: We are jointly testifying on behalf of the Division of Public Utilities of the State of Utah
10 (the “Division”).

11 **Q: Have you previously filed testimony in this proceeding?**

12 A: Our direct testimony in this proceeding was filed on November 15, 2019.

13 **Q: What is the purpose of your rebuttal testimony?**

14 A: The purpose of our rebuttal testimony is to respond to the response testimony of Rocky
15 Mountain Power (“RMP”), a business unit of PacifiCorp (“PacifiCorp” or the
16 “Company”), witness Mr. Dana M. Ralston. We respond to certain issues raised by Mr.
17 Ralston regarding the proposed generation plant outages featured in the Technical Report
18 of the Energy Balancing Account Audit for Rocky Mountain Power for Calendar Year
19 2018 (“Audit Report”) provided by Daymark. However, the lack of response to any
20 particular issue raised by the RMP witnesses should not be construed as agreement on
21 that issue.

22 **II. Ralston Response Testimony**

23 **Q: To what issues raised in Mr. Ralston’s response testimony do you wish to respond?**

24 A: In our direct testimony, we recommended that \$ [REDACTED] in net replacement power costs
25 related to three imprudent outages be removed from Company-wide actual NPC,
26 resulting in a reduction of the EBA deferral amount by \$ [REDACTED]. Mr. Ralston’s response
27 testimony disputes that the Company acted imprudently in any of these instances and
28 asserts that no adjustment to EBA amounts is necessary.

29

30 *Dave Johnston Unit 1 Outage (April 20, 2018)*

31 **Q: How do you respond to Mr. Ralston’s testimony on the Dave Johnston Unit 1 outage**
32 **beginning April 20?**

33 A: Mr. Ralston’s testimony points to the observations and deficiencies identified in the N-
34 Tec Root Cause Analysis (“RCA”) as areas for performance improvement, not the root
35 cause of this outage and therefore not a basis for disallowance. We disagree. The
36 catastrophic (fire) nature of this event makes it very difficult to determine a root cause –
37 on this point we agree with the Company. However, in reviewing the N-Tec RCA it is
38 difficult to read through the long list of observations and deficiencies identified and come
39 away with the conclusion that the Company was prudent in its practices leading up to this
40 event. As pointed out in Daymark’s initial report, N-Tec listed the following:

41 a. [REDACTED]

42 [REDACTED].

- 43 b. [REDACTED]
- 44 [REDACTED].
- 45 c. [REDACTED].
- 46 d. [REDACTED].
- 47 e. [REDACTED].
- 48 f. [REDACTED]
- 49 [REDACTED].¹

50 These are not “opportunities for improvement” – these are fundamental deficiencies that
51 if not directly attributable to the root cause of the outage event most likely played a
52 potentially significant role in both the initial cause and ultimate duration of the outage.
53 We continue to believe this outage was avoidable and the Company imprudent in
54 allowing these deficiencies to exist.

55
56 *Lakeside 1 Unit 1 Outage (August 2, 2018)*

57 **Q: How do you respond to Mr. Ralston’s testimony on the Lakeside 1 Unit 1 outage**
58 **that occurred on August 2, 2018?**

59 A: We acknowledge that the Company had provided the revised significant event report
60 (“SER”) and RCA on October 7, 2019, which was incorrectly characterized as
61 unavailable at the time we filed our audit report. The Daymark report argued that the lack
62 of an RCA was a basis for its disallowance recommendation. While Daymark continues
63 to feel strongly that the Company bears the burden of demonstrating its prudence of

¹ Confidential Attachment DPU 2.6-1.

64 action in a timely manner, in this instance Daymark’s imprudence recommendation on
65 the sole basis of a missing RCA was not warranted.

66 However, after reviewing the Company’s revised SER provided as a supplemental
67 response to DPU Data Request 6.14, we continue to have concerns relative to the
68 prudence of the Company’s actions. The October revision of the SER states in part:

69 “ [REDACTED]
70 [REDACTED]
71 [REDACTED]
72 [REDACTED]
73 [REDACTED]
74 [REDACTED]
75 [REDACTED] ”²

76 The implication here is that a failure of this type is not unusual given the stresses of
77 normal operation over time. The Company’s response to this event was to add the subject
78 systems to its High Energy Piping Inspection Plans for all similar units. Given the
79 somewhat predictable nature of this event based on feedback from the manufacturer, we
80 believe the Company was imprudent in waiting until a failure occurred prior to taking
81 preventative measures.

82

² See [REDACTED], provided in Confidential 1st Supplemental Response to DPU Data Request 6.14.

83 *Blundell Unit 2 (December 26, 2018)*

84 **Q: How do you respond to Mr. Ralston’s testimony on the Blundell Unit 2 outage that**
85 **occurred on December 26, 2018?**

86 A: The RCA for this event was not made available to Daymark until December 12, 2019 – a
87 full year after the precipitating event, which did not allow for any analysis to be
88 incorporated into the Daymark Audit Report, filed on November 15, 2019. In the Audit
89 Report we recommended a finding of imprudence on the basis that the Company had
90 failed to provide any timely documentation demonstrating the prudence of its actions
91 regarding this event. In reviewing the recently provided RCA we have identified
92 additional concerns. Specifically, the RCA identifies in part: “

93 [REDACTED]
94 [REDACTED].”³

95 The RCA demonstrates that [REDACTED]
96 [REDACTED]
97 [REDACTED]
98 [REDACTED]
99 [REDACTED]
100 [REDACTED]
101 [REDACTED]
102 [REDACTED]
103 [REDACTED]

³ See [REDACTED], provided in Confidential 1st Supplemental Response to DPU Data Request 6.1.

104 [REDACTED]

105 [REDACTED]

106 [REDACTED]

107 [REDACTED].

108 **Q: How do you respond to Mr. Ralston’s testimony with respect to timeliness of RCA**
109 **production?**

110 A: Mr. Ralston characterizes our recommendations as unreasonable and punitive because
111 RCAs can take a “significant amount of time” due to the complexity of the generating
112 units and the need for longer timelines in some cases (Ralston Response Testimony, 148-
113 156). The Company can’t have it both ways. On the one hand the Company argues that
114 taking a year or longer to produce an RCA is mandated by its preference for accuracy
115 over expedience however, as Daymark identified in its audit report, this same concern for
116 accuracy is not always demonstrated in the Company’s internal reporting and analysis.
117 Timeliness and accuracy are not mutually exclusive as the Company has demonstrated on
118 several occasions. Continued diligence and focus by the Company are imperative. Lack
119 of timely reporting bogs down the evaluation process and leads to wasted efforts for both
120 the Company and regulatory staff.

121
122 **Q: Please summarize your recommended outage-related reductions in Company-wide**
123 **NPC.**

124 A: After considering new information provided by the Company in Response Testimony and
125 in supplemental responses to data requests, nothing in the Company’s response testimony

126 changes our conclusion that three outages demonstrated sufficient imprudence that we
127 recommend reducing EBA costs to reflect net replacement power costs related to the
128 outages. The total reduction in PacifiCorp-wide NPC for these outages is \$ [REDACTED]
129 resulting in a Utah-allocated EBA deferral adjustment of \$ [REDACTED].

130 **Q: Does this conclude your testimony?**

131 A: Yes.