BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER TO INCREASE THE DEFERRED EBA RATE THROUGH THE ENERGY BALANCING ACCOUNT MECHANISM. DOCKET NO. 19-035-01 Exhibit DPU 2.0 R

> Testimony Philip DiDomenico

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

Docket No. 19-035-01 Exhibit DPU 2.0 R Rebuttal Testimony of Philip DiDomenico and Dan F. Koehler

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1 I. Introduction

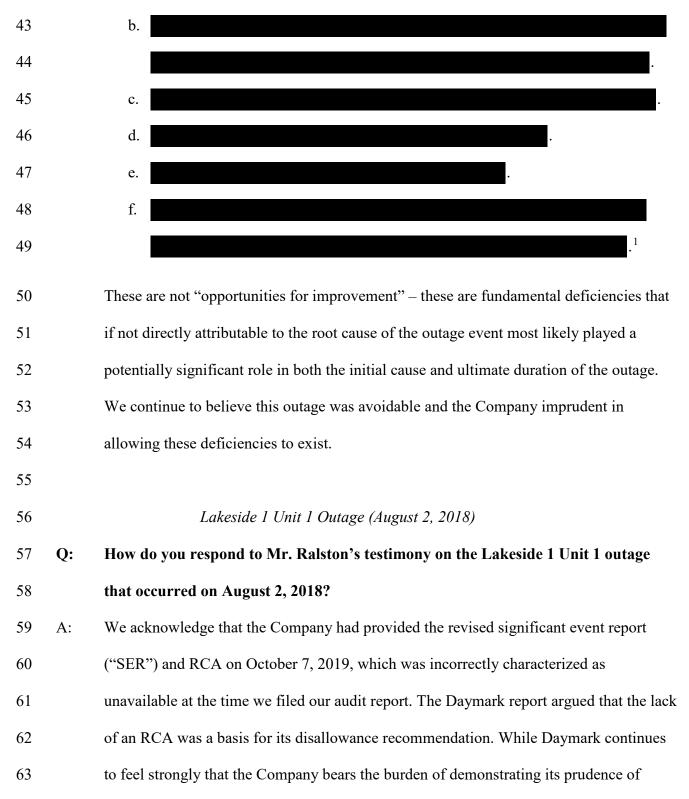
2 Q: Please state your name, business address and title.

- 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
- that issue.

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Ralston Response Testimony 22 II. 23 To what issues raised in Mr. Ralston's response testimony do you wish to respond? 0: 24 A: In our direct testimony, we recommended that \$ 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 \$. 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 **O**: 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 on this point we agree with the Company. However, in reviewing the N-Tec RCA it is 37 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. 42

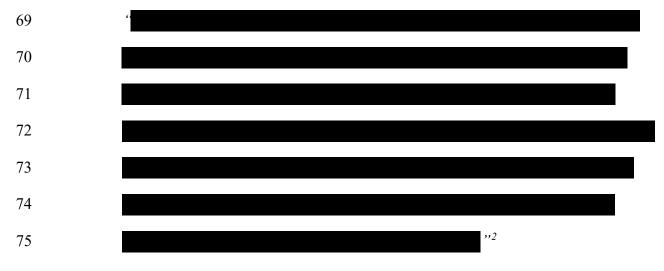
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¹ Confidential Attachment DPU 2.6-1.



- 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:



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

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² See

[,] provided in Confidential 1st

Supplemental Response to DPU Data Request 6.14.

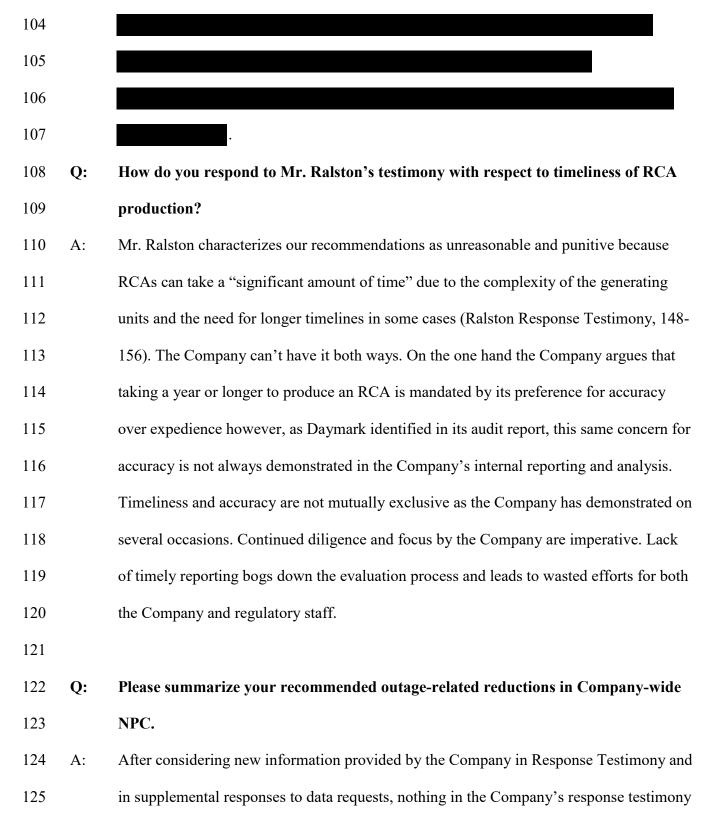
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Blundell Unit 2 (December 26, 2018)

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: "

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- 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 \$
- 129 resulting in a Utah-allocated EBA deferral adjustment of \$
- 130 Q: Does this conclude your testimony?
- 131 A: Yes.