

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>IN THE MATTER OF THE</b>	)	<b>DOCKET NO. 20-035-01</b>
<b>APPLICATION OF ROCKY</b>	)	
<b>MOUNTAIN POWER TO INCREASE</b>	)	<b>Exhibit DPU 2.0 R</b>
<b>THE DEFERRED EBA RATE</b>	)	
<b>THROUGH THE ENERGY</b>	)	<b>Testimony</b>
<b>BALANCING ACCOUNT</b>	)	<b>Philip DiDomenico</b>
<b>MECHANISM</b>	)	<b>and</b>
	)	<b>Dan F. Koehler</b>

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

**REDACTED**

**Rebuttal Testimony of  
Philip DiDomenico  
and  
Dan F. Koehler**

**January 5, 2021**

**REDACTED**

Docket No. 20-035-01

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

III. Webb Response Testimony ..... 6

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: Yes. Our direct testimony in this proceeding was filed on November 6, 2020.

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”), witnesses Mr. Dana M. Ralston and Mr. David G. Webb. We respond to  
17 certain issues raised by Mr. Ralston regarding the proposed generation plant outages  
18 featured in the Technical Report of the Energy Balancing Account Audit for Rocky  
19 Mountain Power for Calendar Year 2019 (“Audit Report”) provided by Daymark. We  
20 respond to Mr. Webb’s discussion of a new process for documenting trade purpose for  
21 hedging transactions. However, the lack of response to any issue raised by the RMP  
22 witnesses should not be construed as agreement on that issue.

23 **II. Ralston Response Testimony**

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

25 A: In our direct testimony, we recommended that \$6,027,431 in net replacement power costs  
26 related to four imprudent outages be removed from Company-wide actual NPC, resulting  
27 in a reduction of the EBA deferral amount by \$2,792,525. Mr. Ralston's response  
28 testimony disputes our findings that the Company acted imprudently in three of the four  
29 instances and asserts that the adjustment to the EBA deferral amount should be limited to  
30 the recommended net replacement power costs associated with only the Wyodak Unit 1  
31 outage.

32

33 *Dave Johnston Unit 1 Outage (February 18, 2019)*

34 **Q: How do you respond to Mr. Ralston's testimony on the Dave Johnston Unit 1 outage**  
35 **beginning February 18, 2019?**

36 A: Mr. Ralston's testimony points to the Company's prudence in hiring a fully qualified  
37 contractor, the original equipment manufacturer, to perform a technical task that were  
38 outside the expertise of plant maintenance personnel.<sup>1</sup> The Company continues to believe  
39 its responsibility to the customer ends with the hiring of a qualified contractor. We  
40 disagree. Per Commission's guidance issued with the Order in March 2019,<sup>2</sup> the  
41 Company is responsible for imprudent actions whether by the Company directly or by its

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<sup>1</sup> Docket No. 20-035-01, Response Testimony of Dana M. Ralston, Page 3, Lines 65-67.

<sup>2</sup> Docket No. 18-035-01, Commission Order, *Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism*, Page 3, Item 5. Issued on March 12, 2019.

42 qualified contractor, as was the case in this instance. There is no disputing the  
 43 [REDACTED]”<sup>3</sup> [REDACTED],  
 44 further supported by the Company moving quickly to other qualified pump service  
 45 contractors.<sup>4</sup> We continue to believe this outage was imprudent and avoidable. We  
 46 recommend an adjustment of EBA cost for the replacement power costs incurred.  
 47

*Hunter Unit 3 Outage (July 29, 2019)*

49 **Q: How do you respond to Mr. Ralston’s testimony on the Hunter Unit 3 outage that**  
 50 **occurred on July 29, 2019?**

51 A: Mr. Ralston’s testimony states that “The Company did not delay the replacement of the  
 52 reheater. The 2013 inspection did not indicate that the reheater assembly was at the end  
 53 of its useful life. Rather, it showed that the tubes were in good condition and identified no  
 54 need for an immediate broadscale replacement or major repair.”<sup>5</sup>

55 In response, we offer the following references to Company responses to information  
 56 requests regarding this outage. In DPU Data Request 4.8(b) [REDACTED]

57 [REDACTED]  
 58 [REDACTED]  
 59 [REDACTED]  
 60 [REDACTED]. In a subsequent data request, DPU Data Request 6.5, [REDACTED]

<sup>3</sup> Docket No. 20-035-01, Confidential Attachment DPU 1.6-1.

<sup>4</sup> Docket No. 20-035-01, Response Testimony of Dana M. Ralston, Page 4, Lines 75-77.

<sup>5</sup> Docket No. 20-035-01, Response Testimony of Dana M. Ralston, Page 6, Lines 125-128.

<sup>6</sup> Docket No. 20-035-01, DPU Data Request 4.8 (b).

61 [REDACTED]  
62 [REDACTED]  
63 [REDACTED]  
64 [REDACTED]  
65 [REDACTED]  
66 [REDACTED]  
67 [REDACTED]  
68 [REDACTED]

69 [REDACTED]. We continue to believe the 2019 outage  
70 was imprudent and avoidable. We recommend an adjustment of EBA cost for the  
71 replacement power costs incurred.

72

73 *Lake Side Unit 2 (August 18, 2019)*

74 **Q: How do you respond to Mr. Ralston’s testimony on the Lake Side Unit 2 outage that**  
75 **occurred on August 18, 2019?**

76 A: The Company has yet to offer a root cause determination for this event, a full 16 months  
77 after the precipitating event. The Siemens RCA (provided through discovery on June 22,  
78 2020), while not conclusive,<sup>8</sup> [REDACTED]

79 [REDACTED].<sup>9</sup> Such a cause would provide for an unequivocal

<sup>7</sup> Docket No. 20-035-01, DPU Data Request Set 6.5.

<sup>8</sup> Docket No. 20-035-01, Response Testimony of Dana M. Ralston, Page 8, Lines 154-155.

<sup>9</sup> [REDACTED]

80 finding of imprudence. A second RCA was commissioned by the Company that has yet  
81 to offer any additional insights other than to agree with the inconclusive conclusions of  
82 the Siemens report.<sup>10</sup> [REDACTED]

83 [REDACTED]

84 [REDACTED]. The lack of a definitive root cause is not a basis for a finding of  
85 prudence.

86 We recognize that the Commission addressed the OCS's challenge to recovery for this  
87 outage in its December 30, 2020 Order in Docket No. 20-035-04. The Commission found  
88 that the evidence presented by OCS witnesses did not support disallowance and found  
89 that the Company had demonstrated prudence in its operation. We continue to  
90 recommend disallowance. The Company has the burden of proof in demonstrating  
91 prudence in its action. A burden that in this instance the Company has not met. We  
92 cannot simply assume prudence absent evidence. We continue to believe this outage was  
93 imprudent and avoidable. We recommend an adjustment of EBA cost for the replacement  
94 power costs incurred.

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<sup>10</sup> Docket No. 20-035-01, Response Testimony of Dana M. Ralston, Page 8, Lines 165-174.

<sup>11</sup> [REDACTED].

96

*Wyodak Unit 1 (June 6, 2019)*

97 **Q: How do you respond to Mr. Ralston's testimony on the Wyodak Unit 1 outage that**  
98 **occurred on June 6, 2019?**

99 A: Mr. Ralston does not dispute the imprudence of this outage and agrees with the Daymark  
100 recommended adjustment to the EBA as filed in the Audit Report.

101

102 **Q: Please summarize your recommended outage-related reductions in Company-wide**  
103 **NPC.**

104 A: After considering new information provided by the Company in Response Testimony, we  
105 determined that nothing in the Company's response testimony changes our conclusion  
106 that the identified four outages demonstrated sufficient imprudence that we recommend  
107 reducing EBA costs to reflect net replacement power costs related to the outages. The  
108 total reduction in PacifiCorp-wide NPC for these outages is \$6,027,431 resulting in a  
109 Utah-allocated EBA deferral adjustment of \$2,792,525.

110

### 111 **III. Webb Response Testimony**

112 **Q: To what issues raised in Mr. Webb's response testimony do you wish to respond?**

113 A: Mr. Webb notes that the Company met with the Division on November 30, 2020, to  
114 discuss changes in its processes to provide adequate documentation of trade purpose for  
115 hedging transactions. These process changes, which should take effect for trades made  
116 after the first 11 months of 2020 or shortly thereafter, should improve the ability of the  
117 Division to audit the prudence of significant energy risk management decisions based on



118 information known or knowable at the time. Until the new process is implemented, the  
119 Company should still be responsible for weekly Commercial Objective Reports that  
120 provide reasonable contemporaneous documentation supporting its trading decisions for  
121 all hedging transactions.

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

123 **A: Yes.**