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January 15, 2021

VIA ELECTRONIC FILING

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

Attention: Gary Widerburg
Commission Administrator

RE: **Docket No. 20-035-01**
Application to Increase the Deferred Rate through the Energy Balancing Account
Mechanism
Rocky Mountain Power Sur-Rebuttal Testimony

In accordance with the Scheduling Order and Notice of Hearing issued by the Utah Public Service Commission (“Commission”) on March 31, 2020, PacifiCorp, d.b.a. Rocky Mountain Power, hereby submits for electronic filing its sur-rebuttal testimony in the above referenced matter.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

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Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,

A handwritten signature in blue ink that reads "Joelle Steward". The signature is written in a cursive style with a large initial "J" and "S".

Joelle Steward
Vice President, Regulation

cc: Service List – Docket No. 20-035-01

CERTIFICATE OF SERVICE

Docket No. 20-035-01

I hereby certify that on January 15, 2021, a true and correct copy of the foregoing was served by electronic mail to the following:

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Rocky Mountain Power
Docket No. 20-035-01
Witness: Dana M. Ralston

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Sur-Rebuttal Testimony of Dana M. Ralston

January 2021

1 **Q. Are you the same Dana M. Ralston who previously filed response testimony in this**
2 **proceeding on behalf of PacifiCorp, d.b.a. Rocky Mountain Power**
3 **(“the Company”)?**

4 A. Yes. I filed testimony on December 10, 2020, in response to the direct testimonies of
5 Mr. Philip DiDomenico and Mr. Dan F. Koehler of Daymark Energy Advisors
6 (“Daymark”) (“Response Testimony”). I also filed testimony on January 5, 2021
7 responding to the response testimony of Mr. Philip Hayet (“Rebuttal Testimony”).

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your testimony in this case?**

10 A. My testimony responds to the rebuttal testimony of Mr. DiDomenico and Mr. Koehler
11 (Daymark) who jointly submitted testimony on behalf of the Division of Public Utilities
12 (“DPU”) of the State of Utah.

13 **Q. For which outages do Mr. DiDomenico and Mr. Koehler (Daymark) recommend**
14 **disallowance?**

15 A. Daymark recommends that net replacement power costs related to following outages
16 be removed from the Company-wide actual NPC.

- 17 1. Dave Johnston Unit 1, on February 18, 2019;
- 18 2. Hunter Unit 3, on July 29, 2019;
- 19 3. Lake Side 2 Unit 3, on August 18, 2019; and
- 20 4. Wyodak Unit 1, on June 6, 2019.¹

¹ The Company conceded the replacement power costs for this outage in the Response Testimony.

21 **Dave Johnston Unit 1**

22 **Q. Please explain why Daymark continues to recommend that the Dave Johnston**
23 **Unit 1 outage replacement power costs be disallowed.**

24 A. Daymark appears to believe that the Company should have strict liability for contractor
25 mistakes, even if the Company prudently oversaw and managed the contractor.²

26 **Q. Is this consistent with previous guidance from the Utah Public Service**
27 **Commission (“Commission”)?**

28 A. No. Daymark implies that the 2018 EBA Order,³ which I cited in my Rebuttal
29 Testimony, means that the Company is equally “responsible for imprudent actions
30 whether by the Company directly or by its qualified contractor.”⁴ As I explained in my
31 Rebuttal Testimony, the 2018 EBA Order sets forth criteria for when the Company
32 should be held responsible for a contractor mistake, and they are not the same criteria
33 used to evaluate the Company’s own actions.⁵ Specifically, the Commission looks to
34 1) the reasonableness and due diligence of PacifiCorp in entering the contractual
35 relationship, including PacifiCorp’s procurement process; 2) the level and effectiveness
36 of PacifiCorp’s ongoing management of the relationship, including administration,
37 monitoring, and any necessary oversight; and 3) the propriety of the contractor’s
38 actions.⁶

² Rebuttal Testimony of Philip DiDomenico and Dan F. Koehler, January 5, 2021, (“Daymark Rebuttal”) at 2-3, lines 36-46.

³ *Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism*, Docket No. 18-03501, Order at 6 (March 12, 2019) (“2018 EBA Order”).

⁴ *Id.*

⁵ Rebuttal Testimony at 7, lines 147-155, citing 2018 EBA Order at 16.

⁶ *Id.*

39 **Q. Does the Company believe its responsibility to the customer ends with the hiring**
40 **of a qualified contractor?**

41 A. No. Hiring a qualified contractor demonstrates the first of the three factors that the
42 Commission considers: the reasonableness and due diligence of the Company in
43 entering the contractual relationship. The Company also meets the other two factors
44 identified by the Commission, as I demonstrated in the Response and Rebuttal
45 Testimony.⁷

46 **Q. What is your recommendation to the Commission?**

47 A. I recommend that the Commission reject the disallowances for the Dave Johnston
48 Unit 1 outage addressed above. My testimony demonstrates the Company was prudent
49 in its actions.

50 **Hunter Unit 3**

51 **Q. Please describe why Daymark continues to recommend disallowance of the**
52 **replacement power costs stemming from the Hunter Unit 3 outage.**

53 A. Although the Company has presented testimony and evidence to the contrary, Daymark
54 continues to maintain that the reheater assemblies should have been replaced in 2013.⁸

55 **Q. Is Daymark misinterpreting the Company's response to DPU Data Request**
56 **("DR") 4.8 part (b)?**

57 A. Yes. The Company's response to DR 4.8 part (b) states: "The Company identified the
58 need for broad-scale replacement in 2013." While it is accurate that the Company
59 identified in 2013 that the reheater assembly should be budgeted for replacement in
60 2024, it was not due to poor condition of the reheater assembly at the time of the

⁷ Response Testimony at 3-4, lines 59-80; Rebuttal Testimony at 7-9, lines 137-187.

⁸ Daymark Rebuttal at 3-4, lines 55-71.

61 2013 inspection. Indeed, as further stated in DR 4.8, “the results of the inspection show
62 that the tubes were in good condition and no immediate repairs or concerns were
63 identified.”⁹ Yet Daymark continues to assume that there was an immediate need for
64 replacement in 2013, even after the Company provided testimony and exhibits showing
65 that was not the case.

66 **Q. Why would a 2013 inspection identify the need to replace the Reheaters if there
67 was not an identifiable repair or immediate concern that needed to be addressed?**

68 A. The Company uses inspection information to forecast when components will need to
69 be replaced to help facilitate future planning. Many times, as here, this is not an
70 immediate maintenance concern when a future replacement is added to the budget.
71 Rather, the budgeting process provides adequate time for the Company to plan the
72 project. For the Hunter Unit 3 reheater, it was determined that “[b]ased on information
73 the Company had at the time (2013) as well as its knowledge and experience with
74 Hunter Unit 3, a full replacement of the reheater was added to planned capital
75 expenditures to occur during calendar year 2024 for approximately \$4.3 million.”¹⁰

76 **Q. Did the Company make an error when responding to DR 6.5?**

77 A. Yes. The Company’s response to DR 6.5 stated: “The replacement was not delayed (as
78 stated by the Division of Public Utilities (DPU) in this request), but rather was moved
79 up (to 2020),” which is incorrect. The Company did not move the broad scale
80 replacement up, but rather created a different project to address the section of concern.
81 As I stated in my Response Testimony: “This project was a replacement of a specific
82 section of the vertical reheater (pendent) to address the unexpected wear, not a full

⁹ Response Testimony at 5, lines 96-97.

¹⁰ Response Testimony at 5, lines 97-100.

83 replacement. The 2020 project costs were approximately \$627,000 and the 2024 project
84 was budgeted for approximately \$4.3 million. The scopes of the two projects are
85 significantly different. Due to the benefits from the 2020 project, the Company has
86 moved the forecasted 2024 project back to 2028, not moved up as Daymark states.”¹¹

87 **Q. What is your recommendation to the Commission?**

88 A. I recommend that the Commission reject the proposed disallowances for the Hunter
89 Unit 3 outage addressed above. My testimony demonstrates the Company was prudent
90 in its actions.

91 **Lake Side 2 Unit 3**

92 **Q. Please explain why Daymark continues to recommend disallowance of**
93 **replacement power costs for the outage that occurred at the Lake Side plant on**
94 **August 18, 2019.**

95 A. In spite of no evidence to support that the presence of a foreign object caused the Lake
96 Side outage, Daymark continues to urge the Commission to assume this was the cause
97 of the outage because it has not been ruled out.¹² It appears that Daymark’s position is
98 that if the Company cannot ascertain the cause of an outage, it should not be able to
99 recover replacement power costs, even if there is no evidence the Company acted
100 imprudently.

¹¹ Response Testimony at 6, lines 113-118.

¹² Daymark Rebuttal at 4-5, lines 76-85.

101 **Q. Is Daymark’s statement that “the Company has yet to offer a root cause**
102 **determination for this event, a full 16 months after the precipitating event?”¹³**
103 **correct?**

104 A. No. Siemens completed an in-depth Root Cause Analysis (“RCA”) of the failure that
105 ultimately made a determination that the root cause was inconclusive.”¹⁴ The
106 Company’s second RCA, which is provided as Confidential Exhibit RMP__(DMR-1S),
107 also makes a determination that the root cause of the outage is inconclusive.

108 **Q. Is Daymark correct that if a foreign object caused the outage there would be an**
109 **“unequivocal finding of imprudence”?**

110 A. No. Daymark’s statement that an outage caused by a foreign object “would provide for
111 unequivocal finding of imprudence” is incorrect because it assumes the foreign object
112 was left in the machine by a worker. Siemens’ defines “foreign object” as ‘material or
113 an object located in a space it does not belong.’ This could be a bolt or other item within
114 the generator that breaks off and moves out of the location where it is supposed to be
115 according to the design. It does not necessarily mean that the foreign object was
116 introduced by workers.

117 **Q. What did the Commission find with respect to the Lake Side 2 Unit 3 outage in its**
118 **recent order on the general rate case in Docket No. 20-035-04 (“GRC”)?**

119 A. The Commission rejected similar arguments by the Utah Office of Consumer Services
120 (“OCS”) in support of its recommendation to disallow the repair costs associated with
121 the Lake Side 2 Unit 3 outage. On December 30, 2020, the Commission issued an order
122 that found the Company’s actions to be prudent. Specifically, the order states:

¹³ Daymark Rebuttal Testimony Docket No. 20-035-01 (Lines 76-77).

¹⁴ Ralston testimony 2020 (Lines 154-155)

123 We find RMP has provided substantial evidence it has operated and
124 maintained Lake Side 2 Unit 3 prudently. Significantly, RMP followed
125 prudent practices by performing an RCA. There is nothing in the
126 completed RCA that identifies negligent or imprudent actions as a
127 likely cause of this outage. Rather, we see evidence that RMP engaged
128 qualified expert companies to develop, perform, and/or recommend
129 procedures to operate this plant.¹⁵

130 Neither the DPU nor the OCS have offered any new evidence in this docket that would
131 justify the Commission deviating from its decision in the GRC in this proceeding,
132 instead claiming only that the Company did not meet its burden of proof to demonstrate
133 it acted prudently.

134 **Q. Do you agree with Daymark that the Company did not meet its burden of proof?**¹⁶

135 A. No. As I explained in my Response Testimony, the Company operate, maintained, and
136 acted prudently with respect to Lake Side.¹⁷

137 **Q. What is your recommendation to the Commission?**

138 A. I recommend that the Commission reject the disallowances for the Lake Side 2 outage
139 addressed above. My testimony demonstrates the Company was prudent in its actions.

140 **Q. Does this conclude your sur-rebuttal testimony?**

141 A. Yes.

¹⁵ *Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 20-035-04, Order at 35-36 (Dec. 30, 2020).

¹⁶ Daymark Response at 5, lines 90-91.

¹⁷ Response Testimony at 9-10, lines 187-203.

REDACTED

Rocky Mountain Power
Exhibit RMP__ (DMR-1S)
Docket No. 20-035-01
Witness: Dana M. Ralston

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Sur-Rebuttal Testimony of Dana M. Ralston

January 15, 2021 Root Cause Analysis of Lake Side 2

January 2021

**THIS ATTACHMENT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER SEPARATE
COVER**