

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)	DOCKET NO. 22-035-01
APPLICATION OF ROCKY)	Exhibit DPU 2.0 Dir
MOUNTAIN POWER TO INCREASE)	Testimony and Exhibits
THE DEFERRED EBA RATE)	Philip DiDomenico
THROUGH THE ENERGY)	and
BALANCING ACCOUNT)	Dan F. Koehler
MECHANISM.)	

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

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

September 21, 2022

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ATTACHMENTS

Exhibit DPU 2.1 Dir, Resumes of Philip DiDomenico and Dan F. Koehler

Exhibit DPU 2.2 Dir, Daymark Energy Advisors EBA Audit Report for Calendar Year
2021 – Public Executive Summary

Confidential Exhibit DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for
Calendar Year 2021

1 **I. Introduction**

2 **Q: Please state your names, business address, and titles.**

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 and
7 Director of Project Management. My business address is 370 Main Street, Suite 325,
8 Worcester, Massachusetts, 01608.

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

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

12 **Q: Mr. DiDomenico, please summarize your educational and professional experience.**

13 A: I have a Bachelor of Science in Electrical Engineering (“BSEE”) with a power systems
14 major and a Master’s in Business Administration (“MBA”) degree. I have worked in the
15 electric utility business for 46 years. From 1976 to 1980 I worked at Baltimore Gas &
16 Electric and from 1980 to 1999 I worked at NSTAR Electric & Gas (“NSTAR”). I have
17 held technical and managerial positions covering many aspects of utility engineering,
18 planning, and operations. In 1999, I moved into consulting. Since then, I have worked on
19 projects related to power plant engineering and operations, asset management, resource
20 planning, power plant acquisitions, organizational effectiveness, T&D planning and
21 engineering, and litigation support. I provided outage related analysis in support of
22 Daymark’s EBA audit reports covering calendar years 2015 (Docket No. 16-035-03),

23 2016 (Docket No. 17-035-01), 2017 (Docket No. 18-035-01), 2018 (Docket No. 19-035-
24 01), 2019 (Docket No. 20-035-01) and 2020 (Docket No. 21-035-01). My resume is
25 included in DPU Exhibit 2.1 Dir.

26 **Q: Mr. DiDomenico, have you previously testified before the Public Service**
27 **Commission of Utah?**

28 A: Yes. I filed testimony in Docket Nos. 16-035-01, 17-035-01, 18-035-01, 19-035-01, and
29 20-035-01 regarding audits of Rocky Mountain Power's ("RMP"), a business unit of
30 PacifiCorp ("PacifiCorp" or the "Company"), Energy Balancing Account ("EBA") costs
31 for calendar years 2015, 2016, 2017, 2018, 2019, and 2020 respectively.

32 **Q: Mr. Koehler, please summarize your educational and professional experience.**

33 A: I received a Bachelor of Arts degree in Applied Mathematics with a focus in Economics
34 from Yale University and a Master of Public Policy and Management Degree from the
35 University of Southern Maine. I have worked at Daymark for 12 years, focusing on the
36 firm's utility regulation and planning and market analytics practices. I have provided
37 assistance with analysis and expert testimony development in utility planning cases in
38 front of public utility commissions in Michigan, North Dakota, Arkansas, Wisconsin,
39 Vermont, Utah, and Manitoba. I have operated or supervised production cost modeling
40 using PLEXOS, AURORAxmp and PCI GenTrader on behalf of clients in New England,
41 New York, Ontario, North Carolina, Florida, Indiana, Hawaii, and the Southern Company
42 Balancing Authority Area in the southeast. I have also assisted with rate development or
43 review in Wisconsin, Utah, Massachusetts, and Vermont. Outside of Utah, I have
44 submitted expert testimony before the Michigan Public Service Commission, the New

45 Hampshire Public Utilities Commission, and the Federal Energy Regulatory
46 Commission. I was actively involved in Daymark’s review of the EBA for the last three
47 months of 2011 and calendar years 2012 through 2020. My resume is included in DPU
48 Exhibit 2.1 Dir.

49 **Q: Mr. Koehler, have you previously testified before the Public Service Commission of**
50 **Utah?**

51 A: Yes. I filed testimony in Docket Nos. 15-035-03, 16-035-01, 17-035-01, 18-035-01, 19-
52 035-01, 20-035-01, and 21-035-01 regarding audits of RMP’s EBA costs for calendar
53 years 2014 through 2020, respectively.

54 **Q: What is the purpose of your testimony?**

55 A: Daymark was retained by the Division to assist in reviewing RMP’s application seeking
56 approval from the Public Service Commission of Utah (“Commission”) to adjust electric
57 rates. The scope of our assignment was to ascertain whether the actual costs included in
58 the EBA filing for the calendar year 2021 were incurred pursuant to an in-place policy or
59 plan, were prudent, and were in the public interest. This direct testimony presents the
60 results and the conclusions from that review.

61 **Q: What Exhibits are you sponsoring?**

62 A: We sponsor three Exhibits. **Exhibit DPU 2.1 Dir, Resumes of Philip DiDomenico and**
63 **Dan F. Koehler** provides copies of our resumes. **Exhibit DPU 2.2 Dir, Daymark**
64 **Energy Advisors EBA Audit Report for Calendar Year 2021 – Public Executive**
65 **Summary** is a summary of our findings and recommendations. This Exhibit does not
66 contain any Confidential information and is publicly available. **Confidential Exhibit**

67 **DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for Calendar Year 2021**

68 is our full and complete report. This Exhibit contains material and is based upon
69 information that we received from RMP, which it has identified as Confidential
70 information subject to Commission Rule 746-1-602 and 746-1-603.

71 **II. Daymark's Assignments**

72 **Q: What was the scope of Daymark's assignment in this proceeding?**

73 A: Our first task was to review and assess actual plant outages to ensure that these outages
74 and their cost impact on the EBA charge is appropriate. We examined the information
75 provided as part of the filing and conducted additional discovery. The next assignment
76 was to evaluate a sample of trading transactions for accuracy, completeness, and
77 prudence. PacifiCorp has settled tens of thousands of transactions during 2021, consisting
78 of power physical, natural gas financial, and natural gas physical deals. We developed a
79 sample of 44 broadly representative transactions (including 33 transactions related to the
80 Company's hedging program) and accounting entries and conducted extensive discovery
81 on these transactions. We built on knowledge gained from similar review in previous
82 EBA cases, including three visits (in 2013, 2015, and 2019) by Daymark and Division
83 representatives to PacifiCorp's trading headquarters in Portland, Oregon to meet trading
84 staff and witness energy supply management activity. We were also asked to review
85 certain specific issues related to key drivers of EBA costs. We reviewed the variances in
86 actual wholesale sales revenue and purchased power expense relative to levels forecast
87 for the general rate case and established in Base NPC. We were also asked to review

88 variances in production tax credit (“PTC”) offsets to EBA costs. Finally, we were asked
89 to review PacifiCorp’s risk management policies and compliance monitoring practices.

90 **III. Findings and Recommendations**

91 **Q: Can you briefly summarize your findings and recommendations in this proceeding?**

92 A: Our review of forced, maintenance, and extended planned outages at PacifiCorp’s power
93 plants during the EBA deferral period yielded 16 outages that warranted further
94 investigation to determine whether there were any unnecessary increases to Company-
95 wide NPC. Of these 16 outages that warranted additional scrutiny, seven outages
96 demonstrated sufficient imprudence that we recommend reducing EBA costs to reflect
97 replacement power costs related to the outages. The total reduction in Company-wide
98 NPC for these outages is \$2.9 million. The Utah-allocated EBA deferral adjustment
99 related to imprudent outage replacement power costs is \$1,338,404. Division Witness
100 Gary Smith discusses the impact of this Company-wide NPC reduction on RMP’s
101 requested EBA deferral amount.

102 PTCs were included in EBA costs for the first time in this 2021 deferral year. After our
103 review of Base versus Actual PTC we recommend an adjustment of EBA costs for two
104 issues related to PTC. The first is an error in the Company’s calculation of PTC-eligible
105 production adding \$1,275 in PTC (\$1,691 tax affected) on a total Company-wide basis.
106 The second PTC adjustment is related to outages in October at a wind facility, resulting
107 in an estimated 15,524,870 kWh of lost PTC-eligible production. The PTC value of the
108 lost power on a total Company basis is \$388,122 (\$514,659 tax affected). The Utah-
109 allocated EBA deferral adjustment related to PTC is \$234,010.

110 During our audit of the EBA for the calendar year 2021, we analyzed a sample of all
111 three basic types of transactions: natural gas financials, natural gas physicals, and power
112 physicals. Based upon our review and the information provided by RMP, we do not
113 propose any adjustments to the calendar year 2021 EBA costs for any of these
114 transactions.

115 **IV. Conclusion**

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

117 A: At this time, yes, it does. Should additional or new information become available, we will
118 supplement this testimony as appropriate.