REDACTED
Rocky Mountain Power
Docket No. 22-035-01
Witness: Brad Richards

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED
Surrebuttal Testimony of Brad Richards

December 2022

Q. Are you the same Brad Richards who previously filed response testimony in this proceeding on behalf of PacifiCorp, d.b.a. Rocky Mountain Power ("the Company")?

A. Yes.

PURPOSE OF TESTIMONY

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

A. My testimony responds to the rebuttal testimony of Mr. Philip DiDomenico and Mr. Dan F. Koehler of Daymark Energy Advisors, Inc. ("Daymark") who submitted rebuttal testimony on behalf of the Division of Public Utilities ("DPU" or "Division").

Q. To which issues raised by Daymark in its rebuttal testimony do you respond?

A. My testimony addresses the rebuttal arguments put forth by Daymark in support of their recommendations contained in DPU Confidential Exhibit 2.0 R to disallow recovery of replacement power costs related to six separate outages that occurred at the Company's thermal generation plants in 2021.

Q. Do any of Daymark's rebuttal arguments change the Company's position that these adjustments are not warranted?

A. No. As described in further detail in my testimony, the Company has acted prudently and diligently with respect to its plant operations.

BLUNDELL UNIT 1 (September 15, 2021)

Q. Daymark contends that Rocky Mountain Power should have pursued legal action against the contractor (Reliable Turbine).[1] What is your response to Daymark's rebuttal testimony?

A. Daymark implies that the valve failure could clearly be attributed to the work performed earlier in the year by Reliable Turbine, and [redacted] However, determining the cause of the cracks in the valve is not as clear cut as Daymark claims. An inspection performed on the failed valve by a different contractor, Bay Valve Service, revealed internal cracks in the body of the valve. These cracks were one of the reasons that the valve could not be rebuilt or repaired and required a full replacement. There is no way to definitively prove that these cracks had been caused by the valve rebuild. It is certainly possible that the internal cracks had formed after the spring overhaul as a natural result of use and age or had even begun forming internally prior the spring overhaul but were not yet visible.

[redacted] The Company had made this decision months prior to the valve failure. [redacted]

[1] Exhibit DPU 2.0R, Confidential Rebuttal Testimony of Philip DiDomenico and Dan F. Koehler at 5:53-59 (Nov. 18, 2022).

[redacted]

[redacted] The Company acted prudently in attempting to address these issues and appropriately in managing contractors that performed work for the Company.

[redacted]

Q. Why is it difficult for the Company to include provisions in its contracts that allow the Company to seek reimbursement from contractors for replacement power costs in the event of contractor error leading to a failure?

A. In most situations, including a provision in the Company's contracts that requires contractors to cover replacement power costs, would add a significant amount of risk from the contractor's perspective. For this reason, contracts in the industry almost always contain language that restricts these kinds of damages from being recovered. As such, if the Company insisted on including a provision allowing recovery of replacement power costs, vendors would respond to this increased risk exposure in one of two ways. They would either reflect the higher risk through significantly higher prices for the parts and services rendered under the contract, or they would simply refuse to enter into a contract with the Company.

Craig Unit 1 (July 25, 2021)

Q. Please describe and respond to Daymark's rebuttal testimony addressing the Craig Unit 1 outage.

A. In its rebuttal testimony, Daymark acknowledged that the Root Cause Analysis ("RCA") listed increased load cycling as a potential cause of the failed expansion bellows, but dismisses this conclusion as "highly speculative." While the RCA was completed by the Company's partner, the plant operator, the Company believes that it is a reasonable assumption that increased cycling would accelerate wear of the bellows

in question, just as more frequent starting and stopping would affect many other mechanical and electrical components in thermal generating units.

The Company reiterates that the failed bellows had the correct dimensions, thickness, and number of convolutions, and had been custom manufactured by a vendor based on the physical dimensions of the component it was replacing at that time. A later investigation informed by the assessment of a component that had already been in service for 7 years determined that this specific bellows should have included a clamp that limits horizontal expansion.

Q. What is your response to Daymark's argument regarding this outage?

A. The Company maintains that it was prudent in properly vetting the project scope of the overhaul plan in 2014. When a component failed after 7 years, the plant conducted an appropriate root cause analysis and gathered evidence that facilitated the replacement of a component with an improved design to better accommodate the new demands of the plant. Therefore, the Commission should reject Daymark's proposed adjustment.

Q. How did Daymark respond to your response testimony that explained that the ignition of coal dust in this area that caused the fire at the Dave Johnston Unit 1 was not foreseeable or expected and that the Company prudently conducts routine wash downs and housekeeping to mitigate the accumulation of coal dust throughout the plant.

A. Daymark continues to argue that the outage could have been avoided if the Company had proactively installed cable tray covers.

Q. Why is the addition of cable tray covers not a simple solution that could have mitigated the risk of coal dust buildup as suggested by Daymark?

A. There are thousands of square feet of cable trays within each coal plant. Covers were not installed over the cable trays throughout the entire unit, and the Company did not have had a way to predict exactly where the cable tray covers were needed before the event occurred. As such, to implement the DPU solution, the Company would have had to install cable tray covers throughout the unit, which is not a justifiable or reasonable position. Moreover, even if the Company could have predicted the location of enhanced fire risk, cable tray covers may or may not have been effective at preventing the fire due to the inaccessibility of the area and the fact that cable tray covers do not completely solve the issue of coal dust build-up in the cable trays. Coal dust can still build up even where cable trays are installed. Adding covers to the cable

trays in the plant would not have been as simple as Daymark contends. Daymark is using hindsight to imply causation from mitigation measure that was installed after the event (when the Company had located an area of increased fire risk), and that is an unreasonable standard.

Q. What is your response to Daymark's conclusion?

A. The Company refutes Daymark's assertion that broad installation of cable tray covers should have been installed and that such covers would be a simple solution to coal dust buildup. The Company maintains that this event was a rare unforeseen occurrence and that was addressed promptly and efficiently and was therefore prudent.

Dave Johnston Unit 2 (April 12, 2021)

Q. What does Daymark conclude regarding the Dave Johnston Unit 2 April 12, 2021, outage which resulted from intermittent oil leakage from a turbine bearing?

A. In its rebuttal testimony Daymark acknowledges the various measures taken by the Company to address the Unit 2 turbine bearing oil leakage prior to this outage. However, Daymark suggests that these efforts should not be considered proactive because they were ultimately "insufficient to prevent the outage and fire."[2]

Q. What is your response to this conclusion?

A. Daymark is incorrect in their assumption that prior efforts by the Company to address the turbine bearing were done without the aid of subject matter expertise. The measures

[2] Exhibit DPU 2.0 R at 8:117-118.

employed in these efforts were conceived and executed in consultation with subject matter experts. Prior to the outage, the Company had taken multiple steps that were part of an iterative process to address this issue to identify a solution. The Company's actions were not reactive as Daymark claims. Rather, the Company attempted to proactively address the issue, eliminating options that were unsuccessful in solving the problem. This is another instance of Daymark using hindsight to criticize the Company's reasonable efforts to address a problem. However, the Company's actions were appropriate, prudent, and proactive and Daymark's proposed adjustment should be dismissed.

Dave Johnston Unit 3 (May 17, 2021)

Q. What is your response to Daymark's rebuttal testimony regarding the Dave Johnston Unit 3 outage?

A. Daymark mischaracterizes the Company's approach as "run to failure."[3] The Company does not have a broad "run to failure" policy or approach for all plant equipment. Decisions about when to replace, repair, or do nothing with specific equipment are made on an individual basis. In the case of this feedwater heater, the Company decided to utilize the remaining useful life. The Company reasonably relied on its experience and judgement to inform its decisions as to when to replace, repair or continue to use equipment. It would not be in the best interest of customers for the Company to

[3] Exhibit DPU 2.0 R at 9:128-130.

automatically replace equipment simply because of its age. The Company's decision to use the remaining life of the feedwater heater was not imprudent simply because it later failed.

Lake Side 1 (November 15, 2021)

Q. How did Daymark respond to your response testimony regarding the Lake Side 1 outage on November 15, 2021?

A. Daymark continues to argue that in cases of human error, the Company should automatically be held responsible because appropriate checks and balances and oversight can be put in place to prevent human error. Daymark states they believe the Company does not see a problem that needs to be addressed.

Q. How do you respond to Daymark's allegations?

A. Daymark's allegation is not substantiated by the record. The Company investigated this incident as a significant event, and the results were documented and shared with the rest of the fleet using the Significant Event Reporting process ("SER"). The Company recognizes that there was a human error made by an experienced technician, the source of this failure was addressed with the technician and the management team, and the incident was communicated to other relevant personnel. The Commission has acknowledged that human errors occur and has balanced that against the actions taken to resolve the issue and prevent occurrences from occurring in the future.[4]

[4] *Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism,* Docket No. 18-025-01, Order at 16 (Mar. 12, 2019).

The Company has a robust Human Performance program which is regularly reviewed. The circumstances of this particular outage were reviewed with the technician team at the Lake Side plant to create awareness and prevent future occurrences. Adding ever increasing layers of oversight and supervision is not a realistic solution to prevent all human error. This does not mean the Company is not vigilantly addressing and minimizing human error through efforts such as its Human Performance program.

OUTAGE DOCUMENTATION

Q. In their initial report, Daymark expressed interest in how lessons learned are disseminated across the fleet. Can you please explain?

A. For certain events, the Company uses a process. This process is used to catalog event details, background information, root cause analyses, mitigation or resolving measures taken, and potential impacts outside of the immediately affected units. These reports are then disseminated across the fleet for review by each plant wherein plant management and staff will determine whether the impacts are likely applicable to any of the units within those other plants, and what actions, if any, should be taken. It is important to recognize that the generating units in the PacifiCorp fleet are not homogonous, and that the significant differences in equipment, age, geographic location, and operating profile means that impacts and subsequent lessons experienced at one unit, often do not apply to another unit, even despite certain similarities.

Q. Daymark also suggests that planned outage extensions should be documented in effectively the same way as the SERs. How do you respond?

A. A planned outage extension occurs when the actual duration of a Planned Outage exceeds the originally anticipated duration. Unlike a forced outage, which occurs with

little warning, it is not uncommon for a plant to determine that the planned outage will require additional time in the early stages of the outage. Required extensions are communicated to and coordinated with the energy supply team in advance, facilitating them to make the proper arrangements. Additionally, planned outages are scheduled during periods of the year best suited to system and market needs.

The SER process has been designed, in part, for events which lack predictability in their causes and timing and are generally attributed to an equipment failure or restriction. For any planned extension, the Company can provide information about the specific factors which necessitated the extension, however, due to the significant differences between SER qualified events and planned events, the Company does not use the SER format for planned outages or planned extensions.

CONCLUSION AND RECOMMENDATION

Q. What is your recommendation to the Commission?

A. I recommend that the Commission reject the recommended disallowances for the six thermal outages addressed above. My testimony demonstrates the Company was prudent in its actions.

Q. Does this conclude your testimony?

A. Yes.