

Rocky Mountain Power  
Docket No. 22-035-01  
Witness: Jack Painter

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Surrebuttal Testimony of Jack Painter

December 2022

1 **Q. Please state your name, business address and present position with PacifiCorp,**  
2 **d.b.a. Rocky Mountain Power (“the Company”).**

3 A. My name is Jack Painter, and my business address is 825 NE Multnomah Street, Suite  
4 600, Portland, Oregon 97232. My title is Net Power Cost Specialist.

5 **Q. Are you the same Jack Painter who submitted direct testimony, response**  
6 **testimony, and rebuttal testimony on behalf of the Company in this proceeding?**

7 A. Yes.

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your response testimony?**

10 A. My testimony responds to the replacement power cost calculation that Daymark Energy  
11 Advisors (“Daymark”) submitted on behalf of the Utah Division of Public Utilities  
12 (“DPU”) in their rebuttal testimony. Specifically, I discuss how the dollar per  
13 megawatt-hour (“\$/MWh”) costs were calculated associated with the Aeolus substation  
14 outage event presented by Daymark in their rebuttal testimony. My testimony also  
15 addresses the DPU’s rebuttal testimony regarding certain new fees in the EBA and  
16 responds to a recommendation regarding documentation for wind and hydro outage  
17 events.

18 **Q. Are any other Company witnesses filing testimony in response to issues raised**  
19 **Daymark?**

20 A. Yes. Company witnesses Messrs. Brad Richards and Craig M. Eller provide testimony  
21 in response to the DPU and Daymark. Mr. Richards surrebuttal testimony responds to  
22 Daymark’s proposed adjustment associated with six thermal generation outages. Mr.  
23 Eller addresses Daymark’s rebuttal testimony regarding the Aeolus substation outage

24 event.

25 **Q. After considering the rebuttal testimony offered by the DPU and Daymark, does**  
26 **the Company adopt any of the adjustments proposed by the DPU related to the**  
27 **thermal generation or Aeolus substation outages?**

28 A. No. Messrs. Richards and Eller will respond to the prudence arguments raised by the  
29 DPU and Daymark. My testimony discusses the replacement power cost calculation  
30 specific to the Aeolus event and discusses the appropriate calculation of the impact on  
31 the energy balancing account (“EBA”).

**AEOLUS SUBSTATION EVENT REPLACEMENT POWER COSTS**

32 **Q. Can you please summarize the adjustments to the EBA that are proposed by the**  
33 **parties with respect to the Aeolus substation outage?**

34 A. Yes. The Office of Consumer Services (“OCS”) proposed an adjustment in direct  
35 testimony to reduce the Company’s request in the case by approximately \$7.5 million  
36 to account for replacement power costs and missed production tax credits (“PTCs”)  
37 associated with the event. The OCS states that they obtained that number from the  
38 Company through discovery. In rebuttal testimony, the DPU stated they recalculated  
39 the impact to be \$13,320,314, not including the impact of missed PTCs, which they  
40 propose be reflected as an adjustment to the EBA.

41 **Q. Does the Company agree that any adjustment should be made to the EBA related**  
42 **to this outage.**

43 A. No. Company witness Mr. Craig Eller responds to Daymark’s proposed adjustments  
44 and demonstrates that the Company’s actions were prudent. For that reason, no  
45 adjustment should be made to the Company’s position concerning the recovery of

46 replacement power for the Aeolus fire.

47 **Q. If the Commission determines an adjustment is warranted, what is the**  
48 **appropriate calculation for replacement power and lost PTCs?**

49 A. After reviewing the DPU's testimony, the Company has further refined the \$7.5 million  
50 adjustment cited by the OCS, as discussed later in my testimony. Once corrected, the  
51 total impact of the event to the EBA is \$4.9 million, instead of the original \$7.5 million  
52 proposed by the OCS.

53 **Q. Does the Company agree with DPU's calculation of the replacement power costs?**

54 A. No.

55 **Q. Why is the DPU's adjustment incorrect?**

56 A. The Aeolus substation event was a transmission outage. The methodology DPU uses is  
57 reasonable for a stand-alone generation outage, but not for a transmission outage. In  
58 the calculation, Daymark changed the cost of the MWh from actual costs to market  
59 prices at the Mid-Columbia and Four Corners trading hubs. However, a longer period  
60 transmission outage is different from a stand-alone generation outage because it  
61 impacts multiple generating facilities on the Company's system and scheduling paths.  
62 By simply using the market prices, the DPU assumes the entire outage was replaced by  
63 market purchases, which was not the case. The overall impact to the Company's system  
64 and amount of MWh impacted by the transmission outage did not result in the  
65 Company replacing the entirety of the lost MWh through market purchases for the  
66 duration of the substation outage, nor would this action have been prudent.

67 **Q. Please describe the replacement power cost calculation that the Company**  
68 **provided in a data response in this proceeding that was used by the OCS in their**  
69 **direct testimony?**

70 A. The Company provided an estimate of replacement power costs in response to a data  
71 request by the Utah Association of Energy Users (“UAE”) in this proceeding. The  
72 calculation provided showed an estimated impact of the Aeolus substation outage on  
73 the Company’s system. First, the lost amount of MWh that were not able to be  
74 scheduled to JBSN (“Jim Bridger”) and WyoCentral (“Wyoming Central”) scheduling  
75 points were calculated through the backdown of both coal and wind generating  
76 facilities in eastern Wyoming. Second, the MWh were multiplied by the cost of the lost  
77 opportunity at JBSN and WyoCentral. JBSN was calculated as the actual cost of JBSN  
78 generation and WyoCentral was calculated as the actual cost of the gas generating  
79 facilities in the Company’s east balancing authority. Both of these costs were used in  
80 the calculation because they were greater than the actual cost of the Dave Johnston,  
81 Wyodak, and wind generating facilities that were impacted by the Aeolus substation  
82 outage, but less than market purchases.

83 **Q. How is this calculation different than the replacement power cost calculation used**  
84 **by the DPU?**

85 A. The calculation differs because the Company applied actual net power costs (“NPC”)  
86 for JBSN and gas generating facilities for the re-dispatch of the Company’s system  
87 instead of using average monthly market prices at either the Mid-Columbia or Four  
88 Corners trading hub.

89 **Q. Please describe the impact of Daymark’s proposed calculation for replacement**  
90 **power costs due to the Aeolus Event.**

91 A. Daymark recommends reducing NPC from the EBA by \$29.7 million on a total  
92 Company basis or \$13.3 million on a Utah allocated basis associated with the Aeolus  
93 substation outage because it claims the Company acted imprudently. These amounts do  
94 not include the impacts of lost PTCs or interest.

95 **Q. Please describe how the Company revised its replacement power cost calculation**  
96 **for the Aeolus substation outage since its original response in a data request to**  
97 **UAE?**

98 A. In the Company’s original response, the replacement power costs for the Aeolus  
99 substation outage were calculated to be \$14.4 million on a total Company basis. After  
100 review of Daymark’s proposed update to the Company’s original calculation, the  
101 Company identified two items that needed to be corrected in its original calculation.  
102 First, the original calculation used a cost estimate for natural gas generation of the  
103 Company’s owned PacifiCorp East (“PACE”) gas generating facilities at the time of  
104 the outage of \$40 /MWh instead of the actual cost. Additionally, the calculation also  
105 used a cost estimate of \$17/MWh for JBSN, \$13/MWh for Wyodak, and \$10/MWh for  
106 Dave Johnston. The Company has now updated the original cost estimates with the  
107 actual cost of generation to reflect Actual NPC from the Company’s initial application  
108 in this EBA filing. Second, the original calculation included PTC impacts of \$34/MWh  
109 on a grossed-up basis for the curtailed wind generation even though the impact to PTCs  
110 were accounted for separately in the original calculation and therefore being double  
111 counted. The Company’s revised calculation removes this double-counting.

112 **Q. Did the Company supplement its original data request response for these two**  
113 **corrections?**

114 A. Yes. The Company supplemented its original data request response with the updated  
115 replacement power cost calculations and corrections.

116 **Q. What are the updated replacement power costs provided by the Company in its**  
117 **supplemental response?**

118 A. Table 1 below shows the replacement power costs calculation for the Aeolus  
119 substation outage that the Company originally provided, the DPU proposed update,  
120 and the Company’s supplemental update. The updated replacement power costs for  
121 the Aeolus substation outage are \$8.6 million on a total Company basis or \$3.9  
122 million on a Utah allocated basis, not including interest.

Table 1 - Recalculated Replacement Power Costs					
RMP Original		Daymark Re-calculated		RMP Re-calculated	
Total	Utah Allocated	Total	Utah Allocated	Total	Utah Allocated
\$ 14,426,999	\$ 6,450,614	\$ 29,730,853	\$ 13,320,314	\$ 8,615,692	\$ 3,855,344

123  
124 **Q. Did the Company review Daymark’s calculation for lost PTCs?**

125 A. Yes. Although the Company does not agree with the adjustment, the Company agrees  
126 with the calculation methodology used by Daymark of \$2,048,282 on a total Company  
127 gross-up basis or \$913,060 on a Utah allocated gross-up basis for the lost PTCs.

128

### **EIM BOSR AND WPP WRAP FEES**

129 **Q. Did the DPU adopt UAE’s recommendation that the EIM BOSR and WPP WRAP**  
130 **fees be removed from the EBA recovery?**

131 A. Yes. Mr. Smith adopts UAE’s proposed adjustment, stating that allowing recovery of  
132 the fees in the EBA would erode the boundaries of the EBA.

133 **Q. How do you respond?**

134 A. The benefits of these fees are more fully discussed in my rebuttal testimony, but the  
135 Company disagrees that inclusion of the fees would erode the boundaries of the EBA.  
136 The fees are directly related to the benefits from the EIM that are included in the EBA,  
137 which produce a significant benefit to customers.

138

### **DOCUMENTATION FOR RENEWABLE OUTAGES**

139 **Q. What did Daymark recommend with respect to documentation related to outages**  
140 **from renewable generation assets?**

141 A. Daymark requests that the Company standardize the reporting for outages that occur at  
142 the Company’s wind and hydro generation assets.

143 **Q. What does the Company propose with respect to this recommendation?**

144 A. The Company proposes that the DPU’s documentation request be discussed at an  
145 informal meeting with the DPU to best identify the process and documentation that will  
146 be responsive and helpful. The Company commits to working with the DPU  
147 collaboratively on this topic prior to the filing of the next EBA.

148

### **CONCLUSION**

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

150 A. The Company requests the Commission approve the Company’s request to recover



151 \$90,427,325, which has been updated from the Company's initial filing and included  
152 in previously filed response testimony.

153 **Q. Does this conclude your surrebuttal testimony?**

154 **A. Yes.**