

REDACTED

Rocky Mountain Power

Docket No. 23-035-01

Witness: Brad Richards

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Response Testimony of Brad Richards

December 2023

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

3 A. My name is Brad Richards. My business address is 1407 West North Temple, Suite
4 210, Salt Lake City, Utah 84116. My title is Vice President of Thermal Generation.

5 **QUALIFICATIONS**

6 **Q. Briefly describe your education and professional experience.**

7 A. I have 23 years of power plant commissioning, operations, and maintenance
8 experience. I was previously the Managing Director of Gas and Geothermal Generation
9 from January 2018 to September 2021. For 17 years before that, I held a number of
10 positions of increasing responsibility within PacifiCorp’s generation organization and
11 with Calpine Corporation in power plant commissioning and operations. In my current
12 role, I am responsible for operating and maintaining PacifiCorp’s coal, natural
13 gas-fired, and geothermal generation fleet.

14 **Q. Have you testified in previous regulatory proceedings?**

15 A. Yes. I have previously testified on behalf of the Company in energy balancing account
16 proceedings in front of the Public Service Commission of Utah (“Commission”).

17 **PURPOSE OF TESTIMONY**

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

19 A. My testimony responds to the direct testimonies of Mr. Philip DiDomenico and
20 Mr. Dan F. Koehler of Daymark Energy Advisors, Inc. (“Daymark”) who submitted
21 testimony and exhibits on behalf of the Division of Public Utilities (“DPU” or
22 “Division”) and clarifies the purpose of the Company’s Significant Event Reporting
23 process (“SER”).

24 **Q. To what issues raised by Daymark in its testimony do you respond?**

25 A. My testimony addresses the recommendations contained in DPU Confidential Exhibit
26 2.3 Dir (“Daymark Audit Report”) to disallow recovery of replacement power costs
27 related to three separate availability events that occurred at the Company’s thermal
28 generation plants in 2022. My testimony also responds to Daymark’s general concerns
29 of [REDACTED] at Dave Johnson Unit 4.

30 **Q. Please list the specific thermal generating units and 2022 events being discussed.**

31 A. The events in question occurred at:

32 [REDACTED]
33 [REDACTED]
34 [REDACTED]

35 **Q. Does the Company agree that these adjustments are warranted?**

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

38 **Q. Did Daymark make any errors in their analysis that need to be corrected?**

39 A. Yes, the Daymark Audit Report recommends a disallowance for separate events which
40 affected Dave Johnston Units 1 and 2, and Dave Johnston Unit 3. In their report
41 Daymark identifies these events as outages, however, these events were derates only.
42 This means that the units reduced generation but did not come offline. Therefore,
43 Daymark has miscalculated the megawatt-hours (“MWh”) lost due to these restrictions.
44 The event details, including the restrictions, and beginning and end times are shown in
45 Confidential Exhibit RMP___(BR-1R). The correct MWh losses are also shown on
46 page 2 of the applicable SER under the section titled Generation Losses. This section

47 also denotes that the losses came from derates rather than outages. Mr. Painter provides
48 the overall impact to Daymark's recommended adjustments in his response testimony.

49 **Q. Please explain the purpose of the Company's Significant Event Report process.**

50 A. The purpose of the Company's SERs is to collect and record observations and other
51 information which may be relevant to the immediate event, or potentially relevant to
52 the Company's operations going forward. Unlike regulatory documents such as those
53 submitted to North American Electric Reliability Corporation ("NERC") Generating
54 Availability Data System ("GADS"), SERs are internal engineering documents and are
55 not prepared specifically for regulatory purposes. While these documents are not
56 regulatory documents, they are discoverable and can be made available for review in
57 regulatory proceedings. The importance of this distinction is to note that the Company
58 considers SERs as an appropriate repository for observations and even some
59 speculation which the Company's personnel believe may have immediate or future
60 value to the operations of the Company's thermal generating units. SERs may be
61 reviewed and modified as needed but it is important to recognize that not all notes and
62 observations contained in its SERs are necessarily conclusive.

63 **Q. Daymark recommends the Company ensure links in the SERs are active or that a
64 copy of the referenced document is provided. Does the Company agree?**

65 A. Yes.

66 **CRAIG UNIT 1** [REDACTED]

67 **Q. Please describe the outage at Craig Unit 1.**

68 A. On [REDACTED] Craig Unit 1 was taken offline to perform a Mercury and Air
69 Toxics Standards ("MATS") inspection required by the Environmental Protection

70 Agency (“EPA”). This includes a variety of tests and inspections to ensure efficient
71 combustion and proper function of installed equipment. This mandatory inspection is
72 required every 36-months. MATS inspections are typically performed during a planned
73 overhaul, but the 2022 overhaul was canceled given the Company’s plans to retire the
74 unit at the end of calendar year 2025. While the primary purpose of the outage was to
75 complete the MATS inspection, as with most scheduled outages, the plant took
76 advantage of the time offline to address other important maintenance items. The other
77 maintenance projects completed included [REDACTED]
78 [REDACTED]. The unit was returned to service on
79 [REDACTED].

80 **Q. What is Daymark’s rationale for the proposed disallowance related to this outage?**

81 A. Daymark alleges that the Company acted imprudently by inconsistently canceling the
82 overhaul but moving forward with the required testing. Daymark claims the Company
83 should have pursued a waiver from the EPA for the MATS testing requirement.
84 Daymark’s recommended adjustment for this outage is [REDACTED]
85 [REDACTED].

86 **Q. Does the Company consider Daymark’s argument that attaining a waiver from
87 the EPA to be a reasonable course of action for the Company?**

88 A. No. Daymark’s recommendation is not a reasonable course of action. At the time, Craig
89 Unit 1 still had more than three years to operate before retirement, meaning that
90 obtaining a waiver of the requirement would result in the plant operating for over six
91 years without a MATS inspection. Daymark does not provide any evidence that such a
92 waiver would have been granted even if it had been requested. Additionally, while

93 PacifiCorp is committed to maintaining regulatory compliance, the Company is only a
94 minor share owner of Craig Unit 1, which is operated by Tri-State Generation and
95 Transmission. As the Company stated in discovery, “asking for a waiver would be
96 inconsistent with corporate policy on compliance that states: “Tri-State’s objective is
97 to be 100% compliant with regulatory requirements and will provide the necessary
98 resources to ensure all regulatory requirements are met. Adherence to all applicable
99 compliance regulations, requirements and standards is a guiding principle in the
100 development of Tri-State's current and future business strategies and plans.”¹

101 Finally, the Company believes it is inappropriate for the Division to suggest the
102 Company avoid the mandatory environmental inspection for a generation unit with [REDACTED]
103 [REDACTED] remaining operating life.

104 **Q. How do you respond to the recommended disallowance for this outage?**

105 A. I recommend that the Commission reject the adjustment proposed by Daymark. The
106 Company acted prudently by scheduling an outage for the fall season to perform a
107 federally mandated environmental compliance inspection and to utilize the offline
108 period to address other outstanding maintenance items.

109 **DAVE JOHNSTON UNIT 3 [REDACTED]**

110 **Q. Please summarize the derate event which affected Dave Johnston Unit 3 on**
111 **[REDACTED].**

112 A. As stated in the SER for this event, and cited in the Daymark report, [REDACTED]
113 [REDACTED]. As shown in Confidential Exhibit RMP___(BR-1R),
114 Unit 3 was temporarily derated for [REDACTED]

¹ Confidential Exhibit RMP___(BR-2R) – Confidential DPU Data Request 9.1.

115

[REDACTED]

116

[REDACTED]

117 Q.

What is Daymark's rationale for the proposed disallowance related to this outage?

118

119 A.

In addition to Daymark’s error in classifying this as an outage event, Daymark also attributes the MWh losses entirely to [REDACTED]. Daymark states that “the dramatic increase in maintenance of [REDACTED] serves to demonstrate the past imprudence of the Company”.² Daymark alleges that the Company’s maintenance practice for the [REDACTED] is questionable because the [REDACTED] had not [REDACTED] [REDACTED] prior to the event, and the Company’s response was to implement annual replacements of the [REDACTED] going forward. Although Daymark praises the Company’s efforts to implement additional maintenance measures, it claims this demonstrates the Company has taken an imprudent “run-to-failure” approach to the [REDACTED]. Daymark’s recommended adjustment for this outage is [REDACTED].

129

130 Q.

What is the purpose of a [REDACTED]?

131 A.

A [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

134

² DPU Confidential Exhibit 2.3, Daymark Energy Advisors EBA Audit Report at 32 (Nov. 7, 2023).

135 **Q. Why was an SER created for an event with so few MWh lost?**

136 A. While the generation MWh lost related to this event were minimal, the [REDACTED]
137 [REDACTED]
138 [REDACTED], led the plant to compile the
139 information, including causes and lessons learned, into a report to better inform future
140 operations at the plant and communicate the failure to the rest of the fleet.

141 **Q. How do you respond to Daymark’s recommendation?**

142 A. The basis of Daymark’s recommendation is that the Company’s efforts to implement
143 lessons learned in future plant operations are actually evidence of imprudence, because
144 the Company should have foreseen what neither the manufacturer of the [REDACTED],
145 nor decades of prior experience had taught. This reasoning also implies that the
146 Company must replace all kinds of otherwise used and useful components even in the
147 absence of any information about the likelihood or potential cost of failure.

148 In this case, the manufacturer of the [REDACTED]
149 [REDACTED]
150 [REDACTED]
151 [REDACTED]
152 [REDACTED] at regular intervals just as the Company does for other
153 components or equipment that warrant such replacement due to safety considerations
154 or known potential for severe damage. The Company acted prudently by formally
155 documenting the details of the events and developing an action plan to prevent future
156 occurrences of this failure.

157 **DAVE JOHNSTON UNITS 1 & 2** [REDACTED]

158 **Q. Please explain the background of the events affecting Dave Johnston Units 1**
159 **and 2.**

160 A. The Dave Johnston plant utilizes Powdered Activated Carbon (“PAC”) to control
161 mercury emissions via an Activated Carbon Injection (“ACI”) system. Beginning

162 [REDACTED]

163 [REDACTED]

164 [REDACTED]

165 [REDACTED]

166 [REDACTED]

167 [REDACTED]

168 [REDACTED] are shown in
169 Confidential Exhibit RMP ___(BR-1R).

170 **Q. What was submitted to NERC GADS as the narrative description for these**
171 **events?**

172 A. The plant reported to NERC that it [REDACTED]

173 [REDACTED]

174 [REDACTED]

175 [REDACTED]

176 **Q. What additional information was included in the SER created for this event?**

177 A. In the SER created for this event, the engineers recorded their observations regarding

178 [REDACTED]

179 [REDACTED]

180

[REDACTED]

181

[REDACTED] As previously stated, a purpose of the SER report is to allow plant

182

personnel to record observations which may have immediate or future value to the

183

operations of the generating units.

184 **Q.**

What is the basis for Daymark's proposed disallowance related to these events?

185 **A.**

Daymark asserts that the cause of the event was a [REDACTED]

186

[REDACTED]

187

[REDACTED]

188

[REDACTED]

189

[REDACTED]

190 **Q.**

Do you believe Daymark's recommendation would have actually prevented this

191

event?

192 **A.**

The premise of Daymark's argument is that [REDACTED]

193

[REDACTED]

194

[REDACTED] and that this would have prevented the event. However, the [REDACTED] that

195

Daymark is recommending would presumably have disqualified the only available

196

supplier at the time and would have therefore only [REDACTED]

197

[REDACTED] rather than prevented the issue. The Company acted prudently in

198

[REDACTED]

199

[REDACTED]

200

[REDACTED]

201

[REDACTED] through the SER process to better inform continued operations at the

202

plant.

203 **DAVE JOHNSTON UNIT 4 TUBE FAILURES**

204 **Q. Daymark expresses concern regarding the increase in [REDACTED] at Dave**
205 **Johnston Unit 4. Can you please respond to these concerns?**

206 A. As noted in the Daymark report, Dave Johnston Unit 4 experienced [REDACTED]
207 [REDACTED]
208 [REDACTED]
209 [REDACTED]
210 [REDACTED]
211 [REDACTED]
212 [REDACTED]
213 [REDACTED]
214 [REDACTED]
215 [REDACTED]

216 **Q. How do you respond to the Daymark allegation that the Company should place**
217 **greater emphasis on identifying and mitigating the root cause(s) of [REDACTED]**
218 **[REDACTED]**

219 A. In Docket No. 22-035-01, Daymark raised the issue and inquired about the Company's
220 actions to address the [REDACTED] identified in the Dave Johnston Unit 4 [REDACTED].
221 In response to the inquiries in that docket, the Company explained that the [REDACTED]
222 [REDACTED] during the overhaul in 2022.³ In response to data requests in this
223 docket the Company provided further explanations describing the [REDACTED]
224 [REDACTED]

³ Confidential Exhibit RMP___(BR-2R) –DPU Data Request 5.23 from the 2022 EBA.

225 [REDACTED]⁴ The Company believes that it has taken
226 adequate action to address the cause of the [REDACTED]

227 [REDACTED]

228 [REDACTED]

229 **CONCLUSION AND RECOMMENDATION**

230 **Q. Can you please summarize your testimony?**

231 A. The Company prudently manages its thermal generation fleet for the benefit of
232 customers. The disallowances proposed by the DPU through Daymark contain
233 erroneous information including misrepresentations of the events in question and
234 contradictory recommendations related to those events.

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

236 A. I recommend that the Commission reject the recommended disallowances for the
237 thermal availability events addressed above. My testimony demonstrates the Company
238 was prudent in its actions.

239 **Q. Does this conclude your response testimony?**

240 A. Yes.

⁴ Confidential Exhibit RMP___(BR-2R) – Confidential DPU Data Request 10.1.