

Rocky Mountain Power
Docket No. 23-035-01
Witness: Jack Painter

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Surrebuttal Testimony of Jack Painter

January 2024

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

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 surrebuttal testimony?**

10 A. My testimony responds to several items raised in the rebuttal testimony of Mr. Gary
11 Smith on behalf of the Division of Public Utilities (“DPU”). Additionally, I respond to
12 the rebuttal testimony of Mr. Philip DiDomenico and Mr. Dan F. Koehler on behalf of
13 Daymark regarding the Company’s calculation of replacement power costs.

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

15 A. Yes. Mr. Smith withdrew his recommendation that prudence review of coal dispatch
16 costs in calendar year 2022 be preserved to the Company’s 2024 energy balancing
17 account proceeding. Since that issue is no longer being promoted by the DPU, my
18 surrebuttal testimony provides responses and clarifications to various statements and
19 questions posed by Mr. Smith in his rebuttal testimony. First, I explain how the
20 Company will address the DPU’s question with respect to how high demand periods
21 are determined for coal reserves. Second, I respond to Mr. Smith’s claim that the
22 Company did not provide information in its application or testimony about the
23 challenges the Company faced in its coal supply and generation. Third, I clarify

24 conflicting statements about discovery. Fourth, I explain a prior period adjustment that
25 was mentioned by Mr. Smith. Lastly, I address the error Daymark identified in the
26 Company's calculation of replacement power costs.

27 **ECONOMIC DISPATCH OF COAL RESOURCES**

28 **Q. Please describe the DPU's most recent position with respect to the dispatch**
29 **decisions related to the Company's coal resources.**

30 A. Mr. Smith states that the DPU no longer requires additional time to review calendar
31 year 2022 costs in consideration of the investigative coal report prepared for the Idaho
32 Public Utilities Commission as part of the Idaho Energy Cost Adjustment Mechanism
33 proceeding ("Coal Report"). However, Mr. Smith continues to express concerns with
34 the Company's treatment of coal reserves and seeks to understand how the Company
35 defines and maintains coal stockpile levels to ensure reliability during high-demand
36 periods. Mr. Smith states the DPU will review these concerns in future proceedings.

37 **Q. Is the Company committed to working with the DPU to provide information**
38 **necessary for it to address the outstanding concerns?**

39 A. Yes. As described in my response testimony, the Company will provide additional
40 information as requested by the DPU. The Company also notes the annual fuel review
41 meeting with the DPU to discuss fuel inventory will present additional opportunity for
42 a discussion prior to the filing of the 2024 EBA on May 1, 2024.

43 **Q. Mr. Smith’s testimony states that “The Company did not provide any specific**
44 **details in its application or direct testimony related to the challenges it faced on**
45 **this matter.”¹ Do you agree?**

46 A. It is true that the Company’s initial application and direct testimony did not specifically
47 discuss the challenges with regards to coal inventory. However, the Company provided
48 detailed information regarding the amount of coal delivered and consumed for each
49 month at each plant with the Company’s initial filing in Additional Filing Requirement
50 13. Also, these challenges were raised and discussed with the DPU during the annual
51 fuel inventory policies and practices audit that took place March 10, 2023. Typically,
52 the Company’s energy balancing account applications and direct testimony provide
53 discussion of the overall drivers behind changes in net power costs. For calendar year
54 2022, the major driving forces for net power costs were extreme weather events, high
55 market power and gas prices, and the war in Ukraine. While coal supply limitations
56 impacted system operations, the Company considers them secondary to the main
57 drivers affecting net power costs. The Company is not always able to anticipate in
58 advance the specific areas of its EBA costs the parties in the case will want to review.
59 Additional information for specific areas of interest, such as the coal supply and
60 dispatch, was provided through discovery.

¹ Smith rebuttal, Lines 62-63.

61 **OUT-OF-PERIOD ADJUSTMENTS AND COLLECTIONS**

62 **Q. Mr. Smith claims that the Company regularly includes out-of-period adjustments**
63 **and collections, citing an approximately \$2 million adjustment that is included in**
64 **the request in this case. Can you please explain the \$2 million prior period**
65 **adjustment referenced?**

66 A. The \$2 million adjustment included in this EBA filing is the amount of collection
67 authorized in the 2021 EBA that has not been collected through rates. In the 2021 EBA,
68 the potential for a shortfall in collections was contemplated and addressed in a
69 settlement stipulation between the Company and the DPU.²

70 **DISCOVERY CLARIFICATION**

71 **Q. Did Mr. Smith make any statements for which you wish to provide clarification?**

72 A. In rebuttal testimony, Mr. Smith states that the Company was generally responsive and
73 timely in responding to discovery, but notes that the Company requested an extension
74 for DPU’s data request set 17. On lines 149-151 of my rebuttal testimony, I reference
75 the same set of discovery, but report that the Company provided the responses early. To
76 clarify the record, the Company contacted the DPU and confirms that the DPU intended
77 to reference DPU data request set 14 as the set for which the Company requested an
78 extension.

79 **Q. Why did the Company seek an extension for DPU data request set 14?**

80 A. The Company tries to limit requests for extensions on discovery as much as possible.
81 The questions in DPU data request set 14 specified that the questions asked pertained
82 to the values for actual NPC for January through June 2023 as reported in the 2nd

² Docket No. 21-035-01, Settlement Stipulation, Jan. 19, 2022, paragraph 10.

83 Quarter 2023 Energy Balancing Account report filed in this proceeding on August 31,
84 2023. Since those questions were not pertaining to calendar year 2022 costs the DPU
85 was auditing in this proceeding, the Company requested an extension so it could
86 prioritize its resources to respond to other discovery, such as DPU data request set 17.

87 **REPLACEMENT POWER COST CALCULATION**

88 **Q. How did Daymark respond to the updated calculations you presented in your**
89 **response testimony related to the Dave Johnston derate events?**

90 A. Daymark agreed with my reasoning that the Dave Johnston events were derates and
91 the original Daymark replacement power cost calculations were overestimated.

92 **Q. Did Daymark agree with the Company's replacement power cost calculations**
93 **from my response testimony?**

94 A. Yes, but with one correction. Daymark noted that a peak period market price was
95 applied to an off-peak hour resulting in a minor adjustment to my calculation for the
96 Dave Johnston derate events.

97 **Q. Did Daymark make any other recommendations with regards to the Dave**
98 **Johnston events?**

99 A. After agreeing with the Company's classification of the Dave Johnston events as
100 derates and not outages, Daymark has withdrawn its recommended adjustment related
101 to the Dave Johnston Unit 3 derate event due to its de minimis nature.

102 **Q. What did Daymark calculate as the replacement power costs after removing the**
103 **Dave Johnston Unit 3 derate event and correcting for the misapplied off-peak**
104 **hour?**

105 A. Daymark reduced its replacement power costs calculation on a Utah-allocated basis by

106 \$8,098 for the Dave Johnston Unit 3 removal and minor error plus a reduction in
107 interest of \$369.

108 **Q. With the corrections, Does the Company agree that the Commission should adopt**
109 **Daymark's recommended adjustments?**

110 A. No. The Company continues to disagree that an adjustment for the events is
111 warranted as addressed by Mr. Brad Richards. However, the Company agrees that
112 Daymark's replacement power cost calculations as presented in its rebuttal testimony
113 is reasonable.

114 **CONCLUSION**

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

116 A. The Company requests the Commission approve the Company's request to recover
117 \$175,029,815 in the EBA as presented in its initial application.

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

119 A. Yes.