

<p><b>IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER TO INCREASE THE DEFERRED EBA RATE THROUGH THE ENERGY BALANCING ACCOUNT MECHANISM.</b></p>	<p>) ) ) ) ) ) ) ) ) )</p>	<p><b>DOCKET NO. 25-035-01</b></p> <p><b>Exhibit DPU 2.0 Dir</b></p> <p><b>Testimony and Exhibits</b></p> <p><b>Philip DiDomenico</b></p> <p><b>and</b></p> <p><b>Dan F. Koehler</b></p>
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**Testimony of**  
**Philip DiDomenico**  
**and**  
**Dan F. Koehler**

November 5, 2025

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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  
2024 – Public Executive Summary

Confidential Exhibit DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for  
Calendar Year 2024

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 an external 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 Vice President and  
7           Principal Consultant. My business address is 370 Main Street, Suite 325, Worcester,  
8           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),

2016 (Docket No. 17-035-01), 2017 (Docket No. 18-035-01), 2018 (Docket No. 19-035-01), 2019 (Docket No. 20-035-01), 2020 (Docket No. 21-035-01), 2021 (Docket No. 22-035-01), 2022 (Docket No. 23-035-01) and 2023 (Docket No. 24-035-01). My resume is included in DPU Exhibit 2.1 Dir.

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

A: Yes. I filed testimony in Docket Nos. 16-035-01, 17-035-01, 18-035-01, 19-035-01, 20-035-01, 21-035-01, 22-035-01, 23-035-01, and 24-035-01 regarding audits of Rocky Mountain Power's ("RMP"), a business unit of PacifiCorp ("PacifiCorp" or the "Company"), Energy Balancing Account ("EBA") costs for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 respectively.

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

A: I received a Bachelor of Arts degree in Applied Mathematics with a focus in Economics from Yale University and a Master of Public Policy and Management Degree from the University of Southern Maine. I have worked at Daymark for 15 years, focusing on the firm's utility regulation and planning and market analytics practices. I have provided assistance with analysis and expert testimony development in utility planning cases in front of public utility commissions in Michigan, North Dakota, Arkansas, Wisconsin, Vermont, Utah, and Manitoba. I have operated or supervised production cost modeling using PLEXOS, AURORAxmp and PCI GenTrader on behalf of clients in New England, New York, Ontario, North Carolina, Florida, Indiana, Hawaii, and the Southern Company Balancing Authority Area in the southeast. I have also assisted with rate development or

review in Wisconsin, Utah, Massachusetts, and Vermont. Outside of Utah, I have submitted expert testimony before the Michigan Public Service Commission, the New Hampshire Public Utilities Commission, the Hawaii Public Utilities Commission, and the Federal Energy Regulatory Commission. I was actively involved in Daymark's review of the EBA for the last three months of 2011 and calendar years 2012 through 2023. My resume is included in DPU Exhibit 2.1 Dir.

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

A: Yes. I filed testimony in Docket Nos. 15-035-03, 16-035-01, 17-035-01, 18-035-01, 19-035-01, 20-035-01, 21-035-01, 22-035-01, 23-035-01, and 24-035-01 regarding audits of RMP's EBA costs for calendar years 2014 through 2023, respectively. I filed testimony on Net Power Costs in RMP's most recent general rate case, Docket No. 24-035-04. I am also currently engaged in the Company's Open Market Operations Investigation Docket 24-035-10.

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

A: Daymark was retained by the Division to assist in reviewing RMP's application seeking approval from the Public Service Commission of Utah ("Commission") to adjust electric rates. The scope of our assignment was to ascertain whether the actual costs included in the EBA filing for the calendar year 2024 were incurred pursuant to an in-place policy or plan, were prudent, and were in the public interest. This direct testimony presents the results and the conclusions from that review.

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

67 A: We sponsor three Exhibits. **Exhibit DPU 2.1 Dir, Resumes of Philip DiDomenico and**  
68 **Dan F. Koehler** provides copies of our resumes. **Exhibit DPU 2.2 Dir, Daymark**  
69 **Energy Advisors EBA Audit Report for Calendar Year 2024 – Public Executive**  
70 **Summary** is a summary of our findings and recommendations. This Exhibit does not  
71 contain any Confidential information and is publicly available. **Confidential Exhibit**  
72 **DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for Calendar Year 2024**  
73 is our full and complete report. This Exhibit contains material and is based upon  
74 information that we received from RMP, which it has identified as Confidential  
75 information subject to Commission Rule 746-1-602 and 746-1-603.

## 76 **II. Daymark's Assignments**

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

78 A: Our first task was to review and assess actual plant outages to ensure that these outages  
79 and their cost impact on the EBA charge is appropriate. We examined the information  
80 provided as part of the filing and conducted additional discovery. The next assignment  
81 was to evaluate a sample of trading transactions for accuracy, completeness, and  
82 prudence. PacifiCorp has settled tens of thousands of transactions during 2024, consisting  
83 of power physical, natural gas financial, and natural gas physical deals. We developed a  
84 sample of 46 broadly representative transactions (including 38 transactions related to the  
85 Company's hedging program) and accounting entries and conducted extensive discovery  
86 on these transactions. We built on knowledge gained from similar review in previous  
87 EBA cases, including three visits (in 2013, 2015, and 2019) by Daymark and Division  
88 representatives to PacifiCorp's trading headquarters in Portland, Oregon to meet trading

89 staff and witness energy supply management activity. We were also asked to review  
90 certain specific issues related to key drivers of EBA costs. We reviewed the variances in  
91 actual wholesale sales revenue and purchased power expense relative to levels forecast  
92 for the general rate case and established in Base net power costs (“NPC”). We were also  
93 asked to review variances in production tax credit (“PTC”) offsets to EBA costs. Finally,  
94 we were asked to review PacifiCorp’s risk management policies and compliance  
95 monitoring practices.

### 96 **III. Findings and Recommendations**

97 **Q: Can you briefly summarize your findings and recommendations related to outages**  
98 **in this proceeding?**

99 A: Our review of forced, maintenance, and extended planned outages at PacifiCorp’s power  
100 plants during the EBA deferral period yielded 42 outages (36 thermal, 4 hydro, 2 wind)  
101 and 3 hydro derations that warranted further investigation to determine whether there  
102 were any unnecessary increases to Company-wide NPC. Of these 42 outages and 3  
103 derations that warranted additional scrutiny, the responses provided by the Company  
104 were deemed sufficient to warrant a prudence finding with no recommended  
105 disallowance.

106 **Q: Can you briefly summarize your findings and recommendations related to Actual**  
107 **vs. Base PTC?**

108 The Company’s PTC-eligible wind facilities generated less energy (and correspondingly  
109 fewer PTCs) than expected in 2024, resulting in an increase in the EBA deferral request  
110 of approximately \$20 million relative to the P50 forecast. Annual variability is to be



111 expected, but over a longer period, under-performing years should be balanced by years  
112 with higher production and more positive actual PTC results. With more than four years  
113 of production history logged for most of the Company's repowered wind projects, the  
114 track record has been consistently below P50 estimates made at the time of Commission  
115 approval. The Company's economic analysis supporting regulatory approval for the  
116 repowering projects relied heavily on P50 production estimates that were either  
117 overstated or failed to adequately consider risks of underperformance. Such risks should  
118 not be borne solely by ratepayers. We recommend the Commission strongly consider  
119 ways to share this risk more equitably in future proceedings.

120 **Q: Can you briefly summarize your findings and recommendations related to natural**  
121 **gas and power transactions?**

122 During our audit of the EBA for calendar year 2024, Daymark analyzed a sample of all  
123 three basic types of transactions: natural gas financials, natural gas physicals, and power  
124 physicals. Based upon our review and the information provided by RMP, we are  
125 proposing adjustments to the calendar year 2024 EBA costs for power transactions. There  
126 were some concerns about a period of aggressive natural gas hedging driven by a sudden  
127 change in modeled requirements. The acceptance of the natural gas swap transactions  
128 reviewed is conditioned on the expectation that improved commercial objective  
129 documentation developed in Docket No. 24-035-10 will make the Company's reasoning  
130 for future discretionary trades possible to review. For power physical hedging, we  
131 recommend a cost disallowance based on our review and supporting information  
132 provided. Ten transactions were found to be executed in violation of corporate

133 governance policy and were not demonstrated to be reasonable or prudently incurred  
134 costs. Customers should not be responsible for mark-to-market losses associated with  
135 hedge transactions that violate corporate governance policy and principles. We  
136 recommend an adjustment of EBA costs to remove \$18.9 million (total Company basis)  
137 in hedging losses associated with three of these trades. We recommend that RMP's  
138 requested recovery of deferred EBA costs should be reduced by \$9,018,316 on a Utah-  
139 allocated basis, including interest. We also recommend that the Company should report to  
140 the Commission on progress made in improving its pre-approval and independent  
141 governance review process.

142 **IV. Conclusion**

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

144 **A:** At this time, yes.