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December 5, 2022

***VIA ELECTRONIC FILING***

Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Administrator

**Re: Docket No. 22-035-01**  
Rocky Mountain Power's Application for Approval of the 2022 Energy Balancing  
Account  
*Rocky Mountain Power's Surrebuttal Testimony*

In accordance with the Scheduling Order and Notice of Hearings issued by the Utah Public Service Commission ("Commission") on April 6, 2022, PacifiCorp, d.b.a. Rocky Mountain Power, hereby submits for electronic filing its surrebuttal testimony in the above referenced matter.

The Company's surrebuttal testimony filing includes the surrebuttal testimony of Mr. Jack Painter and the Confidential surrebuttal testimonies of Messrs. Brad Richards and Craig M. Eller on behalf of the Company. Information is provided subject to Public Service Commission of Utah Rule 746-1-602 and 746-1-603.

Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,

Joelle Steward  
Senior Vice President, Regulation and Customer & Community Solutions

cc: Service List Docket No. 22-035-01

## **CERTIFICATE OF SERVICE**

Docket No. 22-035-01

I hereby certify that on December 5, 2022, a true and correct copy of the foregoing was served by electronic mail to the following:

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Rocky Mountain Power

Docket No. 22-035-01

Witness: Brad Richards

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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**REDACTED**

Surrebuttal Testimony of Brad Richards

December 2022

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

4    A.    Yes.

5                                   **PURPOSE OF TESTIMONY**

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

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

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

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

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

17   A.    No. As described in further detail in my testimony, the Company has acted prudently  
18        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).<sup>1</sup> 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]  
[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]  
[REDACTED]  
[REDACTED] The Company  
had made this decision months prior to the valve failure. [REDACTED]

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

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[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

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

66 **Craig Unit 1 (July 25, 2021)**

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

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

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

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

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

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



**Dave Johnston Unit 1 (November 27, 2021)**

**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

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

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

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

117 **Dave Johnston Unit 2 (April 12, 2021)**

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

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

124 **Q. What is your response to this conclusion?**

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

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<sup>2</sup> 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."<sup>3</sup> 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

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<sup>3</sup> Exhibit DPU 2.0 R at 9:128-130.

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

149 **Lake Side 1 (November 15, 2021)**

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

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

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

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

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<sup>4</sup> *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).

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

171 **OUTAGE DOCUMENTATION**

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

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

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

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

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

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

199 **CONCLUSION AND RECOMMENDATION**

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

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

204 **Q. Does this conclude your testimony?**

205 A. Yes.

**REDACTED**

Rocky Mountain Power

Docket No. 22-035-01

Witness: Craig M. Eller

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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**REDACTED**

Surrebuttal Testimony of Craig M. Eller

December 2022

1 **Q. Are you the same Craig M. Eller who previously filed response and rebuttal**  
2 **testimony in this proceeding on behalf of PacifiCorp, d.b.a. Rocky Mountain**  
3 **Power (“the Company”)?**

4 A. Yes.

5 **PURPOSE OF TESTIMONY**

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

7 A. My testimony responds to the rebuttal testimony of Mr. DiDomenico and Mr. Koehler  
8 (“Daymark”) who jointly submitted testimony on behalf of the Division of Public  
9 Utilities (“DPU”). I respond to their concerns that insufficient information has been  
10 provided regarding the TB Flats and Aeolus substation outage and that litigation may  
11 delay the availability of that information.<sup>1</sup>

12 **RESPONSE TO DPU**

13 **Q. Can you please summarize the efforts that the Company has taken to provide**  
14 **Energy Balancing Account (“EBA”) parties with more information in this**  
15 **proceeding about the Aeolus Substation outage?**

16 A. Yes, it is my understanding that, as this issue was raised with Rocky Mountain Power  
17 through discovery in this proceeding, the Company scheduled a meeting with parties  
18 on October 7, 2022. While I did not attend that meeting, [REDACTED]  
19 [REDACTED]  
20 [REDACTED] The  
21 Company followed up on this meeting by providing additional explanation in my  
22 response testimony, and then provided the report from the investigation with additional

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<sup>1</sup> Exhibit DPU 2.0R, Confidential Rebuttal Testimony of Philip DiDomenico and Dan F. Koehler at 11-12:187-204 (Nov. 18, 2022).








23 detailed analysis on the cause of the outage in my rebuttal testimony. At this point,  
24 Rocky Mountain Power has provided significant information about the cause of the  
25 outage.

26 **Q. The DPU contends that “the Company still has not demonstrated prudence” with**  
27 **regards to this outage.<sup>2</sup> Do you agree?**

28 A. No. While the DPU did not have a chance to review the latest round of testimony and  
29 the investigation report filed by the Company on November 18, 2022, prior to filing its  
30 rebuttal testimony on the same date, Rocky Mountain Power has repeatedly provided  
31 information regarding the cause of the outage and demonstrated that the Company  
32 acted prudently in retaining third-party contractors to design and construct the  
33 substation, and to verify that the work was performed according to design. The  
34 Company also demonstrated that it acted prudently in operating the substation.  
35 PacifiCorp has provided significantly more testimony and information on this outage  
36 than in any of the Company’s other jurisdictions.

37 **Q. The DPU also contends that the Company “**  
38  **<sup>3</sup> How do you respond?**

39 A. First, I would like to clarify that the Company is   
40   
41  As noted in my response testimony, Rocky Mountain Power  
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<sup>2</sup> Exhibit DPU 2.0R at 12:197.

<sup>3</sup> Exhibit DPU 2.0R at 12:197-198.

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

56 A. I recommend that the Commission reject the DPU's adjustments regarding the Aeolus  
57 substation fire, and allow for recovery of the replacement power costs associated with  
58 this event. Considering the on-going nature of the discussions with Hitachi and Burns  
59 & McDonnell, the Company has diligently shared information with parties through the  
60 course of this proceeding that demonstrates that the Company was prudent in its  
61 actions.

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

63 A. Yes.

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<sup>4</sup> Confidential Exhibit RMP \_\_ (CME-1R), Response Testimony of Craig M. Eller at 4:79-81 (Oct. 21, 2022).

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”) associated with the event. The OCS states that they obtained that number from the  
37 Company through discovery. In rebuttal testimony, the DPU stated they recalculated  
38 the impact to be \$13,320,314, not including the impact of missed PTCs, which they  
39 propose be reflected as an adjustment to the EBA.  
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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.**