

**EXH. RJR-4CCT  
DOCKET UE-190882  
WITNESS: RONALD J. ROBERTS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Investigation of  
AVISTA CORPORATION d/b/a  
AVISTA UTILITIES, PUGET  
SOUND ENERGY, and PACIFIC  
POWER & LIGHT COMPANY  
Regarding Prudency of Outage and  
Replacement Power Costs**

**DOCKET UE-190882**

**PREFILED REBUTTAL TESTIMONY (COMPANY CONFIDENTIAL) OF**

**RONALD J. ROBERTS**

**ON BEHALF OF PUGET SOUND ENERGY**

**REDACTED VERSION**

**JANUARY 23, 2020**

**PUGET SOUND ENERGY**

**PREFILED REBUTTAL TESTIMONY (COMPANY CONFIDENTIAL) OF  
RONALD J. ROBERTS**

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**PUGET SOUND ENERGY**

**PREFILED RESPONSE TESTIMONY (COMPANY CONFIDENTIAL) OF  
RONALD J. ROBERTS**

**LIST OF EXHIBITS**

- Exh. RJR-5 Colstrip Units 3 & 4 2018 2nd Quarter MATS Test Report
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1 **PUGET SOUND ENERGY**

2 **PREFILED RESPONSE TESTIMONY (COMPANY CONFIDENTIAL) OF**  
3 **RONALD J. ROBERTS**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**  
6 **Energy.**

7 A. My name is Ronald J. Roberts. My business address is 355 110th Ave NE  
8 Bellevue, WA 98004. I am the Director of Generation and Natural Gas Storage  
9 for Puget Sound Energy (“PSE” or “Company”).

10 **Q. What are your duties as Director of Generation and Natural Gas Storage for**  
11 **PSE?**

12 A. I plan, organize, and direct PSE's energy production, including operations and  
13 maintenance of PSE's owned and jointly-owned generating facilities and PSE's  
14 thermal purchased power agreements. Furthermore, I assist PSE's Resource  
15 Acquisition team in performing due diligence evaluations of potential resource  
16 acquisitions. I am responsible for overseeing the safe operation of PSE's thermal,  
17 hydro, gas storage, and wind generation plants and optimizing their operation in a  
18 manner that will provide our customers with reliable and efficient power and  
19 develop our employees to their maximum potential.

1 **Q. Are you the same Ronald J. Roberts who filed direct testimony in Docket**  
2 **UE-190324?**

3 A. Yes, I am. On April 30, 2019, PSE submitted to the Washington Utilities and  
4 Transportation Commission (“Commission” or “WUTC”) my prefiled direct  
5 testimony and exhibits, Exh. RJR-1T, RJR-2, and RJR-3, in Docket UE-190324.  
6 In that testimony, I discuss the Colstrip Steam Electric Generating Station’s  
7 (“Colstrip”) 2018 outage and derate of Units 3 & 4 and PSE’s decision to  
8 purchase power to replace power from Units 3 & 4. Pursuant to Order 1 in this  
9 proceeding, my testimony and exhibits in Docket UE-190324 have been placed  
10 into this docket for the Commission’s review.<sup>1</sup>

11 **Q. Please briefly summarize your prefiled direct testimony in Docket UE-**  
12 **190324.**

13 A. In my prefiled direct testimony in Docket UE-190324, Exh. RJR-1T, I provided  
14 testimony to explain the occurrence and actions taken by Colstrip facility staff to  
15 address the issue of elevated particulate matter (“PM”), which eventually led to  
16 the unplanned outage of Units 3 & 4.

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<sup>1</sup> Paragraph 25 of Order 1 states:

We exercise our discretion and authority to place all portions from the initial filings of Avista, PSE, and Pacific Power in Dockets UE-190222, UE-190324, and UE-190456, respectively, pertaining to the prudence of decision making leading up to the 2018 Colstrip outage and the costs incurred to acquire replacement power into Docket UE-190882, as the Companies’ initial filing on those limited issues.

1 In that proceeding, PSE conferred with WUTC Staff (“Staff”) on several  
2 occasions to address questions regarding the outage and derate. Additionally,  
3 PSE responded to informal data requests from Staff and Public Counsel.  
4 However, after further discussion with Staff, it became clear that PSE had  
5 misunderstood some of the focus of the information Staff was seeking, and there  
6 was confusion due to the manner in which each of the Commission-regulated co-  
7 owners of Colstrip interpreted data requests and provided information. The  
8 Company agreed that the Commission should have all the information it needs to  
9 make a fully informed and correct decision. Accordingly, PSE supported the idea  
10 of a protective order that would provide two levels of confidentiality: one  
11 protecting confidential information from public disclosure but not from the other  
12 companies, and one protecting information not only from public disclosure but  
13 also from the other companies. The Commission then opened this docket to  
14 further investigate the pre-noncompliance actions.

15 This rebuttal testimony addresses the testimony of Staff witness David C. Gomez,  
16 Exhibit DCG-1CCT, and Public Counsel witness Avi Allison, Exhibit AA-1CT.  
17 My testimony provides additional information related to the 2018 outage and  
18 derate at Colstrip Units 3 and 4 related to the Mercury and Air Toxics Standard  
19 (“MATS”) PM non-compliance. Staff and Public Counsel request that the  
20 Commission disallow all Colstrip-related replacement power costs. Based on the  
21 following, and the other co-owners’ evidence in this proceeding, the Commission  
22 should deny Staff’s and Public Counsel’s request.

1 **Q. How do you respond to Staff’s testimony regarding perceived difficulties into**  
2 **investigation of the Colstrip outage?<sup>2</sup>**

3 A. Frankly, I am a bit confused as to Staff’s perceived difficulties into the Colstrip  
4 investigation. PSE was willing and open to understanding and providing  
5 information to Staff to help clarify the MATS PM issue. PSE worked for months  
6 to understand Staff’s concerns and provide all the information it had in response  
7 to Staff’s questions. PSE conferred with Staff personnel on the phone multiple  
8 times, for several hours. PSE even offered to conduct a workshop-type meeting,  
9 in which Staff and the Company could meet in person to address specific  
10 documents and questions, but Staff refused PSE’s offer.

11 Part of the problem may have been in the way each co-owner party interpreted  
12 questions and what they believed Staff was asking versus what the party thought  
13 it was answering. For example, for several months PSE believed Staff was  
14 looking for information on what the MATS PM violation entailed and how the  
15 plant operator investigated and resolved the non-compliance. It was much later in  
16 the proceeding when PSE understood that Staff was seeking information  
17 regarding pre-second quarter 2018 (“Q2”) actions. PSE also supported the two-  
18 tiered protective order in this proceeding to facilitate more sharing of information.

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<sup>2</sup> Gomez, Exh. DCG-1CCT at 4.

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**II. THE OPERATOR'S ACTIONS WERE  
REASONABLE AND PRUDENT**

**Q. Please briefly describe the outage of Colstrip Units 3 & 4.**

A. Colstrip was a four-unit coal fired generating plant located in Colstrip, Montana (Units 1 & 2 ceased operations in January 2020). The facility is regulated by the Montana Department of Environmental Quality ("MDEQ") pursuant to the Clean Air Act. For this proceeding, I am specifically referencing compliance with 40 C.F.R. Part 63 Subpart –UUUU – National Emission Standards for Hazard Air Pollutants: Coal and Oil Fired Electric Utility Steam Generating Units; commonly referred to as MATS.

In the second quarter of 2018, Colstrip exceeded the MATS PM (filterable particulate matter) emissions limit. Units 1 & 2 were offline during the majority of the quarter due to economic conditions and were not subject to testing for the time period. Units 3 & 4 were in operation and were required to be tested for compliance with the MATS PM emissions limit. This limit is measured as a site-wide, 30-boiler, operating day rolling average for a PM emissions limit of .030 lb/mmBtu. On June 28, 2018 Talen MT, the plant operator for Colstrip, notified MDEQ that the Colstrip facility had exceeded the applicable MATS PM limit. The Units were shut down and an extensive investigation and troubleshooting period ensued. The Units were returned to MATS PM compliance by September 6, 2018.



1 **Q. Please describe MATS PM levels prior to the Units 3 & 4 outage.**

2 A. Colstrip had consistently maintained MATS PM compliance since its initial  
3 compliance in September 2016. [REDACTED]

4 [REDACTED]  
5 [REDACTED] So when elevated PM levels  
6 appeared in Units 3 & 4 in the February 2018 compliance tests, the results were  
7 within the range of the historical variability. [REDACTED]

8 [REDACTED]  
9 [REDACTED] These first quarter 2018 results received  
10 appropriate attention, considering the data indicated there was no emergent  
11 situation. Talen MT applied due diligence to investigating potential causes of PM  
12 elevation and reported to the owners in its normal course of business.

13 **Q. Please describe PSE's actions prior to the Units 3 & 4 outage.**

14 A. PSE is one of six owners of Colstrip. PSE is a non-operating owner, and Talen  
15 MT is the operating owner.<sup>4</sup> PSE's responsibility as a non-operating owner of  
16 Colstrip is to oversee the operator, who handles the day-to-day work at the  
17 facility. The ownership and operation agreement for Units 3 & 4 stipulate that the  
18 operator operates the plant in a prudent utility manner, taking actions that are

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<sup>3</sup> Exh. CLT-9 at 1.

<sup>4</sup> Roberts, Exh. RJR-1T at 3.

1 reasonable and regular in the utility industry and in accord with all laws and  
2 regulations.

3 PSE representatives meet monthly in person with the plant operators and the other  
4 Colstrip owners. The Company receives operational emails from the plant  
5 operator daily and three times a week. These emails include testing dates and  
6 testing changes, when appropriate. On a monthly basis, the owners review plant  
7 events such as derates and outages. The owners and operators also discuss coal  
8 quality, generation, and other operational data. Additionally, the owners will  
9 communicate directly with plant personnel as necessary. PSE was fully involved  
10 in the above-referenced communications and, as I discuss later in my testimony,  
11 PSE believes Talen MT, as operator, took reasonable and prudent action in  
12 response to the 2018 elevated PM levels.

13 **Q. Please describe the operator's actions when PM levels became elevated in**  
14 **2018.**

15 A. As stated above, Talen MT observed elevated PM levels during the February  
16 2018 compliance tests. Talen MT first addressed the elevated levels by reviewing  
17 other compliance indicators. The operator also investigated possible causes,  
18 reevaluated parameters, reviewed testing methods and equipment, hired outside  
19 experts, maintained diligent focus on the issue until resolution, and performed  
20 follow-up to work to avoid reoccurrence of the issue in the future.

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The operator continued to utilize the PM continuous emissions monitor system (“CEMS”) during the second quarter to determine if it appeared particulate matter emissions would be expected to stay within compliance levels. [REDACTED]

[REDACTED]

I provide more detail later in my testimony regarding the specific steps Talen MT took to resolve the elevated PM levels. Please also see the prefiled supplemental

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<sup>5</sup> Exh. RJR-5 at Appendix A and Appendix B  
<sup>6</sup> Exh. RJR-6 at I-7  
<sup>7</sup> Exh. RJR-6 at I-5

1 testimony of Charles L. Tack, Exh. CLT-1CT, submitted in this proceeding on  
2 behalf of Pacific Power and Light Company (“Pacific Power”).

3 **Q. Is there an established protocol that the operator must use when PM levels**  
4 **are elevated?**

5 A. No. Elevated PM levels are not unusual, and the plant was still in compliance  
6 with MATS. The operator is in the best position, and has the technical expertise,  
7 to initiate a course of action to address the elevated levels based on the factors  
8 present at the time. Others may disagree about decisions such as the order of  
9 actions or the choice of one theory over another, but Talen MT investigated the  
10 elevated PM levels and took appropriate steps to address them. Talen MT’s  
11 investigations did not identify a cause of the elevated levels, however, and other  
12 parameters indicated normal operations. Therefore, no planned outage was  
13 necessary.

14 **A. The Operator Took Appropriate Steps to Investigate and Resolve**  
15 **Elevated PM Levels**

16 **Q. Please describe how Talen MT investigated the situation.**

17 A. [REDACTED]  
18 [REDACTED]

19 • [REDACTED]  
20 [REDACTED]

21 ○ [REDACTED],

22 ○ [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Q. What additional measures?**

**A.** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

**REDACTED**

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Mr. Gomez provides a timeline of the events leading up to the outage, but this timeline is misleading.<sup>8</sup> It is significantly abbreviated and omits many actions taken by Colstrip staff leading up to the outage. A review of the sixth exhibit to Mr. Tack’s prefiled supplemental testimony, Exh. CLT-7, provides a more accurate picture of the investigative steps taken by Talen MT leading up to the outage.

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<sup>8</sup> Gomez, Exh. DCG-1CCT at 29-30.

1 Q. How do you respond to Staff regarding the operator’s decision to [REDACTED]

2 [REDACTED]

3 A. [REDACTED]

4 [REDACTED]

5 a [REDACTED] [REDACTED]

6 Q. Why was it appropriate to [REDACTED]

7 A. Regarding the testing date adjustment, official MATS PM testing should be done  
8 under specific circumstances to provide accurate and consistent results. Two such  
9 factors are: 1) the unit must be at “full load” (90% of full load or above), and 2)  
10 the unit must be under conditions representative of normal plant operations. Also,  
11 the facility must provide at least 30 days’ notice to the plant regulator, MDEQ, in  
12 order for the regulator to monitor the tests if they choose to. If the dates are to be  
13 changed, the operator must provide MDEQ three days’ notice. [REDACTED]

14 ha [REDACTED]

15 [REDACTED]

16 [REDACTED]. For the second quarter PM tests, MDEQ was provided written  
17 notification of the proposed June test dates on April 19, 2018, approximately two  
18 months before the anticipated testing date.

19 [REDACTED]

20 [REDACTED]

<sup>9</sup> Gomez, Exh. DCG-1CCT at 33-34; 39-41; 50-25. See also Allison, Exh. AA-1CT at 14, 19.

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[REDACTED]

[REDACTED]. MDEQ did not dispute the testing date change, and it met compliance testing regularity parameters.

**Q. Why was it appropriate to [REDACTED]**

A. Investigation of anomalies or failures at an electric generating station require a common-sense approach that begins by looking for the most reasonable solution, first. Then, as troubleshooting proceeds, the investigation must be conducted in an orderly manner to be able to pinpoint causation. In my more than thirty years' experience in the industry, I have found this to be the most successful way to tackle a problem. Colstrip staff had appropriately investigated the more obvious potential causes of the MATS PM elevated levels and were not finding success in reducing the levels, so they continued their brainstorming and expanded their troubleshooting actions. Contemplating a change in fuel source was simply one step in their process. It was in no way an "extra-ordinary action,"<sup>10</sup> "gamble"<sup>11</sup>, or a "last ditch effort"<sup>12</sup> as branded by response witnesses.

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<sup>10</sup> Gomez, Exh. DCG-1CCT at 33:14. Emphasis in original

<sup>11</sup> Gomez, Exh. DCG-1CCT at 50:11.

<sup>12</sup> Gomez, Exh. DCG-1CCT at 52:9. See also Allison, Exh. AA-1CT at 15:2



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Staff and Public Counsel are incorrect to imply that the [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]. In December 2014 the operator of the facility  
(then PPL Montana) petitioned MDEQ pursuant to the Colstrip 3 & 4 Certificate  
of Environmental Compatibility and Public Need to request the use of Rosebud  
mined coal from Areas A, B, F and G in Units 3 & 4. MDEQ subsequently  
approved the request. In its approval, MDEQ stated,

Finally, in regard to air quality emissions, DEQ's Air Resources  
Management Bureau – Air Permitting Section, has determined that

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the proposed future supply of coal from areas A, B, F and G is permissibly under Colstrip’s current Montana Air Quality Permit (MAQP #0513-08). Samples of the future coal supply confirmed that it will comply with the sulfur content limitations. No increase in potential emissions is expected to occur due to the consumption of this future supply of coal and it would be delivered using the same existing equipment and methods.<sup>13</sup>

Q. [REDACTED]

A. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].<sup>15</sup>

**B. Resolution of the Noncompliance Required a Combination of Multiple Solutions**

Q. [REDACTED] ?

A. [REDACTED]

[REDACTED]

[REDACTED]

<sup>13</sup> Exh. RJR-7 at 4.

<sup>14</sup> Exh. CLT-7.

<sup>15</sup> See the Root Cause Analysis Report, Exh. CLT-10 at 4, which states, “While fuel chemistry variations are a possible contributing cause, the available data was not conclusive.”

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 Q. [REDACTED]

2 A. [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 **Table 1 – Colstrip Units 3 & 4 MATS PM Testing Results**

10 **September 2018 – October 2019**

<u>Date</u>	<u>U3 PM lb/mmbtu</u>	<u>Date</u>	<u>U4 PM lb/mmbtu</u>
9/11/2018	0.024	9/6/2018	0.021
11/13/2018	0.019	9/26/2018	0.025
12/11/2018	0.017	11/15/2018	0.016
1/15/2019	0.022	12/13/2018	0.021
2/19/2019	0.020	1/17/2019	0.020
3/12/2019	0.019	2/14/2019	0.021
4/2/2019	0.022	3/14/2019	0.024
5/23/2019	0.019	4/3/2019	0.026
6/11/2019	0.019	5/7/2019	0.035
7/16/2019	0.018	5/15/2019	0.024
8/13/2019	0.022	6/20/2019	0.019
9/17/2019	0.017	7/17/2019	0.023
10/22/2019	0.019	8/15/2019	0.022
		9/20/2019	0.027
		10/24/2019	0.019

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20 **C. The Outage was Not Foreseeable**

21 Q. [REDACTED]

1 A. I strongly disagree. The Colstrip Plant Manager, the Director of Environmental  
2 and Compliance, the Operations Manager, the Senior Technical Services  
3 Manager, as well as many skilled craft labor, engineering, and administrative  
4 staff, have up to thirty-plus years of experience each operating and maintaining  
5 the facility. These individuals and many others at Colstrip, who I worked with for  
6 nearly eight years, have solid educational backgrounds, excellent skills and years  
7 of experience running this plant.

8 When Colstrip staff saw the elevated 2018 second quarter MATS PM levels, they  
9 made it a specific task to investigate and troubleshoot the plant's equipment.

10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]

13 In his prefiled testimony on behalf of Staff,<sup>16</sup> Mr. Gomez analogizes that the  
14 "check engine light" came on at Colstrip, and that warning should have been  
15 addressed. I agree with Mr. Gomez that the first quarter test was an indicator that  
16 required action, but I disagree with Mr. Gomez's portrayal that appropriate  
17 actions were not taken. Contrary to Mr. Gomez's depiction, many actions were  
18 taken to assess the situation and troubleshoot. To further employ Mr. Gomez's  
19 analogy, the plants' long-term "mechanic", Talen MT, went through a series of  
20 investigative efforts. But like a car, sometimes the mechanical issues are not

<sup>16</sup> Gomez, Exh. DCG-1CCT at 26:8 and at 31:8.

1 always easily identified. A systematic check of systems, process and parts is  
2 undertaken in any investigative situation.

3 Mr. Gomez suggests that the operator should have shut down the Units when the  
4 levels became elevated. However, at that time, the Units were in compliance and  
5 the plant operator believed the PM levels would decrease. [REDACTED]

6 [REDACTED]  
7 [REDACTED]. Shutting down the Units, given that  
8 information, would not have been appropriate. A shutdown and wholesale tear  
9 apart of the plant, like randomly rebuilding a car's engine to get the check engine  
10 light off, would not be considered prudent. Often a car needs to be running to  
11 diagnose the problem, and often the problem is minor - e.g., simply a short-term  
12 anomaly.

13 Q. [REDACTED]

14 A. [REDACTED]

15 [REDACTED] Staff<sup>17</sup> and Public Counsel<sup>18</sup>  
16 testimonies both use a first draft of MDEQ's penalty document in an attempt to  
17 support Mr. Gomez's and Mr. Allison's speculation that the violation was  
18 foreseeable. However, after a thorough investigation by MDEQ concluded,

19 There are circumstances that warrant an increase in base penalty; however,  
20 prior to the second quarter 2018 Talen had no history of noncompliance

<sup>17</sup> Gomez, DCG-1CCT 812:8-13:27

<sup>18</sup> Allison, Exh. AA-1CT at 10:1-13.

1 with MATS. Talen made efforts to understand the PM emissions  
2 performance once the compliance margin reduced.<sup>19</sup>

3 In MDEQ's Consent Decree, filed on November 29, 2019, which provided  
4 remedies for the violation, MDEQ states,

5 Prior to the June 2018 emissions testing for Units 3 and 4, Talen had  
6 reviewed the indicators in the Compliance Assurance Monitoring (CAM)  
7 plan required by the Title V Permit and discovered no cause for the higher  
8 PM emissions and no indication that the second quarter PM tests would  
9 suddenly deviate to an extent never seen since MATS PM testing began in  
10 2016. Also prior to the June 2018 emissions testing for Units 3 and 4,  
11 Talen reviewed operation of Units 3 and 4 with engineers, operations, and  
12 maintenance, including boiler and scrubber crews and found no  
13 indications of abnormal operations. A review of scrubber operations,  
14 opacity, and PM Continuous Emission Monitoring System (PM CEMS)  
15 all indicated normal operation, suggesting complaint PM emissions rates  
16 similar to what had been previously seen for Units 3 and 4.<sup>20</sup>  
17

18 As explained by the regulatory agency, the Operator's response to the MATS PM  
19 noncompliance issue, both prior to official testing and after noncompliance was  
20 determined, was prudent. When the Q1 MATS PM test levels came in higher  
21 than normal (but remained within compliance limits), Talen MT took action to  
22 investigate potential causes and monitor alternate indicators. Their investigation  
23 included both plant personnel and outside experts. That is supported by MDEQ's  
24 conclusion, as provided in the consent decree and penalty levied by MDEQ.

25 **D. PSE's Actions as Co-owner were Prudent**

26 **Q. How do you respond to Staff's and Public Counsel's claims that PSE's**  
27 **actions prior to the outage were imprudent?**

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<sup>19</sup> Exh. CLT-11 at 22; Exh. CLT-12 at 2.

<sup>20</sup> Exh. CLT-11 at 7.

1 A. For several reasons, the Commission should give little weight to Mr. Gomez's and  
2 Mr. Allison's testimony regarding prudence. First, neither Staff's nor Public  
3 Counsel's witness has any experience operating a coal generation plant, and they  
4 simply do not have the technical expertise to determine what operational steps are  
5 reasonable. Second, both Staff and Public Counsel recommend disallowance  
6 because the co-owners did not prevent the outage, but the Commission does not  
7 demand perfection. The standard is: as a co-owner, not a plant manager, were  
8 PSE's actions reasonable?

9 Staff and Public Counsel acknowledge that prudence is an expression of  
10 reasonableness. In other words, "What would a reasonable board of directors and  
11 company management have decided given what they knew or reasonably should  
12 have known to be true at the time they made a decision?"<sup>21</sup> Therefore, the  
13 decision to purchase replacement power was prudent if PSE acted reasonably  
14 given the information they knew, or should have known, at the time they decided  
15 to purchase the replacement power. But Staff and Public Counsel hold the owners  
16 to a much higher standard than that. To put it simply, Mr. Gomez and Mr. Allison  
17 recommend disallowance because the owners did not prevent the MATS PM  
18 violation. As Mr. Allison states, if the owners had taken steps to address  
19 escalating PM levels, they could have resolved the issue before an exceedance  
20 required an outage.<sup>22</sup> First, there is no evidence that the owners could have

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<sup>21</sup> Gomez, Exh. DCG-1CCT at note 43.

<sup>22</sup> Allison, Exh. AA-1CT at 7:3-6.



**REDACTED**

1 avoided any outage. In fact, MDEQ did not find that Talen MT failed to take any  
2 action that would have prevented the outage.<sup>23</sup>

3 Second, Staff's and Public Counsel's position demands perfection, when the  
4 Commission's standard is reasonableness. As explained in my prefiled direct  
5 testimony, PM levels at Colstrip had fluctuated over the years and had even  
6 revealed lower than normal levels as recently as the fourth quarter 2017.<sup>24</sup>

7 Further, PSE had no reason to believe that the Units were likely to exceed the  
8 compliance standard when the operators themselves, [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED] Given that Talen MT, as operator,

13 was in the best position to identify and correct the situation, it was reasonable for  
14 the owners to provide it the opportunity to do so. It would not have been  
15 reasonable in that situation, given all the information known at the time, to second  
16 guess the professionals closest to the situation and demand that they change  
17 course.

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<sup>23</sup> Tack, Exh. CLT-1T at 17:1-2, reference Exh. CLT-12 at 2.

<sup>24</sup> Roberts, Exh. RJR-1CT at 4 and Exh. RJR-3.

1 Q. How do you respond to Staff's testimony stating that the owners cannot  
2 avoid regulatory responsibility to operate the plant in a prudent manner by  
3 simply delegating the operation to a third party via contract?<sup>25</sup>

4 A. PSE does not intend to do any such thing, and Mr. Gomez is incorrect in two  
5 important ways: 1) the owner and operator are different entities with different  
6 roles, and 2) the operator did operate Units in a prudent manner. MDEQ, in its  
7 Consent Decree, did not make any finding that Talen MT failed to take any  
8 operational measures that would have prevented the elevated PM levels.



9  
10  
11  
12 ■■■■■ In any process it is not uncommon for change to occur as the preceding  
13 activities occur. MDEQ is the closest, most technically knowledgeable, and most  
14 applicable agency to judge how compliance with MATS PM standards are  
15 conducted. Staff and Public Counsel's position contradicts MDEQ's conclusion,  
16 and the Commission should deny their request for disallowance.

17 III. CONCLUSION

18 Q. Does this conclude your prefiled rebuttal testimony?

19 A. Yes, it does.

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<sup>25</sup> Gomez, Exh. DCG-1CCT at 15:11-14.