

Docket No. UE 263
Exhibit PAC/300
Witness: Mark R. Tallman

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

Direct Testimony of Mark R. Tallman

March 2013

DIRECT TESTIMONY OF MARK R. TALLMAN

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ATTACHED EXHIBITS

Exhibit PAC/301 – FERC Order Issuing New License

Exhibit PAC/302 – FERC Order on Rehearing

1 **Q. Please state your name, business address, and present position with**
2 **PacifiCorp d/b/a Pacific Power (PacifiCorp or Company).**

3 A. My name is Mark R. Tallman. My business address is 825 NE Multnomah Street,
4 Suite 2000, Portland, Oregon 97232. My present position is Vice President of
5 Renewable Resources. I am responsible for hydro-powered and wind-powered
6 generation resources owned by the Company.

7 **QUALIFICATIONS**

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

9 A. I have a Bachelor of Science degree in Electrical Engineering from Oregon State
10 University and a Master of Business Administration from City University of
11 Seattle. I am also a Registered Professional Engineer in Oregon and Washington.
12 I have been the Vice President of Renewable Resources since January 2011.
13 Before that, I was Vice President of Renewable Resource Acquisition from
14 December 2007 to January 2011 and Managing Director of Renewable Resource
15 Acquisition from April 2006 to December 2007. I have worked at the Company
16 for more than 26 years in a variety of positions of increasing responsibility
17 including the commercial and trading organization, the engineering organization,
18 and the retail organization (as a District Manager in Washington state).

19 **PURPOSE OF TESTIMONY**

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to describe an addition to the Company's hydro
22 generation plant and non-labor operations and maintenance (O&M) adjustments
23 associated with the Company's hydro-powered and wind-powered generation

1 resources. I will demonstrate why the hydro plant addition and O&M adjustments
2 are reasonable, prudent, and should be included the Company's revenue
3 requirement in this case.

4 **Q. Please summarize your testimony.**

5 A. My testimony describes: a \$41.7 million (total company) construction project
6 required by one of the Federal Energy Regulatory Commission (FERC) licenses
7 issued to the Company for the Lewis River hydroelectric project (the Merwin Fish
8 Collector); \$3.1 million (total company) of incremental non-labor O&M costs
9 associated with the Company's hydro-powered generation resources; and
10 \$2.2 million (total company) of decreased O&M costs associated with the
11 Company's wind-powered generation resources.

12 **Q. Please provide a brief description of the Company's hydro facilities.**

13 A. The Company operates approximately 1,074 megawatts (MW) of hydroelectric
14 projects in the Pacific Northwest and the Rocky Mountains that provide carbon-
15 free electricity for the benefit of customers. The Lewis River project in
16 Washington and the North Umpqua River project in Oregon are the Company's
17 two largest hydro projects with a generating capacity of approximately 510 MW
18 and 188.5 MW respectively.

19 **Q. Please provide a brief description of the Company's wind facilities.**

20 A. The Company operates more than 900 MW of wind projects in the Pacific
21 Northwest and Wyoming that provide carbon-free electricity and tax benefits for
22 the benefit of customers. The Leaning Juniper I project near Arlington, Oregon,
23 and the Marengo project near Dayton, Washington, are the Company's two

1 largest wind projects with a nominal generating capability of 100.5 MW and
2 140.4 MW respectively.

3 **MERWIN FISH COLLECTOR**

4 **Q. Please describe the need for and purpose of the Merwin Fish Collector.**

5 A. The Merwin Fish Collector is needed to implement a fish passage system
6 designed to collect, trap, and haul juvenile and adult anadromous fish around the
7 three Lewis River dams. The purpose of the Merwin Fish Collector is to
8 implement and comply with the Merwin hydroelectric project license issued by
9 FERC.¹

10 **Q. Please describe the Merwin Fish Collector facility.**

11 A. The facility is designed to attract and collect fish so that they can be hauled
12 upstream past the dams on the Lewis River and released back into the river to
13 continue their upstream migration. The fish collection facility is installed directly
14 downstream of Merwin dam. Water is pumped through a tube to attract fish
15 toward a land-mounted collection facility and a land-mounted sorting facility.
16 After the fish are captured and sorted, they are transferred into a truck for
17 transport and release upstream of Swift dam.

18 **Q. Was the design of the Merwin Fish Collector subject to review and approval
19 by resource agencies?**

20 A. Yes. Per the FERC license that incorporates the Lewis River settlement
21 agreement, the Company engaged in design reviews with parties to the Lewis
22 River settlement agreement, which included the National Marine Fisheries

¹ See Order Issuing New License, 123 FERC ¶ 62, 258 (June 26, 2008) (attached as Exhibit PAC/301). See also Order on Rehearing, 125 FERC 61,046 (October 16, 2008) (attached as Exhibit PAC/302).

1 Services (a division of the National Oceanic and Atmospheric Administration),
2 the U.S. Fish and Wildlife Service, and the Washington Department of Fish and
3 Wildlife. The final design was ultimately approved by the National Oceanic and
4 Atmospheric Administration and the U.S. Fish and Wildlife Service. Although
5 the Company provides input, these agencies have final authority over the design
6 of the facility. Based on the design required by these agencies, the plant
7 addition included in this filing for the Merwin Fish Collector is approximately
8 \$41.7 million on a total-company basis.

9 **Q. When will the Merwin Fish Collector be placed into service?**

10 A. The Merwin Fish Collector will be placed into service in phases. The first phase
11 consists of a fish sorting facility. It is estimated that the sorting facility will be
12 placed into service on or about May 2013, with a cost of \$14.6 million on a total-
13 company basis. The second phase consists of the water attraction system that will
14 be placed in service on or about July 2013, with a cost of \$27.2 million on a total-
15 company basis. It is anticipated that the third and final phase consisting of a fish
16 trap, lift, and conveyance process will be placed in service and operable on or
17 about December 31, 2013 with any remaining components completed by February
18 2014. The cost of phase three is \$15.0 million on a total-company basis.²

² As explained in the testimony of Mr. Gary W. Tawwater, Exhibit PAC/1000, the Company is including capital additions to plant in service through December 31, 2013. Accordingly, the Company has not included the costs associated with the third phase of the Merwin Fish Collector in rate base.

O&M ADJUSTMENTS

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Q. Please describe the non-labor O&M adjustments the Company has included in its filing.

A. The Company has included \$3.1 million (total company) of incremental non-labor O&M costs associated with the Company’s hydro-powered generation resources, including O&M costs associated with the Merwin Fish Collector and \$2.2 million (total company) of decreased O&M costs associated with the Company’s wind-powered generation resources.

Q. Please describe the incremental non-labor O&M costs associated with the Merwin Fish Collector.

A. The incremental non-labor O&M costs associated with the Merwin Fish Collector are \$282,000 per year on a total-company basis. These costs are for: contract maintenance; periodic assistance from the Washington Department of Fish and Wildlife; fish monitoring supplies; and general supplies.

Q. Please describe the other incremental non-labor O&M costs associated with the Company’s hydro-powered generation resources.

A. Also included in the incremental non-labor hydro O&M costs of \$3.1 million per year on a total-company basis are increased FERC and other regulatory fees, increased costs associated with FERC hydro license implementation, and increased costs associated with the Company’s FERC dam safety program.

Q. Please describe the decreased non-labor O&M costs associated with the Company’s wind-powered generation resources.

A. Included in the decreased non-labor wind O&M costs of \$2.2 million per year on

1 a total-company basis are decreased third party O&M contracts partially offset by
2 increased material expenses and increased expenses associated with normal wind
3 turbine generator oil changes.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes.